



**THE PRUDENTIAL ASSURANCE COMPANY LIMITED**

*One Hundred and Twelfth Annual Report  
and Statement of Accounts*

**YEAR ENDED 31 DECEMBER 1960**

P00019821

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## THE PRUDENTIAL ASSURANCE COMPANY LIMITED

### Directors :

Sir Frank William Morgan, M.C., Chairman.  
Sir John Serocold Paget Mellor, Bt., Deputy Chairman.  
John Anthony Tristram Barstow, D.S.O., T.D.  
Sir John Donald Balfour Fergusson, G.C.B.  
Walter Frank Gardner, C.B.E., F.I.A.  
The Rt. Hon. Sir Percy James Grigg, K.C.B., K.C.S.I.  
Hubert Samuel Lane, M.C.  
Maurice Petherick.  
Charles William Allan Ray.  
Desmond Arthur Reid.  
The Rt. Hon. Lord Spens, P.C., K.B.E.  
Rupert Stanley Thorp.  
Sir James Millard Tucker, Q.C.

### General Manager :

K. A. Usherwood, M.A., F.I.A.

### Secretary and Chief Investment Manager :

L. Brown, F.I.A.

### Deputy General Managers :

R. E. Montgomery, A.C.I.I.  
R. H. Owen, F.I.A.

### Chief 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 General Managers :

G. J. Gould, A.C.I.I.  
W. G. Haslam, D.F.C.  
F. J. H. Hill, J.P., A.C.I.I.  
A. J. Males, F.I.A.  
H. Proctor.

### Deputy Actuaries :

A. S. Clarke, F.I.A.  
J. Edey, F.I.A.  
W. E. H. Hickox, F.I.A.  
R. S. Skerman, F.I.A.  
S. S. Townsend, F.I.A.

### Deputy Secretary :

C. E. Puckridge, F.I.A.

### Deputy Investment Managers :

E. P. Hatchett, F.I.A.  
P. E. Moody, F.I.A.  
L. C. Polke, A.I.A.

### Agency Managers :

R. P. Johnson.  
F. Pearson.

### Group Pensions Manager :

J. G. Haslam, F.I.A.

### Chief Surveyor :

F. N. Waller, F.R.I.C.S.

### Life Manager—Ordinary Branch :

C. D. Clark.

### Marine Underwriter :

C. E. R. Taylor.

### Deputy Chief Surveyor :

M. R. Dunnett, F.R.I.C.S.

### Solicitor :

P. B. Cockshutt.

### Principal Medical Officer :

T. W. Preston, T.D., M.D.

### General Manager for Australia and New Zealand :

S. C. Canfield, F.C.I.I.

### General Manager for Canada :

H. D. McNairn, M.B.E., Q.C.

### General Manager for Southern and East Africa :

I. M. Macnab.



## **THE PRUDENTIAL ASSURANCE COMPANY LIMITED**

### **NOTICE IS HEREBY GIVEN**

that the ANNUAL GENERAL MEETING of this Company will be held at the Registered Office of the Company, No. 142, HOLBORN BARS, LONDON, E.C.1 on THURSDAY, the 11th May, 1961, so soon after 2 o'clock in the afternoon as the proceedings of the separate General Meetings of the holders of the A and of the B Shares of the Company previously to be held at that office on such day shall have been concluded, for the following purposes :

#### **ORDINARY BUSINESS**

1

To receive the Report of the Directors and Statement of Accounts for the year ended 31st December, 1960

2

To re-elect and elect Directors

3

To fix the remuneration of the Auditors

4

To transact any other business proper to be transacted at such Meeting not being Special Business.

#### **SPECIAL BUSINESS**

To consider, and if thought fit pass, the Resolutions set out in the separate Notice of Special Business sent herewith.

In connection with the re-election of Directors special notice has 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 :

The Rt. Hon. Sir Percy James Grigg, K.C.B., K.C.S.I. (70)  
Mr. Hubert Samuel Lane, M.C. (73), and  
Mr. Charles William Allan Ray (67)

142, Holborn Bars, London, E.C.1.  
18th April, 1961.

By order of the Board of Directors,  
L. BROWN,  
Secretary.

### **PROXIES**

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 200 B Shares shall not in respect of those shares be entitled to receive notice of or to attend or vote at any meeting of the Company.

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The attention of those shareholders, who are members of the Company's Field Staff, is drawn to Section Industrial Assurance Act 1923 which provides that no collector or superintendent shall be present at any meeting of an Industrial Assurance Company.



# ANNUAL REPORT

*Year ended 31st December 1960*

The Directors have the pleasure of submitting their Report and Accounts for 1960.

The Balance sheet total of the Company's Assets is £1,111,942,109 as compared with £1,034,762,782 at 31st December, 1959.

The Income from all sources during 1960 was £213,735,781 as compared with £197,151,460 in 1959.

The Tables which follow summarise the operations of the Life and General Branches during 1960.

## BUSINESS IN FORCE 31st DECEMBER 1960

1959				1960	
UNITED KINGDOM	OVERSEAS	ORDINARY BRANCH		UNITED KINGDOM	OVERSEAS
£	£	LIFE ASSURANCE BUSINESS		£	£
1,095,353,153	653,620,790	Sums Assured, including bonus ...	...	1,203,626,616	723,406,453
33,692,749	16,144,881	Annual Premium Income ...	...	36,030,262	17,292,091
		DEFERRED AND CONTINGENT ANNUITIES			
		Amount of Annuities per annum, including bonus (and including amounts to be purchased by future recurrent single premiums) ...		65,164,835	10,608,982
59,091,459	10,050,973	Annual Premium Income ...	...	15,828,338	2,591,317
14,660,345	2,493,904	IMMEDIATE ANNUITIES			
		Amount of Annuities per annum ...		2,653,645	297,437
2,295,314	280,477	INDUSTRIAL BRANCH			
		Sums Assured, including bonus ...		1,261,795,652	—
1,215,451,677	—	Annual Premium Income ...		59,717,489	—
57,593,980	—				

## GENERAL BRANCH

10,567,219	6,833,509	Premium Income ...	...	11,546,097	7,255,882
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The General Branch figures do not include the premiums of £3,322,659 (£2,983,787 for 1959) 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 22.

