

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,
JOHN S. P. MELLOR,
Auditors.

12th March, 1945.

We have examined the receipts and payments at Chief Office relating to the Mortgages and Loans and to the purchase and sale of investments for the year ended 31st December, 1944. We have also examined the Deeds, Stock and Share Certificates and Bonds in possession of the Company at Chief Office and with the exceptions noted below have verified as at the 31st December, 1944, by Certificates of Bankers or other Deponents the securities in their custody or in the hands of their Agents and by Certificates of Brokers the securities purchased but not delivered and we have confirmed Deposits by Certificates from the Institutions with whom they are lodged at Cash held for account of Chief Office and District Offices by Certificates from Bankers or with audited accounts from Divisional Offices. We have been unable to obtain confirmations in respect of Mortgages, Loans or with Mortgages and Loans lodged in any territory, or in territories occupied or formerly occupied by those appearing in the cabled list of Mortgages, Loans, Investments, Deposits and Cash so examined or confirmed by us, together with those appearing in the cabled list of Mortgages, Loans, Investments, Deposits and Cash set out in the above Balance Sheet.

DELOITTE, PLENDER, GRIFFITHS & CO.,
Chartered Accountants,
5, London Wall Buildings, London, E.C.2.

12th March, 1945.

**ANNUAL REPORT
and NOTICE OF MEETING.**

IF NOT DELIVERED, PLEASE RETURN TO
Prudential Assurance Co. Ltd.
HOLBORN BARS, LONDON, E.C.1.

The Prudential Assurance Co. Ltd.
NOTICE OF MEETING.

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 **WEDNESDAY**, the 4th day of April, 1945, 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, 1944, for electing Directors, for re-appointing the President, for electing 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.

19th March, 1945.

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.

W. & A. L. 144. (181684)—17950. 3/45.

THE PRUDENTIAL ASSURANCE COMPANY LIMITED.

(INCORPORATED IN ENGLAND.)

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

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 NIGEL GEORGE DAVIDSON, C.B.E.
SIR LAURENCE NUNNS GUILLEMARD,
G.C.M.G., K.C.B.

HERBERT HARVEY MOSELEY, B.C.L.
COLONEL PERCY LESTER REID, O.B.E.
SIR GEORGE STUART ROBERTSON, K.C.
ERNEST FRANK SPURGEON, F.I.A.

SIR JOSEPH BURN, K.B.E., F.I.A., F.S.I.
PERCY CHARLES CRUMP, O.B.E., F.I.A.

JOHN ROY LANCASTER.

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

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

Joint Actuaries: W. J. FULFORD, F.I.A. W. F. GARDNER, F.I.A.

Assistant Actuaries: W. E. HUSTWITT, F.I.A. C. G. MARSHALL, F.I.A. J. N. SHINE, F.I.A.

Assistant Managers: W. E. G. BURGE. H. C. HARVEY. 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.

NINETY-SIXTH ANNUAL REPORT FOR THE YEAR ENDING 31st DECEMBER, 1944.

THE DIRECTORS have the honour to submit their Report and Accounts for 1944.

To conform with the continued need for restricting the use of paper, the Annual Report and Accounts are presented in the same form as last year, the revenue accounts for the Common and Special contingency funds and the Share Premium account being omitted. A sum of £35,000 has been charged against the Share Premium account for payments relating to extension of business abroad.

The **Assets** of the Company amount to **£420,573,791** as compared with **£404,691,378** at 31st December, 1943.

The **Income** from all sources during 1944 was **£64,630,466** as compared with **£61,434,004** in 1943.

ORDINARY BRANCH.

The number of life assurance policies issued during the year was **66,652**, assuring the sum of **£25,901,598**, and producing an annual premium income of **£1,379,592**.

The total of the revenue premiums and consideration for annuities granted was **£17,170,080**. The claims for the year amounted to **£18,577,040**. There were death claims for sums assured, including bonuses, of **£3,190,533** and matured endowment assurances for sums assured, including bonuses, of **£9,593,433**.

