

# THE PRUDENTIAL ASSURANCE COMPANY LIMITED

(INCORPORATED IN ENGLAND.)

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

One Hundred and Eighth  
Annual Report

and

Statement of Accounts

*Year ending 31st December, 1956.*

P00003212

# THE PRUDENTIAL ASSURANCE COMPANY LIMITED.

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## *Directors :*

SIR FRANK WILLIAM MORGAN, M.C., *Chairman.*  
 EDWARD JOSEPH WILLIAM BORRAJO, M.B.E., A.I.A., *Deputy Chairman.*  
 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, Bt.  
 MAURICE PETHERICK, M.A.  
 CHARLES WILLIAM ALLAN RAY.  
 COLONEL PERCY LESTER REID, C.B.E., D.L.  
 RT. HON. SIR WILLIAM PATRICK SPENS, K.B.E., Q.C., M.P.  
 SIR JAMES MILLARD TUCKER, Q.C.

## *General Manager :*

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

*Secretary and  
Chief Investment Manager :*  
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.

*Investment Managers :*  
H. G. CLARKE, B.Sc., F.I.A.  
A. F. MURRAY, M.A., F.I.A.

*Assistant Secretary :*  
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, J.P., 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.  
R. S. SKERMAN, F.I.A.

*Agency Managers :*  
N. P. HARRIS. H. PROCTOR.

*Group Pensions Manager :*  
G. T. WILLIAMS, F.I.A.

*Chief Surveyor :*  
F. N. WALLER, F.R.I.C.S.

*Solicitor :*  
P. B. COCKSHUTT.

*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 16th May, 1957, 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, 1956, for re-electing Directors, for fixing the remuneration of the Auditors and for the transaction of any other business proper to be transacted at such Meeting.

In connection with the re-election of Directors, special notices have been given to the Company pursuant to the Companies Act, 1948, that separate resolutions will be moved proposing the re-election of the following Directors, who retire by rotation and whose respective ages at the date of the Meeting will be as shewn in brackets after their names :—

Mr. Edward Joseph William Borrajo, M.B.E., A.I.A. (75) and  
Colonel Percy Lester Reid, C.B.E., D.L. (74).

By Order of the Board of Directors,

L. BROWN,

*Secretary.*

23rd April, 1957.

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.

## ONE HUNDRED AND EIGHTH ANNUAL REPORT

Year ending 31st December, 1956.

THE DIRECTORS have the honour to submit their Report and Accounts for 1956.

The **Assets** of the Company amount to **£856,765,272**, as compared with **£817,442,675** at 31st December, 1955.

The **Income** from all sources during 1956 was **£157,838,588**, as compared with **£147,634,164** in 1955.

### ORDINARY BRANCH.

The number of life assurance policies (including new group life assurances) issued during the year was **154,069** assuring the sum of **£166,320,043** and producing an annual premium income of **£5,562,671**. These figures include, in respect of overseas business, **43,850** policies assuring the sum of **£67,534,204** and producing an annual premium income of **£1,972,243**. In addition, increases under existing group life assurances amounted to **£10,107,275** sums assured, of which **£862,793** was overseas business.

The number of life assurance policies in force on 31st December, 1956, was **1,573,763** assuring with bonus **£1,223,617,294**, and producing an annual premium income of **£41,528,189**. The immediate annuities payable were **21,540** in number and amounted to **£1,765,189** per annum. In addition there were **441,706** deferred and contingent annuities securing **£18,482,454** per annum and producing an annual premium income of **£11,296,237**.

The revenue premiums for the year were **£51,614,063**, including over **£13,800,000** in respect of overseas business. The consideration for immediate annuities granted was **£197,357**. The claims for the year amounted to **£24,184,035**. There were death claims for sums assured, including bonuses, of **£5,231,184** and matured endowments for sums assured, including bonuses, of **£18,952,851**.

The surplus for the year is **£12,253,391** which, together with **£810,403**, brought forward from last year, amounts to **£13,063,794**. This has been allocated as follows :—

	£
To Ordinary Branch contingency fund ... ..	1,250,000
To bonus to participating policyholders ... ..	10,099,465
To Profit and loss account ... ..	807,314
To be carried forward ... ..	907,015

The Directors have declared, for participating policies, bonuses as follows :—

#### ASSURANCES.

- (1) Reversionary bonuses for policies of classes issued in the United Kingdom ... .. **£2 2s. per £100** sum assured.
- (2) Reversionary bonuses for policies of the undermentioned overseas classes
  - (a) Australia ... .. **£1 12s. per £100** sum assured.
  - (b) New Zealand ... .. **£1 6s. per £100** sum assured.
  - (c) Canada ... .. **£1 14s. per £100** sum assured.
  - (d) South Africa, the Rhodesias and Nyasaland... **£2 8s. per £100** sum assured.
  - (e) East Africa ... .. **£1 18s. per £100** sum assured.
  - (f) Malaya ... .. **£1 10s. per £100** sum assured.
  - (g) Ceylon ... .. **£1 4s. per £100** sum assured.
  - (h) Cyprus and Malta ... .. **£2 2s. per £100** sum assured.
  - (i) Pakistan and the closed classes, Burma, Sudan and Palestine ... .. **£1 0s. per £100** sum assured.
  - (j) India (a closed class comprising a few policies on the Burma and United Kingdom registers) ... .. **£1 8s. per £100** sum assured.
- (3) A special additional bonus on policies issued in the United Kingdom in 1953 or earlier which become claims by death or maturity of endowment during 1957 and which are participating policies at the date of the claim at the rate of **6s. per £100** sum assured for each 31st December prior to 1954 on which the policy was a participating policy, subject to a maximum addition of **£9 per £100** sum assured.