## SUMMARY OF INCOME AND OUTGO

1959		1960		1959		1960	
ORDINARY BRANCH £	INDUSTRIAL BRANCH £	ORDINARY BRANCH £	INDUSTRIAL BRANCH £	£		£	
<b>LIFE BRANCHES</b>				<b>GENERAL BRANCH</b>			
<b>INCOME</b>				<b>UNDERWRITING INCOME AND OUTGO</b>			
66,178,654	56,026,839	Premiums ... ..	70,941,303	58,212,657	Premiums and fees ... ..	18,865,161	
828,393	—	Consideration for immediate annuities ... ..	670,898	—	Investment income allocated to long term contracts ... ..	107,996	
26,829,106	28,359,082	Investment income ... ..	31,566,575	31,816,829	<b>TOTAL INCOME</b> ... ..	<b>18,973,157</b>	
<u>93,836,153</u>	<u>84,385,921</u>	<b>TOTAL INCOME</b> ... ..	<u>103,178,776</u>	<u>90,029,486</u>	<b>OUTGO</b>		
<b>OUTGO</b>				8,889,827	Claims ... ..	9,783,379	
29,584,731	40,971,283	Claims and Surrenders ... ..	31,343,476	40,959,915	Contributions to fire brigades and fire prevention ... ..	73,566	
2,441,301	—	Annuities ... ..	2,780,869	—	Expenses including Commission ... ..	7,569,952	
10,772,505	17,332,745	Expenses including Commission ... ..	11,750,568	17,674,589	<b>TOTAL OUTGO</b> ... ..	<b>17,426,897</b>	
4,146,096	4,346,137	Taxation ... ..	4,222,467	5,372,643	<b>EXCESS OF INCOME OVER OUTGO</b> ... ..	<b>1,546,260</b>	
<u>46,944,633</u>	<u>62,650,165</u>	<b>TOTAL OUTGO</b> ... ..	<u>50,097,380</u>	<u>64,007,147</u>	<i>Deduct</i>		
<b>EXCESS OF INCOME OVER OUTGO</b> ... ..				448,650	Provision for increase in liabilities to policyholders ... ..	682,347	
46,891,520	21,735,756	<i>Deduct</i>	53,081,396	26,022,339	<b>GROSS UNDERWRITING SURPLUS</b> ... ..	<b>863,913</b>	
29,005,546	4,922,367	Provision for increase in liabilities to policyholders ... ..	31,896,915	6,718,616	<b>INVESTMENT INCOME</b>		
300,000	450,000	Transfer to Investment reserve account ... ..	300,000	450,000	Investment income other than that allocated to long term contracts ... ..	1,095,986	
<u>17,585,974</u>	<u>16,363,389</u>	<b>SURPLUS FOR THE YEAR</b> ... ..	<u>20,884,481</u>	<u>18,853,723</u>	<b>TOTAL GROSS SURPLUS</b> ... ..	<b>1,959,899</b>	
972,427	1,761,633	<i>Add</i>	1,033,235	1,860,524	<i>Deduct</i>		
18,558,401	18,125,022	Surplus brought forward from previous year ... ..	21,917,716	20,714,247	Taxation ... ..	973,000	
1,033,235	1,860,524	<i>Deduct</i>	1,101,888	1,904,409	Transfer to Investment reserve account ... ..	10,000	
<u>£17,525,166</u>	<u>£16,264,498</u>	Surplus carried forward ... ..	<u>£20,815,828</u>	<u>£18,809,838</u>	<b>NET SURPLUS FOR THE YEAR</b> ... ..	<b>976,899</b>	
<b>ALLOCATION</b>				196,645	<i>Add</i>		
16,388,448	15,209,549	To Policyholders' bonuses 93.74% (93.51% in 1959) in each branch ... ..	19,512,033	17,631,688	Surplus brought forward from previous year ... ..	232,827	
1,136,718	1,054,949	To Profit and loss account for Shareholders 6.26% (6.49%) in each branch ... ..	1,303,795	1,178,150	<i>Deduct</i>		
<i>Appropriated as follows:—</i>				1,132,827	Transfer to Branch contingency fund ... ..	500,000	
£2,191,667		To Dividend on A Shares ... ..	£2,481,945		Transfer to Additional reserve fund ... ..	—	
				500,000	Surplus carried forward ... ..	220,837	
				232,827	<b>SURPLUS FOR DISTRIBUTION</b> ... ..	<b>£488,889</b>	
				<u>£400,000</u>	<i>Appropriated as follows:</i>		
				£100,000	To Dividend on A Shares ... ..	£122,222	
				<u>£300,000</u>	To Dividend on B Shares ... ..	£366,667	

NOTE: General Branch business in the United States of America is transacted by the Company's subsidiary, The Prudential Insurance Company of Great Britain located in New York (accounts on page 22). This business is not included in the above figures, but the dividend received from the subsidiary is included in the investment income.

## BONUS DECLARATIONS

The Directors have declared the following bonuses on participating policies :

### ORDINARY BRANCH

Assurance policies of classes issued in the United Kingdom, the Channel Islands and the Isle of Man

A reversionary bonus at the rate of 56s. per £100 sum assured.

A final bonus on policies issued in 1958 or earlier which become claims by death or maturity of endowment between 16th March, 1961, and 31st December, 1961, inclusive, at the rate of 15s. per £100 sum assured for each 31st December prior to 1959 on which the policy was a participating policy, subject to a maximum addition of £27 per £100 sum assured.

Assurance policies of the undermentioned overseas classes

Reversionary bonuses at the following rates per £100 sum assured :

Australia :

First Series	...	...	...	...	...	44s.
Second Series	...	...	...	...	...	30s. compound.

New Zealand :

First Series	...	...	...	...	...	34s.
Second Series	...	...	...	...	...	21s. compound.

Canada ... .. 36s. compound.

South Africa, the Rhodesias and Nyasaland ... 50s.

East Africa ... .. 40s.

Ceylon ... .. 30s.

Malaya and Singapore ... .. 40s.

Cyprus and Malta ... .. 56s.

Pakistan ... .. 20s.

Bonuses for assurance policies of other overseas classes, retirement annuity policies and group pension business have also been declared at the rates set out on pages 25 and 26 in the Valuation Report of the Chief Actuary.

### INDUSTRIAL BRANCH

A reversionary bonus at the rate of 38s. per £100 sum assured.

This bonus is added as on 1st January, 1961, except for policies issued in 1960, where it is added on completion of payment of one year's premiums.

A final bonus on policies issued in 1958 or earlier which become claims by death or maturity of endowment between 16th March, 1961, and 31st December, 1961, inclusive, at the rate of 15s. per £100 sum assured for each 31st December prior to 1959 on which the policy was a premium paying policy, subject to a maximum addition of £27 per £100 sum assured.

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# DIVIDENDS

The Directors have declared the following dividends:

## A SHARES

A dividend of 8s. 4d. per share, of which 6s. 10d. is payable on 11th May, 1961, to the shareholders on the Register on 14th April, 1961, and 1s. 6d. is payable on 9th November, 1961, to the shareholders on the Register on 13th October, 1961.

Of the total dividend on the A Shares 4.69d. is derived from the profits of the General Branch and 7s. 11.31d. from the profits of the Life branches.

## B SHARES

A dividend of 1s. 10d. per share payable on 11th May, 1961, to the shareholders on the Register on 14th April, 1961.

The dividend on the B Shares is wholly derived from the profits of the General Branch.

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

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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 report, which appears in full on pages 24-27.

The Directors retiring by rotation are Sir Percy James Grigg, Mr. Hubert Samuel Lane, The Rt. Hon. Lord Spens and Mr. Charles William Allan Ray. Sir James Grigg, Mr. Lane and Mr. Ray offer themselves for re-election and Mr. Gardner who was appointed a Director as from the 1st January, 1961, retires in accordance with the Articles of Association and offers himself for election.

Lord Spens is not offering himself for re-election and the Directors recommend the election of The Rt. Hon. Lord Coleraine, P.C., in his stead.

The election of the following will therefore be proposed at the meeting:—

The Rt. Hon. Sir Percy James Grigg, K.C.B., K.C.S.I.

Mr. Hubert Samuel Lane, M.C.

Mr. Charles William Allan Ray

Mr. Walter Frank Gardner, C.B.E., F.I.A.

The Rt. Hon. Lord Coleraine, P.C.

