

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

(INCORPORATED IN ENGLAND.)

ONE-HUNDREDTH ANNUAL REPORT Year ending 31st December, 1948.



President :

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

Directors :

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

ERNEST DEWEY, *Deputy Chairman*

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

HUBERT SAMUEL LANE, M.C.

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

SIR JOHN SEROCOLD PAGET MELLOR,
BART., M.P.

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

HERBERT HARVEY MOSELEY, B.C.L.

SIR NIGEL GEORGE DAVIDSON, C.B.E.

COLONEL PERCY LESTER REID, C.B.E.

RT. HON. SIR PERCY JAMES GRIGG,
K.C.B., K.C.S.I.

SIR GEORGE STUART ROBERTSON, K.C.

SIR WILLIAM PATRICK SPENS, K.B.E., K.C.

Joint Secretaries :

C. W. A. RAY.

L. BROWN, F.I.A.

Assistant Secretaries :

H. G. CLARKE, B.Sc., F.I.A.

A. F. MURRAY, M.A., F.I.A.

C. E. PUCKRIDGE, F.I.A.

Actuary :

W. F. GARDNER, F.I.A.

Assistant Actuaries :

H. J. BRISCOE, F.I.A.

F. M. REDINGTON, M.A., F.I.A.

J. N. SHINE, F.I.A.

Assistant General Managers :

H. C. HARVEY.

F. W. HICKINBOTTOM.

R. E. MONTGOMERY, A.C.I.I.

Deputy General Managers :

R. S. THORP.

K. A. USHERWOOD, M.A., F.I.A.

General Manager :

SIR FRANK MORGAN, M.C.

—

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

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THE PRUDENTIAL ASSURANCE COMPANY LIMITED.

ONE-HUNDREDTH ANNUAL REPORT

Year ending 31st December, 1948.

THE DIRECTORS have the honour to submit their Report and Accounts for 1948.

To conform with the Companies Act, 1948, certain alterations have been made in the forms of the accounts, an Appropriation account has been included and the accounts of a subsidiary company have been annexed. Comparative figures for the previous year are given in all accounts.

The **Assets** of the Company amount to **£534,966,746** as compared with **£502,003,240** at 31st December, 1947.

The **Income** from all sources during 1948 was **£92,558,140** as compared with **£84,626,585** in 1947.

ORDINARY BRANCH.

The number of life assurance policies issued during the year was **144,248** assuring the sum of **£91,277,942** and producing an annual premium income of **£4,055,534**.

The number of life assurance policies in force on 31st December, 1948, was **1,262,912** assuring with bonus **£551,643,385** and producing an annual premium income of **£23,844,423**. The immediate annuities payable were **15,903** in number and amounted to **£1,127,241** per annum. In addition there were **271,229** deferred and contingent annuities securing **£7,784,255** per annum and producing an annual premium income of **£4,342,559**.

The revenue premiums for the year were **£28,004,329** and the consideration for immediate annuities granted was **£380,583**. The claims for the year amounted to **£11,550,804**. There were death claims for sums assured, including bonuses, of **£3,135,213** and matured endowments for sums assured, including bonuses, of **£8,415,591**.

The surplus is **£5,644,407**, including the sum of **£1,097,559** brought forward from last year, and has been allocated as follows:—

To Ordinary branch contingency fund	£	1,500,000
To bonus to participating policyholders		3,199,032
To Profit and loss account		355,448
To be carried forward		589,927

The Directors have declared, for current participating policies, reversionary bonuses in respect of the year 1948 at the following rates:—

(a) For policies of classes issued in the United Kingdom	£1 4s. per £100 sum assured.
(b) For policies of overseas classes issued in Australia, New Zealand, Canada, South and East Africa, the Rhodesias and Nyasaland	£1 4s. per £100 sum assured.
(c) For policies of all other overseas classes	£1 per £100 sum assured.

INDUSTRIAL BRANCH.

The number of policies issued during the year was **1,799,779** assuring the sum of **£84,895,518**, and producing an annual premium income of **£5,082,550**.

The number of policies in force on 31st December, 1948, including **5,881,180** free policies, was **32,045,128**, under which the maximum sum assured, together with declared bonus, was **£889,310,492**. These policies produce an annual premium income of **£39,194,874**.

The revenue premiums for the year were **£38,008,106**. The claims for the year amounted to **£18,510,998**. There were death claims for sums assured, including bonuses, of **£9,396,467** and matured endowments for sums assured, including bonuses, of **£9,124,531**.

The surplus is **£10,531,143**, including the sum of **£1,091,670** brought forward from last year, and has been allocated as follows:—

To Industrial branch contingency fund	£	3,000,000
To bonus to participating policyholders		5,003,030
To Profit and loss account		818,611
To bonus to members of outdoor staff		833,838
To be carried forward		875,664

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 **£87,563,952**.

The expenses in this branch were **23.27** per cent. of the premiums.