#### GROUP PENSION CONTRACTS.

- (1) For policies issued in the United Kingdom :—
  - (a) Compound bonus on deferred pensions
    - (i) Pension annuity business (schemes approved under Section 379 of the Income Tax Act, 1952) ... .. **£2 4s. pension per £100** deferred pension.
    - (ii) General annuity business (other participating group pension policies) ... .. **£1 14s. pension per £100** deferred pension.
  - (b) Final bonus on pensions (as increased by any existing bonus) commencing during the next year ... .. **£16 0s. pension per £100** pension.
- (2) For policies issued in South Africa, the Rhodesias and East Africa :—
  - (a) Compound bonus on deferred pensions **£1 18s. pension per £100** deferred pension.
  - (b) Final bonus on pensions (as increased by any existing bonus) commencing during the next year ... .. **£12 10s. pension per £100** pension.

#### INDUSTRIAL BRANCH.

The number of policies issued during the year was **1,362,850** assuring the sum of **£94,935,912** and producing an annual premium income of **£6,341,759**.

The number of policies in force on 31st December, 1956, including **5,767,285** free policies, was **29,733,825** under which the maximum sum assured, together with declared bonus, was **£1,100,794,516**. These policies produce an annual premium income of **£51,154,765**.

The revenue premiums for the year were **£49,930,834**. The claims for the year amounted to **£29,933,270**. There were death claims for sums assured, including bonuses, of **£12,769,024**, and matured endowments for sums assured, including bonuses, of **£17,164,246**.

The surplus for the year is **£13,532,176** which, together with **£1,439,337** brought forward from last year, amounts to **£14,971,513**. This has been allocated as follows :—

	£
To Industrial Branch contingency fund ... ..	1,500,000
To bonus to participating policyholders ... ..	11,063,219
To Profit and loss account ... ..	884,353
To be carried forward ... ..	1,523,941

The total expenses in this Branch, including pension costs and Outdoor Staff bonus, were **29·40** per cent. of the premiums.

The Directors have declared, for participating policies, bonuses as follows :—

- (1) A reversionary bonus at the rate of **£1 12s.** per **£100** sum assured. The bonus is added as on 1st January, 1957, except for policies issued in 1956, where it is added on completion of payment of one year's premiums.
- (2) A special additional bonus on policies issued in 1953 or earlier which become claims by death or maturity of endowment during 1957 and which are premium paying policies at the date of the claim, at the rate of **4s.** per **£100** sum assured for each 31st December prior to 1954 on which the policy was a premium paying policy, subject to a maximum addition of **£8** per **£100** sum assured.

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 **£153,240,585**.

#### GENERAL BRANCH.

The total revenue premiums for the year, after deduction of reinsurances ceded, were **£13,309,725**, including over **£5,600,000** in respect of overseas business. These figures do not include the premiums of **£1,894,459** 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, 1956, was **102** insuring capital sums of **£4,240,572** and producing an annual premium income of **£45,953**.

The amount of debentures, debenture stocks and estates for which the Company acts as trustee exceeded **£174,000,000** at the end of the year.

The surplus for the year is **£237,288** which, together with **£186,871** brought forward from last year, amounts to **£424,159**. This has been allocated as follows :—

	£
To dividends to holders of A shares and B shares ... ..	233,333
To be carried forward ... ..	190,826

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 **£21,162,684** or approximately **92.6** per cent. of the distributable profits of each of these branches. The shareholders' allocations from these branches amount to **£1,691,667** or approximately **7.4** per cent.

The Directors have declared in respect of the year 1956 a dividend on the A shares of **26s. 6d.** per share, of which **19s. 0d.** is payable on 16th May, 1957, to the shareholders on the Register at that date and **7s. 6d.** is payable on 14th November, 1957, to the shareholders then on the Register. Of the total dividend on the A shares, **11.2d.** is derived from the profits of the General Branch and **25s. 6.8d.** 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 **3s. 6d.** per B share payable on 16th May, 1957, 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 Mr. Edward Joseph William Borrajo, M.B.E., A.I.A., Mr. John Anthony Tristram Barstow, D.S.O., T.D., Sir John Serocold Paget Mellor, Bt., 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.

9th April, 1957.

F. W. MORGAN,

Chairman.

## ORDINARY BRANCH REVENUE ACCOUNT

for the year ending 31st December, 1956.

