

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

(INCORPORATED IN ENGLAND.)



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

One Hundred and Fifth
Annual Report
and
Statement of Accounts
Year ending 31st December, 1953.

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THE PRUDENTIAL ASSURANCE COMPANY LIMITED.

Directors :

SIR FRANK WILLIAM MORGAN, M.C., *Chairman.*
 EDWARD JOSEPH WILLIAM BORRAJO, M.B.E., A.I.A., *Deputy Chairman.*
 SIR THOMAS JAMES BARNES, G.C.B., C.B.E.
 JOHN ANTHONY TRISTRAM BARSTOW, D.S.O., T.D.
 SIR JOHN DONALD BALFOUR FERGUSON, G.C.B.
 RT. HON. SIR PERCY JAMES GRIGG, K.C.B., K.C.S.I.
 HUBERT SAMUEL LANE, M.C.
 SIR JOHN SEROCOLD PAGET MELLOR, BART., M.P.
 MAURICE PETHERICK, M.A.
 COLONEL PERCY LESTER REID, C.B.E., D.L.
 RT. HON. SIR WILLIAM PATRICK SPENS, K.B.E., Q.C., M.P.

General Manager :

W. F. GARDNER, C.B.E., F.I.A.

Joint Secretaries :

C. W. A. RAY.
 L. BROWN, F.I.A.

Deputy General Managers :

R. S. THORP.
 K. A. USHERWOOD, M.A., F.I.A.

Actuary :

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

Assistant General Managers :

G. J. GOULD, A.C.I.I.
 H. C. HARVEY.
 F. W. HICKINBOTTOM.
 F. J. H. HILL, A.C.I.I.
 R. E. MONTGOMERY, A.C.I.I.
 R. H. OWEN, F.I.A.

Assistant Actuaries :

H. J. BRISCOE, F.I.A.
 J. EDEY, F.I.A.
 W. E. H. HICKOX, F.I.A.

Agency Managers :

N. P. HARRIS. H. PROCTOR.

Chief Controller :

J. L. COGDALE.

Chief Surveyor :

G. A. COOMBE, M.C., F.R.I.C.S.

Solicitor :

L. W. FUNSTON.

Principal Medical Officer :

T. W. PRESTON, T.D., M.D.

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 20th May, 1954, 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, 1953, 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 :—

Mr. Edward Joseph William Borrajo, M.B.E., A.I.A. (72) and
Colonel Percy Lester Reid, C.B.E., D.L. (71).

By Order of the Board of Directors,

C. W. A. RAY,

L. BROWN,

Joint Secretaries.

27th April, 1954.

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 FIFTH ANNUAL REPORT

Year ending 31st December, 1953.

THE DIRECTORS have the honour to submit their Report and Accounts for 1953.

The **Assets** of the Company amount to **£709,419,925**, as compared with **£664,873,741** at 31st December, 1952.

The **Income** from all sources during 1953 was **£128,776,127**, as compared with **£120,337,389** in 1952.

ORDINARY BRANCH.

The number of life assurance policies (including new group life assurances) issued during the year was **141,766** assuring the sum of **£120,848,332** and producing an annual premium income of **£4,401,438**. These figures include, in respect of overseas business, **45,490** policies assuring the sum of **£51,506,034** and producing an annual premium income of **£1,718,340**. In addition, increases under existing group life assurances amounted to **£8,436,178** sums assured, of which **£951,456** was overseas business.

The number of life assurance policies in force on 31st December, 1953, was **1,481,716** assuring with bonus **£908,944,365**, and producing an annual premium income of **£34,182,271**. The immediate annuities payable were **18,327** in number and amounted to **£1,420,525** per annum. In addition there were **383,012** deferred and contingent annuities securing **£14,566,104** per annum and producing an annual premium income of **£7,917,407**.

The revenue premiums for the year were **£41,183,841**, including over **£10,700,000** in respect of overseas business. The consideration for immediate annuities granted was **£262,190**. The claims for the year amounted to **£14,339,936**. There were death claims for sums assured, including bonuses, of **£4,029,638** and matured endowments for sums assured, including bonuses, of **£10,310,298**.

The surplus for the year is **£9,024,817** which, together with **£591,858**, brought forward from last year, amounts to **£9,616,675**. This has been allocated as follows:—

	£
To Ordinary Branch contingency fund	1,500,000
To bonus to participating policyholders...	6,759,503
To Profit and loss account	850,973
To be carried forward	706,199

The Directors have declared, for participating policies, bonuses in respect of the year 1953 as follows:—

ASSURANCES.

(1) Reversionary bonuses for policies of classes issued in the United Kingdom **£1 18s.** per **£100** sum assured.