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

*Holborn Bars,  
7th April, 1961.*

F. W. MORGAN,  
*Chairman.*



# ORDINARY BRANCH REVENUE ACCOUNT

for the year ended 31st December 1960

## LIFE ASSURANCE BUSINESS

1959 £		£
429,503,887	Amount of life assurance fund at the beginning of the year	£475,371,574
+412,885	Deduct adjustment in exchange ... ..	1,604,097
429,916,772		473,767,477
66,178,654	Premiums ... ..	70,941,303
828,393	Consideration for immediate annuities ... ..	670,898
26,829,106	Interest, dividends and net rents (less amount written off terminable securities) ...	31,566,575
4,046,096	Deduct Income tax (less estimated rebate in respect of 1960) ... ..	4,122,467
22,783,010		27,444,108

£519,706,829

£572,823,786

1959 £		£
	Claims under policies paid and outstanding—	
7,035,489	By death ... ..	7,880,512
14,663,685	By maturity ... ..	14,574,533
21,699,174		22,455,045
7,287,726	Surrenders ... ..	8,188,791
597,831	Bonuses surrendered for cash ... ..	699,640
2,441,301	Annuities ... ..	2,780,869
3,454,089	Commission ... ..	3,739,812
7,318,416	Expenses of management ... ..	8,010,756
100,000	Profits tax ... ..	100,000
300,000	Transfer to Investment reserve account ...	300,000
1,136,718	Transfer to Profit and loss account ...	1,303,795
475,371,574	Amount of life assurance fund at the end of the year ... ..	525,245,078

£519,706,829

£572,823,786

### NEW BUSINESS DURING THE YEAR

- Assurances: The number of policies issued was 182,569; sums assured were £312,469,125; the annual premium income was £7,030,766; single premiums were £174,463.
- Annuities: The amount of annuities was £13,998,479 per annum; the annual premium income was £3,011,775; single premiums (including consideration for immediate annuities) were £865,256.

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# INDUSTRIAL BRANCH REVENUE ACCOUNT

for the year ended 31st December 1960

## INDUSTRIAL ASSURANCE BUSINESS

1959 £		£	1959 £		£
	Amount of Industrial assurance fund at the beginning of the year ... ..	472,616,399		Claims under policies paid and outstanding--	
452,385,592			14,470,156	By death ... ..	14,848,335
56,026,839	Premiums ... ..	58,212,657	17,001,912	By maturity ... ..	16,605,992
	Interest, dividends and net rents (less amount written off terminable securities) ...	£31,816,829	31,472,068		31,454,327
28,359,082			9,499,215	Surrenders ... ..	9,505,588
	Deduct Income tax (less estimated rebate in respect of 1960) ... ..	5,272,643	17,332,745	Expenses of management ... ..	17,674,589
4,261,137			85,000	Profits tax ... ..	100,000
24,097,945		26,544,186	450,000	Transfer to Investment reserve account ...	450,000
			1,054,949	Transfer to Profit and loss account ...	1,178,150
				Amount of Industrial assurance fund at the end of the year ... ..	497,010,588
			472,616,399		
<u>£532,510,376</u>		<u>£557,373,242</u>	<u>£532,510,376</u>		<u>£557,373,242</u>

### NEW BUSINESS DURING THE YEAR

Assurances: The number of policies issued was 1,406,433; sums assured were £115,297,509; the annual premium income was £7,634,336.

## for the year ended

1959		1959	
£	£	£	£
	Amount of fire insurance fund at the beginning of the year—	2,602,113	Claims under policies paid and outstanding
2,514,404	Provision for unexpired risks ... ..	1,067,616	Commission ... ..
5,510,387	Premiums ... ..	1,489,160	Expenses of management ... ..
	Exchange appreciation on currency assets held against currency liabilities ... ..	70,158	Contributions to fire brigades and fire prevention ... ..
2,608		—	Exchange depreciation on currency assets held against currency liabilities ... ..
		124,885	Transfer to Profit and loss account ...
			Amount of fire insurance fund at the end of the year—
			Provision for unexpired risks, which amounts to 48·0 per cent. (48·5 per cent. for 1959) of the premium income for the current year ... ..
<u>£8,027,399</u>	<u>£8,428,028</u>	<u>2,673,467</u>	<u>2,762,977</u>
		<u>£8,027,399</u>	<u>£8,428,028</u>

31st December 1960

1959				1959			
£			£	£			£
	Amount of motor vehicle insurance fund at the beginning of the year—			3,716,810	Claims under policies paid and outstanding		4,231,561
2,449,092	Provision for unexpired risks ... ..	£2,603,736		714,050	Commission ... ..		783,862
+5,720	Deduct adjustment in exchange ... ..	21,259		1,577,778	Expenses of management ... ..		1,702,895
<u>2,454,812</u>			2,582,477	351,778	Transfer to Profit and loss account ...		185,681
6,509,340	Premiums ... ..		7,202,536		Amount of motor vehicle insurance fund at the end of the year—		
				2,603,736	Provision for unexpired risks, which amounts to 40 per cent. of the premium income for the current year ... ..		2,881,014
<u>£8,964,152</u>			<u>£9,785,013</u>				<u>£9,785,013</u>

1959 £		£	1959 £		£
	Amount of sickness and accident insurance fund at the beginning of the year—			Payments under policies, including medical and legal expenses in connection therewith ... ..	604,537
	Provision for unexpired accident and disability risks ... ..	£559,466	563,549	Commission ... ..	234,012
514,340			199,928	Expenses of management ... ..	402,081
	Further provision for renewable accident and disability risks ... ..	644,000	354,642	Transfer to Profit and loss account ...	258,277
622,000			213,606		
	Provision for permanent sickness risks ... ..	25,816		Amount of sickness and accident insurance fund at the end of the year—	
24,402				Provision for unexpired accident and disability risks, which amounts to 40 per cent. of the premium income for the current year ... ..	£633,805
	Total estimated liability in respect of outstanding accident and disability claims ... ..	232,574	559,466	Further provision for renewable accident and disability risks ... ..	640,000
223,976				Provision for permanent sickness risks ... ..	17,171
1,384,718		1,461,856	644,000	Total estimated liability in respect of outstanding accident and disability claims ... ..	249,588
	Deduct adjustment in exchange ... ..	14,594	25,816		
+3,211					
1,387,929		1,447,262	232,574		
	Premiums—		1,461,856		
1,398,664	Accident and disability ... ..	1,584,512			
5,839	Permanent sickness ... ..	6,310			
1,404,503		1,590,822			
	Interest on permanent sickness provision ... ..	1,387			
1,149					
£2,793,581		£3,039,471	£2,793,581		£3,039,471

1959					1959				
£				£	£				£
	Amount of miscellaneous insurance fund at the beginning of the year—				1,559,214	Claims under policies paid and outstanding			1,787,668
1,465,093	Provision for unexpired risks	£1,554,874			592,634	Commission ... ..			620,339
	Deduct adjustment in exchange ... ..	20,742			1,026,980	Expenses of management ... ..			1,107,177
+4,970					319,952	Transfer to Profit and loss account ...			178,654
1,470,063				1,534,132		Amount of miscellaneous insurance fund at the end of the year—			
3,522,691	Premiums ... ..	3,726,783				Provision for unexpired risks, which amounts to 43·7 per cent. (44·1 per cent. for 1959) of the premium income for the current year ... ..			1,630,259
60,900	Trustee and executor fees ... ..	63,182			1,554,874				
<u>£5,053,654</u>				<u>£5,324,097</u>	<u>£5,053,654</u>				<u>£5,324,097</u>

The amount of debentures, debenture stocks and estates for which the Company acts as trustee exceeded £337,000,000 at the end of the year.

