

THE PRUDENTIAL ASSURANCE COMPANY LIMITED.

(INCORPORATED IN ENGLAND.)

Chief Office:—HOLBORN BARS, LONDON, E.C.1.

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Shareholders of this Company will be held at 142, HOLBORN BARS, LONDON, E.C.1, on THURSDAY, the 1st day of April, 1943, at Two o'clock in the afternoon precisely, for receiving the Report of the Directors and Statement of Accounts for the year ended 31st December, 1942, for re-appointing the President, for electing Directors and Auditors for the ensuing year, and for transacting such other business as may be contemplated by the Articles of Association of the Company.

By order of the Board of Directors,

C. W. A. RAY,
L. BROWN,
Joint Secretaries.

16th March, 1943.

N.B.—The attention of those Shareholders concerned is drawn to the following Extract from the Memorandum and Articles of Association of the Company:—
61. A holder of less than 250 B Shares shall not in respect of those shares be entitled to receive notice of or to attend or vote at any meeting of the Company.

NINETY-FOURTH ANNUAL REPORT

Year ending 31st December, 1942.

President: SIR JOSEPH BURN, K.B.E., F.I.A., F.S.I.

Directors:

Chairman: SIR GEORGE LEWIS BARSTOW, K.C.B.

Deputy Chairmen: { GUY PHILIP HARBEN, O.B.E.
ERNEST DEWEY.

EDWARD JOSEPH WILLIAM BORRAJO, M.B.E., A.I.A.

SIR JOSEPH BURN, K.B.E., F.I.A., F.S.I.

PERCY CHARLES CRUMP, O.B.E., F.I.A.

SIR NIGEL GEORGE DAVIDSON, C.B.E.

SIR LAURENCE NUNNS GUILLEMARD, G.C.M.G., K.C.B.

JOHN ROY LANCASTER.

HERBERT HARVEY MOSELEY, B.C.L.

LT.-COL. PERCY LESTER REID, O.B.E.

SIR GEORGE STUART ROBERTSON, K.C.

ERNEST FRANK SPURGEON, F.I.A.

Joint Secretaries: C. W. A. RAY, A.L.A.A. L. BROWN, F.I.A.

Assistant Secretary: A. J. MILLER, M.C.

Joint Actuaries: C. C. H. DRAKE, F.I.A. W. J. FULFORD, F.I.A.

Assistant Actuaries: W. F. GARDNER, F.I.A. W. E. HUSTWITT, F.I.A. C. G. MARSHALL, F.I.A.

Assistant Managers: W. E. G. BURGE. C. G. IZARD. F. W. MORTON, M.C., F.I.A. R. S. THORP.

Deputy General Managers: F. H. GARRAWAY, O.B.E., M.C. H. S. LANE, M.C.

General Manager: F. W. MORGAN, M.C.

THE DIRECTORS have the honour to submit their Report and Accounts for 1942.

The Assets of the Company amount to £388,869,542 as compared with £375,413,502 at 31st December, 1941.

The Income from all sources during 1942 was £58,780,503 as compared with £56,643,498 in 1941.

ORDINARY BRANCH.

The number of life assurance policies issued during the year was 71,036, assuring the sum of £25,457,702, and producing an annual premium income of £1,383,515.

The number of life assurance policies in force on 31st December, 1942, was 1,017,395, assuring with bonus £301,243,524 and producing an annual premium income of £13,657,243.

The immediate annuities payable were 13,952 in number, and amounted to £1,010,741 per annum. In addition there were 147,423 deferred and contingent annuities, securing £3,160,981 per annum and producing an annual premium income of £1,489,751.

The total of the revenue premiums and consideration for annuities granted was £15,135,465. The claims for the year amounted to £12,120,855. There were death claims for sums assured, including bonuses, of £2,797,125 and matured endowment assurances for sums assured, including bonuses, of £9,323,730.

The surplus is £2,085,885, including the sum of £708,216 brought forward from last year, and has been allocated as follows:—

| | |
|---|-----------|
| To Investment reserve fund | 500,000 |
| To bonus to participating policyholders | 252,000 |
| To dividend to holders of A shares | 28,000 |
| To Ordinary branch contingency fund | 1,025,000 |
| To be carried forward | 280,885 |

A sum of £250,000 has been taken from the Investment reserve fund and applied to writing down investments in this branch; the Investment reserve fund has therefore been increased by a net amount of £250,000 to £3,500,000.

