

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

(INCORPORATED IN ENGLAND.)



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

One Hundred and Third
Annual Report
and
Statement of Accounts
Year ending 31st December, 1951.

P00002926

THE PRUDENTIAL ASSURANCE COMPANY LIMITED.

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, Q.C.

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

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

J. EDEY, F.I.A.

W. E. H. HICKOX, 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.

ss

THE PRUDENTIAL ASSURANCE COMPANY LIMITED.

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 22nd May, 1952, 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, 1951, 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.

By Order of the Board of Directors,

C. W. A. RAY,

L. BROWN,

Joint Secretaries.

29th April, 1952.

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.

THE PRUDENTIAL ASSURANCE COMPANY LIMITED.

ONE HUNDRED AND THIRD ANNUAL REPORT

Year ending 31st December, 1951.

THE DIRECTORS have the honour to submit their Report and Accounts for 1951.

A revision of the Company's Articles of Association which had as its main immediate object an improvement in the policyholders' share of the profits in the Industrial Branch was adopted by the shareholders on 14th February, 1952. This is a culminating step in the well-established tradition of improving the basis of apportionment of profits in favour of policyholders which was begun in the year 1907 when participation was first granted to Industrial Branch policyholders. The latest revision brings the basis in the Industrial Branch and in the Ordinary Branch into line, the apportionment of the distributable profits now being determined at the discretion of the Directors subject in each Branch to the allocation of at least 90 per cent. to policyholders. In respect of the year 1951 the allocations have been made in the proportions of 90 per cent. for policyholders and 10 per cent. for shareholders.

The **Assets** of the Company amount to **£645,529,034**, as compared with **£608,270,214** at 31st December, 1950.

The **Income** from all sources during 1951 was **£111,946,953** as compared with **£103,533,383** in 1950.

ORDINARY BRANCH.

The number of life assurance policies issued during the year was **141,640** assuring the sum of **£107,579,849** and producing an annual premium income of **£4,270,961**. These figures include, in respect of overseas business, **42,067** policies assuring the sum of **£39,400,314** and producing an annual premium income of **£1,368,071**.

The number of life assurance policies in force on 31st December, 1951, was **1,391,946** assuring with bonus **£752,204,181**, and producing an annual premium income of **£30,008,721**. The immediate annuities payable were **17,100** in number and amounted to **£1,265,723** per annum. In addition there were **345,532** deferred and contingent annuities securing **£11,697,095** per annum and producing an annual premium income of **£6,099,185**.

The revenue premiums for the year were **£35,443,153** including over **£8,100,000** in respect of overseas business. The consideration for immediate annuities granted was **£168,813**. The claims for the year amounted to **£12,868,636**. There were death claims for sums assured, including bonuses, of **£3,855,102** and matured endowments for sums assured, including bonuses, of **£9,013,534**.

The surplus for the year is **£6,345,291** which, together with **£502,465** brought forward from last year, amounts to **£6,847,756**. This has been allocated as follows :—

	£
To Ordinary Branch contingency fund	750,000
To bonus to participating policyholders	5,039,711
To Profit and loss account	559,967
To be carried forward	498,078

The Directors have declared, for participating policies, bonuses in respect of the year 1951 as follows :—

ASSURANCES.

- (1) Reversionary bonuses for policies of classes issued in the United Kingdom **£1 10s. per £100 sum assured.**
- (2) Reversionary bonuses for policies of overseas classes issued in
 - (a) Australia and New Zealand **£1 6s. per £100 sum assured.**
 - (b) Canada **£1 8s. per £100 sum assured.**
 - (c) South Africa, East Africa, the Rhodesias and Nyasaland **£1 18s. per £100 sum assured.**
 - (d) Cyprus and Malta **£1 10s. per £100 sum assured.**
 - (e) other overseas territories **£1 0s. per £100 sum assured.**

GROUP PENSION BUSINESS.

- (1) Compound reversionary bonus on deferred pensions **£1 5s. pension per £100 deferred pension.**
- (2) Special final bonus on pensions (as increased by any existing bonus) commencing in 1952 :
 - (a) Males **£9 0s. pension per £100 pension.**
 - (b) Females **£11 0s. pension per £100 pension.**

INDUSTRIAL BRANCH.

The number of policies issued during the year was **1,437,774** assuring the sum of **£77,857,504** and producing an annual premium income of **£5,075,184**.

The number of policies in force on 31st December, 1951, including **5,914,990** free policies, was **31,220,930** under which the maximum sum assured, together with declared bonus, was **£951,118,907**. These policies produce an annual premium income of **£42,925,454**.

There
assur

amou

this
befor

1951
paid.

prov

over
writ
New

£4,8

£75,

am

the

19/
Di
un
ha
by
Di

wl
pa
5/
ba
D
ch

pe

S.

tl

F

P00002929

0973-004

The revenue premiums for the year were **£41,898,632**. The claims for the year amounted to **£22,239,717**. There were death claims for sums assured, including bonuses, of **£11,910,423**, and matured endowments for sums assured, including bonuses, of **£10,329,294**.