## LIFE ASSURANCE BUSINESS.

1955 £		£	1955 £		£
	Amount of life assurance fund at the beginning of the year ... ..	£330,878,887		Claims under policies paid and outstanding—	
312,324,119			4,747,677	By death ... ..	5,231,184
-1,143,521	Add adjustment in exchange	957,998	12,650,756	By maturity ... ..	18,962,881
311,180,598		340,836,885	17,398,433		24,184,035
	Deduct fund in respect of business transferred to the Life Insurance Corporation of India ... ..	4,279,000	4,778,670	Surrenders ... ..	6,127,190
		336,557,885	243,912	Bonuses surrendered for cash ... ..	302,373
47,854,522	Premiums ... ..	51,614,063	1,594,143	Annuities ... ..	1,713,339
236,132	Consideration for annuities granted ... ..	197,357	2,588,240	Commission ... ..	2,889,000
	Interest, dividends and net rents (less amount written off terminable securities) ...	18,767,057	4,707,119	Expenses of management ... ..	5,309,761
17,077,092			130,000	Profits tax ... ..	235,000
2,715,178	Deduct Income tax (less estimated rebate in respect of 1956) ... ..	3,057,594	650,000	Transfer to Investment reserve account ...	725,000
14,361,914		15,709,463	1,000,000	Transfer to Branch contingency fund ...	1,250,000
	Interest (less income tax) relating to earlier years arising from foreign debt agreements ... ..	107,042	787,759	Transfer to Profit and loss account ...	807,314
123,997			339,878,887	Amount of life assurance fund at the end of the year ... ..	360,642,798
£373,757,163		£404,185,810	£373,757,163		£404,185,810

The assurance funds include surpluses undivided between policyholders and shareholders, amounting to £810,403 at the beginning of the year and £907,015 at the end of the year.

The number of policies issued during the year was 154,069, assuring a sum of £166,320,043 and producing an annual premium income of £5,562,671. In addition, increases under existing group life assurances amounted to £10,107,275. The amount received in single premiums was £265,307.

## INDUSTRIAL BRANCH REVENUE ACCOUNT

for the year ending 31st December, 1956.

## INDUSTRIAL ASSURANCE BUSINESS.

1955 £		£	1955 £		£
	Amount of Industrial assurance fund at the beginning of the year ... ..	407,171,465		Claims under policies paid and outstanding—	
391,979,340			12,221,732	By death ... ..	12,769,024
47,510,544	Premiums ... ..	49,930,834	15,460,536	By maturity ... ..	17,164,246
	Interest, dividends and net rents (less amount written off terminable securities) ...	£22,580,439	27,682,568		29,933,270
21,178,528			6,022,495	Surrenders ... ..	6,754,163
	Deduct Income tax (less estimated rebate in respect of 1956) ... ..	3,131,410	13,766,593	Expenses of management ... ..	14,677,200
2,968,318			190,000	Profits tax ... ..	295,000
18,210,210		19,449,029	900,000	Transfer to Investment reserve account ...	900,000
	Interest (less income tax) relating to earlier years arising from foreign debt agreements ... ..	136,939	1,250,000	Transfer to Branch contingency fund ...	1,500,000
155,685			872,658	Transfer to Profit and loss account ...	884,363
			407,171,465	Amount of Industrial assurance fund at the end of the year ... ..	421,744,291
£457,855,779		£476,688,267	£457,855,779		£476,688,267

The assurance funds include surpluses undivided between policyholders and shareholders, amounting to £1,439,337 at the beginning of the year and £1,523,941 at the end of the year.

The number of policies issued during the year was 1,362,850, assuring a sum of £94,935,912 and producing an annual premium income of £6,341,759.

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## GENERAL BRANCH REVENUE ACCOUNTS

for the year ending 31st December, 1956.

## FIRE INSURANCE BUSINESS.

1955 £		£	1955 £		£
	Amount of fire insurance fund at the beginning of the year—		1,929,555	Claims under policies paid and outstanding	2,164,898
2,054,406	Provision for unexpired risks ... ..	2,082,048	884,216	Commission ... ..	933,967
4,344,171	Premiums ... ..	4,653,580	1,077,563	Expenses of management ... ..	1,225,038
	Exchange appreciation on currency assets held against currency liabilities ... ..	13,403	47,074	Contributions to fire brigades and fire prevention ... ..	50,979
			95,862	Exchange depreciation on currency assets held against currency liabilities ... ..	—
			282,259	Transfer to Profit and loss account ... ..	179,096
				Amount of fire insurance fund at the end of the year—	
				Provision for unexpired risks, which amounts to 47.2 per cent. (47.9 per cent. for 1955) of the premium income for the current year ... ..	2,195,053
			2,082,048		
	<u>£6,398,577</u>	<u>£6,749,031</u>	<u>£6,398,577</u>		<u>£6,749,031</u>
5,231,184					
3,952,851					
1,184,035					
1,127,190					
302,373					
713,339					
889,000					
309,761					
235,000					
725,000					
250,000					
807,314					
642,798					