(2) Reversionary bonuses for policies of the undermentioned overseas classes

(a) Australia	Whole Life assurances	£1 8s. per £100 sum assured.
	Endowment assurances	£1 6s. per £100 sum assured.
(b) New Zealand		£1 6s. per £100 sum assured.
(c) Canada		£1 12s. per £100 sum assured.
(d) South Africa, the Rhodesias and Nyasaland...		£2 2s. per £100 sum assured.
(e) East Africa		£1 18s. per £100 sum assured.
(f) India		£1 6s. per £100 sum assured.
(g) Malaya		£1 4s. per £100 sum assured.
(h) Ceylon		£1 2s. per £100 sum assured.
(i) Cyprus and Malta		£1 18s. per £100 sum assured.
(j) Other overseas territories		£1 0s. per £100 sum assured.

GROUP PENSION CONTRACTS.

(1) Compound reversionary bonus on deferred pensions **£1 10s.** pension per **£100** deferred pension.

(2) Special final bonus on pensions (as increased by any existing bonus) commencing during the next year (males and females) **£12 10s.** pension per **£100** pension.

INDUSTRIAL BRANCH.

The number of policies issued during the year was **1,346,087** assuring the sum of **£78,054,524** and producing an annual premium income of **£5,157,561**.

The number of policies in force on 31st December, 1953, including **5,863,045** free policies, was **30,596,331** under which the maximum sum assured, together with declared bonus, was **£1,001,191,683**. These policies produce an annual premium income of **£45,720,753**.

The revenue premiums for the year were **£44,385,972**. The claims for the year amounted to **£24,101,119**. There were death claims for sums assured, including bonuses, of **£11,491,020**, and matured endowments for sums assured, including bonuses, of **£12,610,099**.

The surplus for the year is **£11,254,528** which, together with **£1,109,068** brought forward from last year, amounts to **£12,363,596**. This has been allocated as follows:—

	£
To Industrial Branch contingency fund... ..	2,000,000
To bonus to participating policyholders... ..	8,383,373
To Profit and loss account	807,360
To be carried forward	1,172,863

The total expenses in this Branch, including pension costs and Outdoor Staff bonus, were **29.05** per cent. of the premiums.

The Directors have declared, for participating policies, a reversionary bonus in respect of the year 1953 at the rate of **£1 10s.** per **£100** sum assured. The bonus is added as on 1st January, 1954, except for policies issued in 1953, where it is added on completion of payment of one year's premiums.

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 **£122,732,733**.

GENERAL BRANCH.

The total revenue premiums for the year, after deduction of reinsurances ceded, were **£11,982,737**, including over **£6,200,000** in respect of overseas business. These figures do not include the premiums of **£1,803,823** 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, 1953, was **124** insuring capital sums of **£4,775,544** and producing an annual premium income of **£51,131**.

The amount of debentures, debenture stocks and estates for which the Company acts as trustee exceeded **£108,000,000** at the end of the year.

The surplus for the year is **£513,603** which, together with **£212,566** brought forward from last year, amounts to **£726,169**. This has been allocated as follows:—

	£
To Additional reserve fund	250,000
To General Branch contingency fund	100,000
To dividends to holders of A shares and B shares	166,667
To be carried forward	209,502

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 policyholders' allocations from the profits of the Life branches amount to **£15,142,876** or approximately **91.2** per cent. of the distributable profits of each of these branches. The shareholders' allocations from these branches amount to **£1,458,333** or approximately **8.8** per cent.

The Directors have declared in respect of the year 1953 a dividend on the A shares of **22s. 6d.** per share, of which **15s. 0d.** is payable on 20th May, 1954, to the shareholders on the Register at that date and **7s. 6d.** is payable on 11th November, 1954, to the shareholders then on the Register. Of the total dividend on the A shares, **8d.** is derived from the profits of the General Branch and **21s. 10d.** from the profits of the Life branches. The sum of **£93,750** has been placed to the Dividend Reserve fund.

The Directors have also declared a dividend out of the General Branch profits of **2s. 6d.** per B share payable on 20th May, 1954, to the shareholders then on the Register.

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

At the Annual General Meeting held on 21st May, 1953, the Chairman, Sir George Lewis Barstow, K.C.B., announced his intention to retire. He was appointed a Director in 1928, was elected Deputy Chairman in 1935 and succeeded Sir Edgar Horne as Chairman on the latter's death in 1941. Sir George's resignation from the Board, effective from 21st May, 1953, was received later in the day and accepted by the Directors with great regret. Sir Frank William Morgan, M.C., was appointed to be Chairman.

Mr. John Anthony Tristram Barstow, D.S.O., T.D., was appointed a Director on 29th October, 1953, and he now offers himself for election.

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., D.L., 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.

HOLBORN BARS,
6th April, 1954.

F. W. MORGAN,
Chairman.

ORDINARY BRANCH REVENUE ACCOUNT

for the year ending 31st December, 1953.

LIFE ASSURANCE BUSINESS.

