

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

(INCORPORATED IN ENGLAND.)

ONE HUNDRED AND FIRST ANNUAL REPORT

Year ending 31st December, 1949.



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,

SIR GEORGE STUART ROBERTSON, K.C.

K.C.B., K.C.S.I.

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

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 :

G. J. GOULD, A.C.I.I.

F. J. H. HILL, A.C.I.I.

H. C. HARVEY.

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

F. W. HICKINBOTTOM.

R. H. OWEN, F.I.A.

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.

THE PRUDENTIAL ASSURANCE COMPANY LIMITED.

ONE HUNDRED AND FIRST ANNUAL REPORT

Year ending 31st December, 1949.

THE DIRECTORS have the honour to submit their Report and Accounts for 1949.

The **Assets** of the Company amount to **£570,831,449** as compared with **£534,966,746** at 31st December, 1948.

The **Income** from all sources during 1949 was **£97,795,449** as compared with **£92,558,140** in 1948.

ORDINARY BRANCH.

The number of life assurance policies issued during the year was **130,930** assuring the sum of **£88,365,405** and producing an annual premium income of **£3,676,172**. These figures include, in respect of overseas business, **37,914** policies assuring the sum of **£28,804,545** and producing an annual premium income of **£1,012,551**.

The number of life assurance policies in force on 31st December, 1949, was **1,301,614** assuring with bonus **£616,122,704** and producing an annual premium income of **£25,873,350**. The immediate annuities payable were **16,426** in number and amounted to **£1,193,268** per annum. In addition there were **296,039** deferred and contingent annuities securing **£9,005,882** per annum and producing an annual premium income of **£4,955,332**.

The revenue premiums for the year were **£30,460,675** including over **£6,300,000** in respect of overseas business. The consideration for immediate annuities granted was **£272,004**. The claims for the year amounted to **£12,224,345**. There were death claims for sums assured, including bonuses, of **£3,574,206** and matured endowments for sums assured, including bonuses, of **£3,650,139**.

The surplus is **£6,121,984**, including the sum of **£589,927** brought forward from last year, and has been allocated as follows :—

	£
To Ordinary branch contingency fund	1,500,000
To bonus to participating policyholders...	3,762,211
To Profit and loss account	418,023
To be carried forward	441,750

A sum of **£1,000,000** has been taken from the branch contingency fund and applied to writing down investments in this branch; the branch contingency fund has, therefore, been increased by a net amount of **£500,000** and now stands at **£2,000,000**.

The Directors have declared, for current participating policies, reversionary bonuses in respect of the year 1949 at the following rates per **£100** sum assured.

- (1) For policies of classes issued in the United Kingdom **£1 6s.**
- (2) For policies of overseas classes issued in
 - (a) Australia and New Zealand **£1 6s.**
 - (b) Canada **£1 4s.**
 - (c) South and East Africa, the Rhodesias and Nyasaland **£1 10s.**
 - (d) other overseas territories **£1.**

INDUSTRIAL BRANCH.

The number of policies issued during the year was **1,564,597** assuring the sum of **£75,455,358**, and producing an annual premium income of **£4,835,926**.

The number of policies in force on 31st December, 1949, including **6,055,811** free policies, was **31,927,082**, under which the maximum sum assured, together with declared bonus, was **£906,432,627**. These policies produce an annual premium income of **£40,275,412**.

The revenue premiums for the year were **£39,011,552**. The claims for the year amounted to **£20,141,785**. There were death claims for sums assured, including bonuses, of **£10,405,909** and matured endowments for sums assured, including bonuses, of **£9,735,876**.

The surplus is **£11,541,128**, including the sum of **£875,664** brought forward from last year, and has been allocated as follows :—

	£
To Industrial branch contingency fund	3,000,000
To bonus to participating policyholders...	5,772,418
To Profit and loss account	889,138
To bonus to members of outdoor staff	962,070
To be carried forward	917,502

A sum of **£2,000,000** has been taken from the branch contingency fund and applied to writing down investments in this branch; the branch contingency fund has, therefore, been increased by a net amount of **£1,000,000** and now stands at **£4,000,000**.

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 **£93,336,370**.

The expenses in this branch were **23·84** per cent. of the premiums.

The Directors have declared, for current participating policies, bonuses in respect of the year 1949 at the following rates :—

- (a) For policies issued by the Prudential, a reversionary bonus at the rate of **£1 2s.** per **£100** sum assured, provided that not less than one year's premiums have been paid.
- (b) For policies transferred from other companies (bonuses for which have hitherto been declared by way of percentage additions payable only on claims arising in the year of declaration) a reversionary bonus covering the period elapsed since date of issue, as follows :—

Policies Issued.	Rate of Bonus per £100 Sum Assured.
Before 1916	£20 0 0
1916—1920	£17 10 0
1921—1925	£15 0 0
1926—1930	£12 10 0
1931—1935	£10 0 0
1936	£ 7 10 0

GENERAL BRANCH.