The surplus is **£2,697,169**, including the sum of **£394,133** brought forward from last year, and has been allocated as follows:—

To Investment reserve fund	250,000
To bonus to participating policyholders	1,470,937
To dividend to holders of A shares	155,437
To Special contingency fund	8,000
To be carried forward	812,795

A sum of **£250,000** has been taken from the Investment reserve fund and applied to writing down investments in this branch: the sum transferred to Investment reserve fund from the surplus replaces this amount.

The Directors, having given careful consideration to prevailing world conditions, have decided to make no transfer this year either to or from the Ordinary branch contingency fund, which remains at **£5,025,000**.

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, 1940, and which was also in force on 1st March, 1945, a reversionary bonus calculated on the original participating sum assured shall be added 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**.

In addition as regards each participating policy in force on 31st December, 1944 (including participating policies issued by Overseas branches other than the Canadian branch) which becomes a claim by death or maturity of endowment during the year 1945 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 31st December, 1940, 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 **1,335,021** assuring a sum of **£50,978,955**. The number of policies becoming free policies during the year was **219,706**. The number of free policies which became claims was **193,131**.

The revenue premiums for the year were **£38,950,411**. The sum of **£18,151,711**, which includes **£3,655,564** by way of bonus, became payable during the year under **£70,081** policies in respect of death claims, matured endowments and surrenders. The number of endowment assurance policies which matured was **216,707**.

The surplus is **£5,633,896** including the sum of **£433,318** brought forward from last year, and has been allocated as follows:—

To Investment reserve fund	500,000
To bonus to participating policyholders	3,179,025
To dividend to holders of A shares	632,517
To bonus to members of outdoor staff	593,570
To Special contingency fund	234,000
To be carried forward	437,083

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 £5,000,000.

The Directors, having given careful consideration to prevailing world conditions, have decided to make no transfer this year either to or from the Industrial branch contingency fund, which remains at £11,100,000.

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 £63,518,575.

The expenses in this branch amount to 23·87 per cent. of the premiums.

The Directors have declared that—

- (1) In respect of participating policies issued by the Prudential out of the Industrial branch before 1st January, 1941, which are premium paying policies in Great Britain or Northern Ireland on 1st March, 1945, there shall be added as on 1st March, 1945, to the original sum assured at death or maturity of endowment a reversionary bonus at the rate of 16s. per £100 original participating sum assured.
- (2) In respect of participating policies issued by the Prudential out of the Industrial branch before 1st January, 1945, which become claims by death or maturity of endowment during the year 1945 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 rate:—

If policy issued in the year 1944	16s.
If policy issued in the year 1943	£1 12s.
If policy issued in the year 1942	£2 8s.
If policy issued in the year 1941 or earlier	£3 4s.

 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.

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

The valuation of the contracts in all branches has been made by Mr. W. J. Fulford, F.I.A., and Mr. W. F. Gardner, F.I.A., upon the bases stated in their valuation report which is printed below.

The Directors have declared in respect of the year 1944 a final dividend on the A shares at the rate of 11s. 3·784d. per share. This dividend, together with the interim dividend of 2s. 6d. per share paid in September, 1944, makes a total of 13s. 9·784d. per A share for the year. The shareholders' profits from the Ordinary and Industrial branches provide 13s. 4·964d. of this dividend (of which 2s. 6d. has already been paid); the remaining 4·3d. 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 B shares are payable free of income tax to the shareholders who are on the register on 4th April, 1945.

The retiring Directors are SIR JOSEPH BURN, K.B.E., F.I.A., F.S.I., SIR LAURENCE NUNNS GUILLEMARD, G.C.M.G., K.C.B., MR. ERNEST FRANK SPURGEON, F.I.A. and MR. EDWARD JOSEPH WILLIAM BORRAJO, M.B.E., A.I.A., 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.

HOLBORN BARS,
12th March, 1945.

GEORGE L. BARSTOW,
Chairman.

VALUATION REPORT.

To the Directors of The Prudential Assurance Company Limited.