The Directors have declared, for current participating policies, bonuses in respect of the year 1948 at the following rates :—

- (a) For policies issued by the Prudential, a reversionary bonus at the rate of **£1** per **£100** sum assured, provided that not less than one year's premiums have been paid.
- (b) For policies transferred from other Companies which terminate on becoming claims by death or maturity before 1st January, 1950, and on which not less than five years' premiums shall have been paid a bonus on the sum otherwise payable at the rate of **£5** per cent. if premiums have been paid for 5 years and less than 10 years, **£7 10s.** per cent. if premiums have been paid for 10 years and less than 15 years, **£10** per cent. if premiums have been paid for 15 years and less than 20 years and **£12 10s.** per cent. if premiums have been paid for 20 years or upwards.

GENERAL BRANCH.

The revenue accounts for 1948 cover a period exceeding one year as regards certain overseas and reinsurance business. It has been customary in the past to include only such firm figures as were available at the date when the books were closed; this year, however, the deferment of the presentation of the Company's accounts has made it practicable to include complete figures, or reasonable estimates thereof, up to the end of the year of account. Footnotes to the revenue accounts show for each item of income and outgo the amounts included in respect of periods prior to 1st January, 1948.

The total revenue premiums for the year, after deduction of the reinsurances, were **£7,352,581**, including **£845,303** in respect of periods prior to 1st January, 1948. These figures do not include the business written by the Company's American subsidiary, The Prudential Insurance Company of Great Britain located in New York, the accounts of which appear on page eleven.

The number of sinking fund policies in force on 31st December, 1948, was **174**, insuring capital sums of **£5,445,650** and producing an annual premium income of **£67,533**.

The amount of debentures, debenture stocks and estates for which the Company acts as trustee exceeded **£67,000,000** at the end of the year.

The surplus is **£461,534**, including the sum of **£161,569** brought forward from last year, and has been allocated as follows :—

	£
To Additional reserve fund	190,000
To dividends to holders of A shares and B shares	100,000
To be carried forward	171,534

The valuation of the contracts in all branches has been made by Mr. W. F. Gardner, F.I.A., upon the bases stated in his valuation report.

The Directors have declared in respect of the year 1948 a dividend on the A shares of **15s. 5d.** per share, of which **10s. 5d.** will be payable on 4th April, 1949, to the shareholders then on the register, and **5s. 0d.** will be payable on 15th September, 1949, to the shareholders then on the register. Of the total dividend on the A shares **4s. 8d.** is derived from the profits of the General branch.

The Directors have also declared a dividend on the B shares out of the General branch profits of **1s. 6d.** per share, payable on 4th April, 1949, to the shareholders then on the register.

The dividends now declared on both the A and B shares are payable free of income tax.

The normal apportionments of the profits of the Life branches produce an amount available for shareholders in excess of the sum necessary to provide the same dividend as last year. Having regard to the policy of limitation of dividends the excess, amounting to **£239,996**, has been carried to a Special Dividend Reserve Fund for A shareholders in accordance with the discretion conferred on the Directors by the Special Resolution passed at the Extraordinary General Meeting held on 10th March, 1949.

The resignation of Mr. Guy Philip Harben as a result of ill-health was announced with regret at the Annual General Meeting held on 1st April, 1948, but was not received in time for notification to the shareholders to be included in the Directors' Report for 1947. Mr. Harben first joined the Board of Directors in December, 1918, and from 1936 until his retirement he was a Deputy Chairman.

The Directors deplore the death of their colleague, Mr. Ernest Frank Spurgeon, F.I.A., on 20th August, 1948. Mr. Spurgeon served the Company for 50 years. He was appointed Deputy General Manager in 1925, and was elected to the Board of Directors in 1941.

The Board suffered a further loss on 30th September last, by the resignation on account of ill-health of Mr. John Roy Lancaster who had been a Director of the Company since 1920.

The vacancies in the Directorate were filled by the appointment of the Right Hon. Sir Percy James Grigg, K.C.B., K.C.S.I., Mr. Hubert Samuel Lane, M.C., and Sir William Patrick Spens, K.B.E., K.C., who now offer themselves for election.

The retiring Directors are Sir John Serocold Paget Mellor, Bart., M.P., Colonel Percy Lester Reid, C.B.E. and Sir George Stuart Robertson, K.C., who offer themselves for re-election. In the case of Sir George Stuart Robertson who attained the age of 76 on 25th May, 1948, the requisite special notice of his proposed re-election has been received.

Messrs. Deloitte, Plender, Griffiths & Co., the present Auditors of the Company, have signified their willingness to continue in office.

HOLBORN BARS,
1st April, 1949.

GEORGE L. BARSTOW,
C. P00002783

ORDINARY BRANCH REVENUE ACCOUNT

for the year ending 31st December, 1948.

LIFE ASSURANCE BUSINESS.