The total revenue premiums for the year, after deduction of the reinsurances, were **£7,287,608**, including over **£3,500,000** in respect of overseas business. These figures do not include the premiums of **£1,100,794** 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, 1949, was **167**, insuring capital sums of **£5,409,040** and producing an annual premium income of **£66,719**.

The amount of debentures, debenture stocks and estates for which the Company acts as trustee exceeded **£66,000,000** at the end of the year.

The surplus is **£503,559**, including the sum of **£171,534** brought forward from last year, and has been allocated as follows :—

	£
To General branch contingency fund	150,000
To Additional reserve fund	50,000
To dividends to holders of A shares and B shares	100,000
To be carried forward	203,559

A sum of **£190,000** has been taken from the branch contingency fund and applied to writing down investments in this branch; the branch contingency fund has, therefore, been decreased by a net amount of **£40,000** and now stands at **£350,000**.

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 1949 a dividend on the A shares of **15s. 5d.** per share, of which **10s. 5d.** is payable on 3rd April, 1950, to the shareholders then on the register, and **5s. 0d.** is payable on 21st September, 1950, to the shareholders then on the register. Of the total dividend on the A shares **4·8d.** 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 3rd April, 1950, 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. The excess, amounting to **£368,619**, has been carried to the Special Dividend Reserve Fund for A shareholders of the Company.

Mr. Ernest Dewey and Mr. Herbert Harvey Moseley have indicated the wish to retire from the Board and their resignations, to take effect on 11th May next, have been accepted with regret. They were both elected to the Board in 1935 and Mr. Dewey was elected Deputy Chairman in 1941.

The Directors retiring by rotation are Sir George Lewis Barstow, K.C.B., Mr. Percy Charles Crump, O.B.E., F.I.A., and Sir Nigel George Davidson, C.B.E., who offer themselves for re-election.

Sir Frank Morgan, M.C., who has been General Manager of the Company since 1941, has expressed the wish to retire. The Directors have acceded to his request with regret and recommend that he be elected a Director of the Company.

The Directors have appointed Mr. W. F. Gardner, F.I.A., to be General Manager as from the 11th May, 1950.

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

GEORGE L. BARSTOW,
Chairman.

HOLBORN BARS,
31st March, 1950.

ORDINARY BRANCH REVENUE ACCOUNT

for the year ending 31st December, 1949.

LIFE ASSURANCE BUSINESS.

1948 £		£	1948 £		£
	Amount of life assurance fund at the beginning of the year	£191,505,397		Claims under policies paid and outstanding—	
177,040,481			3,135,213	By death	3,574,206
283,555	Add adjustment in exchange	1,868,495	8,415,591	By maturity	8,650,139
177,324,036		193,373,892	11,550,804		12,224,345
28,004,829	Premiums	30,460,675	1,586,565	Surrenders	1,997,504
	Consideration for annuities granted	272,004	56,479	Bonuses surrendered for cash	69,173
380,583	Interest, dividends and rents (less amount written off terminable securities) ...	£7,592,293	1,109,249	Annuities	1,177,161
6,837,452	Deduct Income tax (less estimated rebate in respect of 1949)	649,413	1,811,490	Commission	1,661,278
			2,474,352	Expenses of management	2,801,451
557,116			40,000	Profits tax	140,000
6,280,336		6,942,880	1,500,000	Transfer to Branch contingency fund ...	1,500,000
			355,448	Transfer to Profit and loss account ...	418,023
				Amount of life assurance fund at the end of the year	209,060,516
£211,989,784		£231,049,451	£211,989,784		£231,049,451

The number of policies issued during the year was 130,930, assuring a sum of £88,365,405 with a yearly renewal premium income of £3,676,172. The amount received in single premiums was £119,580

The assurance funds include surpluses undivided between policyholders and shareholders, amounting to £589,927 at the beginning of the year and £441,750 at the end of the year.

INDUSTRIAL BRANCH REVENUE ACCOUNT

for the year ending 31st December, 1949.

INDUSTRIAL ASSURANCE BUSINESS.

1948 £		£	1948 £		£
	Amount of Industrial assurance fund at the beginning of the year	310,715,895		Claims under policies paid and outstanding—	
297,448,339			9,386,467	By death	10,405,909
38,008,106	Premiums	39,011,552	9,124,531	By maturity	9,735,876
	Interest, dividends and rents (less amount written off terminable securities) ...	£12,537,597	18,510,998		20,141,785
11,364,439	Deduct Income tax (less estimated rebate in respect of 1949)	807,304	2,866,826	Surrenders	3,502,992
1,012,126			8,842,590	Expenses of management	9,301,273
10,352,313		11,730,293	220,000	Profits tax	325,000
			833,838	Bonus allocation to members of Company's outdoor staff	962,070
			3,000,000	Transfer to Branch contingency fund ...	3,000,000
			818,611	Transfer to Profit and loss account ...	889,138
			310,715,895	Amount of Industrial assurance fund at the end of the year	323,335,482
£345,808,758		£361,457,740	£345,808,758		£361,457,740

The number of policies issued during the year was 1,564,597 assuring a sum of £75,455,358.

The assurance funds include surpluses undivided between policyholders, shareholders and outdoor staff amounting to £875,664 at the beginning of the year and £917,502 at the end of the year.