Gentlemen,

We have the honour to submit our report on the valuation as at 31st December, 1944, of the life assurances and annuities and other insurance contracts of the Company. In accordance with your instructions the valuations have been made on the bases stated below.

ORDINARY BRANCH.

Assurances issued at European rates of premium have been valued by the A.1924-29 Ultimate table of mortality and assurances issued at non-European rates of premium by the OM table of mortality. The rate of interest assumed was 2½ per cent. for assurances issued in the United Kingdom and Eire and 3 per cent. for assurances issued overseas. The whole of the difference between the office premiums and net premiums has been reserved for future expenses and profit and an additional reserve of loading has been made in respect of assurances issued in the United Kingdom.

The immediate and contingent annuities have been valued by the a(f) and a(m) Ultimate tables of mortality. The deferred annuities have been valued by the A.1924-29 Ultimate table of mortality for the period of deferment and by the a(f) and a(m) Ultimate tables of mortality for the period after deferment; the premiums valued were 95 per cent. of the future office premiums. The rate of interest assumed was 3 per cent. or, for immediate annuities, the rate of interest employed in the calculation of the purchase money if less than 3 per cent.

The interest actually earned, after deduction of income tax, represents a rate of £3 12s. 1d. per cent. on the life assurance fund.

The number of life policies in force was 1,025,520 assuring with bonus £321,197,101 and producing an annual premium income of £14,325,598. The immediate annuities payable were 13,770 in number, and amounted to £939,333 per annum. In addition there were 174,313 deferred and contingent annuities, securing £3,912,069 per annum and producing an annual premium income of £1,947,787.

The sterling equivalents of liabilities in Dominion or foreign currencies have been arrived at by conversion at the rates of exchange ruling on 31st December, 1944.

The result of the valuation is as follows:—

Life assurance fund on 31st December, 1944	£135,932,309
Reserve for life assurance policies	£109,873,722
Reserve for annuities	£3,361,418
Net liability	£133,235,140

Surplus, including £324,133 brought forward from last year £2,697,169

INDUSTRIAL BRANCH.

The English Life Table No. 10, Males, has been used for the valuation of all assurances. Every policy has been treated as a liability. The whole of the difference between the office premiums and net premiums has been reserved in all cases and an additional reserve of loading has been made.

The rate of interest assumed in the valuation was 2½ per cent. The interest actually earned, after deduction of income tax, represents a rate of £3 13s. 11d. per cent. on the Industrial assurance fund.

The number of policies in force, including 5,237,797 free or paid-up policies, was 30,013,583, under which the maximum sum assured, together with declared bonus, was £707,339,149. The premiums receivable in respect of these policies amount to £29,928,110 per annum, or £575,541 per week. The average duration of the whole life premium paying policies in force exceeds 20 years.

The result of the valuation is as follows:—

Industrial assurance fund on 31st December, 1944	£241,381,087
Net liability	£235,754,192

Surplus, including £483,818 brought forward from last year £5,626,896

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 1945, 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:—Less than 10 years, amount of claim increased by 5 per cent.; 10 years and less than 15 years, £7 10s. per cent.; 15 years and upwards £10 per cent.

GENERAL BRANCH.

The revenue premiums for the year, after deduction of the reinsurances, were £3,038,885. 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.

In the years 1942 and 1943 further provisions for taxation were made on account of a change in the basis of assessment to United Kingdom tax of the profits of the American subsidiary. An appeal was lodged against the basis of assessment. A satisfactory settlement was, however, reached, and in consequence of this and of other tax adjustments, £87,161 has been released from taxation reserve.

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 £91,000,000.

The surplus is £453,680, including the sum of £190,186 brought forward from last year, and has been allocated as follows:—

To Investment reserve fund	£75,000
To additional reserve fund	100,000
To dividends to holders of A shares and B shares	100,000
To be carried forward	178,680

A sum of £75,000 has been taken from the Investment reserve fund and applied to writing down investments in this branch: the sum transferred to Investment reserve fund from the surplus replaces this amount.

GENERAL BRANCH.