The surplus for the year is **£9,449,527** which, together with **£945,485** brought forward from last year, amounts to **£10,395,012**. This has been allocated as follows:—

	£
To Industrial Branch contingency fund	1,500,000
To bonus to participating policyholders	7,091,673
To Profit and loss account	787,963
To be carried forward	1,015,376

The surplus for the year is reduced by the change in method of providing for Outdoor Staff bonus from this Branch, consequent on the revision of the Articles of Association. This bonus is now met as an expense before determining the surplus instead of being an allocation from surplus.

The total expenses in this Branch, including the Outdoor Staff bonus, were **29·60** per cent. of the premiums.

The Directors have declared, for participating policies, a reversionary bonus in respect of the year 1951 at the rate of **£1 6s.** per **£100** sum assured, provided that not less than one year's premiums have been paid.

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 **£106,753,838**.

GENERAL BRANCH.

The total revenue premiums for the year, after deduction of reinsurances, were **£9,631,693**, including over **£4,900,000** in respect of overseas business. These figures do not include the premiums of **£1,468,221** 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 fifteen.

The number of sinking fund policies in force on 31st December, 1951, was **143** insuring capital sums of **£4,962,627** and producing an annual premium income of **£54,933**.

The amount of debentures, debenture stocks and estates for which the Company acts as trustee exceeded **£75,000,000** at the end of the year.

The surplus for the year is **£413,713** which, together with **£201,114** brought forward from last year, amounts to **£614,827**. This has been allocated as follows:—

	£
To Additional reserve fund	100,000
To General Branch contingency fund	200,000
To dividends to holders of A shares and B shares	116,667
To be carried forward	198,160

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.

In accordance with the intention expressed in their last report the Directors declared on 22nd November, 1951, a special dividend on the A shares of **2s. 6d.** per share for payment on 4th January, 1952, out of the Special Dividend Reserve Fund. They felt that after the revision of the Articles of Association it would be unreasonable to continue to defer payment of amounts already accrued to shareholders under Articles which had then been superseded, and accordingly the balance of the Special Dividend Reserve Fund was distributed by the payment on 7th March, 1952, of a special dividend on the A shares of **9s. 11·37d.** per share. The Special Dividend Reserve Fund has therefore been closed.

The Directors have declared in respect of the year 1951 a dividend on the A shares of **20s.** per share, of which **12s. 6d.** is payable on 23rd May, 1952, to the shareholders on the register on that date and **7s. 6d.** is payable on 13th November, 1952, 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, and **19s. 6½d.** from the profits of the Life branches. The balance, namely **£127,097**, of the shareholders' allocations from the Life branches has been placed to the new Dividend Reserve Fund established under the revised Articles of Association. In view of the permanent character of this fund a separate account has been opened and separate investments will be held.

The Directors have also declared a dividend on the B shares out of the General Branch profits of **1s. 9d.** per share payable on 23rd May, 1952, to the shareholders then on the register.

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

The Directors retiring by rotation are the Rt. 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., Q.C., M.P., who offer themselves for re-election.

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

GEORGE L. BARSTOW,
Chairman.

HOLBORN BARS,
8th April, 1952.

ORDINARY BRANCH REVENUE ACCOUNT

for the year ending 31st December, 1951.

LIFE ASSURANCE BUSINESS.

1950 £		£	1950 £		£
	Amount of life assurance fund at the beginning of the year	£224,882,377		Claims under policies paid and outstanding—	
209,060,516			3,545,576	By death	3,855,102
291,083	Add adjustment in exchange	473,995	8,803,079	By maturity	9,013,534
209,351,599			12,348,655		12,868,638
32,555,705	Premiums	225,356,372	2,401,426	Surrenders	2,667,450
	Consideration for annuities granted	35,448,153	77,546	Bonuses surrendered for cash	94,673
173,621		168,813	1,223,116	Annuities	1,258,943
	Interest, dividends and net rents (less amount written off terminable securities) ...	£9,694,381	1,721,128	Commission	1,995,898
8,513,211			2,940,144	Expenses of management	3,397,862
	Deduct Income tax (less estimated rebate in respect of 1951)	901,502	280,000	Profits tax	560,000
928,173			310,000	Transfer to Investment reserve account ...	330,000
7,585,038		8,792,879	3,000,000	Transfer to Branch contingency fund ...	750,000
			481,571	Transfer to Profit and loss account ...	559,967
			224,882,377	Amount of life assurance fund at the end of the year	245,282,788
£249,665,963		£269,766,217	£249,665,963		£269,766,217

The number of policies issued during the year was 141,640, assuring a sum of £107,579,849 and producing an annual premium income of £4,270,961. The amount received in single premiums was £121,887.

The assurance funds include surpluses undivided between policyholders and shareholders, amounting to £502,465 at the beginning of the year and £498,078 at the end of the year.

INDUSTRIAL BRANCH REVENUE ACCOUNT

for the year ending 31st December, 1951.

INDUSTRIAL ASSURANCE BUSINESS.