1952 £		£	1952 £		£
255,282,738	Amount of life assurance fund at the beginning of the year	£257,878,517	3,937,798	Claims under policies paid and outstanding—	
	Deduct release from liabilities (due to change of valuation basis) transferred to Investment reserve account ...	—	9,073,437	By death	4,029,638
9,750,000			13,011,235	By maturity	10,310,296
235,532,738		257,878,517	3,665,324	Surrenders	14,339,936
+148,870	Deduct adjustment in exchange	153,246	121,091	Bonuses surrendered for cash	3,615,762
235,681,658		257,525,271	1,316,895	Annuities	142,482
38,449,150	Premiums	41,183,841	2,048,473	Commission	1,394,368
264,563	Consideration for annuities granted	262,190	3,870,080	Expenses of management	2,207,404
11,093,170	Interest, dividends and net rents (less amount written off terminable securities) ...	12,783,617	15,000	Profits tax	3,868,034
1,497,754	Deduct Income tax (less estimated rebate in respect of 1953)	1,858,560	420,000	Transfer to Investment reserve account ...	160,000
9,595,416		10,925,057	1,250,000	Transfer to Branch contingency fund ...	580,000
			594,172	Transfer to Profit and loss account ...	1,500,000
			257,678,517	Amount of life assurance fund at the end of the year	650,973
					281,437,400
£283,990,787		£309,896,359	£283,990,787		£309,896,359

At 31st December, 1951, reserves for Profits tax were made on the basis then ruling and the charge in 1952 was after deduction of £141,000 no longer required.

The assurance funds include surpluses undivided between policyholders and shareholders, amounting to £591,858, at the beginning of the year and £706,199 at the end of the year.

The number of policies issued during the year was 141,766, assuring a sum of £120,848,332 and producing an annual premium income of £4,401,438. The amount received in single premiums was £92,563.

INDUSTRIAL BRANCH REVENUE ACCOUNT

for the year ending 31st December, 1953.

INDUSTRIAL ASSURANCE BUSINESS.

1952 £		£	1952 £		£
347,438,371	Amount of Industrial assurance fund at the beginning of the year	£352,256,517	10,876,012	Claims under policies paid and outstanding—	
	Deduct release from liabilities (due to change of valuation basis) transferred to Investment reserve account ...	—	11,801,216	By death	11,491,020
9,500,000			22,677,228	By maturity	12,810,099
337,938,371		352,256,517	4,593,325	Surrenders	24,101,119
43,028,875	Premiums	44,385,972	12,693,864	Expenses of management	4,894,103
15,605,768	Interest, dividends and net rents (less amount written off terminable securities) ...	17,222,495	40,000	Profits tax	12,894,003
872,908	Deduct Income tax (less estimated rebate in respect of 1953)	1,154,457	550,000	Transfer to Investment reserve account ...	185,000
14,732,850		16,068,038	2,100,000	Transfer to Branch contingency fund ...	780,000
			789,162	Transfer to Profit and loss account ...	2,000,000
			352,256,517	Amount of Industrial assurance fund at the end of the year	807,380
					367,248,943
£395,700,096		£412,710,527	£395,700,096		£412,710,527

At 31st December, 1951, reserves for Profits tax were made on the basis then ruling and the charge in 1952 was after deduction of £170,000 no longer required.

The assurance funds include surpluses undivided between policyholders and shareholders amounting to £1,109,068 at the beginning of the year and £1,172,863 at the end of the year.

The number of policies issued during the year was 1,346,087, assuring a sum of £78,054,524 and producing an annual premium income of £5,157,561.

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GENERAL BRANCH REVENUE ACCOUNTS—continued.

MISCELLANEOUS INSURANCE BUSINESS.

1952 £		£	1952 £		£
	Amount of miscellaneous insurance fund at the beginning of the year—		1,133,740	Claims under policies paid and outstanding	1,352,545
888,828	Provision for unexpired risks	£996,163	441,347	Commission	521,719
7,211	Deduct adjustment in exchange	6,469	513,611	Expenses of management	559,437
881,617			217,837	Transfer to Profit and loss account	217,002
2,394,077	Premiums	989,694		Amount of miscellaneous insurance fund at the end of the year—	
27,004	Trustee and executor fees	2,773,915		Provision for unexpired risks, which amounts to 41.3 per cent. (41.6 per cent. for 1952) of the premium income for the current year	1,145,181
		32,275	996,163		
<u>£3,302,698</u>		<u>£3,795,884</u>	<u>£3,302,698</u>		<u>£3,795,884</u>

SINKING FUND INSURANCE BUSINESS.

1952 £		£	1952 £		£
	Amount of sinking fund insurance fund at the beginning of the year	2,123,240	10,569	Claims under policies paid and outstanding	185,264
2,020,465	Premiums	51,235	—	Surrenders	4,345
54,776	Interest and dividends	77,599	—	Commission	144
72,187			1,096	Expenses of management	1,025
			12,523	Transfer to Profit and loss account	19,559
				Amount of sinking fund insurance fund at the end of the year	2,041,737
			2,123,240		
<u>£2,147,428</u>		<u>£2,252,074</u>	<u>£2,147,428</u>		<u>£2,252,074</u>

MARINE, AVIATION AND TRANSIT INSURANCE BUSINESS.