REVENUE ACCOUNTS OF THE GENERAL BRANCH

for the year ending 31st December, 1949.

FIRE INSURANCE BUSINESS.

1948 £		£	1948 £		£
	Amount of fire insurance fund at the beginning of the year—		1,935,584	Claims under policies paid and outstanding	1,788,494
1,015,807	Provision for unexpired risks	1,239,179	972,690	Commission	770,112
3,887,806	Premiums	3,503,552	515,904	Expenses of management	587,888
	Profit on exchange, being exchange appreciation on currency assets held against currency liabilities	171,864	17,479	Contributions to fire brigades and fire prevention	15,967
			115,414	Loss on exchange	—
			107,363	Transfer to Profit and loss account ...	89,474
				Amount of fire insurance fund at the end of the year—	
				Provision for unexpired risks, which amounts to 47.5 per cent. (40 per cent. for 1948) of the premium income for the current year	1,662,660
£4,903,613		£4,914,595	£4,903,613		£4,914,595

The 1948 figures included 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.

1948 £	Amount of sickness and accident insurance fund at the beginning of the year—	£	1948 £	Payments under policies, including medical and legal expenses in connection therewith—	£
152,914	Provision for unexpired accident risks	£198,222	107,652	Accident	159,461
393,050	Further provision for renewable accident risks	405,615	19,326	Permanent sickness	3,413
60,758	Provision for permanent sickness risks	28,261	51,618	Commission	67,496
37,684	Total estimated liability in respect of outstanding accident claims	63,606	117,553	Expenses of management	126,058
2,218	Outstanding payments due under permanent sickness contracts	2,417	568,000	Expenses of Approved Societies recoverable, per contra	—
646,624		698,121	161,415	Transfer to Profit and loss account	148,138
497,065	Add adjustment in exchange	11,020		Amount of sickness and accident insurance fund at the end of the year—	
10,239	Premiums—		198,222	Provision for unexpired accident risks, which amounts to 40 per cent. of the premium income for the current year	£216,209
507,304	Accident	£540,523	405,615	Further provision for renewable accident risks	418,506
1,757	Permanent sickness	9,345	28,261	Provision for permanent sickness risks	28,727
568,000	Interest on permanent sickness provision	1,005	63,606	Total estimated liability in respect of outstanding accident claims	89,074
	Transfer from Approved Societies for expenses	—	2,417	Outstanding payments due under permanent sickness contracts	2,932
			698,121		755,448
£1,723,685		£1,260,014	£1,723,685		£1,260,014

The 1948 figures included business in respect of periods prior to 1st January, 1948, and not previously brought into account, amounting to:—
Premiums £1,510, Claims £838, Commission £348 and Expenses £175.

MOTOR VEHICLE INSURANCE BUSINESS.

1948 £	Amount of motor vehicle insurance fund at the beginning of the year—	£	1948 £	Claims under policies paid and outstanding	£
443,124	Provision for unexpired risks	£515,427	701,173	Commission	976,999
21,765	Provision for motor vehicles laid up	40,676	165,719	Expenses of management	201,819
464,889		556,103	281,852	Transfer to Profit and loss account	341,651
1,169	Add adjustment in exchange	32,231	62,386	Amount of motor vehicle insurance fund at the end of the year—	5,459
466,048	Premiums	588,334		Provision for unexpired risks, which amounts to 40 per cent. of the premium income for the current year	£642,588
1,301,185		1,606,469	515,427	Provision for motor vehicles laid up	26,287
			40,676		668,875
			556,103		£2,194,803
£1,767,233		£2,194,803	£1,767,233		£2,194,803

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

MISCELLANEOUS INSURANCE BUSINESS.

1948 £	Amount of miscellaneous insurance fund at the beginning of the year—	£	1948 £	Claims under policies paid and outstanding	£
450,731	Provision for unexpired risks	£493,100	600,068	Commission	506,147
1,655	Add adjustment in exchange	33,443	204,050	Expenses of management	209,432
452,386		526,543	305,067	Transfer to Profit and loss account	316,524
1,274,067	Premiums	1,238,535	146,040	Amount of miscellaneous insurance fund at the end of the year—	222,810
21,872	Trustee and executor fees	21,505		Provision for unexpired risks, which amounts to 42·9 per cent. (40 per cent. for 1948) of the premium income for the current year	531,670
£1,748,325		£1,786,583	493,100		£1,786,583

The 1948 figures included 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.

SINKING FUND INSURANCE BUSINESS.

1948 £	Amount of sinking fund insurance fund at the beginning of the year—	£	1948 £	Claims under policies paid and outstanding	£
2,228,374	Premiums	2,132,008	160,521	Surrenders	33,821
69,962	Interest and dividends	65,583	57,543	Commission	957
65,669			1,399	Expenses of management	1,340
			12,534	Transfer to Profit and loss account	2,420
			2,132,008	Amount of sinking fund insurance fund at the end of the year	2,228,037
£2,364,005		£2,264,575	£2,364,005		£2,264,575

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REVENUE ACCOUNTS OF THE GENERAL BRANCH—continued.