1950 £		£	1950 £		£
	Amount of Industrial assurance fund at the beginning of the year	334,107,443		Claims under policies paid and outstanding—	
323,335,482			10,661,151	By death	11,910,423
40,148,060	Premiums	41,898,632	9,657,547	By maturity	10,329,294
13,097,918	Interest, dividends and net rents (less amount written off terminable securities) ...	£14,325,992	20,318,698		22,239,717
	Deduct Income tax (less estimated rebate in respect of 1951)	538,162	4,313,852	Surrenders	4,244,671
748,736			10,782,866	Expenses of management	12,403,183
12,349,182		13,787,830	520,000	Profits tax	710,000
			450,000	Transfer to Investment reserve account ...	470,000
			4,400,000	Transfer to Branch contingency fund ...	1,500,000
			939,865	Transfer to Profit and loss account ...	787,963
			334,107,443	Amount of Industrial assurance fund at the end of the year	347,438,371
£375,832,724		£389,793,905	£375,832,724		£389,793,905

The number of policies issued during the year was 1,437,774, assuring a sum of £77,857,504 and producing an annual premium income of £5,075,184.

The assurance funds include surpluses undivided between policyholders and shareholders amounting to £945,485 at the beginning of the year and £1,015,376 at the end of the year.

GENERAL BRANCH REVENUE ACCOUNTS

for the year ending 31st December, 1951.

FIRE INSURANCE BUSINESS.

1950 £	£	1950 £	£
	Amount of fire insurance fund at the beginning of the year—	1,735,357	Claims under policies paid and outstanding
1,662,660	Provision for unexpired risks	822,440	Commission
3,742,217	Premiums	666,787	Expenses of management
1,149	Exchange appreciation on currency assets held against currency liabilities	19,756	Contributions to fire brigades and fire prevention
			Exchange depreciation on currency assets held against currency liabilities
		428,847	Transfer to Profit and loss account
			Amount of fire insurance fund at the end of the year—
			Provision for unexpired risks, which amounts to 46.9 per cent. (46.3 per cent. for 1950) of the premium income for the current year
55,102		1,732,839	
13,534	£5,406,026	£5,406,026	1,903,757
88,636			£5,788,530
37,450			
34,873			
38,943			
15,898			
17,882			
10,000			
10,000			
10,000			
10,967			
12,788			
6,217			

SICKNESS AND ACCIDENT INSURANCE BUSINESS.

1950 £	£	1950 £	£
	Amount of sickness and accident insurance fund at the beginning of the year—	206,202	Payments under policies, including medical and legal expenses in connection therewith
218,812	Provision for unexpired accident and disability risks	75,931	Commission
	Further provision for renewable accident and disability risks	148,207	Expenses of management
426,937	Provision for permanent sickness risks	105,986	Transfer to Profit and loss account
17,693	Total estimated liability in respect of outstanding accident and disability claims		Amount of sickness and accident insurance fund at the end of the year—
92,006		244,529	Provision for unexpired accident and disability risks, which amounts to 40 per cent. of the premium income for the current year
755,448	Add adjustment in exchange	464,228	Further provision for renewable accident and disability risks
2,332		17,978	Provision for permanent sickness risks
757,780			Total estimated liability in respect of outstanding accident and disability claims
611,321	Premiums—	109,824	
3,165	Accident and disability	836,559	
614,486	Permanent sickness		
599	Interest on permanent sickness provision		
1,372,865		£1,372,865	910,964
	£1,550,122		£1,550,122

MOTOR VEHICLE INSURANCE BUSINESS.

1950 £	£	1950 £	£
	Amount of motor vehicle insurance fund at the beginning of the year—	1,006,874	Claims under policies paid and outstanding
642,588	Provision for unexpired risks	247,232	Commission
26,287	Provision for motor vehicles laid up	411,557	Expenses of management
668,875		125,500	Transfer to Profit and loss account
4,714	Add adjustment in exchange		Amount of motor vehicle insurance fund at the end of the year—
673,589		764,591	Provision for unexpired risks, which amounts to 40 per cent. of the premium income for the current year
1,911,478	Premiums	29,313	Provision for motor vehicles laid up
	Transfer from Profit and loss account	793,904	
£2,585,067		£2,585,067	923,378
	£3,081,831		£3,081,831

P00002932

0973-007

GENERAL BRANCH REVENUE ACCOUNTS—continued.

MISCELLANEOUS INSURANCE BUSINESS.

1950 £		£	1950 £		£
	Amount of miscellaneous insurance fund at the beginning of the year—		559,282	Claims under policies paid and outstanding	904,738
531,670	Provision for unexpired risks	£680,405	305,343	Commission	385,727
4,497	Add adjustment in exchange	6,921	351,658	Expenses of management	455,741
			280,280	Transfer to Profit and loss account ...	215,528
				Amount of miscellaneous insurance fund at the end of the year—	
536,167		687,328		Provision for unexpired risks, which amounts to 41.6 per cent. (42.1 per cent. for 1950) of the premium income for the current year	888,823
1,617,829	Premiums	2,136,734	680,405		
22,972	Trustee and executor fees	28,502			
			£2,176,968		£2,850,563
£2,176,968		£2,850,562			

SINKING FUND INSURANCE BUSINESS.