GENERAL BRANCH REVENUE ACCOUNTS — CONTINUED

SINKING FUND INSURANCE BUSINESS

1959			1959		
£		£	£		£
2,242,077	Amount of sinking fund insurance fund at the beginning of the year	2,161,660	70,825	Claims under policies paid and outstanding	146,150
33,596	Premiums	30,439	101,831	Surrenders	37,808
97,892	Interest and dividends	106,609	—	Commission	—
			879	Expenses of management	609
			38,370	Transfer to Profit and loss account	51,626
			2,161,660	Amount of sinking fund insurance fund at the end of the year	2,062,515
<u>£2,373,565</u>		<u>£2,298,708</u>	<u>£2,373,565</u>		<u>£2,298,708</u>

MARINE, AVIATION  
AND TRANSIT INSURANCE BUSINESS

Total 1959 £		Current Year. £	Last Preced- ing Year. £	Previous Years. £	Total. £	Total 1959 £		Current Year. £	Last Preced- ing Year. £	Previous Years. £	Total. £
972,178	Amount of marine, aviation and transit insurance fund at the beginning of the year	—	298,860	733,012	1,031,872	275,485	Claims paid (less salvages, refunds and reinsurance recoveries):— { Risks other than aviation hull risks... Aviation hull risks ...	93,561 8,484	106,943 —	72,216 —	281,204
420,211	Premiums (less brokerage, discount, commission, returns and reinsurances):— { Risks other than aviation hull risks Aviation hull risks	485,497 35,507	—27,661 —	3,495 —	496,838	16,604	Expenses of management ...	21,312	—523	139	20,928
—	Profit on exchange ...	—1,205	1,793	—241	347	11,505	Agency expenses ...	15,195	238	—	15,433
						11,667	Agents' and other profit commissions...	63	—233	15,428	15,258
						5,256	Loss on exchange ...	—	—	—	—
						40,000	Transfer to Profit and loss account ...	—	—	50,000	50,000
						1,031,872	Amount of marine, aviation and transit insurance fund at the end of the year ...	381,184	166,567	598,483	1,146,234
<u>£1,392,389</u>					<u>£1,529,057</u>	<u>£1,392,389</u>					<u>£1,529,057</u>

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# PROFIT AND LOSS ACCOUNT

for the year ended 31st December 1960

## ORDINARY AND INDUSTRIAL BRANCHES

1959 £		£	1959 £		£
	Transfers from Revenue accounts—			Transfer to Appropriation account	
1,136,718	Ordinary branch ... ..	1,303,795	2,191,667	...	2,481,945
1,054,949	Industrial branch ... ..	1,178,150			
<u>£2,191,667</u>		<u>£2,481,945</u>	<u>£2,191,667</u>		<u>£2,481,945</u>

## GENERAL BRANCH

1959 £		£	1959 £		£
	Transfers from Revenue accounts—			Taxation—	
124,885	Fire ... ..	139,675	130,000	Overseas taxes ... ..	143,000
213,606	Sickness and accident ... ..	258,277	177,000	Profits tax ... ..	145,000
351,778	Motor vehicle ... ..	185,681	745,000	Income tax ... ..	685,000
319,952	Miscellaneous ... ..	178,654	10,000	Transfer to Investment reserve account	10,000
38,370	Sinking fund ... ..	51,626	936,182	Transfer to Appropriation account	976,899
40,000	Marine ... ..	50,000			
909,591	Interest and dividends not carried to other accounts ... ..	1,095,986			
<u>£1,998,182</u>		<u>£1,959,899</u>	<u>£1,998,182</u>		<u>£1,959,899</u>

# APPROPRIATION ACCOUNT

for the year ended 31st December 1960

Ordinary and Industrial Branches 1959.	General Branch 1959.		Ordinary and Industrial Branches.	General Branch.	Ordinary and Industrial Branches 1959.	General Branch 1959.		Ordinary and Industrial Branches.	General Branch.
£	£		£	£	£	£		£	£
—	196,645	Balance brought forward from previous year ...	—	232,827	—	—	Transfer to Branch contingency fund ...	—	500,000
2,191,667	936,182	Transfers from Profit and loss account ...	2,481,945	976,899	—	500,000	Transfer to Additional reserve fund ...	—	—
					2,191,667	100,000	Provision for dividends (free of income tax) in respect of 1960 to holders of—		
					—	300,000	A shares ...	2,481,945	122,222
					—	232,827	B shares ...	—	366,667
							Balance carried to Balance sheet ...	—	220,837
<u>£2,191,667</u>	<u>1,132,827</u>		<u>£2,481,945</u>	<u>1,209,726</u>	<u>£2,191,667</u>	<u>1,132,827</u>		<u>£2,481,945</u>	<u>1,209,726</u>

# CONTINGENCY FUNDS AND DIVIDEND RESERVE FUND

Accounts for the year ended 31st December 1960

Balance Sheets 31st December 1960

## COMMON CONTINGENCY FUND

1959 £		1959 £	
	Amount of Common contingency fund at the beginning of the year ... ..	3,806,772	
3,724,682			
165,663	Interest and dividends ... ..	161,112	
<u>£3,890,345</u>		<u>£3,967,884</u>	

1959 £		1959 £	
	Amount of Special contingency fund at the beginning of the year ... ..	6,249,326	
6,116,690			
267,551	Interest and dividends ... ..	271,604	
<u>£6,384,241</u>		<u>£6,520,930</u>	

## DIVIDEND RESERVE FUND (A SHARES)

1959 £		1959 £	
	Amount of Dividend reserve fund at the beginning of the year ... ..	673,122	
660,028			
25,912	Interest and dividends ... ..	25,660	
<u>£685,940</u>		<u>£698,782</u>	

## COMMON CONTINGENCY FUND

1959 £	LIABILITIES.	1959 £	ASSETS.	1959 £
3,806,772	Common contingency fund ... ..	3,885,126		
	Current liabilities and provisions—			
17,128	Profits tax ... ..	—		
6,574	Income tax ... ..	—		
<u>£3,830,474</u>		<u>£3,885,126</u>		

1959 £	LIABILITIES.	1959 £	ASSETS.	1959 £
6,249,326	Special contingency fund ... ..	6,382,220		
	Current liabilities and provisions—			
23,486	Profits tax ... ..	—		
<u>£6,272,812</u>		<u>£6,382,220</u>		

1959 £	LIABILITIES.	1959 £	ASSETS.	1959 £
673,122	Dividend reserve fund ... ..	685,792		
	Current liabilities and provisions—			
2,924	Profits tax ... ..	3,093		
1,580	Income tax ... ..	1,686		
<u>£677,626</u>		<u>£690,571</u>		