MARINE, AVIATION AND TRANSIT INSURANCE BUSINESS.

Total 1948.		Current Year.	Last Preced- ing Year.	Previous Years.	Total.	Total 1948.		Current Year.	Last Preced- ing Year.	Previous Years.	Total.
£	Amount of marine, aviation and trans- it insurance fund at the beginning of the year	£	£	£	£	£	Claims paid (less sal- vages, refunds and re- insurance recoveries) —risks other than aviation hull risks ...	£	£	£	£
514,457		—	210,596	379,045	589,641	184,172		53,910	86,088	69,259	209,257
	Premiums (less broker- age, discount, com- mission, returns and reinsurances) —risks other than aviation hull risks	276,782	44,142	1,276	322,200	13,849	Expenses of manage- ment	12,753	1,024	—	13,777
312,257						4,729	Agency expenses ...	3,592	1,401	—	4,989
	Enemy debts written back	—	—	1,008	1,008	14,143	Agents' and other profit commissions ...	—	4,316	9,319	13,635
118						298	Loss on exchange ...	—	—	—	—
—	Profit on exchange ...	2,001	1,635	349	3,985	20,000	Transfer to Profit and loss account	—	—	13,000	13,000
							Amount of marine, aviation and transit insurance fund at the end of the year	208,528	163,543	290,105	662,176
<u>£826,832</u>					<u>£ 916,834</u>	<u>£826,832</u>					<u>£ 916,834</u>

PROFIT AND LOSS ACCOUNT
for the year ending 31st December, 1949.
ORDINARY AND INDUSTRIAL BRANCHES.

1948 £		£	1948 £		£
	Transfers from Revenue accounts —			Transfer to Appropriation account	1,307,161
355,448	Ordinary branch	418,023	1,174,059		
818,611	Industrial branch	889,138			
<u>£1,174,059</u>		<u>£1,307,161</u>	<u>£1,174,059</u>		<u>£1,307,161</u>

GENERAL BRANCH.

1948 £		£	1948 £		£
	Transfers from Revenue accounts—			Taxation—	
107,363	Fire	£89,474	85,893	Overseas taxes	81,182
161,415	Sickness and accident	148,138	81,619	Profits tax	82,513
62,386	Motor vehicle... ..	5,459	274,716	Income tax	247,955
146,040	Miscellaneous	222,810	299,965	Transfer to Appropriation account	332,025
12,534	Sinking fund	2,420			
20,000	Marine... ..	13,000			
509,738		481,301			
232,455	Interest and dividends not carried to other accounts	262,374			
<u>£742,193</u>		<u>£743,675</u>	<u>£742,193</u>		<u>£743,675</u>

APPROPRIATION ACCOUNT
for the year ending 31st December, 1949.

Ordinary and Industrial Branches 1948.	General Branch 1948.		Ordinary and Industrial Branches.	General Branch.	Ordinary and Industrial Branches 1948.	General Branch 1948.		Ordinary and Industrial Branches.	General Branch.
£	£		£	£	£	£		£	£
		Balances brought forward from previous year—					Transfer to Branch contin- gency fund... ..	—	150,000
4,479	—	Industrial branch	—	—	—	—	Transfer to Additional re- serve fund	—	50,000
—	161,569	General branch	—	171,534	—	190,000	Transfer to Special divid- end reserve fund—		
1,174,059	299,965	Transfers from Profit and loss account	1,307,161	332,025	119,459	—	Ordinary branch	180,902	—
					120,537	—	Industrial branch	187,717	—
							Provision for dividends (free of income tax) in respect of 1949 to holders of—		
							A shares	938,542	25,000
						938,542	B shares	—	75,000
						—	Balance carried to Balance sheet—		
						171,534	General branch	—	203,559
<u>£1,178,538</u>	<u>461,534</u>		<u>£1,307,161</u>	<u>503,559</u>	<u>£1,178,538</u>	<u>461,534</u>		<u>£1,307,161</u>	<u>503,559</u>

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COMMON CONTINGENCY FUND ACCOUNT

for the year ending 31st December, 1949.

total.

1948 £	Amount of Common contingency fund at the beginning of the year	£	1948 £	Taxation—	£
3,272,722	...	3,333,355	12,138	Profits tax	10,686
104,911	Interest and dividends	106,830	32,140	Income tax	43,279
			3,333,355	Amount of Common contingency fund at the end of the year	3,386,220
<u>£3,377,633</u>		<u>£3,440,185</u>	<u>£3,377,633</u>		<u>£3,440,185</u>

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SPECIAL CONTINGENCY FUND ACCOUNT

for the year ending 31st December, 1949.