1947		£		1947		£	
	Amount of life assurance fund at the beginning of the year	£177,040,481		2,888,626	Claims under policies paid and outstanding—		
163,319,322				8,213,956	By death	3,135,213	
164	Add adjustment in exchange	283,555			By maturity	8,415,591	
163,319,486			177,324,036	11,102,582			11,550,804
25,098,951	Premiums		28,004,829	1,166,144	Surrenders	1,586,565	
	Consideration for annuities granted		380,583	56,423	Bonuses surrendered for cash	56,479	
388,399				1,065,678	Annuities	1,109,249	
	Interest, dividends and rents (less amount written off terminable securities)	£6,837,452		1,639,869	Commission	1,811,490	
6,409,844				2,333,707	Expenses of management	2,474,352	
	Deduct Income tax (less estimated rebate in respect of 1948)	557,116		70,000	Profits tax	40,000	
514,250			6,280,336	1,561	War damage contributions	—	
5,895,594				12,000	Transfer to Special contingency fund	—	
	Arrears of interest received from investments in enemy and formerly enemy-occupied territories			236,996	Transfer to Branch contingency fund	1,500,000	
36,818				177,040,481	Transfer to Profit and loss account	355,448	
13,807	Less Income tax				Amount of life assurance fund at the end of the year	191,505,397	
23,011							
£194,725,441		£211,989,784		£194,725,441		£211,989,784	

The number of policies issued during the year was 144,248, assuring a sum of £91,277,942 with a yearly renewal premium income of £4,055,534. The amount received in single premiums was £309,696.

The assurance funds include surpluses undivided between policyholders and shareholders, amounting to £1,097,559 at the beginning of the year and £589,927 at the end of the year.

INDUSTRIAL BRANCH REVENUE ACCOUNT

for the year ending 31st December, 1948.

INDUSTRIAL ASSURANCE BUSINESS.

1947		£		1947		£	
	Amount of Industrial assurance fund at the beginning of the year	297,448,339		9,583,287	Claims under policies paid and outstanding—		
282,006,103				7,791,630	By death	9,386,467	
35,642,103	Premiums	38,008,106			By maturity	9,124,531	
	Interest, dividends and rents (less amount written off terminable securities)	£11,364,439		17,374,917			18,510,998
10,937,259				1,889,444	Surrenders	2,866,826	
	Deduct Income tax (less estimated rebate in respect of 1948)	1,012,126		8,852,179	Expenses of management	8,842,590	
1,170,549			10,352,313	270,000	Profits tax	220,000	
9,766,710				14,649	War damage contributions	—	
	Arrears of interest received from investments in enemy and formerly enemy-occupied territories			620,094	Bonus allocation to members of Company's outdoor staff	833,838	
33,212				285,000	Transfer to Special contingency fund	—	
12,456	Less Income tax			701,051	Transfer to Branch contingency fund	3,000,000	
20,757				297,448,339	Transfer to Profit and loss account	818,611	
					Amount of Industrial assurance fund at the end of the year	310,715,895	
£327,435,673		£345,808,758		£327,435,673		£345,808,758	

The number of policies issued during the year was 1,799,779 assuring a sum of £84,895,518.

The assurance funds include surpluses undivided between policyholders, shareholders and outdoor staff amounting to £1,691,670 at the beginning of the year and £875,664 at the end of the year.

REVENUE ACCOUNTS OF THE GENERAL BRANCH

for the year ending 31st December, 1948.

FIRE INSURANCE BUSINESS.

1947		£		1947		£	
	Amount of fire insurance fund at the beginning of the year—			1,305,740	Claims under policies paid and outstanding		1,935,584
816,493	Provision for unexpired risks	1,015,807		550,388	Commission	972,690	
22,001	Further provision	—		464,429	Expenses of management	615,904	
				10,796	Contributions to fire brigades and fire prevention	17,479	
838,494				—	Loss on exchange	115,414	
2,539,516	Premiums	3,887,806		32,787	Transfer to Profit and loss account	107,363	
1,917	Profit on exchange	—			Amount of fire insurance fund at the end of the year—		
				1,015,807	Provision for unexpired risks, being 40 per cent. of the premium income for the current year	1,239,179	
£3,379,927		£4,903,613		£3,379,927		£4,903,613	

The 1948 figures include business in respect of periods prior to 1st January, 1948, and not previously brought into account, amounting to:— Premiums £789,861, Claims £425,100, Commission £280,759, Expenses £5,647 and Contributions to fire brigades £2,334.

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REVENUE ACCOUNTS OF THE GENERAL BRANCH—continued.

SICKNESS AND ACCIDENT INSURANCE BUSINESS.