## SICKNESS AND ACCIDENT INSURANCE BUSINESS.

1955 £	Amount of sickness and accident insurance fund at the beginning of the year—	£	1955 £	Payments under policies, including medical and legal expenses in connection therewith ... ..	£
85,810	Provision for unexpired accident and disability risks ... ..	£405,690	413,643	Commission ... ..	448,476
334,566	Further provision for renewable accident and disability risks ... ..	551,000	137,616	Expenses of management ... ..	148,137
538,000	Provision for permanent sickness risks ... ..	22,270	251,564	Transfer to Profit and loss account ... ..	279,797
21,502	Total estimated liability in respect of outstanding accident and disability claims ... ..	164,228	179,382	Amount of sickness and accident insurance fund at the end of the year—	123,834
168,024		1,143,188		Provision for unexpired accident and disability risks, which amounts to 40 per cent. of the premium income for the current year ... ..	£437,456
1,112,092	Add adjustment in exchange ... ..	7,584	405,690	Further provision for renewable accident and disability risks ... ..	570,000
—6,182			551,000	Provision for permanent sickness risks ... ..	23,085
1,105,910	Premiums—	1,150,772	22,270	Total estimated liability in respect of outstanding accident and disability claims ... ..	219,313
1,014,225	Accident and disability ... ..	1,093,640	164,228		
4,335	Permanent sickness ... ..	4,710	1,143,188		1,249,854
1,018,560	Interest on permanent sickness provision ... ..	976			
923					
£2,125,393		£2,250,098	£2,125,393		£2,250,098

## MOTOR VEHICLE INSURANCE BUSINESS.

1955	£		1955	£		1955	£
Amount of motor vehicle insurance fund at the beginning of the year—			2,458,380	Claims under policies paid and outstanding	2,996,453		
1,422,043	Provision for unexpired risks	£1,501,502	473,060	Commission ... ..	497,116		
15,000	Provision for motor vehicles laid up ... ..	10,000	896,503	Expenses of management ... ..	1,050,005		
1,437,043		1,511,502		Amount of motor vehicle insurance fund at the end of the year—			
—9,936	Add adjustment in exchange ... ..	11,653		Provision for unexpired risks, which amounts to 40 per cent. of the premium income for the current year ... ..	£1,694,982		
1,427,107		1,523,155	1,501,502	Provision for motor vehicles laid up ... ..	—		
3,753,755	Premiums ... ..	4,237,456	10,000				
158,583	Transfer from Profit and loss account ... ..	477,945	1,511,502				1,694,982
£5,339,445		£6,238,556	£5,339,445				£6,238,556

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## GENERAL BRANCH REVENUE ACCOUNTS—continued.

## MISCELLANEOUS INSURANCE BUSINESS.

1955 £		£	1955 £		£
	Amount of miscellaneous insurance fund at the beginning of the year—		1,538,969	Claims under policies paid and outstanding	1,574,744
1,180,620	Provision for unexpired risks	£1,181,684	521,927	Commission ... ..	464,705
-11,645	Add adjustment in exchange	14,932	700,121	Expenses of management ... ..	831,546
			95,227	Transfer to Profit and loss account ... ..	—
				Amount of miscellaneous insurance fund at the end of the year—	
1,168,975		1,196,616		Provision for unexpired risks, which amounts to 42.9 per cent. (41.9 per cent. for 1955) of the premium income for the current year ... ..	1,216,061
2,823,382	Premiums ... ..	2,834,780	1,181,684		
46,900	Trustee and executor fees ... ..	41,328			
—	Transfer from Profit and loss account ... ..	14,332			
			£4,037,928		£4,087,056
£4,037,928		£4,087,056			

## SINKING FUND INSURANCE BUSINESS.

1955 £		£	1955 £		£
	Amount of sinking fund insurance fund at the beginning of the year ... ..	2,130,139	11,200	Claims under policies paid and outstanding	1,080
2,075,398	Premiums ... ..	45,953	30,611	Surrenders ... ..	10,009
84,927	Interest and dividends ... ..	89,782	1	Commission ... ..	—
			938	Expenses of management ... ..	919
			34,336	Transfer to Profit and loss account ... ..	29,647
				Amount of sinking fund insurance fund at the end of the year ... ..	2,224,219
			2,130,139		
£2,207,225		£2,265,874	£2,207,225		£2,265,874

## MARINE, AVIATION AND TRANSIT INSURANCE BUSINESS.

Total 1955 £	Current Year. £	Last Preced- ing Year. £	Previous Years. £	Total. £	Total 1955 £	Current Year. £	Last Preced- ing Year. £	Previous Years. £	Total. £
899,140	—	265,566	666,547	932,113	218,970	86,870	109,667	57,884	254,421
364,048	443,008	1,499	-4,961	439,606	14,996	16,899	-604	—	16,295
—	617	-2	6	621	8,690	7,598	691	1	8,290
					37,602	205	1,156	30,672	32,033
					817	—	—	—	—
					50,000	—	—	100,000	100,000
£1,263,188				£1,372,340	932,113	332,113	156,153	473,035	961,301
				£1,263,188					£1,372,340



# PROFIT AND LOSS ACCOUNT for the year ending 31st December, 1956.

## ORDINARY AND INDUSTRIAL BRANCHES.

1955 £	£	1955 £	£
	Transfers from Revenue accounts—		Transfer to Appropriation account ... ..
787,759	Ordinary branch ... ..	1,660,417	1,691,667
872,658	Industrial branch ... ..		
<u>£1,660,417</u>	<u>£1,691,667</u>	<u>£1,660,417</u>	<u>£1,691,667</u>