In respect of fire, sickness and accident (excluding permanent sickness), employers' liability, motor vehicle and miscellaneous insurance contracts, the reserve for unexpired risks is 40 per cent. of the premium income for the year, together with a further reserve which we consider essential under fire and miscellaneous contracts.

The permanent sickness policies have been valued, as to sickness rates, by the Manchester Unity (Whole Society) Experience, 1893-97, and as to mortality by the table published by the Insurance Commissioners (Cd. 6292) with interest at 3 per cent. In view of the uncertainty of sickness rates we have considered it necessary to increase by 60 per cent. the reserve brought out on these bases.

To many of the life assurance policies is attached an additional benefit on death from accident, the liability for which is borne by the General branch. These accident insurances carry the right of renewal and in our opinion a further reserve of £354,754 is essential in addition to the 40 per cent. of the premium income for the year.

In respect of marine insurance, after adding to the fund the premiums and interest received and deducting losses, taxes and expenses, a sum of £8,485 has been released: the fund remaining, in our opinion, is sufficient as a reserve for the liabilities still pending under the accounts.

The sinking fund policies have been valued by a gross premium method with an allowance for expenses. The rate of interest assumed was 3 per cent. or the rate of interest employed in the calculation of the premiums if less than 3 per cent. The policies in force provide for the payment of capital sums amounting to £6,670,745 at the end of fixed terms of years, and produce an annual premium income of £67,931.

The sterling equivalents of reserves in Dominion and foreign currencies have been arrived at by conversion, in the case of casualty and sinking fund contracts at the rates of exchange ruling on 31st December, 1944, and in the case of fire contracts at the approximate average rates of exchange ruling during the year 1944:—

The result of the valuation is as follows:—

Insurance fund on 31st December, 1944	£6,819,886
Reserves for fire, sickness and accident, employers' liability, motor vehicle and miscellaneous insurances	£1,770,497
Reserve for marine insurance	545,579
Reserve for sinking fund insurance	2,790,130
Additional reserve fund	1,260,000
	6,366,206

Surplus, including £190,186 brought forward from last year £453,680

We are, Gentlemen,

Your obedient Servants,

W. J. FULFORD, }
W. F. GARDNER, } Joint Actuaries.

8th March, 1945.

ORDINARY BRANCH REVENUE ACCOUNT
for the Year ending 31st December, 1944.

LIFE ASSURANCE BUSINESS.			
£		£	
Fund at beginning of year ...	£130,457,753	Claims paid and outstanding—	
Less adjustment in exchange ...	456	By death ...	3,190,552
	130,457,297	By maturity ...	9,686,488
Premiums ...	16,943,752		12,877,040
Consideration for annuities granted ...	206,328	Surrenders ...	425,014
Interest, dividends and rents ...	£5,591,778	Bonuses surrendered ...	12,930
Less Income tax ...	883,796	Annuitants ...	1,007,002
	4,707,982	Commission ...	822,465
		Expenses of management ...	1,238,369
		War damage contributions ...	20,230
		Transfers to—	
		Investment reserve fund ...	250,000
		Special contingency fund ...	8,000
		Profit and loss account ...	155,437
		Fund at end of year ...	135,518,872
	<u>£152,335,369</u>		<u>£152,335,369</u>

During the year 66,653 policies were issued for a sum assured of £25,501,598 with yearly renewal premium income of £1,579,592. The amount received in single premiums was £17,925.

INDUSTRIAL BRANCH REVENUE ACCOUNT
for the Year ending 31st December, 1944.

INDUSTRIAL ASSURANCE BUSINESS.			
£		£	
Fund at beginning of year ...	229,109,974	Claims paid and outstanding—	
Premiums ...	28,950,411	By death ...	9,101,346
Interest, dividends and rents ...	£9,412,017	By maturity ...	8,498,238
Less Income tax ...	911,538		17,599,584
	8,500,479	Surrenders ...	552,127
		Expenses of management ...	6,910,629
		War damage contributions ...	117,437
		Bonus allocation to Company's outdoor staff ...	593,870
		Transfers to—	
		Investment reserve fund ...	500,000
		Special contingency fund ...	234,000
		Profit and loss account ...	682,917
		Fund at end of year ...	239,370,300
	<u>£266,560,864</u>		<u>£266,560,864</u>

The number of policies issued during the year was 1,335,921 assuring a sum of £50,972,955.