In view of prevailing world conditions the transfer of the sum of £1,025,000 has been made to the Ordinary branch contingency fund which now stands at £3,425,000.

The Directors have declared that, as regards each participating policy issued out of the Ordinary branch (including participating policies issued by Overseas branches other than the Canadian branch) which was in force on 31st December, 1942, and which becomes a claim by death or maturity of endowment during the year 1943 there shall be paid or transferred as part of the claim a bonus for each 31st December on which the policy was in force subsequent to the 31st December, 1939, calculated on the original participating sum assured at the rate:—

- (a) where such sum is cash of £1 cash per £100, and
(b) where such sum is Stock of £1 Stock per £100.

As regards Canadian policies, the bonus is the same but different dates apply.

INDUSTRIAL BRANCH.

The number of policies issued during the year was 1,694,503 assuring a sum of £62,369,287.

The number of policies becoming free policies during the year was 236,135. The number of free policies which became claims was 173,617.

The total number of policies in force at the end of the year including 5,129,394 free policies was 29,426,969, under which the maximum sum assured together with declared bonus was £668,006,145, producing an annual premium income of £27,588,579. The average duration of the whole life premium paying policies in force exceeds 19 years.

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INDUSTRIAL BRANCH—continued.

The revenue premiums for the year were £26,275,143, being an increase of £1,416,740 over those for 1941. The sum of £16,143,136, which includes £2,824,113 by way of bonus, became payable during the year under 803,151 policies in respect of death claims, matured endowments and surrenders. The number of endowment assurance policies which matured was 195,196.

The surplus is £4,584,273, including the sum of £336,085 brought forward from last year, and has been allocated as follows:—

| | £ |
|--|-----------|
| To Investment reserve fund | 850,000 |
| To bonus to participating policyholders | 400,000 |
| To dividend to holders of A shares | 406,298 |
| To bonus to members of outdoor staff | 87,035 |
| To Industrial branch contingency fund | 2,500,000 |
| To be carried forward | 340,940 |

A sum of £350,000 has been taken from the Investment reserve fund and applied to writing down investments in this branch; the Investment reserve fund has therefore been increased by a net amount of £500,000 to £4,500,000.

In view of prevailing world conditions the transfer of the sum of £2,500,000 has been made to the Industrial branch contingency fund which now stands at £8,100,000.

Having regard to the amount of dividend which will be provided by the £406,298 allocated out of the surplus to dividend to holders of A shares, £532,404 is required to be raised out of the Special contingency fund in accordance with Article 135 of the Company's Articles of Association of which £266,202 goes towards providing the dividend to holders of A shares. The balance of £266,202 has been augmented to meet inequalities arising from the incidence of income tax and the augmented amount of £500,432 goes towards providing the bonus to members of the outdoor staff.

Since the initiation of the profit sharing scheme, the total cash amount which has been allotted for provision of bonuses to the Industrial branch policyholders is £59,839,550.

The expenses in this branch amount to 25·77 per cent. of the premiums.

The Directors have declared that in respect of all participating policies issued by the Prudential out of the Industrial branch before 1st January, 1943, which become claims by death or maturity of endowment during the year 1943 and which are premium paying policies in Great Britain or Northern Ireland at the date of the event giving rise to the claim and on which not less than one year's premiums shall then have been paid there shall be paid or transferred as part of the claim a bonus calculated on the original participating sum assured at the following rates:—

| | |
|---|---------|
| If policy issued in the year 1942 | 16s. |
| If policy issued in the year 1941 | £1 12s. |
| If policy issued in the year 1940 or earlier | £2 8s. |
| per £100 original participating sum assured. | |

Where the original participating sum assured is Stock the bonus will be in Stock at the same rate per £100 Stock.

This bonus is in addition to any amount of reversionary bonus already added to the sum assured but is not in addition to any bonus previously declared which was not a reversionary bonus.

