

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

(INCORPORATED IN ENGLAND.)

ONE HUNDRED AND SECOND ANNUAL REPORT

Year ending 31st December, 1950.



Directors :

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

EDWARD JOSEPH WILLIAM BORRAJO, M.B.E., A.I.A., *Deputy Chairman.*

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

SIR FRANK WILLIAM MORGAN, M.C.

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.

HUBERT SAMUEL LANE, M.C.

SIR GEORGE STUART ROBERTSON, K.C.

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

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 :

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

Assistant Actuaries :

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

W. E. H. HICKOX, F.I.A.

J. EDEY, 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 :

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

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

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THE PRUDENTIAL ASSURANCE COMPANY LIMITED.

ONE HUNDRED AND SECOND ANNUAL REPORT

Year ending 31st December, 1950.

THE DIRECTORS have the honour to submit their Report and Accounts for 1950.

The **Assets** of the Company amount to **£608,270,214** as compared with **£570,831,449** at 31st December, 1949.

The **Income** from all sources during 1950 was **£103,533,383** as compared with **£97,795,449** in 1949.

ORDINARY BRANCH.

The number of life assurance policies issued during the year was **129,630** assuring the sum of **£94,406,580** and producing an annual premium income of **£3,738,584**. These figures include, in respect of overseas business, **37,782** policies assuring the sum of **£32,132,461** and producing an annual premium income of **£1,099,642**.

The number of life assurance policies in force on 31st December, 1950, was **1,339,645** assuring with bonus **£675,456,865** and producing an annual premium income of **£27,651,644**. The immediate annuities payable were **16,839** in number and amounted to **£1,232,194** per annum. In addition there were **316,653** deferred and contingent annuities securing **£10,163,413** per annum and producing an annual premium income of **£5,461,495**.

The revenue premiums for the year were **£32,555,705** including over **£7,100,000** in respect of overseas business. The consideration for immediate annuities granted was **£173,621**. The claims for the year amounted to **£12,348,655**. There were death claims for sums assured, including bonuses, of **£3,545,576** and matured endowments for sums assured, including bonuses, of **£8,803,079**.

The surplus for the year is **£5,876,421** which, together with **£441,750** brought forward from last year, amounts to **£6,318,171**. In addition **£2,000,000** has been released from the reserve (included in the valuation of liabilities) for revival and general contingencies, making a total of **£8,318,171**, which has been allocated as follows :—

	£
To Ordinary branch contingency fund	3,000,000
To bonus to participating policyholders	4,334,135
To Profit and loss account	481,571
To be carried forward	502,465

The Directors have declared, for current participating policies, reversionary bonuses in respect of the year 1950 at the following rates per **£100** sum assured.

- (1) For policies of classes issued in the United Kingdom **£1 8s.**
- (2) For policies of overseas classes issued in
 - (a) Australia and New Zealand **£1 6s.**
 - (b) Canada **£1 6s.**
 - (c) South Africa, East Africa, the Rhodesias and Nyasaland **£1 14s.**
 - (d) other overseas territories **£1.**

INDUSTRIAL BRANCH.

The number of policies issued during the year was **1,399,078** assuring the sum of **£74,327,964**, and producing an annual premium income of **£4,844,164**.

The number of policies in force on 31st December, 1950, including **6,018,138** free policies, was **31,546,094**, under which the maximum sum assured, together with declared bonus, was **£925,450,591**. These policies produce an annual premium income of **£41,411,867**.

The revenue premiums for the year were **£40,148,060**. The claims for the year amounted to **£20,318,698**. There were death claims for sums assured, including bonuses, of **£10,661,151** and matured endowments for sums assured, including bonuses, of **£9,657,547**.

The surplus for the year is **£10,747,942** which, together with **£917,502** brought forward from last year, amounts to **£11,665,444**. In addition **£2,000,000** has been released from the reserve (included in the valuation of liabilities) for revival and general contingencies, making a total of **£13,665,444**, which has been allocated as follows :—

	£
To Industrial branch contingency fund	4,400,000
To bonus to participating policyholders... ..	6,325,795
To Profit and loss account	939,865
To bonus to members of outdoor staff	1,054,299
To be carried forward	945,485

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 **£99,662,165**.

The expenses in this branch were **24.23** per cent. of the premiums.