# BALANCE SHEET

31st DECEMBER 1960

Ordinary Branch 1959.	Industrial Branch 1959.	General Branch 1959.	Total 1959.	LIABILITIES.	Ordinary Branch.	Industrial Branch.	General Branch.	Total.
£	£	£	£		£	£	£	£
—	1,250,000	—	1,250,000	<b>Authorised and Issued Capital—</b>	—	1,250,000	—	1,250,000
—	—	200,000	200,000	6,250,000 A shares of 4s. each, fully paid ...	—	—	200,000	200,000
14,000,000	21,500,000	1,000,000	36,500,000	4,000,000 B shares of 5s. each, 1s. paid ...	—	—	—	—
—	—	232,827	232,827	<b>Branch contingency funds</b> ...	14,000,000	21,500,000	1,500,000	37,000,000
475,371,574	—	—	475,371,574	<b>Appropriation account—balance carried forward</b> ...	—	—	220,837	220,837
—	472,616,399	—	472,616,399	<b>Life assurance fund, Ordinary branch</b> ...	525,245,078	—	—	525,245,078
—	—	2,673,467	2,673,467	<b>Industrial assurance fund</b> ...	—	497,010,588	—	497,010,588
—	—	1,461,856	1,461,856	<b>General branch insurance funds—</b>	—	—	2,762,977	2,762,977
—	—	2,603,736	2,603,736	Fire ...	—	—	1,540,564	1,540,564
—	—	1,554,874	1,554,874	Sickness and accident ...	—	—	2,881,014	2,881,014
—	—	2,161,660	2,161,660	Motor vehicle ...	—	—	1,630,259	1,630,259
—	—	1,031,872	1,031,872	Miscellaneous ...	—	—	2,062,515	2,062,515
—	—	3,900,000	3,900,000	Sinking fund ...	—	—	1,146,234	1,146,234
—	—	—	—	Marine ...	—	—	3,900,000	3,900,000
—	—	—	—	Additional reserve ...	—	—	—	—
3,433,611	1,450,374	—	4,883,985	<b>Current liabilities and provisions—</b>	3,831,783	1,601,478	—	5,433,261
—	—	1,219,964	1,219,964	Claims admitted or intimated, but not paid, less amounts recoverable under reinsurances—	—	—	1,228,692	1,228,692
—	—	3,318,039	3,318,039	Life ...	—	—	3,529,748	3,529,748
7,367	—	1,537,649	1,537,649	Fire ...	—	—	1,575,173	1,575,173
809,273	97,688	696,178	1,603,139	Motor vehicle ...	5,598	—	—	5,598
394,369	632,217	104,209	1,130,795	Miscellaneous ...	925,403	41,218	705,638	1,672,259
—	—	550,947	550,947	Annuities due and unpaid ...	493,369	754,556	117,026	1,364,951
—	—	10,678	10,678	Outstanding commission and expenses ...	—	—	—	—
—	—	15,022	15,022	Premiums received in advance ...	—	—	—	—
—	—	91,180	91,180	Amounts due on reinsurance account—	—	—	549,963	549,963
—	—	41,174	41,174	Fire ...	—	—	6,608	6,608
638,644	333,772	70,436	1,042,852	Sickness and accident ...	—	—	16,802	16,802
1,366,882	1,400,408	181,689	2,948,979	Motor vehicle ...	—	—	136,905	136,905
587,394	6,542	152,046	745,982	Miscellaneous ...	—	—	89,515	89,515
106,716	96,917	91,806	295,439	Marine ...	151,068	755,442	626	907,136
—	—	388,647	388,647	Amounts due to subsidiaries ...	513,357	388,023	65,126	966,506
1,136,718	1,054,949	400,000	2,591,667	Other creditors ...	978,546	920,025	27,963	1,926,534
—	—	—	—	Sundry brokers for investments purchased ...	732,268	8,886	102,052	843,206
—	—	—	—	Overseas taxes ...	109,637	113,545	114,384	337,586
—	—	—	—	Profits tax ...	—	—	572,849	572,849
—	—	—	—	United Kingdom income tax including reserve for future liability on profits earned to date	1,303,795	1,178,150	488,889	2,970,834
—	—	—	—	Dividends declared ...	—	—	—	—
£497,852,548	500,439,366	25,689,956	1,023,981,870		£548,289,922	525,521,911	27,172,359	1,100,984,192
—	—	—	—	<b>Common contingency fund</b> ...	—	—	—	3,885,126
—	—	—	—	<b>Special contingency fund</b> ...	—	—	—	6,382,220
—	—	—	—	<b>Dividend reserve fund (A shares)</b> ...	—	—	—	690,571
—	—	—	—	(per separate Balance sheets)	—	—	—	—
—	—	—	—		—	—	—	£1,111,942,109

The certificates and notes on pages 20 and 21 form an integral part of this Balance sheet.

Ordinary Branch 1959.	Industrial Branch 1959.	General Branch 1959.	Total 1959.	ASSETS.	Ordinary Branch.	Industrial Branch.	General Branch.	Total.
£	£	£	£		£	£	£	£
28,761,521	16,255,403	223	45,017,147	<b>Mortgages—</b>	37,837,966	20,572,939	—	58,410,905
17,071,389	15,087	2,759	17,089,235	On property within the United Kingdom ...	19,580,993	8,865	27,268	19,617,126
2,752,157	5,434,955	284,100	8,471,212	On property out of the United Kingdom ...	—	—	—	—
8,376	—	—	8,376	<b>Loans—</b>	2,720,828	5,006,801	292,000	8,019,629
375,060	100,000	112,518	587,578	On parochial and other public rates ...	—	—	—	—
14,756,955	—	4,000	14,760,955	On life interests ...	3,300,000	3,825,000	11,607	7,136,607
331,816	96,214	171,213	599,243	On stocks and shares ...	16,296,094	—	4,000	16,300,094
15,532	77,661	—	93,193	On Company's policies within their surrender values ...	371,065	118,813	194,305	684,183
61,920,459	103,629,592	3,481,723	169,031,774	Without specific security ...	—	—	—	—
24,639,595	57,487,082	1,110,379	83,237,056	To subsidiaries ...	—	—	—	—
203,426	241,554	—	444,980	<b>Investments—</b>	60,368,890	102,746,817	3,237,553	166,353,260
2,170,352	2,063,695	263,201	4,497,328	British Government securities ...	24,585,862	59,376,297	1,344,496	85,306,655
481,498	1,836,733	28,472	2,346,703	British Government guaranteed securities ...	193,426	236,554	—	429,980
23,269,220	4,840,674	1,368,678	29,478,572	Securities guaranteed under Trade Facilities and other Acts ...	1,731,383	1,968,201	245,843	3,945,427
5,823,098	—	913,934	6,737,032	Municipal and county securities, United Kingdom ...	445,498	1,789,453	27,872	2,262,823
7,792,529	7,616	765,137	8,565,282	Public Board securities, United Kingdom ...	25,203,715	3,320,829	1,416,250	29,940,794
2,914,685	—	—	2,914,685	Other Commonwealth Government securities ...	7,186,585	—	1,131,732	8,318,317
997,754	134,162	308,032	1,439,948	Other Commonwealth provincial securities ...	8,531,396	7,616	902,813	9,441,825
2	3	5	10	Other Commonwealth Public Board securities ...	2,904,142	—	—	2,904,142
3,535	5	16,400	19,940	Foreign Government securities ...	1,635,804	681,519	254,133	2,571,456
75,968,367	78,096,072	5,110,756	159,175,195	Foreign provincial securities ...	—	—	—	—
27,887,564	29,293,421	1,557,754	58,738,739	Foreign municipal securities ...	2,840	5	16,400	19,245
112,950,698	130,115,451	3,906,757	246,972,906	Debentures and debenture stocks and gold and sterling bonds—home and foreign ...	79,487,691	76,313,201	4,943,729	160,744,621
—	—	465	465	Preference and guaranteed stocks and shares ...	27,506,547	28,991,451	1,587,248	58,085,246
40,000	47,644	—	87,644	Ordinary stocks and shares ...	129,437,684	142,307,596	4,978,642	276,723,922
6,098,881	8,207,191	—	14,306,072	Subsidiaries not dealt with in group accounts—	—	—	—	—
—	169,265	—	169,265	Ordinary shares ...	2	101	465	568
59,370,467	53,801,798	—	113,172,265	Rent charges ...	40,000	49,144	—	89,144
7,361,322	—	22,361	7,383,683	Freehold ground rents and feu duties ...	7,089,527	7,541,764	—	14,631,291
884	—	—	884	Leasehold ground rents ...	—	135,111	—	135,111
—	—	1,069,108	1,069,108	Freehold and leasehold property (including office premises)—	—	—	—	—
1,820,761	—	—	1,820,761	In the United Kingdom ...	67,317,760	60,807,765	—	128,125,525
1,695,757	—	1,893,862	3,589,619	Out of the United Kingdom ...	7,565,642	—	23,633	7,589,275
1,091,624	476,413	11,851	1,579,888	Reversions ...	884	—	—	884
2,703,839	2,669,105	132,138	5,505,082	Subsidiary dealt with in accounts annexed—	—	—	1,071,428	1,071,428
—	1,063,472	4,100	1,067,572	Ordinary shares ...	—	—	—	—
205,825	247,006	—	452,831	Deposits at interest at home and abroad ...	764,926	—	305,531	1,070,457
2,708,000	3,875,000	—	6,583,000	Agents' balances ...	—	—	651,475	651,475
196,994	228,381	170,797	596,172	Commission paid in advance ...	1,859,552	—	—	1,859,552
—	—	—	—	Outstanding premiums ...	1,941,855	—	1,962,702	3,904,557
—	—	—	—	Outstanding interest, dividends, rents and fees ...	1,346,002	592,870	20,740	1,959,612
—	—	—	—	Interest, dividends, rents and fees accrued ...	2,925,599	2,711,609	115,746	5,752,954
—	—	—	—	Amounts due on reinsurance account ...	—	—	1,125,036	1,125,036
—	—	—	—	Amounts due from subsidiaries ...	—	—	5,966	5,966
—	—	—	—	Sundry brokers for investments sold ...	110,466	81,040	80,443	271,949
—	—	—	—	Estimated income tax recoverable ...	3,338,000	3,980,000	—	7,318,000
—	—	—	—	Other debtors ...	201,263	227,298	219,894	648,455
—	—	—	—	Balances at Bankers and Cash in hand—	—	—	—	—
—	—	—	—	On deposit—	—	—	—	—
726,560	—	52,000	778,560	In the United Kingdom ...	900,000	900,000	200,000	2,000,000
480,618	836,096	529,260	1,845,974	Out of the United Kingdom ...	1,062,665	—	56,409	1,119,074
1,412,618	155,986	546,815	2,115,419	In hand and on current account—	—	—	—	—
—	—	—	—	In the United Kingdom ...	816,023	803,210	173,877	1,793,110
—	—	—	—	Out of the United Kingdom ...	1,673,581	420,039	543,123	2,636,743
£497,852,548	500,439,366	25,689,956	1,023,981,870		£548,289,922	525,521,911	27,172,359	1,100,984,192
—	—	—	—	<b>Common contingency fund</b> ...	—	—	—	3,885,126
—	—	—	—	<b>Special contingency fund</b> ...	—	—	—	6,382,220
—	—	—	—	<b>Dividend reserve fund (A shares)</b> ...	—	—	—	690,571
—	—	—	—	(per separate Balance sheets)	—	—	—	—
—	—	—	—		—	—	—	£1,111,942,109