The declaration also provides that in the case of whole life assurance and endowment assurance policies issued by the British Widows' Assurance Company Limited out of its Industrial branch which terminate on becoming claims by death or maturity of endowment during the year 1943, and which are premium paying policies in Great Britain or Northern Ireland at the date of the event giving rise to the claim there shall be paid as part of the claim a bonus on the sum otherwise payable as follows:—

| Premiums paid for | Amount of claim increased by |
|--|------------------------------|
| Less than 10 years | £ s. d. 5 0 0 per cent. |
| 10 years and less than 15 years | 7 10 0 " " |
| 15 years and upwards | 10 0 0 " " |

GENERAL BRANCH.

The revenue premiums for the year, after deduction of the reinsurances, were £2,721,135, being an increase of £100,484 in comparison with those for 1941. These figures do not include the re-insurance business written by the Company's American subsidiary, The Prudential Insurance Company of Great Britain located in New York.

The capital sum insured under sinking fund policies is £7,838,059 as compared with £8,104,485 in 1941, i.e., a decrease of £266,426.

The Company undertakes duties as trustees in respect of issues of debentures and debenture stocks, and as trustees and executors of estates. The total amount of such debentures, debenture stocks and estates at the end of the year exceeded £97,000,000.

A change has been made this year in the method of dealing in the accounts with income tax and national defence contribution. Each individual General branch revenue account has been charged with the amount of tax appropriate thereto and the balance of tax has been charged to the Profit and loss account. In previous years only the tax deducted at source from interest was shown in the individual Revenue accounts. Accordingly for the purpose of comparison with this year's surplus, the surplus for 1941 should be taken as £394,301, i.e., after reduction by the sum of £60,000 provided for taxation in last year's Profit and loss account. Owing to a change in the basis of assessment to United Kingdom tax of the profits of our American subsidiary it has been necessary to provide in these accounts an additional amount of tax of £51,250 in respect of 1941.

The surplus is £340,971, including the sum of £200,968 brought forward from last year, and has been allocated as follows:—

| | £ |
|---|---------|
| To Investment reserve fund | 40,000 |
| To Additional reserve fund | 15,000 |
| To dividends to holders of A shares and B shares | 100,000 |
| To be carried forward | 185,971 |

The sum of £40,000 has been taken from the Investment reserve fund and applied to writing down investments in this branch; the sum transferred to the Investment reserve fund from the surplus replaces this amount. The Investment reserve fund therefore remains at £325,000.

The valuation of the contracts in all branches has been made by Mr. C. C. H. Drake, F.I.A., and Mr. W. J. Fulford, F.I.A., upon the bases stated in their valuation report which is printed on the last page.

The Directors have declared in respect of the year 1942 a final dividend on the A shares at the rate of 9s. 1·296d. per share. This dividend, together with the interim dividend of 2s. 6d. per share paid in September, 1942, makes a total of 11s. 7·296d. per A share for the year. The shareholders' profits from the Ordinary and Industrial branches provide 6s. 11·385d. of this dividend (of which 2s. 6d. has already been paid); 4s. 3·111d. is provided from the Special contingency fund in accordance with Article 135 of the Articles of Association and the remaining 4·8d. is from the General branch profits. The Directors have also declared a dividend on the B shares out of the General branch profits at the rate of 1s. 6d. per share. The dividends now declared on both the A and the B shares are payable free of income tax to the shareholders who are on the register on 1st April, 1943.

The Board has appointed MR. PERCY CHARLES CRUMP, O.B.E., F.I.A., who recently retired from the position of Joint Secretary, to be a Director of the Company. MR. CRUMP now offers himself for election.

The retiring Directors are MR. ERNEST DEWEY, LT.-COL. PERCY LESTER REID, O.B.E., MR. HERBERT HARVEY MOSELEY, B.C.L., and SIR GEORGE STUART ROBERTSON, K.C., who offer themselves for re-election.

MAJOR LAWRENCE WILFRED BIRD, D.S.O., O.B.E., and SIR JOHN SEROCOLD PAGET MELLOR, Bart., M.P., offer themselves for re-appointment as Auditors.

Messrs. DELOITTE, PLENDER, GRIFFITHS & Co. have examined the securities, and their certificate is appended to the balance sheet.

GEORGE L. BARSTOW,
Chairman.

HOLBORN BARS,
9th March, 1943.