1950 £		£	1950 £		£
	Amount of sinking fund insurance fund at the beginning of the year	2,093,952	251,189	Claims under policies paid and outstanding	189,081
2,226,037			1,693	Surrenders	427
58,298	Premiums	55,052	—	Commission	—
70,259	Interest and dividends	70,550	1,166	Expenses of management	1,101
			6,594	Transfer to Profit and loss account ...	8,480
				Amount of sinking fund insurance fund at the end of the year	2,020,465
			2,093,952		
£2,354,594		£2,219,554	£2,354,594		£2,219,554

MARINE, AVIATION AND TRANSIT INSURANCE BUSINESS.

Total 1950		Current Year.	Last Preced- ing Year.	Previous Years.	Total.	Total 1950		Current Year.	Last Preced- ing Year.	Previous Years.	Total.
£	Amount of marine, aviation and transit insurance fund at the beginning of the year	£	£	£	£	£	Claims paid (less salvages, refunds and re-insurance recoveries)—risks other than aviation hull risks...	£	£	£	£
662,176		—	224,988	499,742	724,730	237,790	— Enemy debts written off	84,698	77,422	57,014	219,134
	Premiums (less brokerage, discount, commission, returns and reinsurances)—risks other than aviation hull risks	407,281	25,489	—1,916	430,834	—	Expenses of management	—	—	11	11
381,731						14,923	Agency expenses	15,339	511	—	15,850
989	Profit on exchange	—	—	—	—	8,737	Agents' and other profit commissions...	10,179	619	60	10,858
						15,716	— Loss on exchange	—	2,289	18,320	20,609
						—	Transfer to Profit and loss account	1,771	—7	13	1,777
						43,000	Amount of marine, aviation and transit insurance fund at the end of the year	—	—	70,000	70,000
								295,294	169,623	352,408	817,325
£1,044,896					£1,155,564	£1,044,896					£1,155,564

P00002933

0973-008

PROFIT AND LOSS ACCOUNT for the year ending 31st December, 1951.

ORDINARY AND INDUSTRIAL BRANCHES.

£	1950 £	£	1950 £	£
904,738				
385,727				
455,741				
215,528				
	481,571	559,967	1,421,436	1,347,930
	939,865	787,963		
	<u>1,421,436</u>	<u>1,347,930</u>	<u>1,421,436</u>	<u>1,347,930</u>

388,828
350,562

GENERAL BRANCH.

£	1950 £	£	1950 £	£
	Transfers from Revenue accounts—			
	Ordinary branch	£391,958		
	Industrial branch	100,103		
	Miscellaneous	215,528		
	Sinking fund	8,480		
	Marine	70,000		
		<u>786,069</u>		
	Less Transfer to Motor vehicle Revenue account	34,637		
		<u>751,432</u>		
	990,187			
	Interest and dividends not carried to other accounts ...	386,281		
	<u>1,313,800</u>	<u>1,137,713</u>	<u>1,313,800</u>	<u>1,137,713</u>

£
9,081
427
1,101
3,480
3,465
3,554

APPROPRIATION ACCOUNT for the year ending 31st December, 1951.

Ordinary and Industrial Branches 1950.	General Branch 1950.		Ordinary and Industrial Branches.	General Branch.	Ordinary and Industrial Branches 1950.	General Branch 1950.		Ordinary and Industrial Branches.	General Branch.
£	£		£	£	£	£		£	£
		Balance brought forward from previous year—					Provision for special dividends (free of income tax) to holders of A shares— 2s. 6d. per share paid 4th January, 1952 and 9s. 11-37d. per share paid 7th March, 1952	777,968	—
	203,559	General branch	—	201,114			Transfer to Additional reserve fund	—	100,000
108,884	—	Transfer from Special dividend reserve fund—					Transfer to Branch contingency fund	—	200,000
109,866	—	Ordinary branch	322,963	—			Transfer to Special dividend reserve fund—		
		Industrial branch	455,005	—	218,750	—	Ordinary branch	—	—
1,421,436	564,222	Transfers from Profit and loss account	1,347,930	413,713	—	400,000	Industrial branch	—	—
						50,000	Transfer to Dividend reserve fund (A shares)	127,097	—
							Provision for dividends (free of income tax) in respect of 1951 to holders of—		
							A shares	1,220,833	29,167
							B shares	—	87,500
							Balance carried to Balance sheet—		
							General branch	—	198,160
<u>1,640,186</u>	<u>767,781</u>		<u>1,125,898</u>	<u>614,827</u>	<u>1,640,186</u>	<u>767,781</u>		<u>1,225,898</u>	<u>614,827</u>

COMMON CONTINGENCY FUND ACCOUNT

for the year ending 31st December, 1951.

1950 £		£	1950 £		£
	Amount of Common contingency fund at the beginning of the year	3,441,286		Taxation—	
3,386,220			10,165	Profits tax	10,815
106,397	Interest and dividends	110,189	41,166	Income tax	44,723
			3,441,286	Amount of Common contingency fund at the end of the year	3,405,937
<u>£3,492,617</u>		<u>£3,551,475</u>	<u>£3,492,617</u>		<u>£3,551,475</u>

£3,4

SPECIAL CONTINGENCY FUND ACCOUNT

for the year ending 31st December, 1951.