The Directors have declared, for current participating policies, a reversionary bonus in respect of the year 1950 at the rate of **£1 4s.** per **£100** sum assured, provided that not less than one year's premiums have been paid.

GENERAL BRANCH.

The total revenue premiums for the year, after deduction of the reinsurances, were **£8,328,039**, including over **£4,100,000** in respect of overseas business. These figures do not include the premiums of **£1,045,525** 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, 1950, was **154**, insuring capital sums of **£5,151,196** and producing an annual premium income of **£58,929**.

The amount of debentures, debenture stocks and estates for which the Company acts as trustee exceeded **£72,000,000** at the end of the year.

The surplus for the year is **£564,222** which, together with **£203,559** brought forward from last year, amounts to **£767,781**, which has been allocated as follows :—

	£
To Additional reserve fund	400,000
To General branch contingency fund	50,000
To dividends to holders of A shares and B shares	116,867
To be carried forward	201,114

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

The Directors have declared in respect of the year 1950 a dividend on the A shares of **17s. 0d.** per share, of which **12s. 0d.** is payable on 4th April, 1951, to the shareholders then on the register, and **5s. 0d.** is payable on 20th September, 1951, to the shareholders then on the register. Of the total dividend on the A shares **5½d.** 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. 9d.** per share, payable on 4th April, 1951, to the shareholders then on the register.

The apportionments of the profits of the Life branches in accordance with the Articles of Association produce an amount available for shareholders in excess of the sum necessary to provide the above-mentioned dividend on the A shares. The excess, amounting to **£388,103** has been carried to the Special dividend reserve fund for A shareholders of the Company.

On 16th November, 1950, the Directors declared a special dividend on the A shares of **3s. 6d.** per share for payment on 5th January, 1951, out of the Special dividend reserve fund. It is their present intention to declare, before the end of the year, a further special dividend from the same fund of not less than **2s. 6d.** per A share.

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

The Directors deeply regret the death of their colleague, Sir Joseph Burn, K.B.E., F.I.A., F.R.I.C.S., on the 12th October, 1950. Sir Joseph Burn joined the Staff in 1886, and rose to the position of general manager in 1920. In 1941 he joined the Board of Directors and was elected President of the Company, an office which he held until his death.

The Directors retiring by rotation are Mr. Edward Joseph William Borrajo, M.B.E., A.I.A., Sir John Serocold Paget Mellor, Bart., M.P., and Colonel Percy Lester Reid, C.B.E., who offer themselves for re-election.

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,
3rd April, 1951.

ORDINARY BRANCH REVENUE ACCOUNT

for the year ending 31st December, 1950.

LIFE ASSURANCE BUSINESS.

1949 £	£	1949 £	£
191,505,397	Amount of life assurance fund at the beginning of the year £209,060,516	3,574,206	Claims under policies paid and outstanding—
1,868,495	Add adjustment in exchange 291,083	8,650,139	By death 3,545,576
193,373,892		12,224,345	By maturity 8,803,079
30,460,675	Premiums 209,351,599	1,997,504	Surrenders 2,401,428
272,004	Consideration for annuities granted 173,621	69,173	Bonuses surrendered for cash 77,546
7,592,293	Interest, dividends and net rents (less amount written off terminable securities)... £8,513,211	1,177,161	Annuities 1,223,116
649,413	Deduct Income tax (less estimated rebate in respect of 1950) 928,173	1,661,278	Commission 1,721,128
6,942,880		2,801,451	Expenses of management 2,940,144
	7,585,038	140,000	Profits tax 280,000
		1,500,000	Transfer to Investment reserve account ... 310,000
		418,023	Transfer to Branch contingency fund ... 3,000,000
		209,060,516	Transfer to Profit and loss account ... 481,571
			Amount of life assurance fund at the end of the year 224,882,377
£231,049,451	£249,665,963	£231,049,451	£249,665,963

The charge for Profits tax for the year includes £120,000 in respect of transfers in 1948, 1949 and 1950 to the Special dividend reserve fund.

The number of policies issued during the year was 129,630, assuring a sum of £94,406,580 with a yearly renewal premium income of £3,736,584. The amount received in single premiums was £93,128.

The assurance funds include surpluses undivided between policyholders and shareholders, amounting to £441,750 at the beginning of the year and £502,465 at the end of the year.