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## CERTIFICATES TO THE ACCOUNTS

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, *Chief 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 13 of the Insurance Companies Act, 1958, 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.

We certify that in our belief the value at 31st December, 1960, 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.

The amounts at which the Stock Exchange securities and other assets are stated in the Balance sheet are determined under the Articles of Association of the Company by the Directors; individual groups of assets appear at amounts which are above or below the values referred to in the previous paragraph.

K. A. USHERWOOD, *General Manager.*

F. W. MORGAN, *Chairman.*

F. M. REDINGTON, *Chief Actuary.*

JOHN S. P. MELLOR, *Director.*

L. BROWN, *Secretary.*

D. A. REID, *Director.*

7th April, 1961.

## NOTES TO THE ACCOUNTS

1. The Company has the following forward commitments and contingent liabilities:

1959. £		1960. £
43,710,000	Capital commitments for settlement after 31st December ... ..	61,770,000
470,000	Contingent capital commitments ... ..	2,060,000
2,580,000	Uncalled capital on investments held ... ..	2,790,000
340,000	Reserve liability on shares, etc. ... ..	340,000

In addition certain guarantees have been given by the Company in respect of retirement benefits for the Staff and benefits for their relatives and dependants.

2. 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:

1959. £		1960. £
35,500	Australia ... ..	34,500
19,000	Burma ... ..	19,000
30,493,000	Canada ... ..	32,811,500
1,328,500	Egypt (see Note 7) ... ..	1,361,500
13,000	Ireland ... ..	11,500
4,500	Israel ... ..	4,500
47,500	New Zealand ... ..	48,500
2,378,500	Pakistan ... ..	2,601,000
		P00019836

3. 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.



4. The aggregate amount of the Directors' remuneration for the year was £54,881 (1959, £54,948). In addition under arrangements whereby the Company itself augments the pensions payable out of the Staff Pension Funds to, or to the dependants of, all ex-employees who had retired before certain specified dates, some present or past Directors who had themselves been employees of the Company prior to their retirement and subsequent election to the Board, or the widows of such past Directors, were paid the sums by way of addition to their existing staff pensions to which the above arrangements entitled them. The aggregate amount of these sums was £3,478 (1959, £3,366).

5. With the consent of the Board of Trade, Aviation business written under a reinsurance treaty has in the past been included in the Miscellaneous Account. The volume of this business is increasing and therefore such business written after 1st January, 1960, has this year and will in future years be included with the Marine, Aviation and Transit Insurance Business.

6. Life and casualty revenue account transactions in overseas currencies have been brought in at the rates of exchange ruling on 31st December, 1960, 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 31st December, 1960, 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.

7. The business of the Company in Egypt was sequestrated by the Egyptian Government on the 1st November, 1956, and is understood to have been subsequently sold by the Custodian General to the Al Goumhouria Insurance Company. Pending clarification of the position, which is being investigated, the assets and liabilities of this part of the Company's business as at the date when the last accounts were received have been retained in the Company's Balance Sheet. As provided in the agreement signed on the 28th February, 1959, between the Governments of the United Kingdom and the United Arab Republic, a claim has been made for compensation but no credit has been taken in the accounts for any amount which may be received.

8. 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 to reduce the Balance sheet values of the assets in the appropriate branches.

9. With the approval of the Board of Trade (a) the group accounts do not deal with Prudential Nominees Limited and certain overseas 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. The accounts of the Company's Italian subsidiary, which is an agency company formed during 1959 to assist in obtaining General branch business, have not been dealt with in the group accounts as the amounts involved are insignificant; the operations up to 31st December, 1960, have resulted in a loss of £13,047 of which £7,645 relates to 1960; these losses have been reimbursed by the Company.

10. General branch business in the United States of America is transacted by the Company's subsidiary, The Prudential Insurance Company of Great Britain located in New York. The accounts of this subsidiary for the year 1960 have been approved by the Directors and are annexed to these accounts. In the Company's main Balance sheet its investment in this subsidiary appears as an asset of the General branch under the heading "Subsidiary dealt with in accounts annexed—Ordinary shares" and is shown at dollar cost converted to sterling at the rate of \$2.80 to the £. The Company's main accounts do not include the business transacted by the subsidiary except that the dividend received in 1960 is included with General branch interest and dividends.