1947 £	Amount of sickness and accident insurance fund at the beginning of the year—	£	1947 £	Payments under policies, including medical and legal expenses in connection therewith—	£
129,214	Provision for unexpired accident risks	£152,914	108,638	Accident	107,652
372,914	Further provision for renewable accident risks	393,050	7,251	Permanent sickness	19,326
58,877	Provision for permanent sickness risks	60,758	33,866	Commission	51,618
29,269	Total estimated liability in respect of outstanding accident claims	37,684	100,151	Expenses of management	117,553
2,070	Outstanding payments due under permanent sickness contracts	2,218	1,123,025	Expenses of Approved Societies recoverable, per contra	568,000
592,344		646,624	94,107	Transfer to Profit and loss account	161,416
382,284	Premiums—	£497,065	152,914	Amount of sickness and accident insurance fund at the end of the year—	
12,117	Accident	10,239	393,050	Provision for unexpired accident risks, being 40 per cent. of the premium income for the current year	£198,222
394,401	Permanent sickness	507,304	60,758	Further provision for renewable accident risks	406,615
1,892	Interest on permanent sickness provision	1,757	37,684	Provision for permanent sickness risks	28,261
1,123,025	Transfer from Approved Societies for expenses	568,000	2,218	Total estimated liability in respect of outstanding accident claims	63,606
			646,624	Outstanding payments due under permanent sickness contracts	2,417
					698,121
<u>£2,111,662</u>		<u>£1,723,685</u>	<u>£2,111,662</u>		<u>£1,723,685</u>

The 1948 figures include business in respect of periods prior to 1st January, 1948, and not previously brought into account, amounting to:—
Premiums £1,510, Claims £638, Commission £346 and Expenses £175.

MOTOR VEHICLE INSURANCE BUSINESS.

1947 £	Amount of motor vehicle insurance fund at the beginning of the year—	£	1947 £	Claims under policies paid and outstanding	£
363,918	Provision for unexpired risks	£443,124	668,077	Commission	701,173
26	Add adjustment in exchange	1,159	164,740	Expenses of management	165,719
20,824	Provision for motor vehicles laid up	21,765	248,051	Transfer to Profit and loss account	281,852
384,768		466,048	—	Amount of motor vehicle insurance fund at the end of the year—	62,386
1,107,810	Premiums	1,301,185	443,124	Provision for unexpired risks, being 40 per cent. of the premium income for the current year	£515,427
53,179	Transfer from Profit and loss account	—	21,765	Provision for motor vehicles laid up	40,876
			464,889		556,103
<u>£1,545,757</u>		<u>£1,767,233</u>	<u>£1,545,757</u>		<u>£1,767,233</u>

The 1948 figures include business in respect of periods prior to 1st January, 1948, and not previously brought into account, amounting to:—
Premiums £12,617, Claims £4,817, Commission £3,341 and Expenses £1,717.

MISCELLANEOUS INSURANCE BUSINESS.

1947 £	Amount of miscellaneous insurance fund at the beginning of the year—	£	1947 £	Claims under policies paid and outstanding	£
361,575	Provision for unexpired risks	£450,731	521,809	Commission	600,068
6	Add adjustment in exchange	1,655	168,221	Expenses of management	204,050
361,581		452,386	294,542	Transfer to Profit and loss account	305,067
1,126,829	Premiums	1,274,067	82,549	Amount of miscellaneous insurance fund at the end of the year—	146,040
29,442	Trustee and executor fees	21,872	450,731	Provision for unexpired risks, being 40 per cent. of the premium income for the current year	493,100
<u>£1,517,852</u>		<u>£1,748,325</u>	<u>£1,517,852</u>		<u>£1,748,325</u>

The 1948 figures include business in respect of periods prior to 1st January, 1948, and not previously brought into account, amounting to:—
Premiums £41,315, Claims £15,502, Commission £9,799 and Expenses £2,830.

The above revenue account includes employers' liability business, shown separately in previous years. The 1947 figures have been re-arranged to conform with the new method of presentation.

SINKING FUND INSURANCE BUSINESS.

1947 £	Amount of sinking fund insurance fund at the beginning of the year	£	1947 £	Claims under policies paid and outstanding	£
2,188,165	Premiums	2,228,374	75,734	Surrenders	160,521
71,826	Interest and dividends	65,669	19,267	Commission	57,543
66,239		65,669	981	Expenses of management	1,399
			1,437	Transfer to Profit and loss account	12,534
			437	Amount of sinking fund insurance fund at the end of the year	2,132,008
<u>£2,326,230</u>		<u>£2,364,005</u>	<u>£2,326,230</u>		<u>£2,326,230</u>

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REVENUE ACCOUNTS OF THE GENERAL BRANCH—continued.

MARINE, AVIATION AND TRANSIT INSURANCE BUSINESS.