INDUSTRIAL BRANCH REVENUE ACCOUNT

for the year ending 31st December, 1950.

INDUSTRIAL ASSURANCE BUSINESS.

1949 £	£	1949 £	£
310,715,895	Amount of Industrial assurance fund at the beginning of the year 323,335,482	10,405,909	Claims under policies paid and outstanding—
39,011,552	Premiums 40,148,060	9,735,876	By death 10,661,151
12,537,597	Interest, dividends and net rents (less amount written off terminable securities)... £13,097,918	20,141,785	By maturity 9,657,547
807,304	Deduct Income tax (less estimated rebate in respect of 1950) 748,736	3,502,992	Surrenders 4,313,852
11,730,293		9,301,273	Expenses of management 9,728,567
	12,349,182	325,000	Profits tax 520,000
		—	Transfer to Investment reserve account ... 450,000
		962,070	Bonus allocation to members of Company's outdoor staff 1,054,299
		3,000,000	Transfer to Branch contingency fund ... 4,400,000
		889,138	Transfer to Profit and loss account ... 939,865
		323,335,482	Amount of Industrial assurance fund at the end of the year 334,107,443
£361,457,740	£375,832,724	£361,457,740	£375,832,724

The charge for Profits tax for the year includes £175,000 in respect of transfers in 1948, 1949 and 1950 to the Special dividend reserve fund.

The number of policies issued during the year was 1,399,078, assuring a sum of £74,327,964.

The assurance funds include surpluses undivided between policyholders, shareholders and outdoor staff amounting to £917,502 at the beginning of the year and £945,485 at the end of the year.

REVENUE ACCOUNTS OF THE GENERAL BRANCH

for the year ending 31st December, 1950.

FIRE INSURANCE BUSINESS.

1949 £	£	1949 £	£
1,239,179	Amount of fire insurance fund at the beginning of the year—	1,788,494	Claims under policies paid and outstanding
3,503,552	Provision for unexpired risks 1,662,660	770,112	Commission 822,440
171,864	Premiums 3,742,217	587,888	Expenses of management 666,787
	Exchange appreciation on currency assets held against currency liabilities ... 1,149	15,967	Contributions to fire brigades and fire prevention 19,756
		89,474	Transfer to Profit and loss account ... 428,847
		1,662,660	Amount of fire insurance fund at the end of the year—
			Provision for unexpired risks, which amounts to 46.3 per cent. (47.5 per cent. for 1949) of the premium income for the current year 1,732,839
£4,914,595	£5,406,026	£4,914,595	£5,406,026

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REVENUE ACCOUNTS OF THE GENERAL BRANCH—continued.

SICKNESS AND ACCIDENT INSURANCE BUSINESS.

1949 £	£	1949 £	£
	Amount of sickness and accident insurance fund at the beginning of the year—		Payments under policies, including medical and legal expenses in connection therewith
200,515	Provision for unexpired accident and disability risks...	162,874	... .. 206,202
	£218,812	67,496	Commission 75,931
413,943	Further provision for renewable accident and disability risks	126,058	Expenses of management 148,207
	426,937	148,138	Transfer to Profit and loss account 105,966
17,640	Provision for permanent sickness risks		Amount of sickness and accident insurance fund at the end of the year—
	17,693		Provision for unexpired accident and disability risks, which amounts to 40 per cent. of the premium income for the current year
66,023	Total estimated liability in respect of outstanding accident and disability claims	218,812	£244,529
	92,006		Further provision for renewable accident and disability risks
698,121		426,937	464,228
11,020	Add adjustment in exchange	17,693	Provision for permanent sickness risks
	2,332		17,978
709,141			Total estimated liability in respect of outstanding accident and disability claims
547,029	Premiums—	92,006	109,824
2,839	Accident and disability	755,448	836,559
549,868	Permanent sickness... ..		
	£611,321		
1,005	Interest on permanent sickness provision		
	599		
	£1,372,865		
£1,260,014		£1,260,014	£1,372,865

MOTOR VEHICLE INSURANCE BUSINESS.