GENERAL BRANCH REVENUE ACCOUNTS for the Year ending 31st December, 1944.

FIRE INSURANCE BUSINESS.			
£		£	
Fund at beginning of year—		Claims paid and outstanding...	657,150
Reserve for unexpired risks ...	£552,214	Commission ...	801,271
Further reserve ...	82,682	Expenses of management ...	336,436
	634,896	Contributions to fire brigades, etc. ...	16,179
Premiums ...	1,495,892	Overseas taxes ...	21,355
Interest and dividends ...	38,345	Income tax and N.D.C. ...	85,652
Profit on exchange ...	4,560	Transfer to Profit and loss a/c ...	74,611
		Fund at end of year—	
		Reserve for unexpired risks, being 40% of the premium income of the year ...	£598,357
		Further reserve ...	82,682
			681,039
	<u>£2,178,693</u>		<u>£2,178,693</u>

MOTOR VEHICLE INSURANCE BUSINESS.			
£		£	
Fund at beginning of year—		Claims paid and outstanding ...	158,161
Reserve for unexpired risks ...	£146,322	Commission ...	66,437
Add adjustment in exchange ...	47	Expenses of management ...	108,561
Reserve for Motor vehicles laid up ...	25,072	Overseas taxes ...	12,012
		Income tax and N.D.C. ...	31,249
		Transfer to Profit and loss a/c ...	27,106
		Fund at end of year—	
		Reserve for unexpired risks, being 40% of the premium income of the year ...	£160,995
		Reserve for Motor vehicles laid up ...	25,234
			186,229
Premiums ...	171,441		
Interest and dividends ...	402,488		
	13,826		
	<u>£587,755</u>		<u>£587,755</u>

SICKNESS AND ACCIDENT INSURANCE BUSINESS.			
£		£	
Fund at beginning of year—		Payments under policies inclg. medical & legal expenses—	
Reserve for unexpired accident risks ...	£96,297	Accident ...	72,277
Further reserve for renewable accident risks ...	351,141	Permanent sickness ...	7,010
Reserve for permanent sickness risks ...	66,482	Commission ...	21,207
Estimated liability, outstanding accident claims ...	19,554	Expenses of management ...	71,832
Outstanding permanent sickness payments ...	1,211	Income tax and N.D.C. ...	904,956
		Transfer to Profit and loss a/c ...	42,518
		Fund at end of year—	
		Reserve for unexpired accident risks, being 40% of the premium income of the year ...	£98,984
		Further reserve for renewable accident risks ...	354,754
		Reserve for permanent sickness risks ...	67,921
		Estimated liability, outstanding accident claims ...	26,526
		Outstanding permanent sickness payments ...	2,124
			550,309
Premiums:—			
Accident ...	£247,460		
Permanent sickness ...	11,126		
	258,586		
Interest and dividends ...	20,046		
Transfer from Approved Societies for expenses ...	904,956		
	<u>£1,718,273</u>		<u>£1,718,273</u>

MISCELLANEOUS INSURANCE BUSINESS.			
£		£	
Fund at beginning of year—		Claims paid and outstanding ...	194,527
Reserve for unexpired risks ...	£155,522	Commission ...	78,757
Add adjustment in exchange ...	3	Expenses of management ...	148,076
Further reserve ...	1,362	Overseas taxes ...	8,374
		Income tax and N.D.C. ...	7,986
		Transfer to Profit and loss a/c ...	6,641
		Fund at end of year—	
		Reserve for unexpired risks, being 40% of the premium income of the year ...	£167,299
		Further reserve ...	1,362
			168,661
Premiums ...	156,837		
Trustee and executor fees ...	418,247		
Interest and dividends ...	21,544		
	9,644		
	<u>£806,322</u>		<u>£806,322</u>