Total 1947.		Current Year.	Last Preced- ing Year.	Previous Years.	Total.	Total 1947.		Current Year.	Last Preced- ing Year.	Previous Years.	Total.
£	Amount of marine, aviation and transit insurance fund at the beginning of the year ...	—	154,939	359,518	514,457	£	Claims paid (less salvages, refunds and re-insurance recoveries)—risks other than aviation hull risks ...	47,840	91,994	44,338	184,172
517,015						164,710	Expenses of management ...	12,736	1,113	—	13,849
	Premiums (less brokerage, discount, commission, returns and reinsurances)—risks other than aviation hull risks ...	274,857	41,900	—4,500	312,257	3,472	Agency expenses ...	3,387	1,321	21	4,729
246,722						19,579	Agents' and other profit commissions ...	—	2,302	11,841	14,143
	Enemy debts written back ...	—	—	118	118	88	Loss on exchange ...	298	—	—	298
100						49,000	Transfer to Profit and loss account ...	—	—	20,000	20,000
							Amount of marine, aviation and transit insurance fund at the end of the year	210,596	100,109	278,936	589,641
<u>£763,837</u>					<u>£ 826,832</u>	<u>£763,837</u>					<u>£ 826,832</u>

PROFIT AND LOSS ACCOUNT
for the year ending 31st December, 1948.
ORDINARY AND INDUSTRIAL BRANCHES

1947 £		£	1947 £		£
236,996	Transfers from Revenue accounts—		938,047	Transfer to Appropriation account ...	1,174,059
701,051	Ordinary branch ...	355,448			
	Industrial branch ...	818,611			
<u>£938,047</u>		<u>£1,174,059</u>	<u>£938,047</u>		<u>£1,174,059</u>

GENERAL BRANCH

1947 £		£	1947 £		£
32,767	Transfers from Revenue accounts—			Taxation—	
94,107	Fire ...	£107,363	42,378	Overseas taxes ...	85,893
—53,179	Sickness and accident ...	161,415	64,829	Profits tax ...	81,619
82,549	Motor vehicle... ..	62,386	125,980	Income tax ...	274,716
437	Miscellaneous ...	146,040	176,759	Transfer to Appropriation account ...	299,965
49,000	Sinking fund ...	12,534			
	Marine... ..	20,000			
205,681		509,738			
204,265	Interest and dividends not carried to other accounts ...	232,455			
<u>£409,946</u>		<u>£742,193</u>	<u>£409,946</u>		<u>£742,193</u>

APPROPRIATION ACCOUNT
for the year ending 31st December, 1948.

Ordinary and Industrial Branches 1947.	General Branch 1947.		Ordinary and Industrial Branches.	General Branch.	Ordinary and Industrial Branches 1947.	General Branch 1947.		Ordinary and Industrial Branches.	General Branch.
£	£		£	£	£	£		£	£
4,974	—	Balances brought forward from previous year—	4,479	—	—	100,000	Transfer to Additional reserve fund ...	—	190,000
—	184,810	Industrial branch ...	—	161,569	—	—	Transfer to Special dividend reserve fund—		
938,047	176,759	General branch ...	—	—	—	—	Ordinary branch ...	119,459	—
		Transfers from Profit and loss account ...	1,174,059	299,965	—	—	Industrial branch ...	120,537	—
					938,542	25,000	Provision for dividends (free of income tax) in respect of 1948 to holders of—		
					—	75,000	A shares ...	938,542	25,000
					4,479	—	B shares ...	—	75,000
					—	161,569	Balances carried to Balance sheet—		
							Industrial branch ...	—	—
							General branch ...	—	171,534
<u>£943,021</u>	<u>361,569</u>		<u>£ 1,178,538</u>	<u>461,534</u>	<u>£943,021</u>	<u>361,569</u>		<u>£ 1,178,538</u>	<u>461,534</u>

The 1947 figures have been re-arranged to conform with the method of presentation adopted for 1948.

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COMMON CONTINGENCY FUND ACCOUNT

for the year ending 31st December, 1948.

1947 £		£	1947 £		£
3,217,450	Amount of Common contingency fund at the beginning of the year	3,272,722			
103,557	Interest and dividends	104,911			
<u>£3,321,007</u>		<u>£3,377,633</u>	<u>£3,321,007</u>	Taxation in respect of 1948 account—	
				2,491 Profits tax	12,138
				45,794 Income tax	32,140
				3,272,722 Amount of Common contingency fund at the end of the year	<u>3,333,855</u>
					<u>£3,377,633</u>

SPECIAL CONTINGENCY FUND ACCOUNT

for the year ending 31st December, 1948.

1947 £		£	1947 £		£
6,066,611	Amount of Special contingency fund at the beginning of the year	6,403,396	—	Centenary bonus to members and ex-members of the staff	465,170
187,500	Interest and dividends	183,486			
—	Estimated tax recoverable in respect of centenary bonus	174,000	9,752	Taxation in respect of 1948 account—	
	Transfers from—			9,752 Profits tax	15,389
12,000	Ordinary branch Revenue account	—	107,963	Income tax	62,325
265,000	Industrial branch Revenue account	—	6,403,396	Amount of Special contingency fund at the end of the year	6,217,998
<u>£6,521,111</u>		<u>£6,760,882</u>	<u>£6,521,111</u>		<u>£6,760,882</u>

COMMON AND SPECIAL CONTINGENCY FUNDS

BALANCE SHEET

31st December, 1948.