REVENUE ACCOUNTS OF THE GENERAL BRANCH—continued.

Marine Insurance Business

| | £ | s. | d. | | £ | s. | d. |
|--|-----------------|----------|----------|--|-----------------|----------|----------|
| Amount of marine insurance fund at the beginning of the year | 367,250 | 11 | 2 | Claims under policies paid and outstanding | 205,895 | 15 | 9 |
| Premiums, after deduction of reinsurances, commission, discounts, brokerages and returns | 271,689 | 0 | 6 | Enemy debts—Balances written off | 979 | 18 | 7 |
| Interest and dividends | 12,869 | 8 | 6 | Expenses of management | 13,653 | 9 | 6 |
| | | | | National defence contribution | 1,694 | 0 | 0 |
| | | | | Income tax | 16,745 | 0 | 0 |
| | | | | Transfer to Profit and loss account | 12,869 | 8 | 6 |
| | | | | Amount of marine insurance fund at the end of the year | 399,971 | 7 | 10 |
| | <u>£651,809</u> | <u>0</u> | <u>2</u> | | <u>£651,809</u> | <u>0</u> | <u>2</u> |

COMMON CONTINGENCY FUND ACCOUNT

for the Year ending 31st December, 1942

| | £ | s. | d. | | £ | s. | d. |
|--|-------------------|----------|----------|--|-------------------|----------|----------|
| Amount of Common contingency fund at the beginning of the year | 2,980,514 | 2 | 6 | National defence contribution | 25,000 | 0 | 0 |
| Interest and dividends | £105,811 | 19 | 4 | Amount of Common contingency fund at the end of the year | 3,008,485 | 9 | 1 |
| Less income tax | 52,840 | 12 | 9 | | | | |
| | 52,971 | 6 | 7 | | | | |
| | <u>£3,033,485</u> | <u>9</u> | <u>1</u> | | <u>£3,033,485</u> | <u>9</u> | <u>1</u> |

SPECIAL CONTINGENCY FUND ACCOUNT

for the Year ending 31st December, 1942

| | £ | s. | d. | | £ | s. | d. |
|---|-------------------|-----------|----------|---|-------------------|-----------|----------|
| Amount of Special contingency fund at the beginning of the year | 4,249,008 | 5 | 9 | National defence contribution | 8,219 | 4 | 0 |
| Interest and dividends | £186,283 | 9 | 3 | Transfer to Industrial branch Revenue account | 532,404 | 1 | 0 |
| Less income tax | 74,797 | 2 | 3 | Amount of Special contingency fund at the end of the year | 3,818,871 | 7 | 9 |
| | 111,486 | 7 | 0 | | | | |
| | <u>£4,360,494</u> | <u>12</u> | <u>9</u> | | <u>£4,360,494</u> | <u>12</u> | <u>9</u> |

SHARE PREMIUM ACCOUNT

for the Year ending 31st December, 1942

| | £ | s. | d. | | £ | s. | d. |
|---|-----------------|----------|----------|---|-----------------|----------|----------|
| Balance of Premium brought forward at the beginning of the year | 227,477 | 0 | 5 | Payments relating to extension of business abroad | 35,317 | 19 | 6 |
| Interest and dividends | £10,758 | 7 | 8 | National defence contribution | 1,150 | 12 | 0 |
| Less income tax | 5,450 | 7 | 8 | Balance of Premium at the end of the year | 196,316 | 9 | 1 |
| | 5,308 | 0 | 2 | | | | |
| | <u>£232,785</u> | <u>0</u> | <u>7</u> | | <u>£232,785</u> | <u>0</u> | <u>7</u> |