EMPLOYERS' LIABILITY INSURANCE BUSINESS. (transacted within the United Kingdom.)			
£		£	
Fund at beginning of year—		Payments under policies inclg. medical & legal expenses...	63,616
Reserve for unexpired risks ...	£43,239	Commission ...	12,755
Estimated liability, outstg. claims ...	97,578	Expenses of management ...	40,638
	140,817	Income tax ...	Nil
Premiums ...	147,227	Fund at end of year—	
Interest and dividends ...	5,410	Reserve for unexpired risks, being 40% of the premium income of the year...	£58,891
Transfer from Profit and loss account ...	7,814	Estimated liability, outstg. claims ...	125,368
			184,259
	<u>£301,268</u>		<u>£301,268</u>

SINKING FUND INSURANCE BUSINESS.			
£		£	
Fund at beginning of year ...	3,429,037	Claims paid and outstanding...	791,644
Premiums ...	68,422	Surrenders ...	1,779
Interest and dividends ...	106,464	Expenses of management ...	1,369
		Income tax and N.D.C. ...	10,198
		Transfer to Profit and loss a/c ...	8,803
		Fund at end of year ...	2,790,130
	<u>£3,603,923</u>		<u>£3,603,923</u>

MARINE INSURANCE BUSINESS.			
£		£	
Fund at beginning of year ...	457,824	Claims paid and outstanding...	185,579
Premiums (less reinsurance, commission, discounts, etc.) ...	248,023	Enemy debts—written off ...	17
Interest and dividends ...	17,541	Expenses of management ...	12,982
		Overseas taxes ...	3,915
		Income tax and N.D.C. ...	16,831
		Transfer to Profit and loss a/c ...	8,485
		Fund at end of year ...	545,579
	<u>£723,388</u>		<u>£723,388</u>

PROFIT & LOSS ACCOUNT at 31st December, 1944.

	Ordinary and Industrial Branches.		General Branch.	
	£	£	£	£
Balance brought forward from previous year	—	—	—	—
Transfers from Revenue accounts:—				
Ordinary branch	155,437	—	200,186	—
Industrial branch	682,917	—	—	—
General branch:—				
Fire	£74,611	—	—	—
Sickness and accident	42,518	—	—	—
Motor vehicle	27,106	—	—	—
Miscellaneous	6,641	—	—	—
Sinking Fund	8,803	—	—	—
Marine	8,485	—	—	—
Interest and dividends not carried to other accounts	69,396	—	—	—
Transfer from Taxation reserve	—	—	287,560	67,161
			<u>£1,395,604</u>	<u>£594,907</u>
Final dividend, A shares—year 1943	587,250	25,000	—	—
Dividend, B shares—year 1943	—	75,000	—	—
Taxation not charged elsewhere—year 1944	—	33,413	—	—
Transfer to General Branch Revenue accounts:				
Employers' liability	—	7,814	—	—
Transfer to Investment reserve fund	—	75,000	—	—
Transfer to Additional reserve fund	—	100,000	—	—
Interim dividend, A shares—year 1944	156,250	—	—	—
Balance carried to Balance Sheet:—				
Ordinary branch	126,467	—	—	—
Industrial branch	555,637	—	—	—
General branch:—				
Dividend, A shares—year 1944	225,000	—	—	—
Dividend, B shares—year 1944	75,000	—	—	—
Amount carried forward	178,680	—	—	—
			<u>£1,395,604</u>	<u>£594,907</u>

The Prudential Assurance Company Limited

BALANCE SHEET.

31st December, 1944.