Total 1952 £	Current Year.	Last Preced- ing Year.	Previous Years.	Total. £	Total 1952 £	Current Year.	Last Preced- ing Year.	Previous Years.	Total. £
	£	£	£	£		£	£	£	£
817,325	Amount of marine, aviation and transit insurance fund at the beginning of the year	276,353	561,164	837,507	363,862	86,039	100,623	106,448	293,110
	Premiums (less brokerage, discount, commission, returns and reinsurance)—risks other than aviation hull risks	358,698	21,874	375,534	17,097	14,838	347	—	15,185
473,040	Enemy debts written back	—	—	111	13,037	8,812	1,437	—5	10,244
					15,964	—	858	7,953	8,811
					2,898	886	24	—	910
					40,000	—	—	25,000	25,000
					837,507	248,123	194,938	416,831	859,892
<u>£1,290,365</u>				<u>£1,213,152</u>	<u>£1,290,365</u>				<u>£1,213,152</u>

356
73
—26
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12
40
680,
449,
£1,129,
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1952.
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1,383,33

£1,383,334

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PROFIT AND LOSS ACCOUNT
for the year ending 31st December, 1953.
ORDINARY AND INDUSTRIAL BRANCHES.

£	1952	£	1952	£
1,352,545	£		£	
521,719	Transfers from Revenue accounts—		1,383,334	Transfer to Appropriation account 1,458,333
559,437	Ordinary branch 650,973			
217,002	Industrial branch 807,360			
	<u>£1,383,334</u>	<u>£1,458,333</u>	<u>£1,383,334</u>	<u>£1,458,333</u>
1,145,181				
<u>23,795,884</u>				

GENERAL BRANCH.

£	1952	£	1952	£
	£		£	
	Transfers from Revenue accounts—		Taxation—	
356,932	Fire £354,234		132,000	Overseas taxes 160,000
73,674	Sickness and accident 56,732		61,000	Profits tax 89,000
-20,320	Motor vehicle 87,319		474,000	Income tax 491,000
217,837	Miscellaneous 217,002		15,000	Transfer to Investment reserve account ... 20,000
12,523	Sinking fund 19,559		447,739	Transfer to Appropriation account 513,603
40,000	Marine 25,000			
	<u>680,646</u>	739,846		
	Interest and dividends not			
	carried to other accounts 513,757			
	<u>£1,129,739</u>	<u>£1,253,603</u>	<u>£1,129,739</u>	<u>£1,253,603</u>
185,264				
4,345				
144				
1,025				
19,559				
041,737				
<u>252,074</u>				

APPROPRIATION ACCOUNT
for the year ending 31st December, 1953.

Ordinary and Industrial Branches 1952.	General Branch 1952.		Ordinary and Industrial Branches.	General Branch.	Ordinary and Industrial Branches 1952.	General Branch 1952.		Ordinary and Industrial Branches.	General Branch.
£	£		£	£	£	£		£	£
110		Balance brought forward from previous year—			—	100,000	Transfer to Additional reserve fund	—	250,000
185	198,160	General branch	—	212,566	—	200,000	Transfer to Branch contingency fund	—	100,000
244		Transfers from Profit and loss account	1,458,333	513,603	104,167	—	Transfer to Dividend reserve fund (A shares)	93,750	—
811	1,383,334						Provision for dividends (free of income tax) in respect of 1953 to holders of—		
910							A shares	1,364,583	41,667
900							B shares	—	125,000
							Balance carried to Balance sheet—		
992							General branch	—	209,502
52	<u>£1,383,334</u>	<u>645,899</u>	<u>£1,458,333</u>	<u>726,169</u>	<u>£1,383,334</u>	<u>645,899</u>		<u>£1,458,333</u>	<u>726,169</u>

COMMON CONTINGENCY FUND ACCOUNT
for the year ending 31st December, 1953.

1952 £		£	1952 £		£
3,495,937	Amount of Common contingency fund at the beginning of the year	3,550,312	2,840	Taxation—	
108,978	Interest and dividends	121,918	51,763	Profits tax	2,999
			3,550,312	Income tax	55,719
				Amount of Common contingency fund at the end of the year	3,613,512
<u>£3,604,915</u>		<u>£3,672,230</u>	<u>£3,604,915</u>		<u>£3,672,230</u>

SPECIAL CONTINGENCY FUND ACCOUNT
for the year ending 31st December, 1953.

1952 £		£	1952 £		£
5,654,154	Amount of Special contingency fund at the beginning of the year	5,749,538	4,778	Taxation—	
191,142	Interest and dividends	204,107	90,980	Profits tax	4,886
			5,749,538	Income tax	93,269
				Amount of Special contingency fund at the end of the year	5,855,490
<u>£5,845,296</u>		<u>£5,953,645</u>	<u>£5,845,296</u>		<u>£5,953,645</u>

DIVIDEND RESERVE FUND ACCOUNT
(A Shares)
for the year ending 31st December, 1953.