PROFIT AND LOSS ACCOUNT

for the Year ending 31st December, 1942

| | £ | s. | d. | | £ | s. | d. |
|---|-------------------|----------|-----------|--|-------------------|----------|-----------|
| Balance from last year's account:— | | | | Final dividend to holders of A shares in respect of 1941 | 571,805 | 6 | 8 |
| Ordinary branch | 13,805 | 13 | 0 | Dividend to holders of B shares in respect of 1941 | 100,000 | 0 | 0 |
| Industrial branch | 524,666 | 7 | 0 | Further provision for taxation (General branch) in respect of 1941 | 51,250 | 0 | 0 |
| General branch | 334,300 | 14 | 1 | Taxation (General branch) not charged to other accounts— | | | |
| Transfer from Ordinary branch Revenue account | 28,000 | 0 | 0 | National defence contribution | £3,733 | 0 | 0 |
| Transfer from Industrial branch Revenue account | 672,500 | 0 | 0 | Income tax | 34,895 | 0 | 0 |
| Transfer from General branch Revenue accounts:— | | | | | | | |
| Fire insurance | £27,866 | 18 | 10 | | | | |
| Employers' liability insurance | 13,117 | 11 | 0 | Transfer to Investment reserve fund (General branch) | 40,000 | 0 | 0 |
| Motor vehicle insurance | 63,604 | 3 | 8 | Transfer to Additional reserve fund (General branch) | 15,000 | 0 | 0 |
| Miscellaneous insurance | 33,789 | 11 | 10 | Interim dividend to holders of A shares in respect of 1942 | 156,250 | 0 | 0 |
| Sinking fund insurance | 14,063 | 10 | 11 | Balances carried to:— | | | |
| Marine insurance | 12,869 | 8 | 6 | (a) Ordinary branch Balance sheet | £17,926 | 5 | 5 |
| Interest (General branch) not carried to other accounts | 64,570 | 8 | 0 | Industrial branch Balance sheet | 526,323 | 14 | 7 |
| | 229,881 | 12 | 9 | | 544,250 | 0 | 0 |
| | | | | being final dividend to holders of A shares in respect of 1942. | | | |
| | | | | (b) General branch Balance sheet, being allocation of profits for 1942:— | | | |
| | | | | to holders of A shares | £25,000 | 0 | 0 |
| | | | | to holders of B shares | 75,000 | 0 | 0 |
| | | | | | 100,000 | 0 | 0 |
| | | | | and amount carried forward | 185,971 | 0 | 2 |
| | | | | | 285,971 | 0 | 2 |
| | | | | after transferring— | | | |
| | | | | £1,390,000 to Investment reserve funds and | | | |
| | | | | £3,525,000 to Contingency funds, | | | |
| | | | | Ordinary and Industrial branches, | | | |
| | | | | allocating— | | | |
| | | | | £587,467 7s. 6d. to or on behalf of members of | | | |
| | | | | the Company's outdoor staff, | | | |
| | | | | and reserving for bonus— | | | |
| | | | | £252,000 in respect of Ordinary branch policies and | | | |
| | | | | £400,000 in respect of Industrial branch policies. | | | |
| | <u>£1,803,154</u> | <u>6</u> | <u>10</u> | | <u>£1,803,154</u> | <u>6</u> | <u>10</u> |