176

334

161

161

1948 £	Amount of Special contingency fund at the beginning of the year	£	1948 £	Centenary bonus to members and ex- members of the staff	£
6,403,396	...	6,217,998	465,170	...	—
183,486	Interest and dividends	176,423		Taxation—	
174,000	Tax recoverable in respect of centenary bonus	51,315	15,389	Profits tax	19,124
			62,325	Income tax	77,450
			—	Amount written off investments	200,000
			6,217,998	Amount of Special contingency fund at the end of the year	6,149,162
<u>£6,760,882</u>		<u>£6,445,736</u>	<u>£6,760,882</u>		<u>£6,445,736</u>

.82

.13

.65

.25

—

75

COMMON AND SPECIAL CONTINGENCY FUNDS

BALANCE SHEET

31st December, 1949.

Common 1948.	Special 1948.	LIABILITIES.	Common.	Special.	Common 1948.	Special 1948.	ASSETS.	Common.	Special.
£	£		£	£	£	£		£	£
3,333,355	6,217,998	Contingency funds ...	3,386,220	6,149,162			Investments after deducting reserve—		
		Current liabilities and provisions—			2,741,646	4,307,557	British Government securi- ties...	2,792,713	4,172,709
12,138	15,389	Profits tax	10,686	19,124	186,347	495,874	British Government guar- anteed securities ...	250,847	525,224
					—	439,118	Debenture in a subsidiary, guaranteed under Trade Facilities Acts, not dealt with in group accounts ...	—	389,395
					196,667	395,979	Municipal and county securities, United King- dom ...	196,667	385,544
					40,000	—	Public Board securities ...	40,000	—
					57,286	374,081	Dominion and Colonial Government securities ...	57,286	384,081
					—	47,597	Dominion provincial securi- ties...	—	15,339
					24,947	—	Debentures and debenture stocks home and foreign	24,947	—
					1,272	169,177	Current Assets—		
					75,000	—	Estimated tax recoverable	1,100	188,891
					22,328	4,004	Balances at Bankers—		
							On deposit in United King- dom ...	20,000	50,000
							On current account in United Kingdom ...	13,346	57,103
<u>£3,345,493</u>	<u>6,233,387</u>		<u>£ 3,386,906</u>	<u>6,168,288</u>	<u>£3,345,493</u>	<u>6,233,387</u>		<u>£ 3,386,906</u>	<u>6,168,288</u>

P00002824

0945-007

Ordinary Branch 1948.	Industrial Branch 1948.	General Branch 1948.	Total 1948.	LIABILITIES.	Ordinary Branch.	Industrial Branch.	General Branch.	Total.
£	£	£	£		£	£	£	£
—	1,250,000	—	1,250,000	Authorised 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
1,500,000	3,000,000	390,000	4,890,000	1,000,000 B shares of £1 each, 4s. paid	—	—	—	—
119,459	120,537	—	239,996	Branch contingency funds after transfers to writing down investments	2,000,000	4,000,000	350,000	6,350,000
—	—	171,534	171,534	Special dividend reserve fund	300,361	308,254	—	608,615
191,505,397	—	—	191,505,397	Appropriation account—balance carried forward	—	—	203,559	203,559
—	310,715,895	—	310,715,895	Life assurance fund, Ordinary branch	209,060,516	—	—	209,060,516
—	—	1,239,179	1,239,179	Industrial assurance fund	—	323,335,482	—	323,335,482
—	—	698,121	698,121	General branch insurance funds—	—	—	1,662,660	1,662,660
—	—	556,103	556,103	Fire	—	—	755,448	755,448
—	—	493,100	493,100	Sickness and accident	—	—	668,875	668,875
—	—	2,132,008	2,132,008	Motor vehicle	—	—	631,670	631,670
—	—	589,641	589,641	Miscellaneous	—	—	2,256,037	2,256,037
—	—	1,850,000	1,850,000	Sinking fund	—	—	662,176	662,176
—	—	—	—	Marine	—	—	1,900,000	1,900,000
—	—	—	—	Additional reserve	—	—	—	—
1,839,387	551,216	—	2,390,603	Current liabilities and provisions—	—	—	—	—
—	—	802,798	802,798	Claims admitted or intimated but not paid, less amounts recoverable under reinsurances—	2,049,904	610,395	—	2,660,299
—	—	605,856	605,856	Life	—	—	934,331	934,331
—	—	459,626	459,626	Fire	—	—	816,705	816,705
—	—	385	385	Motor vehicle	—	—	453,666	453,666
12,538	—	—	12,538	Miscellaneous	—	—	196	196
357,598	168,985	66,865	593,448	Sinking fund	—	—	—	—
141,504	—	26	141,530	Annuities due and unpaid	—	—	—	—
—	—	292,759	292,759	Outstanding commission and expenses	9,026	192,812	78,782	9,026
—	—	2,580	2,580	Premiums received in advance	394,068	—	22	665,682
—	—	54,526	54,526	Amounts due on reinsurance account—	205,908	—	—	205,908
—	—	4,077	4,077	Fire	—	—	318,117	318,117
—	100	41,558	41,558	Sickness and accident	—	—	2,911	2,911
—	—	—	—	Miscellaneous	—	—	50,250	50,250
—	—	—	—	Marine	—	—	2,316	2,316
—	—	—	—	Amounts due to subsidiaries	—	100	45,371	45,371
—	—	—	—	Bonus allocation to members of Company's outdoor staff	—	—	—	—
—	834,783	—	834,783	Add balance brought forward	1,394	—	—	1,394
150,218	115,897	18,610	284,725	Other creditors	209,257	95,146	16,304	319,707
417,471	32,938	917	451,326	Sundry brokers for investments purchased	2,067,099	357,515	4,667	2,448,281
68,466	—	38,582	107,048	Overseas taxes	66,470	—	42,639	109,109
56,800	256,650	91,740	405,190	Profits tax	151,086	323,153	63,024	537,273
—	—	300,914	300,914	United Kingdom income tax including reserve for future liability on profits earned to date	—	—	239,148	239,148
4,175	27,866	—	31,981	War damage contributions	3,552	25,748	—	29,295
235,989	702,553	100,000	1,038,542	Dividends declared	237,121	701,421	100,000	1,038,542
£196,408,942	317,777,420	11,201,504	525,387,866	Common contingency fund	—	—	—	—
—	—	—	—	Special contingency fund	—	—	—	—
—	—	—	—	(per separate Balance sheet page 7)	—	—	—	—
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The notes on page 10 form an integral part of this Balance sheet.