1950 £		£	1950 £		£
	Amount of Special contingency fund at the beginning of the year	5,989,768	469,797	Transfer to Prudential Staff Pension Scheme	—
6,149,162				Taxation—	
194,989	Interest and dividends	185,118	20,314	Profits tax	16,274
			82,272	Income tax	54,468
218,000	Tax recoverable in respect of transfer to Prudential Staff Pension Scheme	—	—	Amount written off investments	450,000
			5,989,768	Amount of Special contingency fund at the end of the year	5,664,154
<u>£6,562,151</u>		<u>£6,174,886</u>	<u>£6,562,151</u>		<u>£6,174,886</u>

5,9

£6,01

DIVIDEND RESERVE FUND ACCOUNT

(A Shares)

for the year ending 31st December, 1951.

1950 £		£	1950 £		£
—	Transfer from Appropriation account	127,097	—	Amount of Dividend reserve fund at the end of the year	127,097
<u>£ —</u>		<u>£127,097</u>	<u>£ —</u>		<u>£127,097</u>

15
1

£ —

COMMON CONTINGENCY FUND

BALANCE SHEET

31st December, 1951.

£		LIABILITIES.		ASSETS.	
1950	£		£	1950	£
10,815	3,441,286	Common contingency fund	3,495,937	Investments—	
44,723		Current liabilities and provisions—		2,792,399	British Government securities
405,937	10,165	Profits tax	10,980	250,847	British Government guaranteed securities
				171,667	Municipal and county securities, United Kingdom
551,475				40,000	Public Board securities
				56,000	Other Commonwealth Government securities
				102,948	Debentures and debenture stocks home and foreign
				Current assets—	
				9,505	Estimated tax recoverable... ..
					Balance at Bankers—
				28,085	On current account in the United Kingdom
	<u>£3,451,451</u>		<u>£3,506,917</u>		<u>£3,506,917</u>

SPECIAL CONTINGENCY FUND

BALANCE SHEET

31st December, 1951.

£		LIABILITIES.		ASSETS.	
1950	£		£	1950	£
5,989,768		Special contingency fund	5,654,154	Investments—	
		Current liabilities and provisions—		4,009,411	British Government securities
20,314		Profits tax	16,588	582,685	British Government guaranteed securities
					Debenture in a subsidiary guaranteed under Trade Facilities Acts, not dealt with in group accounts
				400,000	Municipal and county securities, United Kingdom
				336,200	Other Commonwealth Government securities
				374,080	Other Commonwealth provincial securities
				9,000	Debentures and debenture stocks home and foreign
				72,000	Current assets—
					Sundry brokers for investments sold
					Estimated tax recoverable
					Balance at Bankers—
				9,974	On current account in the United Kingdom
	<u>£6,010,082</u>		<u>£5,670,742</u>		<u>£5,670,742</u>

DIVIDEND RESERVE FUND

(A Shares)

BALANCE SHEET

31st December, 1951.

£		LIABILITIES.		ASSETS.	
1950	£		£	1950	£
—		Dividend reserve fund	127,097	Current Assets—	
				Balance at Bankers—	
				On current account in the United Kingdom	127,097
			<u>£127,097</u>		<u>£127,097</u>

P00002936

0973-011

The Prudential Assurance Company Limited.

BALANCE

Ordinary Branch 1950.	Industrial Branch 1950.	General Branch 1950.	Total 1950.	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
5,000,000	8,400,000	400,000	13,800,000	1,000,000 B shares of £1 each, 4s. paid...	—	—	—	—
—	—	201,114	201,114	Branch contingency funds (see statement at foot of Balance sheet)	5,750,000	9,900,000	600,000	16,250,000
224,882,377	—	—	224,882,377	Appropriation account—balance carried forward ...	—	—	198,160	198,160
—	334,107,443	—	334,107,443	Life assurance fund, Ordinary branch	245,282,788	—	—	245,282,788
—	—	1,732,839	1,732,839	Industrial assurance fund	—	347,438,371	—	347,438,371
—	—	836,659	836,659	General branch insurance funds—	—	—	1,903,757	1,903,757
—	—	793,904	793,904	Fire	—	—	910,964	910,964
—	—	680,405	680,405	Sickness and accident	—	—	923,378	923,378
—	—	2,093,952	2,093,952	Motor vehicle	—	—	888,828	888,828
—	—	724,730	724,730	Miscellaneous	—	—	2,020,465	2,020,465
—	—	2,300,000	2,300,000	Sinking fund	—	—	817,325	817,325
—	—	—	—	Marine	—	—	2,400,000	2,400,000
—	—	—	—	Additional reserve	—	—	—	—
—	—	—	—	Current liabilities and provisions—	—	—	—	—
—	—	—	—	Claims admitted or intimated, but not paid, less amounts recoverable under reinsurance—	—	—	—	—
2,146,146	705,632	—	2,851,778	Life	2,062,816	709,142	—	2,801,958
—	—	1,031,877	1,031,877	Fire	—	—	1,077,619	1,077,619
—	—	929,141	929,141	Motor vehicle	—	—	1,144,070	1,144,070
—	—	528,273	528,273	Miscellaneous	—	—	834,315	834,315
—	—	44,000	44,000	Sinking fund	—	—	2,140	2,140
11,976	—	—	11,976	Annuities due and unpaid	13,815	—	—	13,815
417,210	1,256,415	165,163	1,838,788	Outstanding commission and expenses ...	482,445	1,405,099	346,586	2,214,130
189,487	—	6,038	195,525	Premiums received in advance	191,640	—	6,917	198,557
—	—	398,213	398,213	Amounts due on reinsurance account—	—	—	439,145	439,145
—	—	3,349	3,349	Fire	—	—	5,158	5,158
—	—	126,527	126,527	Sickness and accident	—	—	151,748	151,748
—	—	1,645	1,645	Miscellaneous	—	—	6,148	6,148
—	100	47,245	47,345	Marine	—	100	56,365	56,465
210,813	85,750	38,273	334,836	Amounts due to subsidiaries	—	—	—	—
1,702,418	1,345,775	127,739	3,175,932	Other creditors	231,785	120,620	56,236	408,641
96,630	—	68,711	165,341	Sundry brokers for investments purchased ...	641,744	1,180,779	2,040	1,824,563
284,958	521,528	161,327	967,813	Overseas taxes	98,358	—	60,629	158,987
—	—	379,946	379,946	Profits tax	661,167	874,376	189,834	1,725,377
—	—	26,435	26,435	United Kingdom income tax including reserve for future liability on profits earned to date	—	—	537,829	537,829
1,341	25,094	116,667	1,150,000	War damage contributions	1,277	22,834	—	24,111
350,085	683,248	—	1,033,333	Dividends declared in respect of 1951	507,167	713,666	116,667	1,337,500
322,963	455,005	—	777,968	Special dividend reserve fund	—	—	—	—
108,884	109,866	—	218,750	Dividends declared from Special dividend reserve fund	322,963	455,005	—	777,968
£235,725,288	348,945,866	14,137,537	598,808,681	Common contingency fund	—	—	—	—
—	—	—	3,451,451	Special contingency fund	—	—	—	—
—	—	—	6,010,082	Dividend reserve fund (A shares)	—	—	—	—
—	—	—	—	(per separate Balance sheets)	—	—	—	—
—	—	—	£608,270,214		—	—	—	—