## GENERAL BRANCH.

1955 £	£	1955 £	£
	Transfers from Revenue accounts—		Transfers to Revenue accounts—
282,259	Fire ... ..	158,583	Motor vehicle ... ..
179,382	Sickness and accident ... ..	—	Miscellaneous ... ..
95,227	Miscellaneous ... ..		Taxation—
34,336	Sinking fund ... ..	123,000	Overseas taxes ... ..
50,000	Marine ... ..	77,000	Profits tax ... ..
645,487	Interest and dividends not carried to other accounts ... ..	386,000	Income tax ... ..
		25,000	Transfer to Investment reserve account ...
		517,108	Transfer to Appropriation account ...
<u>£1,286,691</u>	<u>£1,127,565</u>	<u>£1,286,691</u>	<u>£1,127,565</u>

# APPROPRIATION ACCOUNT for the year ending 31st December, 1956.

Ordinary and Industrial Branches 1955.	General Branch 1955.	Ordinary and Industrial Branches.	General Branch.	Ordinary and Industrial Branches 1955.	General Branch 1955.	Ordinary and Industrial Branches.	General Branch.
£	£	£	£	£	£	£	£
		Balance brought forward from previous year—		—	300,000	Transfer to Branch contingency fund ... ..	—
—	203,096	General branch ... ..	186,871	156,250	—	Transfer to Dividend reserve fund (A shares)	93,750
1,660,417	517,108	Transfers from Profit and loss account ... ..	1,691,667			Provision for dividends (free of income tax) in respect of 1956 to holders of—	
				1,504,167	58,333	A shares ... ..	1,597,917
				—	175,000	B shares ... ..	175,000
						Balance carried to Balance sheet—	
				—	186,871	General branch ... ..	190,826
<u>£1,660,417</u>	<u>720,204</u>	<u>£1,691,667</u>	<u>424,159</u>	<u>£1,660,417</u>	<u>720,204</u>	<u>£1,691,667</u>	<u>424,159</u>

## COMMON CONTINGENCY FUND ACCOUNT

for the year ending 31st December, 1956.

1955 £		£	1955 £		£
3,680,145	Amount of Common contingency fund at the beginning of the year ... ..	3,612,873	3,352	Taxation—	
134,012	Interest and dividends ... ..	129,477	57,932	Profits tax ... ..	3,748
			140,000	Income tax ... ..	54,770
				Amount written off investments ... ..	80,000
			3,612,873	Amount of Common contingency fund at the end of the year ... ..	3,603,832
<u>£3,814,157</u>		<u>£3,742,350</u>	<u>£3,814,157</u>		<u>£3,742,350</u>

## SPECIAL CONTINGENCY FUND ACCOUNT

for the year ending 31st December, 1956.

1955 £		£	1955 £		£
5,963,308	Amount of Special contingency fund at the beginning of the year ... ..	6,009,678	5,623	Taxation—	
223,877	Interest and dividends ... ..	222,551	96,884	Profits tax ... ..	6,343
			75,000	Income tax ... ..	94,443
				Amount written off investments ... ..	170,000
			6,009,678	Amount of Special contingency fund at the end of the year ... ..	5,961,443
<u>£6,187,185</u>		<u>£6,232,229</u>	<u>£6,187,185</u>		<u>£6,232,229</u>

## DIVIDEND RESERVE FUND ACCOUNT

(A Shares)

for the year ending 31st December, 1956.

1955 £		£	1955 £		£
394,853	Amount of Dividend reserve fund at the beginning of the year ... ..	527,660	315	Taxation—	
156,250	Transfer from Appropriation account ... ..	93,750	5,179	Profits tax ... ..	516
12,051	Interest and dividends ... ..	16,030	30,000	Income tax ... ..	6,791
				Amount written off investments ... ..	5,000
			527,660	Amount of Dividend reserve fund at the end of the year ... ..	625,133
<u>£563,154</u>		<u>£637,440</u>	<u>£563,154</u>		<u>£637,440</u>

## COMMON CONTINGENCY FUND

## BALANCE SHEET

31st December, 1956.

LIABILITIES.				ASSETS.			
1955			£	1955			£
£				£			
3,612,873	Common contingency fund	...	3,603,832		Investments—		
	Current liabilities and provisions—			2,759,437	British Government securities	...	2,744,851
2,699	Profits tax	...	1,660	436,995	British Government guaranteed securities	...	443,780
529	Income tax	...	—	179,384	Municipal and county securities, United Kingdom	...	261,299
				40,000	Public Board securities	...	34,700
				48,000	Other Commonwealth Government securities	...	8,600
				100,947	Debentures and debenture stocks home and foreign	...	61,000
					Current assets—		
				—	Estimated tax recoverable	...	41,290
				45,000	Balance at Bankers—		
				6,338	On deposit in the United Kingdom	...	5,000
					On current account in the United Kingdom	...	4,972
<u>£3,616,101</u>			<u>£3,605,492</u>	<u>£3,616,101</u>			<u>£3,605,492</u>

## SPECIAL CONTINGENCY FUND

## BALANCE SHEET

31st December, 1956.