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, 1949, 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.

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.

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 Reserves 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, 1949, 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.

P00002825

0945-008

tal.	Ordinary Branch 1948.	Industrial Branch 1948.	General Branch 1948.	Total 1948.	ASSETS.	Ordinary Branch.	Industrial Branch.	General Branch.	Total.
£	£	£	£	£		£	£	£	£
10,000	5,456,082	1,145,400	—	6,601,482	Mortgages—	5,614,916	1,166,299	—	6,781,215
10,000	1,416,069	119,721	400	1,536,190	On property within the United Kingdom ...	1,980,644	130,319	400	2,051,363
					On property out of the United Kingdom ...				
4,000	1,335,539	7,511,328	—	8,846,867	Loans—	1,281,428	7,220,658	—	8,502,086
	17,197	—	—	17,197	On parochial and other public rates ...	17,067	—	—	17,067
6,615	3,491,402	4,645,000	200,000	8,336,402	On Life interests ...	702,825	1,235,000	—	1,937,825
					On Stocks and shares ...				
8,559	2,782,745	—	—	2,782,745	On Company's policies within their surrender values ...	3,478,962	—	—	3,478,962
0,516	510,294	999,688	—	1,509,982	Without specific security ...	510,370	999,688	—	1,510,058
	278,366	331,615	—	609,981	To subsidiaries ...	324,490	189,957	—	514,447
5,482	16,000	—	20,500	36,500	Investments after deducting reserve—				
	—	—	23,217	23,217	Deposits with the High Court—				
					3½% War Stock ...	16,000	—	20,300	36,300
					3% Savings Bonds 1965/76 ...	—	—	23,217	23,217
					Deposit with the Supreme Court of Judicature in Eire—				
	18,700	—	—	18,700	3½% War Stock ...	18,700	—	—	18,700
1,866	68,738,061	142,015,273	2,717,978	213,471,312	British Government securities ...	66,652,238	139,816,919	2,660,506	206,930,663
	16,403,505	27,914,426	771,627	45,089,558	British Government guaranteed securities ...	23,125,608	33,334,847	780,731	62,241,186
					Securities guaranteed under Trade Facilities and other Acts ...	1,305,900	3,390,486	160,500	4,856,886
	1,303,750	3,414,436	160,500	4,878,686	Municipal and county securities, United Kingdom ...	2,157,289	3,577,912	777,802	6,513,003
	3,022,485	3,510,388	793,251	7,326,124	Public Board securities ...	497,327	1,063,363	54,909	1,635,599
	505,063	1,132,740	59,021	1,696,824	Dominion and Colonial Government securities ...	12,371,641	2,924,637	781,623	16,077,901
	11,227,080	3,454,937	724,780	15,406,797	Dominion provincial securities ...	1,302,344	—	149,759	1,452,103
	563,932	—	79,305	643,237	Dominion and Colonial municipal securities ...	1,806,928	306,174	91,176	2,204,278
2,390	1,068,699	331,151	67,631	1,467,481	Foreign Government securities ...	1,591,290	1,581,691	344,442	3,517,423
	1,478,335	1,177,117	301,385	3,256,837	Foreign provincial securities ...	33,864	10,268	500	44,632
8,898	35,779	59,787	500	96,066	Foreign municipal securities ...	112,187	155,011	26,570	293,768
	61,162	183,623	26,570	271,255	Debentures and debenture stocks and gold and sterling bonds—home and foreign ...	22,034,432	29,377,927	1,903,722	53,316,081
0,026	17,752,106	25,556,082	1,500,627	44,808,815	* Preference and guaranteed stocks and shares ...	18,571,243	24,951,313	1,302,077	44,824,633