1949 £	£	1949 £	£
	Amount of motor vehicle insurance fund at the beginning of the year—	976,999	Claims under policies paid and outstanding
515,427	Provision for unexpired risks	201,819	1,006,874
	£642,588	341,651	Commission 247,232
40,676	Provision for motor vehicles laid up	5,459	Expenses of management 411,557
	26,287		Transfer to Profit and loss account 125,500
556,103			Amount of motor vehicle insurance fund at the end of the year—
32,231	Add adjustment in exchange		Provision for unexpired risks, which amounts to 40 per cent. of the premium income for the current year
	4,714	642,588	£764,591
588,334		26,287	Provision for motor vehicles laid up
1,606,469	Premiums	668,875	29,313
	1,911,478		
	£2,585,067		793,904
£2,194,803		£2,194,803	£2,585,067

MISCELLANEOUS INSURANCE BUSINESS.

1949 £	£	1949 £	£
	Amount of miscellaneous insurance fund at the beginning of the year—	506,147	Claims under policies paid and outstanding
493,100	Provision for unexpired risks	209,432	559,282
33,443	Add adjustment in exchange	316,524	Commission 305,343
	4,497	222,810	Expenses of management 351,658
526,543			Transfer to Profit and loss account 280,280
1,238,535	Premiums		Amount of miscellaneous insurance fund at the end of the year—
21,505	Trustee and executor fees	531,670	Provision for unexpired risks, which amounts to 42.1 per cent. (42.9 per cent. for 1949) of the premium income for the current year
	22,972		680,405
£1,786,583		£1,786,583	£2,176,968

SINKING FUND INSURANCE BUSINESS.

1949 £	£	1949 £	£
	Amount of sinking fund insurance fund at the beginning of the year	33,821	Claims under policies paid and outstanding
2,132,008	2,226,037	957	251,189
66,984	Premiums		Surrenders 1,693
65,533	Interest and dividends	1,340	Commission 1,166
	70,259	2,420	Expenses of management 6,594
			Transfer to Profit and loss account
		2,226,037	Amount of sinking fund insurance fund at the end of the year
£2,264,575	£2,354,594	£2,264,575	2,093,952

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REVENUE ACCOUNTS OF THE GENERAL BRANCH—continued.

MARINE, AVIATION AND TRANSIT INSURANCE BUSINESS.

Total 1949.		Current Year.	Last Preced- ing Year.	Previous Years.	Total.	Total 1949.		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 ...	£	£	£	£
589,641	...	—	208,528	453,648	662,176	209,257	...	72,888	87,032	77,870	237,790
	Premiums (less broker- age, discount, com- mission, returns and reinsurances) — risks other than aviation hull risks	323,208	57,414	1,109	381,731	13,777	Expenses of manage- ment	13,593	1,330	—	14,923
322,200	...	...	...	...	...	4,989	Agency expenses ...	6,869	1,784	84	8,737
	Enemy debts written back	—	—	—	—	13,635	Agents' and other profit commissions...	—	129	15,587	15,716
1,008	...	...	...	...	...	13,000	Transfer to Profit and loss account	—	—	43,000	43,000
3,985	Profit on exchange ...	— 4,869	348	5,510	989		Amount of marine, aviation and transit insurance fund at the end of the year	224,988	176,015	323,727	724,730
						662,176					
£916,834					£1,044,896	£916,834					£1,044,896

PROFIT AND LOSS ACCOUNT
for the year ending 31st December, 1950.
ORDINARY AND INDUSTRIAL BRANCHES.

1949 £		£	1949 £		£
	Transfers from Revenue accounts—			Transfer to Appropriation account	1,421,436
418,023	Ordinary branch	481,571	1,307,161		
889,138	Industrial branch	939,865			
£1,307,161		£1,421,436	£1,307,161		£1,421,436

GENERAL BRANCH.

1949 £		£	1949 £		£
	Transfers from Revenue accounts—			Taxation—	
89,474	Fire	£428,847	81,182	Overseas taxes	94,578
148,138	Sickness and accident... ..	105,966	82,513	Profits tax	170,000
5,459	Motor vehicle	125,500	247,955	Income tax	470,000
222,810	Miscellaneous	280,280	—	Transfer to Investment reserve account ...	15,000
2,420	Sinking fund	6,594	332,025	Transfer to Appropriation account	564,222
13,000	Marine	43,000			
481,301		990,187			
262,374	Interest and dividends not carried to other accounts ...	323,613	£743,675		£1,313,800
£743,675		£1,313,800			

APPROPRIATION ACCOUNT
for the year ending 31st December, 1950.