Common 1947.	Special 1947.	LIABILITIES.	Common.	Special.	Common 1947.	Special 1947.	ASSETS.	Common.	Special.
£	£		£	£	£	£		£	£
3,272,722	6,403,396	Contingency funds	3,333,355	6,217,998			Investments after deducting reserve—		
		Current liabilities and provisions—			2,755,071	4,391,522	British Government securities	2,741,646	4,307,557
10,274	26,679	Profits tax	12,138	15,389	—	38,147	British Government guaranteed securities	186,347	495,874
17,389	27,998	Income tax	—	—	—	444,381	Debenture in a subsidiary, guaranteed under Trade Facilities Acts, not dealt with in group accounts	—	439,118
					196,667	736,075	Municipal and county securities, United Kingdom	196,667	395,979
					122,600	50,000	Public Board securities	40,000	—
					57,300	374,607	Dominion and Colonial Government securities	57,286	374,081
					—	47,597	Dominion provincial securities	—	47,597
					111,018	—	Debentures and debenture stocks home and foreign	24,947	—
					—	—	Current Assets—		
					—	—	Estimated tax recoverable	1,272	169,177
					50,000	50,000	Balances at Bankers—		
					7,729	325,744	On deposit in United Kingdom	75,000	—
							On current account in United Kingdom	22,328	4,004
<u>£3,300,385</u>	<u>6,458,073</u>		<u>£ 3,345,493</u>	<u>6,233,387</u>	<u>£3,300,385</u>	<u>6,458,073</u>		<u>£ 3,345,493</u>	<u>6,233,387</u>

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Ordinary Branch 1947.	Industrial Branch 1947.	General Branch 1947.	Total 1947.	LIABILITIES.	Ordinary Branch.	Industrial Branch.	General Branch.	Total.
£	£	£	£		£	£	£	£
—	1,250,000	—	1,250,000	Authorized and Issued Capital—	—	1,250,000	—	1,250,000
—	—	200,000	200,000	1,250,000 A shares of £1 each, fully paid	—	—	200,000	200,000
—	—	390,000	390,000	1,000,000 B shares of £1 each, 4s. paid...	—	—	—	—
—	—	—	—	Branch contingency funds	1,500,000	3,000,000	390,000	4,890,000
—	—	—	—	Special dividend reserve fund	119,459	120,537	—	239,996
—	4,479	161,569	166,048	Appropriation account—balances carried forward	—	—	171,534	171,534
177,040,481	—	—	177,040,481	Life assurance fund, Ordinary branch	191,505,397	—	—	191,505,397
—	297,448,339	—	297,448,339	Industrial assurance fund	—	310,715,895	—	310,715,895
—	—	1,015,807	1,015,807	General branch insurance funds—	—	—	1,239,179	1,239,179
—	—	646,824	646,824	Fire	—	—	698,121	698,121
—	—	484,889	484,889	Sickness and accident	—	—	558,103	558,103
—	—	450,731	450,731	Motor vehicle	—	—	483,100	483,100
—	—	2,228,374	2,228,374	Miscellaneous	—	—	2,132,008	2,132,008
—	—	514,457	514,457	Sinking fund	—	—	689,041	689,041
—	—	1,660,000	1,660,000	Marine	—	—	1,850,000	1,850,000
—	—	—	—	Additional reserve	—	—	—	—
—	—	—	—	Current liabilities and provisions—	—	—	—	—
—	—	—	—	Claims admitted or intimated but not paid, less amounts recoverable under reinsurances—	—	—	—	—
1,738,743	439,572	—	2,178,315	Life	1,839,387	551,216	—	2,390,603
—	—	687,844	687,844	Fire	—	—	802,798	802,798
—	—	567,399	567,399	Motor vehicle	—	—	605,856	605,856
—	—	401,137	401,137	Miscellaneous	—	—	450,828	450,828
—	—	570	570	Sinking fund	—	—	385	385
19,252	—	—	19,252	Annuities due and unpaid	12,538	—	—	12,538
449,042	192,268	61,188	702,498	Outstanding commission and expenses	357,596	168,985	66,965	593,446
118,184	—	28	118,210	Premiums received in advance	141,504	—	28	141,530
—	—	222,180	222,180	Amounts due on reinsurance account—	—	—	292,759	292,759
—	—	1,380	1,380	Fire	—	—	2,580	2,580
—	—	51,309	51,309	Sickness and accident	—	—	54,525	54,525
—	—	4,159	4,159	Miscellaneous	—	—	4,077	4,077
—	100	41,289	41,389	Marine	—	100	41,558	41,658
—	—	—	—	Amounts due to subsidiaries	—	—	—	—
—	619,678	—	619,678	Bonus allocation to members of Company's outdoor staff	—	—	—	—
—	—	—	—	£383,638	—	—	—	—
—	—	—	—	Add balance brought forward	—	—	—	—
—	—	—	—	945	—	834,783	—	834,783
164,821	132,938	32,097	329,854	Other creditors	150,218	115,897	18,610	284,725
428,380	419,929	—	848,309	Sundry brokers for investments purchased	417,471	32,938	917	451,326
82,917	—	11,331	94,248	Overseas taxes	63,466	—	38,582	102,048
71,302	285,683	86,474	443,459	Profits tax	56,800	256,650	91,740	405,190
155,244	—	202,169	357,413	United Kingdom income tax including reserve for future liability on profits earned to date	—	—	300,914	300,914
4,389	37,500	—	41,889	War damage contributions	4,115	27,866	—	31,981
236,996	701,546	100,000	1,038,542	Dividends declared	235,989	702,553	100,000	1,038,542
£180,509,751	301,532,030	10,203,001	492,244,782		£ 196,408,942	317,777,420	11,201,504	525,387,866
			3,300,385	Common contingency fund				3,345,498
			6,458,073	Special contingency fund				6,233,387
				(per separate Balance sheet page 7)				
			£ 502,003,240					£ 534,966,746