LIABILITIES.				ASSETS.			
1955			£	1955			£
£				£			
6,009,678	Special contingency fund	...	5,961,443		Loans—		
	Current liabilities and provisions—			17,012	On parochial and other public rates	...	17,012
5,061	Profits tax	...	2,787		Investments—		
7,182	Income tax	...	—	3,481,197	British Government securities	...	3,478,033
				1,776,941	British Government guaranteed securities	...	1,657,213
				284,153	Municipal and county securities, United Kingdom	...	391,328
				310,504	Other Commonwealth Government securities	...	292,504
				69,000	Debentures and debenture stocks home and foreign	...	56,000
					Current assets—		
				—	Estimated tax recoverable	...	53,261
				70,000	Balance at Bankers—		
				13,114	On deposit in the United Kingdom	...	10,000
					On current account in the United Kingdom	...	8,879
<u>£6,021,921</u>			<u>£5,964,230</u>	<u>£6,021,921</u>			<u>£5,964,230</u>

## DIVIDEND RESERVE FUND

(A Shares)

## BALANCE SHEET

31st December, 1956.

LIABILITIES.				ASSETS.			
1955			£	1955			£
£				£			
527,660	Dividend reserve fund	...	625,133		Investments—		
	Current liabilities and provisions—			289,487	British Government securities	...	344,251
296	Profits tax	...	490	60,000	British Government guaranteed securities	...	159,516
55	Income tax	...	—	2,000	Municipal and county securities, United Kingdom	...	18,277
					Current Assets—		
				—	Estimated tax recoverable	...	1,582
				15,000	Balance at Bankers—		
				161,524	On deposit in the United Kingdom	...	6,000
					On current account in the United Kingdom	...	95,997
<u>£528,011</u>			<u>£625,623</u>	<u>£528,011</u>			<u>£625,623</u>