LIABILITIES.	Ordinary Branch.	Industrial Branch.	General Branch.	Common Contingency Fund.	Special Contingency Fund.	Share Premium Account.	Total.	ASSETS.	Ordinary Branch.	Industrial Branch.	General Branch.	Common Contingency Fund.	Special Contingency Fund.	Share Premium Account.	Total.
Authorised capital— 1,250,000 A shares of £1 each. 1,000,000 B shares of £1 each.								Mortgages on property within the United Kingdom	6,697,036	1,896,534					8,593,570
Issued capital— 1,250,000 A shares of £1 each, fully paid 1,000,000 B shares of £1 each, 4s. paid		1,250,000	200,000				1,250,000	Mortgages on property in Eire	4,355						4,355
Share premium account						128,388	128,388	Mortgages on property out of the United Kingdom	1,160,237	406,392	400				1,567,029
Life assurance fund—Ordinary branch	135,518,872						135,518,872	Loans without specific security	545,572	1,609,375					2,054,947
Industrial assurance fund		239,370,300					239,370,300	Loans on parcelial and other public rates	891,340	7,156,178					8,046,518
General branch insurance funds— Fire insurance			681,039				681,039	Loans on Life interests	52,583						52,583
Sickness and accident insurance			550,309				550,309	Loans on Stocks and shares	446,830	2,882,000					3,327,830
Employers' liability insurance			184,259				184,259	Loans on Company's policies within their surrender values	2,287,280		900				2,288,180
Motor vehicle insurance			186,229				186,229	Loans to subsidiary companies	483,238	540,034					1,023,272
Miscellaneous insurance			168,661				168,661	Investments— Deposits with the High Court— 3½% War Stock	16,000	18,700	20,500				55,200
Sinking fund insurance			2,790,190				2,790,190	3% Local Loans Stock			17,700				17,700
Marine insurance			545,579				545,579	Deposits with the Supreme Court in Eire— 3½% War Stock	18,700		18,700				37,400
Additional reserve fund			1,360,000				1,360,000	British Government & Government guaranteed Debentures in subsidiary company issued under the Trade Facilities Acts	62,628,788	125,748,015	2,717,609	2,575,387	2,676,956	132,192	196,478,147
Investment reserve funds	3,500,000	5,000,000	350,000				8,850,000	Bank of England stock		400,000					400,000
Contingency funds	5,025,000	11,100,000		3,112,460	3,662,395		22,899,855	Municipal and county, United Kingdom	329,998						329,998
Claims admitted or intimated but not paid (less amounts recoverable under reinsurances).	1,799,732	531,113	402,093				2,330,945	Public Boards	1,948,336	3,259,724	939,484	186,667	248,660		6,592,851
Life			183,487				183,487	Dominion, Indian and Colonial Government	2,200,001	4,157,743	236,721	122,600	44,000		6,761,065
Fire			184,293				184,293	Dominion provincial	6,860,457	2,347,660	644,263	11,300			9,991,060
Motor vehicle			1,641				1,641	Dominion, Indian and Colonial municipal	285,994	86,455			55,339		377,788
Miscellaneous			23,743				23,743	Foreign Government	941,144	698,008					1,639,152
Sinking fund								Foreign provincial	2,777,139	2,277,946	285,027				5,240,112
Marine								Foreign municipal	118,862	163,059	2,500				285,421
Annuitants due and unpaid	67,968		28,899				96,867	Foreign municipal	233,959	378,788	47,438				661,185
Outstanding commission and expenses	85,858	187,855	148				273,811	Debentures and debenture stocks and gold and sterling bonds—home and foreign	16,142,896	28,962,470	1,304,385	186,018	25,000		46,570,769
Premiums received in advance	75,371		1,067				176,099	Debentures in subsidiary company	100,000	150,000					250,000
Fire			1,067				1,067	*Preference and guaranteed stocks and shares	12,229,293	19,580,565	448,506				32,258,364
Sickness & accident			23,462				23,462	Preference shares in subsidiary companies	50,700	165,300					216,000
Employers' liability			3,969				3,969	Ordinary stocks and shares	16,744,431	24,897,035	172,497				41,814,013
Miscellaneous			15,765				15,765	*Ordinary shares in subsidiary companies	467,907	279,151	522,014				1,269,072
Marine		100	15,852				16,052	Rent charges		41,739					41,739
Amounts due to subsidiary companies	125,972	65,809	223,689	19,277	39,537	7,811	461,887	Freehold ground rents and feu duties		8,153,467					8,153,467
Sundry creditors	143,816	28,557					172,373	Leasehold ground rents		2,570					2,570
Reserve for taxes	4,500	30,000					34,500	House Property— Office premises (at cost, less amounts written off)		4,159,701					4,159,701
Reserve for war damage contribution								Properties within United Kingdom	3,405,917	12,970,930					16,376,847
Loans on policies within their surrender values, due to reinsurance companies	1,350						1,350	Properties out of United Kingdom	818,455	182,974					1,001,429
Bonus allocation to members of Company's outdoor staff	5593,870						5,593,870	Life interests		30,184					30,184
Add balance brought forward	447	594,317	162				641,926	Reversions		49,408					49,408
Unclaimed dividends		633					633	Deposit at interest		50,000					50,000
Balance to credit of Profit and loss account	126,467	555,837	278,890				961,194	Agents' balances			407,952				407,952
								Outstanding premiums	546,490	717,256	141,379				1,405,095
								Outstanding interest, dividends and rents	200,212	181,572					381,784
								Interest, dividends and rents accrued	887,314	554,401					1,441,715
								Amounts due on reinsurance account			189,281				189,281
								Amounts due from subsidiary companies			9,610				9,610
								Sundry debtors	154,038	236,880	34,775				425,743
								Bills receivable	15,000						15,000
								Marine stamps			61				61
								Cash— On deposit—abroad	185,493		50,267				235,760
								In hand & on current a/c—in United Kingdom	2,774,900	3,540,929	285,850	88,765	525,602	4,005	7,219,951
								abroad	1,063,609	52,511	19,694				1,135,814
								*Part of which is at the disposal of His Majesty's Government—Financial Powers (U.S.A. Securities) Act, 1941.							
									£ 146,474,906	258,714,321	8,515,698	3,130,737	3,701,932	136,197	420,673,791