Ordinary and Industrial Branches 1949.	General Branch 1949.		Ordinary and Industrial Branches.	General Branch.	Ordinary and Industrial Branches 1949.	General Branch 1949.		Ordinary and Industrial Branches.	General Branch.
£	£		£	£	£	£		£	£
—	171,534	Balance brought forward from previous year— General branch	—	203,559	—	—	Provision for special divi- dend of 3s. 6d. per share (free of income tax) paid 5th January, 1951 to holders of A shares ...	218,750	—
—	—	Transfer from Special divi- dend reserve fund— Ordinary branch	108,884	—	—	—	Transfer to Additional re- serve fund	—	400,000
—	—	Industrial branch	109,866	—	—	50,000	Transfer to Branch contin- gency fund	—	50,000
1,307,161	332,025	Transfers from Profit and loss account	1,421,436	564,222	—	150,000	Transfer to Special dividend reserve fund— Ordinary branch	131,486	—
					180,902	—	Industrial branch	256,617	—
					187,717	—	Provision for dividends (free of income tax) in respect of 1950 to holders of— A shares	1,033,333	29,187
					938,542	25,000	B shares	—	87,500
					—	75,000	Balance carried to Balance sheet— General branch	—	201,114
					—	203,559			
£1,307,161	503,559		£1,640,186	767,781	£1,307,161	503,559		£1,640,186	767,781

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COMMON CONTINGENCY FUND ACCOUNT

for the year ending 31st December, 1950.

1949 £		£	1949 £		£
3,333,355	Amount of Common contingency fund at the beginning of the year	3,386,220	10,686	Profits tax	10,165
106,830	Interest and dividends	106,397	43,279	Income tax	41,166
			3,386,220	Amount of Common contingency fund at the end of the year	3,441,286
<u>£3,440,185</u>		<u>£3,492,617</u>	<u>£3,440,185</u>		<u>£3,492,617</u>

SPECIAL CONTINGENCY FUND ACCOUNT

for the year ending 31st December, 1950.

1949 £		£	1949 £		£
6,217,998	Amount of Special contingency fund at the beginning of the year	6,149,162	—	Transfer to Prudential Staff Pension Scheme	469,797
176,423	Interest and dividends	194,989		Taxation—	
51,315	Tax recoverable in respect of centenary bonus	—	19,124	Profits tax	20,314
—	Estimated tax recoverable in respect of transfer to Prudential Staff Pension Scheme	218,000	77,450	Income tax	82,272
			200,000	Amount written off investments	—
			6,149,162	Amount of Special contingency fund at the end of the year	5,989,768
<u>£6,445,736</u>		<u>£6,562,151</u>	<u>£6,445,736</u>		<u>£6,562,151</u>

COMMON AND SPECIAL CONTINGENCY FUNDS

BALANCE SHEET

31st December, 1950.

Common 1949.	Special 1949.	LIABILITIES.	Common.	Special.	Common 1949.	Special 1949.	ASSETS.	Common.	Special.
£	£		£	£	£	£		£	£
3,386,220	6,149,162	Contingency funds	3,441,286	5,989,768	2,792,713	4,172,709	Investments after deducting reserve—	2,792,399	4,009,411
10,686	19,124	Current liabilities and provisions—	10,165	20,314	250,847	525,224	British Government securities	250,847	582,685
		Profits tax			—	389,395	British Government guaranteed securities	—	400,000
					196,667	385,544	Debenture in a subsidiary guaranteed under Trade Facilities Acts, not dealt with in group accounts	171,667	336,200
					40,000	—	Municipal and county securities, United Kingdom	40,000	—
					57,286	384,081	Public Board securities	58,000	374,080
					—	15,339	Dominion and Colonial Government securities	—	9,000
					24,947	—	Dominion provincial securities	102,948	72,000
					1,100	188,891	Debentures and debenture stocks home and foreign	—	—
					20,000	50,000	Current Assets—	9,505	216,732
					13,346	57,103	Estimated tax recoverable	—	—
							Balances at Bankers—	28,085	9,974
							On deposit in United Kingdom		
							On current account in United Kingdom		
<u>£3,396,906</u>	<u>6,168,286</u>		<u>£ 3,451,451</u>	<u>6,010,082</u>	<u>£3,396,906</u>	<u>6,168,286</u>		<u>£ 3,451,451</u>	<u>6,010,082</u>

The Prudential Assurance Company Limited.