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total.	Ordinary Branch 1955.	Industrial Branch 1955.	General Branch 1955.	Total 1955.	ASSETS.	Ordinary Branch.	Industrial Branch.	General Branch.	Total.
£	£	£	£	£		£	£	£	£
50,000	11,039,833	8,423,068	—	19,462,901	<b>Mortgages—</b>				
00,000	9,473,089	290,138	400	9,763,627	On property within the United Kingdom ...	15,520,662	12,251,105	—	27,771,767
					On property out of the United Kingdom ...	12,109,615	214,391	400	12,324,406
50,000	2,984,115	7,301,362	300,000	10,585,477	<b>Loans—</b>				
0,828	16,578	—	—	16,578	On parochial and other public rates ...	3,066,827	9,096,405	300,000	13,363,232
	1,700,592	2,430,000	—	4,130,592	On Life interests ...	16,633	—	—	16,633
2,798	9,400,538	—	—	9,400,538	On Stocks and shares ...	401,275	800,000	—	1,201,275
4,291	553,412	995,273	—	1,548,685	On Company's policies within their surrender values ...	10,903,532	—	—	10,903,532
	411,519	597,661	49,092	1,058,272	Without specific security ...	556,810	995,000	—	1,551,810
					To subsidiaries ...	460,739	706,035	64,950	1,231,724
	53,732,278	92,995,508	2,100,115	148,827,901	<b>Investments after deducting Reserve—</b>				
	40,776,157	87,558,564	2,334,350	130,669,071	British Government securities ...	53,087,042	87,339,809	3,639,023	144,065,874
					British Government guaranteed securities ...	38,146,022	87,965,064	1,111,379	127,222,485
					Securities guaranteed under Trade Facilities and other Acts ...	215,426	346,453	—	561,879
470	215,426	346,453	—	561,879	Municipal and county securities, United Kingdom ...	2,379,427	2,054,729	578,449	5,012,605
	1,882,461	1,943,479	553,456	4,379,396	Public Board securities, United Kingdom ...	640,328	2,119,521	29,872	2,789,719
	622,326	1,410,674	148,373	2,181,373	Other Commonwealth Government securities ...	18,761,076	5,505,897	970,266	25,237,239
	18,229,670	5,012,462	1,182,621	24,424,753	Other Commonwealth provincial securities ...	4,090,922	—	637,157	4,728,079
	3,484,148	—	503,312	3,987,460	Other Commonwealth municipal securities ...	6,434,424	109,189	383,970	6,827,583
	5,544,819	102,874	369,950	6,017,643	Other Commonwealth Public Board securities ...	2,078,442	8,112	—	2,086,554
	1,835,997	8,112	—	1,844,109	Foreign Government securities ...	1,006,319	529,782	886,156	2,374,257
681	1,052,455	587,397	974,136	2,613,988	Foreign provincial securities ...	2	6	—	8
	2	3	—	5	Foreign municipal securities ...	23,112	3	16,400	39,515
339	35,572	161	16,401	52,134	Debentures and debenture stocks and gold and sterling bonds—home and foreign ...	62,105,722	75,285,682	5,322,777	142,714,181
	57,479,218	69,339,539	4,939,897	131,758,654	Preference and guaranteed stocks and shares ...	27,822,821	31,258,735	1,459,943	60,542,499
128	27,377,018	30,870,603	1,504,780	59,752,401	Ordinary stocks and shares ...	61,040,102	74,938,990	1,138,734	137,117,826
138	57,601,552	67,666,202	859,016	126,126,770	Subsidiaries not dealt with in group accounts—				
199					Preference shares ...	17,500	24,428	—	41,928
	17,500	24,428	—	41,928	Ordinary shares ...	48,425	128,419	8,000	184,844
	58,786	145,095	8,000	211,881	Rent charges ...	56,928	48,436	—	105,364
88	56,928	48,436	—	105,364	Freehold ground rents and feu duties ...	2,157,147	9,621,029	—	11,778,176
	2,079,566	9,538,913	—	11,618,479	Leasehold ground rents ...	30,160	78,777	—	108,937
	30,160	78,782	—	108,942	<b>Property—</b>				
15	24,299,725	19,539,001	—	43,838,726	In the United Kingdom—Freehold ...	27,340,426	21,324,860	—	48,665,286
37	11,037,384	9,388,506	—	20,425,890	—Leasehold ...	13,573,445	10,118,700	—	23,692,145
33	725,284	—	—	725,284	Out of the United Kingdom ...	800,733	—	—	800,733
14	884	—	—	884	Reversions ...	884	—	—	884
10					<b>Fixed assets—</b>				
			880,983	880,983	Subsidiary dealt with in accounts annexed—				
0					Ordinary shares (at cost) ...	—	—	880,983	880,983
		4,554,294	—	4,554,294	Office premises (at cost, less amounts written off)—				
		407,753	—	407,753	In the United Kingdom—Freehold ...	—	4,776,694	—	4,776,694
	1,458,720	—	18,316	1,477,036	—Leasehold ...	—	688,361	—	688,361
					Out of the United Kingdom ...	1,218,721	—	18,261	1,236,982
	68,618	—	80,310	148,928	<b>Current assets—</b>				
			236,433	236,433	Deposits at interest at home and abroad ...	369,400	—	120,261	489,661
	847,567	—	—	847,567	Agents' balances ...	—	—	278,499	278,499
	1,307,437	—	1,117,674	2,425,111	Commission paid in advance ...	1,217,526	—	—	1,217,526
	647,388	346,097	7,185	1,001,170	Outstanding premiums ...	1,685,987	137,775	1,191,782	3,015,544
	1,977,575	2,002,113	115,370	4,095,058	Outstanding interest, dividends, rents and fees ...	754,948	523,530	5,224	1,283,702
			982,697	982,697	Interest, dividends, rents and fees accrued ...	2,111,927	2,135,469	132,455	4,379,851
			27,280	27,280	Amounts due on reinsurance account ...	—	—	1,152,513	1,152,513
		240,657	30,000	270,657	Amounts due from subsidiaries ...	—	—	31,385	31,385
	2,361,000	3,775,000	—	6,136,000	Sundry brokers for investments sold ...	25,112	23,258	—	48,370
	44,419	265,233	146,366	456,018	Estimated income tax recoverable ...	2,521,000	4,003,000	100,166	6,624,166
					Other debtors ...	49,126	121,714	180,718	351,558
					Balances at Bankers and Cash in hand—				
	850,000	1,150,000	—	2,000,000	On deposit—				
	598,406	—	115,070	713,476	In the United Kingdom ...	800,000	950,000	150,000	1,700,000
					Out of the United Kingdom ...	392,218	—	54,804	447,022
	256,295	751,748	376,020	1,384,063	In hand and on current account—				
	2,090,928	204,065	695,540	2,990,533	In the United Kingdom ...	206,967	209,237	117,705	533,909
					Out of the United Kingdom ...	1,856,455	35,925	382,942	2,275,322
	£356,263,845	430,339,654	20,673,143	807,276,642		£378,805,213	446,474,540	21,290,174	846,569,927
				3,616,101	<b>Common contingency fund ...</b>				3,605,492
				6,021,921	<b>Special contingency fund ...</b>				5,984,230
				528,011	<b>Dividend reserve fund (A shares)</b>				625,623
					(per separate Balance sheets)				
				£817,442,675					886,785,272

W. F. GARDNER, General Manager.

F. W. MORGAN, Chairman.

F. M. REDINGTON, Actuary.

E. J. W. BORRAJO, }  
C. W. A. RAY, } Directors.

L. BROWN, Secretary.

9th April, 1957.

## THE PRUDENTIAL ASSURANCE COMPANY LIMITED.

No part of any fund has been applied, directly or indirectly, for any purpose other than the class of business to which the fund is applicable. We have investigated the methods of calculating and apportioning the expenses of management and the accounts thereof, and in our opinion the accounts show a fair and equitable apportionment of the expenses between the Industrial and other Branches of the Company's business.

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

DELOITTE, PLENDER, GRIFFITHS &amp; CO.

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

9th April, 1957.

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## NOTES TO THE BALANCE SHEET.