0,682	15,778,178	22,539,177	1,002,344	39,319,699	Ordinary stocks and shares ...	22,631,755	35,330,540	223,350	58,065,645
0,980	20,297,005	31,791,224	234,209	52,322,438	Subsidiaries not dealt with in group accounts—				
					Preference shares ...	50,700	25,000	—	75,700
	50,700	25,000	—	75,700	Ordinary shares ...	188,459	247,549	15,281	531,289
594	172,697	354,230	15,281	542,098	Rent charges ...	21,492	—	—	21,492
	25,138	—	—	25,138	Freehold ground rents and feu duties ...	740,156	9,189,746	—	9,929,902
971	518,855	9,136,666	—	9,655,521	Leasehold ground rents ...	25,895	1,771	—	27,666
	28,895	1,927	—	30,822	House property—				
	5,491,611	8,867,670	—	14,359,281	In the United Kingdom—Freehold ...	7,375,113	10,460,320	—	17,835,433
464	2,486,987	5,247,833	—	7,734,820	—Leasehold ...	6,831,292	5,332,712	—	12,164,004
	507,837	—	—	507,837	Out of the United Kingdom ...	573,969	—	—	573,969
707	29,381	—	—	29,381	Life interests ...	—	—	—	—
881	5,719	—	—	5,719	Reversions ...	2,457	—	—	2,457
109	—	—	—	—	Fixed assets—				
878	—	—	342,497	342,497	Subsidiary dealt with in accounts annexed—				
					* Ordinary shares (at cost) ...	—	—	342,497	342,497
148	—	3,678,685	—	3,678,685	Office premises (at cost, less amounts written off)—				
285	—	95,839	—	95,839	In the United Kingdom—Freehold ...	—	3,613,948	—	3,613,948
542	671,740	—	—	671,740	—Leasehold ...	—	95,594	—	95,594
					Out of the United Kingdom ...	725,227	—	—	725,227
	248,921	190,000	183,754	622,675	Current assets—				
	394,065	—	814,618	1,208,683	Deposits at interest at home and abroad ...	762,678	40,000	311,479	1,114,157
	791,781	533,173	279,501	1,604,455	Agents' balances ...	—	—	961,961	961,961
	228,109	171,824	738	400,671	Commission paid in advance ...	433,069	—	—	433,069
	956,334	1,452,564	42,333	2,451,231	Outstanding premiums ...	880,892	465,284	282,186	1,578,362
	—	—	576,972	576,972	Outstanding interest, dividends, rents and fees interest, dividends, rents and fees accrued ...	283,143	190,765	729	474,637
	327,751	34,358	—	362,109	Amounts due on reinsurance account ...	1,036,034	1,491,674	56,566	2,584,274
	1,656,000	3,752,000	—	5,408,000	Amounts due from subsidiaries ...	—	537	657	1,194
	42,109	324,734	16,017	382,860	Sundry brokers for investments sold ...	1,971,978	280,500	—	2,252,478
					Estimated income tax recoverable ...	1,806,000	4,130,000	—	5,936,000
					Other debtors ...	56,015	316,256	16,623	388,894
	5,700,000	5,150,000	200,000	11,050,000	Balances at Bankers and Cash in hand—				
	393,774	—	352	394,126	On deposit—				
	260,176	605,052	15,969	881,197	In the United Kingdom ...	1,400,000	3,500,000	100,000	5,000,000
	1,865,928	22,862	9,090	1,897,880	Out of the United Kingdom ...	705,822	—	268	706,090
					In hand and on current account—				
					In the United Kingdom ...	544,641	1,100,944	232,654	1,878,239
					Out of the United Kingdom ...	1,449,313	17,766	17,052	1,484,131
57	2196,108,942	317,777,420	11,201,504	525,387,866	* Part of which is at the disposal of H.M. Government—Financial Powers (U.S.A. Securities) Act. 1941.	216,774,388	332,163,485	12,328,384	561,266,257
36				3,345,493	Common contingency fund ...				3,396,906
36				6,233,387	Special contingency fund ...				6,168,286
19				534,966,746	(per separate Balance sheet page 7)				
									570,831,449