The notes on page 14 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.*

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 purpose other than those of the class of business to which the fund is applicable. We certify that in our belief the value at 31st December, 1951 of the assets set forth in the Balance sheet is in the aggregate in excess of the amount stated therein, after taking into account the Branch contingency funds. For the purpose of this certificate the values of the quoted Stock Exchange securities have been taken at middle market prices as at that date and the values of other assets have been estimated by the Directors.

The amounts at which the Stock Exchange securities are stated in the Balance sheet are determined under the Articles of Association of the Company as amended by the Directors; individual groups of securities appear at amounts which are above or below the values at 31st December, 1951.

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 the 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 accounts give the information required by the Companies Act, 1948, in the manner so required which in relation to Assurance Companies is modified by Part III of the Eighth Schedule to that Act in regard to reserves and provisions and aggregate market value of quoted investments, to which reference is made in the statement at the foot of the balance sheet. 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, 1951, 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 there indicated, for the year ended on that date.

REPORT OF THE AUDITORS TO THE MEMBERS OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED

No part of any fund has been applied directly or indirectly for any purpose other than those of the class of business to which the fund is applicable. We certify that in our belief the value at 31st December, 1951 of the assets set forth in the Balance sheet is in the aggregate in excess of the amount stated therein, after taking into account the Branch contingency funds. For the purpose of this certificate the values of the quoted Stock Exchange securities have been taken at middle market prices as at that date and the values of other assets have been estimated by the Directors.