1952 £		£	1952 £		£
127,097	Amount of Dividend reserve fund at the beginning of the year	231,641	46	Taxation—	
104,167	Transfer from Appropriation account	93,750	382	Profits tax	130
805	Interest and dividends	4,803	231,641	Income tax	2,208
				Amount of Dividend reserve fund at the end of the year	327,856
<u>£232,069</u>		<u>£230,194</u>	<u>£232,069</u>		<u>£230,194</u>

COMMON CONTINGENCY FUND

BALANCE SHEET

31st December, 1953.

LIABILITIES.				ASSETS.			
1952			£	1952			£
£	3,550,312	Common contingency fund	3,513,512		Investments—		
		Current liabilities and provisions—		2,825,337	British Government securities	3,024,032	
2,899	4,208	Profits tax	2,784	230,000	British Government guaranteed securities	244,995	
55,719	23,108	Income tax	23,641	171,667	Municipal and county securities, United Kingdom	171,667	
13,512				40,000	Public Board securities	40,000	
				48,000	Other Commonwealth Government securities	48,000	
				100,947	Debentures and debenture stocks home and foreign	100,947	
					Current assets—		
					Balance at Bankers—		
				150,000	On deposit in the United Kingdom ...	—	
72,230				11,627	On current account in the United Kingdom	10,296	
	<u>£3,577,628</u>		<u>£3,639,937</u>		<u>£3,577,628</u>		<u>£3,639,937</u>

SPECIAL CONTINGENCY FUND

BALANCE SHEET

31st December, 1953.

LIABILITIES.				ASSETS.			
1952			£	1952			£
£	5,749,538	Special contingency fund	5,855,490		Investments—		
		Current liabilities and provisions—		4,319,796	British Government securities	3,247,882	
4,886	2,577	Profits tax	—	501,850	British Government guaranteed securities	1,739,140	
3,269				311,085	Municipal and county securities, United Kingdom	311,085	
5,490				325,791	Other Commonwealth Government securities	325,791	
				69,000	Debentures and debenture stocks home and foreign	69,000	
					Current assets—		
				44,435	Estimated tax recoverable	143,194	
3,645					Balance at Bankers—		
				170,000	On deposit in the United Kingdom ...	—	
				10,168	On current account in the United Kingdom	19,398	
	<u>£5,752,116</u>		<u>£5,855,490</u>		<u>£5,752,116</u>		<u>£5,855,490</u>

DIVIDEND RESERVE FUND

(A Shares)

BALANCE SHEET

31st December, 1953.

LIABILITIES.				ASSETS.			
1952			£	1952			£
£	231,641	Dividend reserve fund	327,856		Investments—		
		Current liabilities and provisions—		108,462	British Government Securities	216,303	
130	46	Profits tax	128	17,500	Other Commonwealth Government Securities	17,500	
1,208				—	Current Assets—		
1,856					Estimated tax recoverable	32	
					Balance at Bankers—		
1,194				105,725	On current account in the United Kingdom	94,149	
	<u>£231,687</u>		<u>£327,984</u>		<u>£231,687</u>		<u>£327,984</u>

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The Prudential Assurance Company Limited.