The 1947 figures have been re-arranged to conform with the method of presentation adopted for 1948.

I certify that in my belief the liabilities in respect of long term business do not exceed the amounts of the respective funds and all other liabilities in respect of long term business as shown in the Balance sheet.

W. F. GARDNER, Actuary.

The values of the Stock Exchange securities are determined under the Articles of Association of the Company by the Directors: the amounts at which the securities are stated have been compared with the values at middle market prices as at 31st December, 1948, in the case of quoted securities and with the Directors' valuations in the case of other securities, and we certify that in our belief the value of the assets set forth in the Balance sheet is in the aggregate in excess of the amount stated therein.

We certify that in our belief the value of the assets exceeds the amount of the liabilities computed in accordance with the provisions of sub-section (2) of Section 3 of the Assurance Companies Act, 1946, by the amount required by sub-section (1) of that Section. The liabilities in respect of long term business have been taken at the amounts of the respective funds and all other liabilities in respect of long term business as shown in the Balance sheet.

REPORT OF THE AUDITORS TO THE MEMBERS OF

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit apart from confirmations not having been received in respect of certain mortgages, loans, investments and cash lodged in territories formerly occupied by the enemy. In our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us. We have examined the above balance sheet and annexed revenue and profit and loss accounts which are in agreement with the books of account and returns. In our opinion and to the best of our information and according to the explanations given us the said accounts give the information required by the Companies Act, 1948, in the manner so required which in relation to Assurance Companies is modified in regard to Reserve and Provisions and aggregate market value of quoted investments by Part III of the Eighth Schedule to that Act. On this basis in our opinion the balance sheet gives a true and fair view of the state of the Company's affairs as at 31st December, 1948, and the profit and loss account as supplemented by the annexed revenue accounts gives a true and fair view of the profit, ascertained in the manner therein indicated, for the year ended on that date.

NOTES TO THE BALANCE SHEET.

1947.		1948.
£		£
920,000	Instalments on investments held due after 31st December	6,825,000
1,450,000	Commitments for settlement after 31st December	9,070,000
3,130,000	Uncalled capital on investments held	3,105,000
3,475,000	Reserve liability on shares, etc.	2,745,000

A contingent liability exists under a guarantee given by the Company in respect of certain benefits for the Staff and their relatives and dependents provided by means of a company formed for this purpose.

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, and specific deposits of life assurance assets of the Ordinary branch, as set out below, have been made with various Dominion, Colonial and Foreign Governments under local laws as security to holders of policies issued. Investments (at or under market value, if quoted), mortgages, property and cash amount to—

1947.		1948.
£		£
45,000	Australia	39,500
4,131,000	Canada	4,480,000
394,500	Egypt	496,500
14,000	India	14,000
28,000	Newfoundland	52,500
40,000	New Zealand	40,000
Nil	Pakistan	7,500
1,000	Palestine	1,000
500	Poland	500
10,500	South Africa	10,500
5,000	Southern 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.

Certain of the properties owned by or mortgaged to the Company have been damaged by enemy action and claims under the War Damage Act, 1943, have been submitted in cases where that Act applies.

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.

The gross amount of the Directors' remuneration for the year was £55,492. (1947, £60,357)

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, 1948, 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; the relative assets and liabilities at 31st December, 1948, have been adjusted, where appropriate, by reference to the rates of exchange ruling at that date. 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.