# ACCOUNTS OF AMERICAN SUBSIDIARY COMPANY

## THE PRUDENTIAL INSURANCE COMPANY OF GREAT BRITAIN

*located in New York*

### REVENUE ACCOUNT

*for the year ended 31st December 1960*

1959		£	1959		£
£			£		
	Amount of insurance fund at the beginning of the year—		1,431,391	Claims under policies paid and outstanding	1,806,395
2,196,119	Provision for unexpired risks ... ..	2,435,978	1,228,696	Commission ... ..	1,323,343
2,983,787	Premiums ... ..	3,322,659	64,537	Expenses of management ... ..	71,204
—	Transfer from Profit and Loss Account ...	22,007	19,304	Transfer to Profit and loss account	—
				Amount of insurance fund at the end of the year—	
			2,435,978	Provision for unexpired risks ... ..	2,579,702
<u>£5,179,906</u>		<u>£5,780,644</u>	<u>£5,179,906</u>		<u>£5,780,644</u>

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

### PROFIT AND LOSS ACCOUNT

*for the year ended 31st December 1960*

1959		£	1959		£
£			£		
	Balance (earned surplus) brought forward from previous year ... ..	1,277,887	41,430	Taxes ... ..	10,108
1,199,194	Interest and dividends ... ..	176,577	16,114	Investment expenses ... ..	20,234
162,577	Transfer from Revenue account ... ..	—	2,003	Loss on sale of securities ... ..	—
19,304	Profit on sale of securities ... ..	6,526	3,462	Amounts written off securities ... ..	2,940
—			40,179	Dividend to Shareholders ... ..	53,571
			—	Transfer to Revenue Account ... ..	22,007
			1,277,887	Balance (earned surplus) as per Balance sheet ... ..	1,352,130
<u>£1,381,075</u>		<u>£1,460,990</u>	<u>£1,381,075</u>		<u>£1,460,990</u>

### BALANCE SHEET

*31st December 1960*

LIABILITIES.		ASSETS.	
1959	£	1959	£
£		£	
535,714	Authorised and Issued capital—		Investments (at or under cost)—
535,714	15,000 shares of \$100 each, fully paid	2,168,640	United States Government securities ...
	Capital reserve (surplus paid in) ... ..	1,949,454	Debentures and bonds ... ..
1,277,887	Profit and loss account balance (earned surplus) ... ..	425,250	Preference stocks and shares ... ..
2,435,978	Insurance fund ... ..	580,942	Ordinary stocks and shares ... ..
	Current liabilities—		Current assets—
788,172	Outstanding claims ... ..	26,396	Interest and dividends accrued ... ..
59,885	Outstanding commission and expenses ...	271,347	Amounts due on reinsurance account ...
19,388	Amounts due on reinsurance account ...	271,670	Balances at Bankers and Cash in hand...
40,961	Taxation ... ..		
<u>£5,693,699</u>	<u>£6,126,666</u>	<u>£5,693,699</u>	<u>£6,126,666</u>

All items have been converted at the rate of \$2.80 to the £. This Company is a wholly owned subsidiary of The Prudential Limited. P00019838

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

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We have obtained all the information and explanations which we considered necessary for our audit apart from confirmation of assets in Egypt. In our opinion proper books of account have been kept by the Company and proper returns adequate for the purposes of our audit have been received from the branches, other than the Egyptian branch, not visited by us.

We have examined the balance sheet and revenue and profit and loss accounts of the Company which are in agreement with the books and returns and in our opinion give the information required by the Companies Act, 1948, as modified for assurance companies in regard to reserves and provisions and aggregate market value of quoted investments. On this basis, in our opinion, the balance sheet and the profit and loss account, as supplemented by the revenue accounts, give a true and fair view of the state of the Company's affairs at 31st December, 1960, and of the profit, ascertained in the manner indicated in the accounts, for the year ended on that date.

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 in our opinion the apportionment of these expenses between the Industrial and other Branches of the Company's business has been made on a fair and equitable basis.

We have also examined the group accounts comprising the accounts of the Company, as audited by us, and the annexed accounts of its subsidiary compiled from audited accounts received from New York. In our opinion the group accounts comply with the Companies Act, 1948, and, on the basis mentioned above, give a true and fair view of the state of affairs at 31st December, 1960, and of the profit for the year ended on that date of the Company and its subsidiary so far as concerns members of the Company.

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

7th April, 1961.

# VALUATION REPORT

To the Directors of The Prudential Assurance Company Limited.

Gentlemen,

I have the honour to submit my report on the valuation as at 31st December, 1960, of the life assurances and annuities and other insurance contracts of the Company.

## ORDINARY BRANCH

The number of contracts in force was 1,820,963 producing an annual premium income of £71,742,008. Sums assured with bonuses amounted to £1,927,033,069; deferred and contingent annuities with bonuses amounted to £75,773,817 per annum including amounts of annuity to be purchased by future recurrent single premiums. Annuities in course of payment amounted to £2,951,082 per annum.

The interest earned in 1960 represents a gross rate of £6 10s. 0d. per cent. on the Ordinary Branch life assurance fund.

Assurances have been valued by the A1924/29 Ultimate table with a rating up in age of 3 years for assurances issued at non-European rates of premium. The net rate of interest assumed was 2½ per cent. for assurances issued in the United Kingdom, the Channel Islands and the Isle of Man, 3½ per cent. for assurances issued in South Africa, the Rhodesias, Nyasaland and East Africa and 3 per cent. for assurances issued in other overseas territories.

For assurances issued in the United Kingdom, the Channel Islands and the Isle of Man, net premiums have been valued, calculated on the valuation bases. For assurances issued in other territories modified net premiums have been valued, calculated on the valuation bases with an addition to allow for part of the initial expenses. The whole of the difference between the value of the future office premiums and the value of the future net or modified net premiums has been reserved for future expenses and profits and an additional reserve of loading has been made in respect of assurances issued in the United Kingdom.

Deferred annuities have been valued for the period of deferment by the A1949/52 Ultimate table of mortality with a rating down of one year in the age. Deferred annuities for the period after deferment and immediate annuities have been valued by the a(55) Ultimate tables of mortality with an addition of 3 per cent. to the value of the annuities as a provision for future expenses of paying annuities and for the increasing longevity of annuitants. The rates of interest assumed were:—

Deferred annuities:—										United Kingdom, Channel Islands and Isle of Man	Other territories
With profits:											
Individual business:											
During deferment										3½%	{ 3½% 2¾%
After deferment											
Group business										2½%	3%
Without profits individual and group:											
Pension annuity business										4%	—
General annuity business:											
During deferment										3½% 4%	3½%
After deferment											
Immediate annuities										4%	3½%
Annuities certain										3½%	3½%

For individual deferred annuities the net premiums valued were calculated on the valuation bases. For group deferred annuities secured by annual premiums the net premiums are 95 per cent. of the office premium P00019840 deferred annuities secured by recurrent single premiums the benefit valued is the amount of annuities premiums paid to date.

## ORDINARY BRANCH (CONTINUED)

In view of the situation relating to the business in Egypt, as described in a note to the Accounts, the liability in respect of that business has been calculated as at 31st October, 1956.

The equivalents in sterling of liabilities in other currencies have been calculated at the rates of exchange ruling on 31st December, 1960.

A sum of **£3,500,000** is held in respect of revivals, options and general contingencies for which provision is not otherwise made.