1955.		1956.
£		£
35,275,000	Capital commitments for settlement after 31st December ...	24,955,000
2,130,000	Contingent capital commitments ...	7,290,000
2,900,000	Uncalled capital on investments held ...	2,890,000
2,000,000	Reserve liability on shares, etc. ...	1,530,000

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. 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), property and cash amount to—

1955.		1956.
£		£
33,500	Australia ...	33,000
15,000	Burma ...	17,000
15,705,000	Canada ...	18,001,500
1,433,000	Egypt ...	1,373,500
15,000	Ireland ...	14,000
1,500	Israel ...	1,500
45,500	New Zealand ...	45,000
1,060,000	Pakistan ...	1,407,500
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.

The aggregate amount of the Directors' remuneration for the year was £54,255. (1955, £51,032.)

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, 1956, 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.

The liabilities in respect of the major part of the Company's life business in India and the funds held in India to cover these liabilities have been taken over by the Life Insurance Corporation of India. The 1956 accounts include only such business as the Company has been permitted to continue to administer in respect of which sterling assets are held in the United Kingdom. Claims for compensation and for the release of part of the funds taken over are being negotiated with the Indian Government but no credit has been taken for these in the accounts.

No information regarding the business of the Company's Egyptian branch is available after 1st November, 1956, and the accounts of this branch to that date only have been incorporated in the Company's accounts pending clarification of the position.

Liabilities and assets in overseas currencies have been converted into sterling at the rates ruling on the 31st December, 1956, 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 adjustments to ledger values and 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 to or 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 1955 are not dealt with in the group accounts in view of the insignificant amount involved. A dividend of £2,258 relating to 1955 has been received in 1956 and included in the Company's accounts. The Company's proportion of the balance of profit undistributed amounted at the rate of exchange at the 31st December, 1956, to £14,747, of which £3,396 related to 1955, and was carried forward in the accounts of the subsidiaries.

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

REVENUE ACCOUNT  
for the year ending 31st December, 1956.

1955 £		£	1955 £		£
	Amount of insurance fund at the beginning of the year—		985,861	Claims under policies paid and outstanding	1,087,428
1,877,527	Provision for unexpired risks ... ..	1,932,568	725,837	Commission ... ..	736,262
1,862,012	Premiums ... ..	1,894,459	45,039	Expenses of management ... ..	37,515
—	Transfer from Profit and loss account ...	50,458	50,234	Transfer to Profit and loss account	—
				Amount of insurance fund at the end of the year—	
			1,932,568	Provision for unexpired risks ... ..	2,016,280
<u>£3,739,539</u>		<u>£3,877,485</u>	<u>£3,739,539</u>		<u>£3,877,485</u>

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

PROFIT AND LOSS ACCOUNT  
for the year ending 31st December, 1956.

1955 £		£	1955 £		£
	Balance (earned surplus) brought forward		48,639	Taxes ... ..	8,922
929,982	from previous year ... ..	1,036,699	9,710	Investment expenses ... ..	13,022
128,527	Interest and dividends ... ..	136,465	—	Loss on sale of securities ... ..	680
11,195	Profit on sale of securities ... ..	—	3,461	Amounts written off securities ... ..	2,997
50,234	Transfer from Revenue account ... ..	—	21,429	Dividend to Shareholders ... ..	40,179
			—	Transfer to Revenue account ... ..	50,458
			1,036,699	Balance (earned surplus) as per Balance sheet ... ..	1,056,906
<u>£1,119,938</u>		<u>£1,173,164</u>	<u>£1,119,938</u>		<u>£1,173,164</u>

BALANCE SHEET  
31st December, 1956.

LIABILITIES.			ASSETS.		
1955 £		£	1955 £		£
535,714	Authorised and Issued capital—		2,444,336	Investments (at or under cost)—	
535,714	15,000 shares of \$100 each, fully paid	535,714	901,049	United States Government securities ...	2,315,979
1,036,699	Capital reserve (surplus paid in) ... ..	535,714	416,250	Debentures and bonds ... ..	1,043,744
1,932,568	Profit and loss account balance (earned surplus) ... ..	1,056,906	495,108	Preference stocks and shares ... ..	411,537
	Insurance fund ... ..	2,016,280		Ordinary stocks and shares ... ..	478,968
462,800	Current liabilities—		35,890	Current assets—	
114,126	Outstanding claims ... ..	474,315	16,271	Deposit at interest ... ..	—
—	Outstanding commission and expenses ...	60,041	37,430	Interest and dividends accrued ... ..	17,224
52,912	Amounts due on reinsurance account ...	8,587	324,199	Amounts due on reinsurance account ...	241,700
	Taxation ... ..	5,468		Balances at Bankers and Cash in hand ...	183,873
<u>£4,670,533</u>		<u>£4,693,025</u>	<u>£4,670,533</u>		<u>£4,693,025</u>

All items have been converted at the rate of \$2.80 to the £. The Prudential Assurance Company Limited holds over 99 per cent. of the shares in this Company, and has the option in certain events to acquire the remaining shares.

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

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Directors' Report  
and  
Statement of Accounts  
*Year ending 31st December, 1956.*

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