BALANCE

Ordinary Branch 1949.	Industrial Branch 1949.	General Branch 1949.	Total 1949.	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
2,000,000	4,000,000	350,000	6,350,000	1,000,000 B shares of £1 each, 4s. paid	—	—	—	—
300,361	308,254	—	608,615	Branch contingency funds	5,000,000	8,400,000	400,000	13,800,000
—	—	203,559	203,559	Special dividend reserve fund	322,963	455,005	—	777,968
209,060,516	—	—	209,060,516	Appropriation account—balance carried forward	—	—	201,114	201,114
—	323,335,482	—	323,335,482	Life assurance fund, Ordinary branch	224,882,377	—	—	224,882,377
—	—	1,662,660	8,406,366	Industrial assurance fund	—	334,107,443	—	334,107,443
—	—	755,448		General branch insurance funds—	—	—	1,732,839	9,162,329
—	—	668,875		Fire	—	—	836,559	
—	—	531,670		Sickness and accident	—	—	793,904	
—	—	2,226,037		Motor vehicle	—	—	680,405	
—	—	662,176		Miscellaneous	—	—	2,093,938	
—	—	1,900,000		Sinking fund	—	—	784,730	
—	—	—	—	Marine	—	—	2,300,000	
—	—	—	—	Additional reserve	—	—	—	—
2,049,904	610,395	—	2,660,299	Current liabilities and provisions—	—	—	—	—
—	—	934,331	2,204,398	Claims admitted or intimated, but not paid, less amounts recoverable under reinsurances—	2,146,146	705,632	—	2,851,778
—	—	816,765		Life	—	—	1,031,877	2,593,281
—	—	453,666		Fire	—	—	829,141	
—	—	196		Motor vehicle	—	—	523,273	
9,026	—	—	9,026	Miscellaneous	—	—	44,000	
394,033	192,312	78,782	665,632	Sinking fund	—	—	—	—
205,903	—	22	205,930	Annuities due and unpaid	11,978	—	—	11,978
—	—	318,117	373,594	Outstanding commission and expenses	417,210	200,796	185,163	783,169
—	—	2,911		Premiums received in advance	189,497	—	6,038	195,535
—	—	60,250		Amounts due on reinsurance account—	—	—	—	—
—	—	2,316		Fire	—	—	396,213	529,634
—	100	45,871	45,971	Sickness and accident	—	—	3,349	
—	—	—	—	Motor vehicle	—	—	128,527	
—	—	—	—	Miscellaneous	—	—	1,545	
—	—	—	—	Marine	—	—	47,245	
—	963,464	—	963,464	Amounts due to subsidiaries	—	100	—	100
209,257	95,146	15,304	319,707	Bonus allocation to members of Company's out-door staff	—	—	—	—
2,037,099	357,515	4,667	2,449,281	£1,064,299	—	—	—	—
66,470	—	42,639	109,109	Add balance brought forward	—	1,055,619	—	1,055,619
151,036	323,153	63,034	537,273	Other creditors	210,813	85,750	38,273	334,836
—	—	239,148	239,148	Sundry brokers for investments purchased	1,702,413	1,345,775	127,739	3,175,927
3,552	25,743	—	29,295	Overseas taxes	96,630	—	63,711	160,341
237,121	701,421	100,000	1,038,542	Profits tax, including reserve for future liability in respect of Special dividend reserve fund	284,958	521,528	161,327	967,813
—	—	—	—	United Kingdom income tax including reserve for future liability on profits earned to date	—	—	379,946	379,946
—	—	—	—	War damage contributions	1,341	25,094	—	26,435
—	—	—	—	Dividends declared	458,989	793,114	116,667	1,368,770
£216,774,338	332,163,435	12,328,384	561,266,257	Common contingency fund	—	—	—	3,451,451
—	—	—	3,396,906	Special contingency fund	—	—	—	6,010,083
—	—	—	6,168,286	(per separate Balance sheet)	—	—	—	—
—	—	—	£ 670,831,449		£ 225,725,288	343,945,856	14,137,537	583,808,681

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.

F. M. REDINGTON, *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, 1950, 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, 1950, 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.