F. W. MORGAN, General Manager.

GEORGE L. BARSTOW, Chairman.

W. F. GARDNER, Actuary.

C. W. A. RAY, } Joint Secretaries.
L. BROWN, }F. DEWEY, } Directors.
H. S. LANE, }

31st March, 1950.

THE PRUDENTIAL ASSURANCE COMPANY LIMITED.

No part of any fund has been applied, directly or indirectly, for any purpose other than 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.

We have also examined the group accounts comprising the accounts of the Company, as audited by us, and the annexed accounts of its subsidiary, The Prudential Insurance Company of Great Britain (located in New York), not audited by us but which are based upon audited accounts received from New York. In our opinion the group accounts have been properly prepared in accordance with the provisions of the Companies Act, 1948, so as to give on the basis mentioned above a true and fair view of the state of affairs and of the profit of the company and its subsidiary dealt with by such group accounts so far as concerns members of The Prudential Assurance Company Limited.

DELOITTE, PLENDER, GRIFFITHS & CO.

Chartered Accountants,
5, London Wall Buildings, London, E.C.2

} Auditors.

31st March, 1950.

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NOTES TO THE BALANCE SHEET.

1948.		1949.
£		£
6,825,000	Instalments on investments held due after 31st December	130,000
9,070,000	Commitments for settlement after 31st December	3,165,000
3,105,000	Uncalled capital on investments held	2,850,000
2,745,000	Reserve liability on shares, etc.	1,730,000

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—

1948.		1949.
£		£
39,500	Australia	39,500
4,532,500	Canada, including Newfoundland	8,487,000
496,500	Egypt	490,000
14,000	India	14,000
Nil	Israel	10,000
40,000	New Zealand	49,500
7,500	Pakistan	10,500
1,000	Palestine	900
500	Poland	500
10,500	South Africa	10,000
5,000	Southern Rhodesia	4,500

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.

The gross amount of the Directors' remuneration for the year was £56,781. (1948, £55,492).

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, 1949, 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 rates ruling at the beginning and the end of the year of the 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 on the dates of the respective transactions. Currency assets are maintained so far as practicable to the extent of the corresponding liabilities and together with reserve and contingency funds are available towards meeting any increase in liabilities by reason of any future variations in rates of exchange.

Liabilities and assets in foreign currencies where material have been converted into sterling at the rates ruling on the 31st December, 1949, except that in the case of certain investments in foreign currency held at Chief Office, book values have been based on the rates of exchange ruling on the dates of acquisition. The profits and losses on realisation of assets together with exchange differences, other than on fire marine aviation and transit insurance business, less any relative United Kingdom taxes thereon are carried to an investment reserve account, the balance of 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 1948 and disclose, at the rate of exchange on the 31st December, 1949, an accumulated profit of £3,972 of which £684 relates to 1948. No part of such profits is dealt with in this Company's accounts for 1949. 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, 1949.

1948 £		£	1948 £		£
	Amount of insurance fund at the beginning of the year—			Claims under policies paid and outstanding	481,390
1,620,075	Provision for unexpired risks	1,382,075	648,232	Commission	478,132
940,236	Premiums	1,100,794	294,424	Expenses of management	53,569
			38,254	Transfer to Profit and loss account ...	99,538
			197,326	Amount of insurance fund at the end of the year—	
				Provision for unexpired risks	1,370,240
<u>£2,560,311</u>		<u>£2,482,869</u>	<u>1,382,075</u>		<u>£2,482,869</u>
			<u>£2,560,311</u>		

The whole of the business transacted is fire and allied risks reinsurance business.

PROFIT AND LOSS ACCOUNT
for the year ending 31st December, 1949.

1948 £		£	1948 £		£
335,240	Balance (earned surplus) brought forward from previous year	512,994	109,456	Taxes	62,178
67,912	Interest and dividends	77,136	3,524	Investment expenses	3,527
29,884	Profit on sale of securities	2,778	4,388	Amounts written off securities	2,562
197,326	Transfer from Revenue account	99,538		Balance (earned surplus) as per Balance sheet	624,179
<u>£630,362</u>		<u>£892,446</u>	<u>512,994</u>		<u>£624,179</u>
			<u>£630,362</u>		<u>£892,446</u>

BALANCE SHEET
31st December, 1949.

LIABILITIES.			ASSETS.		
1948 £		£	1948 £		£
214,286	Authorised and Issued capital—	214,286	1,557,631	Investments (at or under cost)—	
321,428	6,000 shares of \$100 each, fully paid ...	214,286	467,176	United States Government securities ...	1,829,110
	Capital reserve (surplus paid in)	321,428	116,705	Debentures and bonds	440,171
512,994	Profit and loss account balance (earned surplus)	624,179	152,847	Preference stocks and shares	111,909
1,382,075	Insurance fund	1,370,240		Ordinary stocks and shares	201,937
	Current liabilities—		17,857	Current assets—	
229,944	Outstanding claims	244,295	12,098	Deposits at interest	17,857
19,912	Outstanding commission and expenses ...	138,174	250,922	Interest and dividends accrued	8,670
8,269	Amounts due on reinsurance account ...	214,349		Amounts due on reinsurance account ...	439,070
90,394	Taxation	48,716	204,066	Balance at Bankers on current account and Cash in hand	126,943
<u>£2,779,302</u>		<u>£3,175,667</u>	<u>£2,779,302</u>		<u>£3,175,667</u>

All items, including the comparative figures for 1948, have been converted at the rate of \$2.80 to the £. In the published accounts for the year 1948 the rate of exchange used was \$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.

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

Directors' Report
and
Statement of Accounts
Year ending 31st December, 1949.

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 11th May, 1950, at 2 o'clock in the afternoon precisely for receiving the Report of the Directors and Statement of Accounts for the year ending 31st December, 1949, 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 notices have been given to the Company pursuant to the Companies Act, 1948, that separate resolutions will be moved proposing the re-election of the following Directors, who retire by rotation and whose respective ages at the date of the Meeting will be as shewn in brackets after their names :— Sir George Lewis Barstow, K.C.B. (75), Mr. Percy Charles Crump, O.B.E., F.I.A. (71), and Sir Nigel George Davidson, C.B.E. (76).

By Order of the Board of Directors,

C. W. A. RAY,

L. BROWN,

Joint Secretaries.

18th April, 1950.

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.

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