In accordance with the Company's normal practice the profits and losses on realisation of assets less any relative United Kingdom taxes thereon are carried to a Profit on investment account, which is deducted from the book value of the investments. With the approval of the Board of Trade (a) the group accounts do not deal with certain subsidiaries whose businesses are so different from that of the Company that they cannot reasonably be treated together as a single undertaking and in which subsidiaries the shareholdings are held merely as investments, and (b) the particulars of such subsidiaries otherwise required to be given in accordance with paragraphs 15(4) and (6) of the Eighth Schedule to the Companies Act, 1948, are omitted. Two other subsidiaries are not dealt with in the group accounts in view of the insignificant amount involved: their last available accounts cover the year 1947 and disclose an accumulated profit of £3,870 of which £664 relates to 1947. No part of such profits is dealt with in this Company's accounts for 1948. No accounts have been received from another subsidiary since 1938, and the information required under paragraph 15(4) of the Eighth Schedule to the Companies Act, 1948, is not obtainable.

THE PRUDENTIAL INSURANCE COMPANY OF GREAT BRITAIN
located in New York.

REVENUE ACCOUNT

for the year ending 31st December, 1948.

1947 £		£	1947 £		£
	Amount of insurance fund at the beginning of the year—		741,241	Claims under policies paid and outstanding	450,385
1,128,481	Provision for unexpired risks	1,125,610	356,123	Commission	204,563
1,130,822	Premiums	653,266	35,186	Expenses of management	26,578
			1,143	Transfer to Profit and loss account	137,100
				Amount of insurance fund at the end of the year—	
			1,125,610	Provision for unexpired risks	960,250
<u>£2,259,303</u>		<u>£1,778,876</u>	<u>£2,259,303</u>		<u>£1,778,876</u>

The whole of the business transacted is reinsurance business.

PROFIT AND LOSS ACCOUNT

for the year ending 31st December, 1948.

1947 £		£	1947 £		£
	Balance (earned surplus) brought forward from previous year	232,921	35,469	Taxes	76,049
210,663	Interest and dividends	47,184	2,761	Investment expenses	2,448
53,306	Profit on sale of securities	20,783	3,700	Amounts written off securities	3,048
9,739	Transfer from Revenue account	137,100		Balance (earned surplus) as per Balance sheet	356,423
1,143			232,921		
<u>£274,861</u>		<u>£437,968</u>	<u>£274,861</u>		<u>£437,968</u>

BALANCE SHEET

31st December, 1948.

LIABILITIES.			ASSETS.		
1947 £		£	1947 £		£
148,883	Authorised and Issued capital—			Investments (at or under cost)—	
223,325	6,000 shares of \$100 each, fully paid	148,883	1,168,123	United States Government securities	1,082,225
	Capital reserve (surplus paid in)	223,325	344,679	Debentures and bonds	324,539
	Profit and loss account balance (earned surplus)	356,423	65,591	Preference stocks and shares	81,086
232,921	Insurance fund	960,250	139,985	Ordinary stocks and shares	106,196
1,125,610	Current liabilities—			Current assets—	
	Outstanding claims	159,763	12,407	Deposits at interest	12,407
293,366	Outstanding commission and expenses	13,835	8,074	Interest and dividends accrued	8,405
11,092	Amounts due on reinsurance account	5,745	186,052	Amounts due on reinsurance account	174,338
24,619	Taxation	62,805	145,841	Balance at Bankers on current account and Cash in hand	141,783
10,936					
<u>£2,070,752</u>		<u>£1,931,029</u>	<u>£2,070,752</u>		<u>£1,931,029</u>

All items have been converted at the rate of \$4.03 to the £. The Prudential Assurance Company Limited holds over 98 per cent. of the shares in this Company and has the option in certain events to acquire the remaining shares.

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PRUDENTIAL
ASSURANCE COMPANY
LIMITED
(INCORPORATED IN ENGLAND.)
HOLBORN BARS, LONDON, E.C.1.

Directors' Report
and
Statement of Accounts
Year ending 31st December, 1948.

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of this Company will be held at 142, HOLBORN BARS, LONDON, E.C.1, on THURSDAY, THE 5TH DAY OF MAY, 1949, AT 2 O'CLOCK IN THE AFTERNOON precisely, for receiving the Report of the Directors and Statement of Accounts for the year ended 31st December, 1948, for re-appointing the President, for re-electing and electing Directors, for fixing the remuneration of the Auditors and for the transaction of any other business proper to be transacted at such Meeting.

In connection with the re-election of Directors, special notice has been given to the Company pursuant to the Companies Act, 1948, that the following resolution will be submitted:—

“ That Sir George Stuart Robertson, K.C., a Director who retires by rotation and who attained the age of 76 on 25th May, 1948, be and is hereby re-elected a Director of the Company.”

By Order of the Board of Directors,
C. W. A. RAY,
L. BROWN,

12th April, 1949. *Joint Secretaries.*

A member entitled to attend and vote at the above mentioned meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the Company.

The attention of those shareholders concerned is drawn to the following Extract from the Articles of Association:—
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.