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NOTES TO THE BALANCE SHEET.

1949.		1950.
£		£
130,000	Instalments on investments held due after 31st December ...	835,000
3,319,000	Commitments for settlement after 31st December ...	5,977,000
2,850,000	Uncalled capital on investments held ...	2,885,000
1,730,000	Reserve liability on shares, etc. ...	1,735,000

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—

1949.		1950.
£		£
39,500	Australia ...	39,500
8,487,000	Canada ...	9,487,000
490,000	Egypt ...	509,500
14,000	India ...	14,000
10,000	Israel ...	10,000
49,500	New Zealand ...	49,000
10,500	Pakistan ...	10,500
900	Palestine ...	—
500	Poland ...	500
10,000	South Africa ...	10,000
4,500	Southern Rhodesia ...	5,500

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 aggregate amount of the Directors' remuneration for the year was £53,977. (1949, £56,781).

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, 1950, 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, 1950, 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 1949 and disclose, at the rate of exchange on the 31st December, 1950, an accumulated profit of £5,960 of which £1,988 relates to 1949. No part of such profits is dealt with in this Company's accounts for 1950. 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.

Certain of the 1949 figures have been re-arranged to conform with the method of presentation adopted for 1950.

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

REVENUE ACCOUNT
for the year ending 31st December, 1950.

1949 £		£	1949 £		£
	Amount of insurance fund at the beginning of the year—		481,390	Claims under policies paid and outstanding	604,251
1,382,075	Provision for unexpired risks	1,370,240	478,132	Commission	419,500
1,100,794	Premiums	1,045,525	53,569	Expenses of management	43,110
			99,538	Transfer to Profit and loss account	121,909
				Amount of insurance fund at the end of the year—	
			1,370,240	Provision for unexpired risks	1,226,995
<u>£2,482,869</u>		<u>£2,415,765</u>	<u>£2,482,869</u>		<u>£2,415,765</u>

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

PROFIT AND LOSS ACCOUNT
for the year ending 31st December, 1950.

1949 £		£	1949 £		£
512,994	Balance (earned surplus) brought forward from previous year	624,179	62,178	Taxes	82,114
77,136	Interest and dividends	81,620	3,527	Investment expenses	3,030
2,778	Profit on sale of securities	23,109	2,562	Amounts written off securities	3,054
99,538	Transfer from Revenue account	121,909	—	Dividend to Shareholders	21,429
			624,179	Balance (earned surplus) as per Balance sheet	741,190
<u>£692,446</u>		<u>£850,817</u>	<u>£692,446</u>		<u>£850,817</u>

BALANCE SHEET
31st December, 1950.

LIABILITIES.			ASSETS.		
1949 £		£	1949 £		£
214,286	Authorized and Issued capital—	214,286	1,829,110	Investments (at or under cost)—	
321,428	8,000 shares of \$100 each, fully paid	321,428	440,171	United States Government securities	2,033,521
	Capital reserve (surplus paid in)		111,909	Debentures and bonds	365,297
624,179	Profit and loss account balance (earned surplus)	741,190	201,937	Preference stocks and shares	120,639
1,370,240	Insurance fund	1,226,995		Ordinary stocks and shares	204,286
	Current liabilities—		17,857	Current assets—	
244,295	Outstanding claims	329,644	8,670	Deposit at interest	17,857
138,174	Outstanding commission and expenses	125,791	439,070	Interest and dividends accrued	9,980
214,349	Amounts due on reinsurance account	107,615		Amounts due on reinsurance account	284,048
48,716	Taxation	84,431	126,943	Balance at Bankers on current account and Cash in hand	115,752
<u>£3,175,667</u>		<u>£3,151,380</u>	<u>£3,175,667</u>		<u>£3,151,380</u>

All items have been converted at the rate of \$2.80 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.

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

Directors' Report
and
Statement of Accounts
Year ending 31st December, 1950.

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 10th May, 1951, 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, 1950, for re-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 :—

Mr. Edward Joseph William Borrajo, M.B.E., A.I.A. (69) and Colonel Percy Lester Reid, C.B.E. (68).

By Order of the Board of Directors,

C. W. A. RAY,

L. BROWN,

Joint Secretaries.

17th April, 1951.

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.

PRINTED IN ENGLAND.

W. & A. (100100) 20.2/51

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