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

| LIABILITIES | Ordinary Branch. | | Industrial Branch. | | General Branch. | | Common Contingency Fund. | | Special Contingency Fund. | | Share Premium Account. | | Total. | |
|--|------------------|-------|--------------------|-------|-----------------|-------|--------------------------|-------|---------------------------|---------|------------------------|-------|-------------|-------|
| | £ | s. d. | £ | s. d. | £ | s. d. | £ | s. d. | £ | s. d. | £ | s. d. | £ | s. d. |
| Authorised capital:— | | | | | | | | | | | | | | |
| 1,250,000 A shares of £1 each .. | £1,250,000 | | | | | | | | | | | | | |
| 1,000,000 B shares of £1 each .. | 1,000,000 | | | | | | | | | | | | | |
| | £2,250,000 | | | | | | | | | | | | | |
| Issued capital:— | | | | | | | | | | | | | | |
| 1,250,000 A shares of £1 each, fully paid .. | 1,250,000 | 0 0 | | | | | | | | | | | | |
| 1,000,000 B shares of £1 each, 4s. paid .. | 200,000 | 0 0 | | | 200,000 | 0 0 | | | | | | | | |
| Share premium account .. | | | | | | | | | | 198,316 | 9 1 | | | |
| Life assurance fund—Ordinary branch .. | 127,339,768 | 11 2 | | | | | | | | | | | | |
| Industrial assurance fund .. | | | 221,362,690 | 15 1 | | | | | | | | | | |
| General branch insurance funds:— | | | | | | | | | | | | | | |
| Fire insurance fund .. | | | | | 573,359 | 0 0 | | | | | | | | |
| Sickness and accident insurance fund .. | | | | | 473,193 | 0 0 | | | | | | | | |
| Employers' liability insurance fund .. | | | | | 135,182 | 0 0 | | | | | | | | |
| Motor vehicle insurance fund .. | | | | | 201,432 | 0 0 | | | | | | | | |
| Miscellaneous insurance fund .. | | | | | 138,194 | 0 0 | | | | | | | | |
| Sinking fund insurance fund .. | | | | | 3,666,315 | 0 0 | | | | | | | | |
| Marine insurance fund .. | | | | | 399,971 | 7 10 | | | | | | | | |
| Additional reserve fund .. | | | | | 1,260,000 | 0 0 | | | | | | | | |
| Total .. | | | | | 6,845,828 | 7 10 | | | | | | | | |
| Investment reserve funds .. | 3,500,000 | 0 0 | 4,500,000 | 0 0 | 325,000 | 0 0 | | | | | | | | |
| Contingency funds .. | 3,425,000 | 0 0 | 8,100,000 | 0 0 | | | | | | | | | | |
| Common contingency fund .. | | | | | | | 3,008,485 | 9 1 | 3,818,871 | 7 9 | | | | |
| Special contingency fund .. | | | | | | | | | | | | | | |
| Claims admitted or intimated but not paid, less amounts recoverable under reinsurances:— | | | | | | | | | | | | | | |
| Life assurance .. | 1,375,807 | 12 3 | 379,323 | 1 6 | | | | | | | | | | |
| Fire insurance .. | | | | | 383,198 | 0 0 | | | | | | | | |
| Motor vehicle insurance .. | | | | | 224,654 | 0 0 | | | | | | | | |
| Miscellaneous insurance .. | | | | | 96,789 | 0 0 | | | | | | | | |
| Sinking fund insurance .. | | | | | 2,164 | 0 0 | | | | | | | | |
| Marine insurance .. | | | | | 39,500 | 0 0 | | | | | | | | |
| Annuities due and unpaid .. | 39,168 | 8 6 | | | 39,168 | 8 6 | | | | | | | | |
| Outstanding commission and expenses .. | 112,623 | 4 7 | 100,000 | 0 0 | 8,959 | 6 11 | | | | | | | | |
| Premiums received in advance .. | 36,998 | 3 0 | | | 55 | 5 9 | | | | | | | | |
| Amounts due to other companies on reinsurance account:— | | | | | | | | | | | | | | |
| General branch:— | | | | | | | | | | | | | | |
| Fire insurance .. | | | | | 157,915 | 13 3 | | | | | | | | |
| Sickness and accident insurance .. | | | | | 570 | 0 0 | | | | | | | | |
| Employers' liability insurance .. | | | | | 978 | 12 5 | | | | | | | | |
| Motor vehicle insurance .. | | | | | 8 | 0 0 | | | | | | | | |
| Miscellaneous insurance .. | | | | | 7,662 | 11 1 | | | | | | | | |
| Marine insurance .. | | | | | 6,119 | 11 7 | | | | | | | | |
| Total .. | | | | | 179,954 | 8 4 | | | | | | | | |
| Amounts due to subsidiary companies .. | | | 100 | 0 0 | 16,488 | 19 3 | | | | | | | | |
| Sundry creditors .. | 77,930 | 8 9 | 89,166 | 17 8 | 16,588 | 19 3 | | | | | | | | |
| Reserve for income tax .. | 118,170 | 7 8 | | | 14,321 | 11 8 | | | | | | | | |
| Reserve for National defence contribution .. | 2,375 | 14 0 | 5,750 | 0 0 | 166,400 | 1 1 | 25,000 | 0 0 | 4,000 | 0 0 | 825 | 0 0 | | |
| Reserve for War damage contribution .. | 5,500 | 0 0 | 30,000 | 0 0 | 27,646 | 0 0 | | | | | | | | |
| Loans on policies within their surrender values, due to reinsurance companies .. | 1,350 | 0 0 | | | | | | | | | | | | |
| Bonus allocation to members of Company's outdoor staff .. | £587,467 | 7 6 | | | | | | | | | | | | |
| Less balance brought forward .. | 352 | 7 11 | | | | | | | | | | | | |
| Unclaimed dividends .. | | | 587,114 | 19 7 | | | | | | | | | | |
| Balance standing to credit of Profit and loss account .. | 17,926 | 5 5 | 526,323 | 14 7 | 285,971 | 0 2 | | | | | | | | |
| Notes:— | | | | | | | | | | | | | | |
| Instalments on investments held due after 31st December, 1942 .. | Nil. | | | | | | | | | | | | | |
| Investments bought for settlement after 31st December, 1942 .. | 930,000 | | | | | | | | | | | | | |
| Uncalled capital on investments held .. | 1,080,000 | | | | | | | | | | | | | |
| Contingent liability on shares, etc. .. | 2,355,000 | | | | | | | | | | | | | |
| A contingent liability exists under a guarantee given by the Company in respect of certain benefits for the Staff and their relatives and dependants provided by means of a company formed for this purpose. | | | | | | | | | | | | | | |
| Amounts of Life assets compulsorily deposited abroad—Investments (at or under market value, if quoted), mortgages, property and cash:— | | | | | | | | | | | | | | |
| Australia .. | 47,500 | | | | | | | | | | | | | |
| Canada .. | 1,586,000 | | | | | | | | | | | | | |
| Egypt .. | 171,000 | | | | | | | | | | | | | |
| India .. | 14,000 | | | | | | | | | | | | | |
| New Zealand .. | 50,000 | | | | | | | | | | | | | |
| Palestine .. | 1,000 | | | | | | | | | | | | | |
| Poland .. | 62,500 | | | | | | | | | | | | | |
| South Africa .. | 10,000 | | | | | | | | | | | | | |
| Southern Rhodesia .. | 5,000 | | | | | | | | | | | | | |
| | 136,052,618 | 15 4 | 236,930,863 | 15 2 | 8,810,260 | 16 0 | 3,033,485 | 9 1 | 3,841,371 | 7 9 | 200,941 | 9 1 | 388,869,541 | 12 5 |