BALANCE

Ordinary Branch 1952.	Industrial Branch 1952.	General Branch 1952.	Total 1952.	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	
7,000,000	12,000,000	300,000	19,300,000	1,000,000 B shares of £1 each, 4s. paid...	—	—	—	—	
—	—	212,566	212,566	Branch contingency funds	8,500,000	14,000,000	400,000	22,900,000	
257,678,517	—	—	257,678,517	Appropriation account—balance carried forward ...	—	—	209,502	209,502	
—	352,256,517	—	352,256,517	Life assurance fund, Ordinary branch	281,437,400	—	—	281,437,400	
—	—	—	—	Industrial assurance fund	—	367,248,942	—	367,248,942	
—	—	2,128,771	2,128,771	General branch insurance funds—	—	—	2,074,998	2,074,998	
—	—	1,016,013	1,016,013	Fire	—	—	1,083,370	1,083,370	
—	—	1,118,987	1,118,987	Sickness and accident	—	—	1,419,293	1,419,293	
—	—	996,163	996,163	Motor vehicle	—	—	1,145,181	1,145,181	
—	—	2,123,240	2,123,240	Miscellaneous	—	—	2,041,787	2,041,787	
—	—	837,507	837,507	Sinking fund	—	—	859,892	859,892	
—	—	2,500,000	2,500,000	Marine	—	—	2,750,000	2,750,000	
—	—	—	—	Additional reserve	—	—	—	—	
—	—	—	—	Current liabilities and provisions—	—	—	—	—	
2,062,680	746,650	—	2,809,330	Claims admitted or intimated, but not paid, less amounts recoverable under reinsurances—	2,178,696	780,127	—	2,958,823	
—	—	1,153,679	1,153,679	Life	—	—	1,117,455	1,117,455	
—	—	1,383,947	1,383,947	Fire	—	—	1,687,693	1,687,693	
—	—	1,051,499	1,051,499	Motor vehicle	—	—	1,926,378	1,926,378	
23,667	—	—	23,667	Miscellaneous	—	—	—	—	
527,229	1,563,687	360,906	2,451,822	Annuities due and unpaid	22,748	—	—	22,748	
232,669	—	7,443	240,112	Outstanding commission and expenses ...	539,174	1,637,004	525,236	2,701,414	
—	—	—	—	Premiums received in advance	293,156	—	25,476	318,632	
—	—	—	—	Amounts due on reinsurance account—	—	—	—	—	
—	—	497,881	497,881	Fire	—	—	440,287	440,287	
—	—	12,029	12,029	Sickness and accident	—	—	20,494	20,494	
—	—	—	—	Motor vehicle	—	—	4,428	4,428	
—	—	179,816	179,816	Miscellaneous	—	—	210,539	210,539	
—	—	2,037	2,037	Marine	—	—	1,461	1,461	
—	100	67,038	67,138	Amounts due to subsidiaries	—	100	59,456	59,556	
269,333	164,092	61,605	485,030	Other creditors	298,653	115,435	34,588	448,676	
572,263	141,194	—	713,457	Sundry brokers for investments purchased ...	695,424	405,491	183	1,101,103	
121,351	—	81,133	202,484	Overseas taxes	142,373	—	127,754	270,127	
252,291	332,397	62,492	647,180	Profits tax	151,209	181,712	74,362	407,283	
—	—	360,422	360,422	United Kingdom income tax including reserve for future liability on profits earned to date	—	—	449,552	449,552	
549,430	729,737	133,333	1,412,500	Dividends declared	609,125	755,458	166,667	1,531,250	
£269,289,430	369,184,374	16,838,607	655,312,311		£294,865,958	386,374,269	13,356,287	694,596,514	
—	—	—	—	Common contingency fund	—	—	—	2,639,287	
—	—	—	3,577,628	Special contingency fund	—	—	—	5,855,480	
—	—	—	5,762,115	Dividend reserve fund (A shares)	—	—	—	327,964	
—	—	—	231,637	(per separate Balance sheets)	—	—	—	—	
—	—	—	£664,873,741		—	—	—	£709,419,925	

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 purposes other than those of the class of business to which the fund is applicable.

The amounts at which the assets are stated in the Balance sheet are determined under the Articles of Association of the Company by the Directors and we certify that in our belief the value at 31st December, 1953, of the assets set forth in the Balance sheet is in the aggregate in excess of the amount stated therein. 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.

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. 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 by Part III of the Eighth Schedule to that Act in regard to reserves and provisions and aggregate market value of quoted investments. 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, 1953, 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.

24 April, 1954

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SHEET.

31st December, 1953.