P00002937

0973-012

Total	Ordinary Branch 1950.	Industrial Branch 1950.	General Branch 1950.	Total 1950.	ASSETS.	Ordinary Branch.	Industrial Branch.	General Branch.	Total
£	£	£	£	£		£	£	£	£
1,250,000	5,931,057	1,403,995	—	7,335,052	Mortgages—				
200,000	2,702,345	208,797	400	2,911,542	On property within the United Kingdom ...	6,643,966	2,600,185	—	9,244,151
					On property out of the United Kingdom ...	5,082,131	448,372	400	5,530,903
10,250,000	1,211,587	6,943,070	—	8,154,657	Loans—				
	17,361	—	—	17,361	On parochial and other public rates ...	1,145,002	6,683,696	—	7,828,698
198,100	407,025	800,000	—	1,207,025	On Life interests ...	17,300	—	—	17,300
					On Stocks and shares ...	404,775	800,000	—	1,204,775
45,282,768	4,163,931	999,688	—	4,163,931	On Company's policies within their surrender values ...	4,008,574	—	—	4,008,574
17,438,371	610,449	605,147	—	1,215,596	Without specific security ...	511,236	1,499,688	—	2,010,924
	33,137	—	—	33,137	To subsidiaries ...	533,423	604,764	—	1,138,187
					Investments—				
	16,000	—	20,300	36,300	Deposits with the High Court—				
			22,000	22,000	3½% War Stock ...	16,000	—	20,300	36,300
					3% Savings Bonds 1965/75 ...	—	—	22,000	22,000
9,864,717	18,700	—	—	18,700	Deposit with the Supreme Court of Judicature in the Republic of Ireland—				
	64,107,896	131,089,766	2,646,983	197,844,645	3½% War Stock ...	18,700	—	—	18,700
	25,894,981	47,943,023	930,495	77,768,504	British Government securities ...	60,928,454	125,395,646	2,652,944	188,977,044
					British Government guaranteed securities ...	33,076,924	54,908,867	1,107,270	89,091,061
	1,231,100	3,228,886	160,500	4,620,486	Securities guaranteed under Trade Facilities and other Acts ...	1,234,800	2,978,450	97,500	4,310,750
	2,161,159	4,277,859	676,603	7,115,621	Municipal and county securities, United Kingdom ...	2,632,529	4,298,060	676,603	7,606,092
2,301,960	497,326	1,431,542	153,373	2,082,241	Public Board securities ...	722,326	1,080,233	178,373	1,980,932
	13,168,026	3,845,406	808,131	17,819,563	Other Commonwealth Government securities ...	13,311,424	4,479,861	857,505	18,648,490
	1,533,518	—	165,814	1,699,332	Other Commonwealth provincial securities ...	1,722,443	—	210,544	1,932,987
3,058,144	2,879,244	306,374	137,273	3,371,891	Other Commonwealth municipal securities ...	3,326,764	304,274	263,645	3,894,683
	1,384,827	1,266,229	329,407	2,980,463	Foreign Government securities ...	1,208,212	909,637	434,068	2,541,917
	2	4,317	500	5,319	Foreign provincial securities ...	2	9,003	500	9,505
13,215	88,419	61,314	21,571	161,304	Foreign municipal securities ...	134,578	43,586	21,571	199,735
3,214,120	20,867,555	39,537,753	2,649,901	73,055,209	Debentures and debenture stocks and gold and sterling bonds—home and foreign ...	37,330,367	45,498,730	3,195,922	85,925,019
198,587	19,575,439	25,767,260	1,363,388	46,706,087	Preference and guaranteed stocks and shares ...	21,079,158	26,948,962	1,589,529	49,617,649
	24,392,690	36,992,178	377,938	62,762,806	Ordinary stocks and shares ...	27,471,365	37,686,338	468,824	65,626,527
					Subsidiaries not dealt with in group accounts—				
602,127	200,000	250,000	—	450,000	Debenture stocks ...	200,000	250,000	—	450,000
	60,700	25,000	—	85,700	Preference shares ...	50,700	25,000	—	75,700
56,468	164,311	340,823	15,331	520,465	Ordinary shares ...	158,106	330,817	15,532	504,455
	18,405	—	—	18,405	Rent charges ...	15,834	—	—	15,834
408,641	772,142	9,005,383	—	9,777,525	Freehold ground rents and feu duties ...	923,359	8,915,956	—	9,839,315
824,568	25,895	34,001	—	59,896	Leasehold ground rents ...	25,895	33,996	—	59,891
158,987	9,936,792	10,988,464	—	20,925,256	House property—				
725,377	7,355,777	7,043,683	—	14,399,460	In the United Kingdom—Freehold ...	11,821,642	11,799,803	—	23,621,445
	674,996	—	—	674,996	—Leasehold ...	8,488,226	8,929,311	—	17,417,537
537,829	457	—	—	457	Out of the United Kingdom ...	769,244	—	—	769,244
24,111	—	—	—	—	Reversions ...	1,157	—	—	1,157
387,500	—	—	342,497	342,497	Fixed assets—				
					Subsidiary dealt with in accounts annexed—				
777,968	—	3,555,194	—	3,555,194	Ordinary shares (at cost) ...	—	—	342,497	342,497
		95,264	—	95,264	Office premises (at cost, less amounts written off)—				
	738,109	—	—	738,109	In the United Kingdom—Freehold ...	—	3,489,736	—	3,489,736
					—Leasehold ...	—	93,947	—	93,947
	324,537	40,000	502,212	866,749	Out of the United Kingdom ...	753,468	—	—	753,468
	485,433	—	444,244	929,677	Current assets—				
886,768	462,640	562,128	1,911,536	3,836,304	Deposits at interest at home and abroad ...	77,805	40,000	331,835	448,640
354,172	278,330	4,313	636,815	1,218,255	Agents' balances ...	—	—	490,601	490,601
1,117,207	1,447,486	64,271	2,628,964	4,249,968	Commission paid in advance ...	607,859	—	—	607,859
	537	657	27,911	3,313,335	Outstanding premiums ...	1,009,079	631,748	1,173,866	2,814,723
	484,842	2,699	—	487,541	Outstanding interest, dividends, rents and fees ...	330,340	285,739	1,983	678,062
1,764,000	4,362,000	—	6,126,000	11,248,000	Interest, dividends, rents and fees accrued ...	1,218,255	1,491,153	70,134	2,779,542
48,455	465,682	65,332	579,449	1,053,519	Amounts due on reinsurance account ...	—	—	804,235	804,235
					Amounts due from subsidiaries ...	—	—	42,016	42,016
					Sundry brokers for investments sold ...	363,754	1,128,593	—	1,492,347
					Estimated income tax recoverable ...	2,322,000	5,169,000	—	7,491,000
					Other debtors ...	78,699	280,274	58,204	417,177
					Balances at Bankers and Cash in hand—				
					On deposit—				
	1,800,000	3,250,000	100,000	4,950,000	In the United Kingdom ...	1,650,000	3,550,000	300,000	5,500,000
	468,968	—	12,730	481,698	Out of the United Kingdom ...	402,254	—	56,281	458,535
	45,814	590,416	154,243	790,473	In hand and on current account—				
1,415,197	8,105	484,187	1,907,489	3,404,889	In the United Kingdom ...	83,442	403,839	68,926	553,257
					Out of the United Kingdom ...	1,294,389	6,808	344,698	1,645,895
24,273	235,725,238	348,945,856	14,137,537	598,808,681	Common contingency fund ...				3,506,917
06,917				3,451,451	Special contingency fund ...				5,670,742
770,748				6,010,082	Dividend reserve fund (A shares) ...				127,097
27,097				—	(per separate Balance sheets)				—
99,094				£608,270,214					£645,529,034