A shares—This capital is liable in respect of contracts in all branches of the Company's business, but is included in the Industrial branch accounts pursuant to sec. 3 of The Prudential Assurance Company Act, 1875.

Common contingency fund—In accordance with clause 132 (b) of the Articles of Association this fund may be applied to any one or more branches, as determined by the Directors.

The values of the Stock Exchange securities are determined, under the Articles of Association of the Company, by the Directors; these values have been compared with the middle market prices as at the 31st December, 1942, and on the basis of such prices we certify that in our belief the assets set forth in the Balance Sheet, less the Investment Reserve and the Contingency funds taken into account, are in the aggregate in excess of the value stated therein.

The gross amount of the Directors' remuneration for the year (including fees from a subsidiary company) was £54,244 18s. 1d.

Specific deposits of life assurance assets, Ordinary branch, have been made with various Dominion, Colonial and Foreign Governments under local laws as security to holders of policies issued, as set out above, and part of the assets (investments and cash) of the General branch has been deposited under local laws in places out of the United Kingdom on account of fire, casualty and marine insurance business.

No part of any fund has been applied directly or indirectly for any purposes other than those of the class of business to which the fund is applicable.

F. W. MORGAN, *General Manager.*

C. C. H. DRAKE, *Joint Actuary.*
W. J. FULFORD, *Actuaries.*

C. W. A. RAY, *Joint Secretary.*
L. BROWN, *Secretaries.*

REPORT OF THE AUDITORS.

We have examined the foregoing accounts and have obtained all the information and explanations that we have required and in our opinion such accounts are correct and the foregoing Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.

No part of any fund has been applied directly or indirectly for any purposes other than those of the class of business to which the fund is applicable.

We have investigated the methods of calculating and apportioning the expenses of management and the accounts thereof and in our opinion the accounts show a fair and equitable apportionment of the expenses between the Industrial and other branches of the Company's business.