total.	Ordinary Branch 1952.	Industrial Branch 1952.	General Branch 1952.	Total 1952.	ASSETS.	Ordinary Branch.	Industrial Branch.	General Branch.	Total.
£	£	£	£	£		£	£	£	£
50,000	6,294,967	4,341,615	—	10,636,582	Mortgages—				
50,000	6,421,171	447,474	400	6,869,045	On property within the United Kingdom ...	8,274,129	5,815,511	1,551	14,091,191
					On property out of the United Kingdom ...	6,933,906	490,107	400	7,424,413
00,000	1,085,649	6,428,991	—	7,514,640	Loans—				
00,502	16,471	—	—	16,471	On parochial and other public rates ...	1,191,803	7,114,582	—	8,306,385
37,400	1,151,275	1,880,000	—	3,031,275	On Life interests ...	18,423	—	—	18,423
					On Stocks and shares ...	401,275	630,000	—	1,031,275
	6,198,491	—	—	6,198,491	On Company's policies within their surrender values ...	7,223,284	—	—	7,223,284
	611,487	999,688	—	1,611,175	Without specific security ...	545,590	999,403	—	1,544,993
18,942	530,929	592,452	—	1,123,381	To subsidiaries ...	877,311	577,143	—	1,454,454
					Investments after deducting Reserve—				
	16,000	—	—	16,000	Deposits with the High Court—				
					3½% War Stock ...	—	—	—	—
					Deposit with the Supreme Court of Judicature in the Republic of Ireland—				
74,471	18,700	—	—	18,700	3½% War Stock ...	16,700	—	—	16,700
	41,156,932	98,474,561	1,996,076	141,627,569	British Government securities ...	49,135,257	104,947,319	2,947,987	156,930,563
	50,339,949	79,311,043	2,030,391	131,681,383	British Government guaranteed securities ...	48,355,173	80,573,276	2,025,551	130,954,000
					Securities guaranteed under Trade Facilities and other Acts ...	1,065,000	3,175,051	97,500	4,337,551
	1,112,400	2,694,950	97,500	3,904,850	Municipal and county securities, United Kingdom ...	2,799,007	4,340,092	645,456	7,784,555
	2,547,353	4,321,121	657,003	7,525,537	Public Board securities ...	673,326	1,057,827	163,372	1,894,525
6,522	707,326	1,054,763	163,372	1,930,461	Other Commonwealth Government securities ...	15,309,253	4,591,169	1,190,821	21,091,243
	13,699,914	4,508,103	1,143,129	19,351,146	Other Commonwealth provincial securities ...	2,533,438	—	344,269	2,877,707
	2,509,721	—	234,771	2,744,492	Other Commonwealth municipal securities ...	3,923,951	225,015	324,643	4,473,619
1,528	3,526,285	306,059	270,302	4,102,646	Foreign Government securities ...	1,176,138	995,406	764,724	2,936,268
	1,178,404	995,308	644,637	2,821,349	Foreign provincial securities ...	2	3	1	6
2,748	2	9,003	400	9,405	Foreign municipal securities ...	106,242	24,595	20,505	151,442
1,414	143,245	43,236	21,571	208,102	Debentures and debenture stocks and gold and sterling bonds—home and foreign ...	44,591,426	51,293,511	3,564,241	99,419,178
8,632					Preference and guaranteed stocks and shares ...	21,284,803	25,887,067	1,447,318	48,599,108
	40,491,932	43,268,038	3,129,980	91,889,950	Ordinary stocks and shares ...	36,317,039	46,349,557	753,481	83,420,077
	19,790,519	24,919,858	1,443,898	46,154,275	Subsidiaries not dealt with in group accounts—				
	32,760,874	42,079,980	719,367	75,560,221	Preference shares ...	17,500	25,000	—	42,500
7,200	17,500	25,000	—	42,500	Ordinary shares ...	70,673	160,302	15,532	247,007
	76,888	170,803	15,532	263,223	Rent charges ...	290	—	—	290
1,556	13,391	—	—	13,391	Freehold ground rents and feu duties ...	1,565,405	9,229,589	—	10,794,994
1,976	1,537,971	9,250,461	—	10,788,432	Leasehold ground rents ...	—	78,401	—	78,401
1,103	—	32,730	—	32,730	House property—				
1,127	14,789,477	14,099,723	—	28,889,200	In the United Kingdom—Freehold ...	17,271,132	15,965,718	—	33,236,851
2,283	8,992,375	9,239,098	—	18,231,473	—Leasehold ...	9,980,838	9,064,747	—	19,045,585
	886,811	—	—	886,811	Out of the United Kingdom ...	1,069,501	—	—	1,069,501
1,552	1,157	—	—	1,157	Reversions ...	1,157	—	—	1,157
2,260					Fixed assets—				
	—	—	342,497	342,497	Subsidiary dealt with in accounts annexed—				
	—	—	—	—	Ordinary shares (at cost) ...	—	—	342,497	342,497
	—	4,273,119	—	4,273,119	Office premises (at cost, less amounts written off)—				
	—	94,801	—	94,801	In the United Kingdom—Freehold ...	—	4,333,308	—	4,333,308
	766,597	—	—	766,597	—Leasehold ...	—	123,094	—	123,094
					Out of the United Kingdom ...	942,796	—	—	942,796
	183,444	—	44,355	227,799	Current assets—				
	—	—	495,767	495,767	Deposits at interest at home and abroad ...	99,875	—	32,370	132,245
	625,662	—	—	625,662	Agents' balances ...	—	—	512,903	512,903
	1,104,141	533,613	1,305,624	2,943,378	Commission paid in advance ...	658,155	—	—	658,155
	411,371	289,816	1,840	703,027	Outstanding premiums ...	1,219,289	358,581	1,603,250	3,181,129
	1,370,437	1,603,491	79,406	3,053,334	Outstanding interest, dividends, rents and fees ...	471,114	976,735	2,505	750,404
	—	—	972,623	972,623	Interest, dividends, rents and fees accrued ...	1,586,953	1,809,763	57,535	3,493,301
	—	—	46,693	46,693	Amounts due on reinsurance account ...	—	—	974,405	974,405
	339,807	—	—	339,807	Amounts due from subsidiaries ...	—	—	51,962	51,962
	2,166,000	3,601,000	—	5,767,000	Sundry brokers for investments sold ...	848,508	129,159	—	777,667
	43,156	62,539	112,116	207,811	Estimated income tax recoverable ...	2,149,000	3,795,000	—	5,944,000
					Other debtors ...	50,819	40,091	83,267	174,177
	1,400,000	3,550,000	200,000	5,450,000	Balances at Bankers and Cash in hand—				
	641,127	1,875	99,422	642,424	On deposit—				
	234,407	347,976	102,015	684,398	In the United Kingdom ...	1,900,000	1,450,000	350,000	3,700,000
	1,577,915	28,971	412,820	2,019,706	Out of the United Kingdom ...	572,769	—	87,891	660,480
					In hand and on current account—				
					In the United Kingdom ...	323,919	480,638	55,015	859,572
					Out of the United Kingdom ...	1,581,778	6,884	568,576	2,147,238
514	1269,289,430	369,184,374	16,838,507	655,312,311		1294,265,958	386,374,260	13,356,287	699,596,514
367				3,577,628	Common contingency fund ...				3,639,937
190				5,752,115	Special contingency fund ...				5,855,490
384				231,687	Dividend reserve fund (A shares) ...				327,964
325				2664,873,741	(per separate Balance sheets)				2709,419,925

W. F. GARDNER, General Manager.

F. W. MORGAN, Chairman.

F. M. REDINGTON, Actuary.

C. W. A. RAY, } Joint Secretaries.
L. BROWN, }E. J. W. BORRAJO, } Directors.
T. J. BARNES, }

At April, 1954.