W. F. GARDNER, General Manager.

GEORGE L. BARSTOW, Chairman.

F. M. REDINGTON, Actuary.

C. W. A. RAY, }
L. BROWN, } Joint Secretaries.E. J. W. BORRAJO, }
F. W. MORGAN, } Directors.

April, 1952.

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.

April, 1952.

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

NOTES TO THE BALANCE SHEET.

1950.		1951.
£		£
835,000	Instalments on investments held due after 31st December ...	2,255,000
7,095,000	Capital commitments for settlement after 31st December ...	10,710,000
2,885,000	Uncalled capital on investments held ...	2,835,000
1,735,000	Reserve liability on shares, etc... ..	1,715,000

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 Overseas 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—

1950.		1951.
£		£
39,500	Australia	36,000
—	Burma	15,000
9,487,000	Canada	10,084,500
509,500	Egypt	494,500
14,000	India	14,000
10,000	Israel	10,000
49,000	New Zealand	48,000
10,500	Pakistan	10,500
500	Poland	500
10,000	South Africa	10,000
5,500	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 £50,353. (1950, £53,977).

Life, casualty and sinking fund revenue account transactions in overseas currencies have been brought in at the rates of exchange ruling on the 31st December, 1951, 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 overseas 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 overseas currencies where material have been converted into sterling at the rates ruling on the 31st December, 1951, except that in the case of certain investments in overseas 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 1950 and disclose, at the rate of exchange on the 31st December, 1951, an accumulated profit of £8,338 of which £2,368 relates to 1950. No part of such profits is dealt with in this Company's accounts for 1951. 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 1950 figures have been re-arranged to conform with the method of presentation adopted for 1951.

All in
this Compa

P00002939

0973-014

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

REVENUE ACCOUNT
for the year ending 31st December, 1951.

1950 £		£	1950 £		£
	Amount of insurance fund at the beginning of the year—		604,251	Claims under policies paid and outstanding	627,850
1,370,240	Provision for unexpired risks	1,226,995	419,500	Commission	541,029
1,045,525	Premiums	1,468,221	43,110	Expenses of management	50,660
			121,909	Transfer to Profit and loss account	4,425
				Amount of insurance fund at the end of the year—	
			1,226,995	Provision for unexpired risks	1,471,252
<u>£2,415,765</u>		<u>£2,695,216</u>	<u>£2,415,765</u>		<u>£2,695,216</u>

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

PROFIT AND LOSS ACCOUNT
for the year ending 31st December, 1951.

1950 £		£	1950 £		£
	Balance (earned surplus) brought forward		82,114	Taxes	25,321
624,179	from previous year	741,190	3,030	Investment expenses	3,051
81,620	Interest and dividends	84,094	—	Loss on sale of securities	187
23,109	Profit on sale of securities	—	3,054	Amounts written off securities	2,849
121,909	Transfer from Revenue account	4,425	21,429	Dividend to Shareholders	21,429
			741,190	Balance (earned surplus) as per Balance sheet	776,872
<u>£850,817</u>		<u>£829,709</u>	<u>£850,817</u>		<u>£829,709</u>

BALANCE SHEET

31st December, 1951.

LIABILITIES.			ASSETS.		
1950 £		£	1950 £		£
	Authorised and Issued capital—			Investments (at or under cost)—	
214,286	6,000 shares of \$100 each, fully paid	214,286	2,033,521	United States Government securities	2,136,122
321,428	Capital reserve (surplus paid in)	321,428	365,297	Debentures and bonds	448,339
	Profit and loss account balance (earned surplus)	776,872	120,639	Preference stocks and shares	120,639
1,226,995	Insurance fund	1,471,252	204,286	Ordinary stocks and shares	199,594
	Current liabilities—			Current assets—	
329,644	Outstanding claims	300,978	17,857	Deposit at interest	17,857
125,791	Outstanding commission and expenses	103,335	9,980	Interest and dividends accrued	11,162
107,615	Amounts due on reinsurance account	61,234	284,048	Amounts due on reinsurance account	162,753
84,431	Taxation	32,315	115,752	Balance at Bankers on current account and Cash in hand	185,234
<u>£3,151,380</u>		<u>£3,281,700</u>	<u>£3,151,380</u>		<u>£3,281,700</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.

P00002940

0973-015

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

Directors' Report
and
Statement of Accounts
Year ending 31st December, 1951.