L. W. BIRD, *Auditors.*
JOHN S. P. MELLOR, *Auditors.*

BALANCE SHEET, 31st December, 1942

| ASSETS | Ordinary Branch. | | Industrial Branch. | | General Branch. | | Common Contingency Fund. | | Special Contingency Fund. | | Share Premium Account. | | Total. | |
|--|------------------|-------|--------------------|-------|-----------------|-------|--------------------------|-------|---------------------------|-------|------------------------|-------|-------------|-------|
| | £ | s. d. | £ | s. d. | £ | s. d. | £ | s. d. | £ | s. d. | £ | s. d. | £ | s. d. |
| Mortgages on property within the United Kingdom .. | 7,687,704 | 17 4 | 2,303,179 | 13 1 | | | | | | | | | | |
| Mortgages on property within Eire .. | 7,438 | 13 7 | | | | | | | | | | | | |
| Mortgages on property out of the United Kingdom .. | 1,817,851 | 18 4 | 528,360 | 4 2 | 400 | 0 0 | | | | | | | | |
| Loans without specific security within the United Kingdom .. | 502,453 | 6 9 | 1,550,000 | 0 0 | | | | | | | | | | |
| Loans without specific security out of the United Kingdom .. | 42,302 | 8 7 | 9,375 | 0 0 | | | | | | | | | | |
| Loans on parochial and other public rates .. | 1,276,749 | 17 10 | 8,284,962 | 14 10 | | | | | | | | | | |
| Loans on Life interests .. | 53,289 | 4 7 | | | | | | | | | | | | |
| Loans on Stocks and shares .. | 1,714,189 | 4 9 | 5,868,060 | 0 8 | | | | | | | | | | |
| Loans on Company's policies within their surrender values .. | 3,195,310 | 16 1 | | | 900 | 0 0 | | | | | | | | |
| Loans to subsidiary companies .. | 496,237 | 11 8 | 592,882 | 3 9 | | | | | | | | | | |
| Investments:— | | | | | | | | | | | | | | |
| Deposits with the High Court:— | | | | | | | | | | | | | | |
| £17,122 14s. 3½% War Stock .. | 16,000 | 0 0 | | | | | | | | | | | | |
| £20,000 3½% War Stock .. | | | 18,700 | 0 0 | | | | | | | | | | |
| £22,000 3½% War Stock .. | | | | | 20,500 | 0 0 | | | | | | | | |
| £22,000 3% Local Loans Stock .. | | | | | 17,700 | 0 0 | | | | | | | | |
| Deposits with the Supreme Court of Judicature in Eire:— | | | | | | | | | | | | | | |
| £20,000 3½% War Stock .. | 18,700 | 0 0 | | | | | | | | | | | | |
| £20,000 3½% War Stock .. | | | | | 18,700 | 0 0 | | | | | | | | |
| British Government securities .. | 48,901,088 | 1 5 | 90,632,017 | 2 9 | 2,472,047 | 12 2 | 2,463,529 | 8 8 | 3,121,835 | 16 8 | 196,267 | 4 2 | 145,786,785 | 5 10 |
| Securities issued under the Trade Facilities Acts and Railway (Agreement) Act, 1935 .. | 1,450,300 | 0 0 | 2,273,046 | 10 0 | 203,287 | 10 0 | | | | | | | | |
| Debentures in subsidiary companies issued under the Trade Facilities Acts .. | | | 400,000 | 0 0 | | | | | | | | | | |
| Bank of England stock .. | 330,000 | 0 0 | | | | | | | | | | | | |
| Municipal and county securities, United Kingdom .. | 2,381,848 | 19 10 | 4,822,299 | 4 5 | 831,930 | 16 6 | 196,667 | 3 4 | 248,660 | 0 9 | | | | |
| Public Board securities .. | 1,855,225 | 17 0 | 3,265,808 | 16 10 | 236,721 | 2 6 | 122,600 | 0 0 | 44,000 | 0 0 | | | | |
| Dominion, Indian and Colonial Government securities .. | 4,803,577 | 14 5 | 2,541,837 | 9 9 | 683,744 | 8 11 | 26,300 | 0 0 | 205,749 | 10 6 | | | | |
| Dominion provincial securities .. | 166,821 | 3 9 | 157,704 | 8 10 | | | | | 114,365 | 4 6 | | | | |
| Dominion, Indian and Colonial municipal securities .. | 1,042,110 | 7 9 | 979,915 | 6 0 | | | | | </ | | | | | |