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.

At April, 1954.

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

Auditors.

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NOTES TO THE BALANCE SHEET.

1952. £		1953. £
10,580,000	Capital commitments for settlement after 31st December	11,175,000
4,925,000	Contingent capital commitments	345,000
2,840,000	Uncalled capital on investments held	2,950,000
1,685,000	Reserve liability on shares, etc.	1,705,000

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 under local laws as security to holders of policies issued. Investments (at or under market value, if quoted), mortgages, property and cash amount to—

1952. £		1953. £
33,000	Australia	33,500
15,000	Burma	15,000
11,659,000	Canada	13,269,500
968,500	Egypt	1,231,000
3,046,000	India	3,284,000
2,500	Israel	2,000
45,000	New Zealand	46,000
21,500	Pakistan	21,500
4,500	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 aggregate amount of the Directors' remuneration for the year was £48,990. (1952, £50,353.)

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, 1953, 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 have been converted into sterling at the rates ruling on the 31st December, 1953, 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.

An investment reserve account is maintained in each branch to which are carried profits and losses on realisation of assets together with exchange differences, other than exchange differences on fire, marine, aviation and transit insurance business, less any relative United Kingdom taxes thereon. The investment reserve accounts, after bringing in transfers from the revenue accounts, have been applied in arriving at the balance sheet values of the assets in the appropriate branches.

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 whose last available accounts cover the year 1952 are not dealt with in the group accounts in view of the insignificant amount involved. Dividends amounting to £5,261 of which £1,804 relates to 1952 have been received in 1953 and included in the Company's accounts. The balance of profit undistributed amounting at the rate of exchange at the 31st December, 1953, to £13,364, of which £3,458 relates to 1952, has been carried forward in their accounts. 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.

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

REVENUE ACCOUNT
for the year ending 31st December, 1953.

1952 £		£	1952 £		£
	Amount of insurance fund at the beginning of the year—		643,486	Claims under policies paid and outstanding	787,412
1,471,252	Provision for unexpired risks	1,720,770	703,544	Commission	785,597
1,692,877	Premiums	1,803,823	48,601	Expenses of management	33,562
			47,728	Transfer to Profit and loss account	5,987
				Amount of insurance fund at the end of the year—	
			1,720,770	Provision for unexpired risks	1,932,035
<u>£3,164,129</u>		<u>£3,524,593</u>	<u>£3,164,129</u>		<u>£3,524,593</u>

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

PROFIT AND LOSS ACCOUNT
for the year ending 31st December, 1953.

1952 £		£	1952 £		£
776,872	Balance (earned surplus) brought forward from previous year	822,879	67,439	Taxes	37,278
90,958	Interest and dividends	103,744	4,632	Investment expenses	6,558
2,754	Profit on sale of securities	1,131	1,933	Amounts written off securities	2,314
47,728	Transfer from Revenue account	5,987	21,429	Dividend to Shareholders	21,429
			822,879	Balance (earned surplus) as per Balance sheet	866,164
<u>£918,312</u>		<u>£933,741</u>	<u>£918,312</u>		<u>£933,741</u>

BALANCE SHEET
31st December, 1953.

LIABILITIES.			ASSETS.		
1952 £		£	1952 £		£
214,286	Authorised and Issued capital— 8,000 shares of \$100 each, fully paid	214,286	2,237,258	Investments (at or under cost)— United States Government securities	2,409,837
321,428	Capital reserve (surplus paid in)	321,428	684,653	Debentures and bonds	584,174
822,879	Profit and loss account balance (earned surplus)	866,164	188,722	Preference stocks and shares	414,888
1,720,770	Insurance fund	1,932,035	190,968	Ordinary stocks and shares	207,662
	Current liabilities—			Current assets—	
323,890	Outstanding claims	381,687	17,857	Deposit at interest	17,857
167,767	Outstanding commission and expenses	151,882	13,639	Interest and dividends accrued	14,816
98,709	Amounts due on reinsurance account	80,968	210,796	Amounts due on reinsurance account	155,461
68,784	Taxation	38,256	194,620	Balance at Bankers on current account and Cash in hand	182,011
<u>£3,738,513</u>		<u>£3,986,706</u>	<u>£3,738,513</u>		<u>£3,986,706</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.

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

Directors' Report
and
Statement of Accounts
Year ending 31st December, 1953.