NOTES.
Investments bought for settlement after 31st December, 1944 ... 850,000
Uncalled capital on investments held ... 1,015,000
Contingent liability on shares, etc. ... 1,855,000
A contingent liability exists under a guarantee given by the Company to 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 ... 347,500 Palestine ... 41,000
Canada ... 2,233,000 Poland ... 45,500
Egypt ... 294,000 South Africa ... 10,500
India ... 14,000 Southern ...
New Zealand ... 50,000 Rhodesia ... 5,000

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, 1944, and on the basis of such prices we certify that in our belief the assets set forth in the Balance Sheet, 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 £61,850.

Specific deposits of life assurance assets of the 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.

Life, casualty and sinking fund revenue account transactions in Dominion or foreign currencies have been brought in at the rates of exchange ruling on the 31st December, 1944, with the exception of interest received at or paid by the Company's Chief

Office which has been brought in at the rates ruling on the dates of the respective transactions; the adjustment in exchange item appearing in certain revenue accounts is the difference between the sterling equivalents at the beginning and the end of the year of the insurance fund brought forward at the beginning of the year. Fire and marine revenue account transactions in Dominion or foreign currencies have been brought in at rates of exchange approximating to those current at the dates of the respective transactions. Future variations in the rates of exchange are covered by (a) currency assets maintained so far as practicable to the extent of the corresponding liabilities and (b) reserve and contingency funds.

The profits shown in the accounts of subsidiary companies made up to a date within the year ended 31st December, 1944, or in the last previous accounts which became available within that year, have been included in this Company's revenue accounts to the extent of the dividends received. The loss in one company has been met from the surplus carried forward in its accounts. No accounts have been received from subsidiary companies in enemy, enemy-occupied, or certain formerly enemy-occupied territories.

F. W. MORGAN, General Manager.

GEORGE L. BARSTOW, Chairman.

W. J. FULFORD,
W. F. GARDNER, Joint Actuaries.

G. P. HARBEN,
E. DEWEY,
P. L. REID, Directors.

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

(Auditors' Report is shown below.)

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