**The result of the valuation is as follows:—**

Life assurance fund (subject to transfers out of surplus) on 31st December, 1960 ... ..	£526,548,873
Net liability under assurance policies ... ..	£354,881,405
Net liability under annuity contracts ... ..	146,249,752
Provision for revivals, options and general contingencies ... ..	3,500,000
Total net liability ... ..	£504,631,157
Surplus, including <b>£1,033,235</b> brought forward from last year ... ..	<b>£21,917,716</b>

I recommend that **£19,512,033** be allocated to participating policies. I am of the opinion that, on participating assurances issued in the United Kingdom, part of the surplus would again be more equitably distributed by way of final bonuses varying with the duration of the policies, rather than as a normal reversionary bonus, and that the rate of final bonus should be increased. I therefore recommend that the amount allocated to participating policies be used to provide:—

(A) For assurance policies issued in the United Kingdom, the Channel Islands and the Isle of Man a final bonus on policies issued in 1958 or earlier which become claims by death or maturity between the date of declaration and 31st December, 1961, at the rate of **15s.** per £100 sum assured for each 31st December prior to 1959 on which the policy was a participating policy, subject to a maximum addition of **£27** per £100 sum assured.

(B) For assurance policies reversionary bonuses per £100 sum assured at the following rates:—

(1) Policies of classes issued in the United Kingdom, the Channel Islands and the Isle of Man ... ..	56s.
(2) Policies of the undermentioned overseas classes	
(a) Australia:	
First Series ... ..	44s.
Second Series ... ..	30s. compound.
(b) New Zealand:	
First Series ... ..	34s.
Second Series ... ..	21s. compound.
(c) Canada ... ..	36s. compound.
(d) South Africa, the Rhodesias and Nyasaland ... ..	50s.
(e) East Africa ... ..	40s.
(f) Ceylon ... ..	30s.
(g) Malaya and Singapore ... ..	40s.
(h) Cyprus and Malta ... ..	56s.
(i) Pakistan ... ..	20s.
(j) Sudan and Palestine (closed classes) ... ..	30s.
(k) Burma (a closed class) ... ..	20s.
(l) India (a closed class comprising a few policies on the Burma and United Kingdom registers) ... ..	28s.

## VALUATION REPORT (CONTINUED)

### ORDINARY BRANCH (CONTINUED)

(C) For individual retirement annuity policies bonuses at the following rates:—

- (1) Reversionary bonuses on annuities not yet commenced per £100 annuity being purchased, for policies issued in:—

(a) United Kingdom	... ..	45s.
(b) Canada	... ..	24s. compound.

- (2) Final bonuses on annuities (as increased by any existing bonus annuities) per £100 annuity for policies issued in:—

(a) United Kingdom, on annuities commencing between the date of declaration and 31st December, 1961 inclusive	... ..	£12
(b) Canada, on annuities commencing between 1st July, 1961 and 30th June, 1962 inclusive	... ..	£12

(D) For group pension business, bonuses at the following rates:—

- (1) Compound bonuses on pensions not yet commenced per £100 pension secured for policies issued in:—

(a) United Kingdom		
(i) Pension annuity business	... ..	56s.
(ii) General annuity business	... ..	46s.
(b) Channel Islands and Isle of Man	... ..	46s.
(c) Canada	... ..	26s.
(d) South Africa, the Rhodesias, Nyasaland and East Africa	... ..	42s.

- (2) Final bonuses on pensions (as increased by any existing bonus pensions) commencing between 15th March, 1961 and 14th March, 1962 inclusive, per £100 pension for policies issued in:—

(a) United Kingdom, the Channel Islands and the Isle of Man	... ..	£22
(b) Canada	... ..	£7
(c) South Africa, the Rhodesias, Nyasaland and East Africa	... ..	£12 10s.

### INDUSTRIAL BRANCH

The number of policies in force, including 5,897,916 free or paid-up policies, was 28,946,125, producing an annual premium income of £59,717,489. The maximum sums assured with bonuses amounted to £1,261,795,652.

The interest earned in 1960 represents a gross rate of £6 14s. 11d. per cent. on the Industrial assurance fund.

The English Life Table No. 11, Males, has been used for the valuation of all assurances. The net rate of interest assumed in the valuation was 2½ per cent. Net premiums have been valued, calculated on the valuation basis, and every policy has been treated as a liability. The whole of the difference between the value of the future office premiums and the value of the future net premiums has been reserved for future expenses and profits and an additional reserve of loading has been made.

A sum of £2,000,000 is held in respect of revivals, options and general contingencies for which provision is not otherwise made.

**The result of the valuation is as follows:—**

Industrial assurance fund (subject to transfers out of surplus) on 31st December, 1960	... ..	£498,188,738
Net liability under Industrial assurance policies	... ..	£475,474,491
Provision for revivals, options and general contingencies	... ..	2,000,000
Total net liability	... ..	£477,474,491
Surplus including £1,860,524 brought forward from last year...	... ..	P00019842

INDUSTRIAL BRANCH (CONTINUED)

I recommend that **£17,631,688** be allocated to participating policies. As in the case of the Ordinary Branch, I am of the opinion that the final bonus should be continued and that the rate should be increased. I therefore recommend that the amount allocated to participating policies be used to provide:—

- (A) A final bonus on policies issued in 1958 or earlier which become claims by death or maturity between the date of declaration and 31st December, 1961, at the rate of **15s.** per £100 sum assured for each 31st December prior to 1959 on which the policy was a premium paying policy, subject to a maximum addition of **£27** per £100 sum assured.
- (B) A reversionary bonus at the rate of **38s.** per £100 sum assured.

GENERAL BRANCH

In respect of fire, sickness, accident, motor vehicle and miscellaneous contracts (excluding permanent sickness and other long term contracts), the provision for unexpired risks is 40 per cent. of the premium income for the year.

The permanent sickness policies have been valued by a gross premium method with an allowance for future expenses, assuming 80 per cent. of the Manchester Unity 1893/97 (A.H.J.) sickness experience and the A1949/52 Ultimate table for mortality with interest at 3 per cent.

In respect of long term fire and miscellaneous contracts, the provision for unexpired risks is 80 per cent. of the unearned premiums.

To many of the policies issued in the life branches there are attached additional benefits payable in the event of accident or disability, the liability for which is borne by the General Branch. These insurances carry the right of renewal and, in my opinion, a further provision of **£640,000** is required in addition to the 40 per cent. of the premium income for the current year.

The marine fund of **£1,146,234** is, in my opinion, a sufficient provision for the liabilities pending under the accounts.

The sinking fund policies have been valued by a gross premium method with an allowance for future expenses. The rate of interest assumed was 3 per cent. or the rate of interest employed in the calculation of the premiums, if less than 3 per cent. The policies in force provide for the payment of capital sums amounting to **£3,386,447** at the end of fixed terms of years, and produce an annual premium income of **£29,441**.

The equivalents in sterling of provisions in other currencies have been calculated at the rates of exchange ruling on 31st December, 1960.

The result of the valuation is as follows :—

Insurance fund (subject to transfers out of surplus) on 31st December, 1960	...	...	£17,133,289
Provision for fire, sickness and accident, motor vehicle and miscellaneous insurances	...	...	£8,814,814
Provision for marine insurance	...	...	1,146,234
Provision for sinking fund insurance	...	...	2,062,515
Additional reserve fund	...	...	3,900,000
			£15,923,563
Surplus including £232,827 brought forward from last year	...	...	£1,209,726

I recommend that **£500,000** be transferred to the General Branch contingency fund.

I am, Gentlemen,  
Your obedient Servant,  
F. M. REDINGTON,  
Chief Actuary.

16th March, 1961.

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**THE PRUDENTIAL ASSURANCE COMPANY LIMITED**

**HOLBORN BARS, LONDON E.C.1**

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