

PRUDENTIAL
Assurance Company Limited.

DIRECTORS' REPORT
AND
STATEMENT OF ACCOUNTS

At 31st December, 1907.

PRUDENTIAL ASSURANCE COMPANY

LIMITED.

FIFTY-NINTH ANNUAL REPORT,

FOR THE YEAR ENDING 31ST DECEMBER, 1907.

THE DIRECTORS have much pleasure in presenting their report and accounts for the year 1907.

ORDINARY BRANCH.—The number of policies issued during the year was 86,080, assuring the sum of £8,156,865 and producing a new annual premium income of £466,357.

The premiums received during the year were £4,480,377, being an increase of £189,406 over the year 1906.

The claims of the year amounted to £2,430,117. The number of deaths was 8,243, and 12,328 endowment assurances matured.

The number of policies in force at the end of the year was 843,206.

INDUSTRIAL BRANCH.—The premiums received during the year were £6,661,631, being an increase of £162,603.

The claims of the year amounted to £2,563,090. The number of deaths was 281,990, and 4,494 endowment assurances matured.

The number of free policies granted during the year to those policyholders of five years' standing and upwards who desired to discontinue their payments, was 128,429, the number in force being 1,290,758. The number of free policies which became claims during the year was 32,104.

The total number of policies in force at the end of the year was 17,459,835: their average duration exceeds eleven years.

The assets of the Company, in both branches, as shewn in the balance sheet, are £68,006,284, being an increase of £4,119,276 over those of 1906.

The Staff Provident Fund, which was founded in 1898 for the benefit of the outdoor staff, now amounts to £176,241.

In pursuance of the policy indicated in the last report, a scheme was approved by the Shareholders, at meetings held in July last, admitting Industrial Branch policyholders, and the Superintendents, Assistant Superintendents, and Agents to specified shares in the profits of the Company.

The valuation has as usual been made by Mr. SCHOOLING, and the same mortality tables and rate of interest have been used as in previous years, namely, in the Ordinary Branch, the Institute of Actuaries (H.M.) Table of Mortality for the life risks, and Mr. Finlaison's Government Annuity Table 1884 for the annuities, and in the Industrial Branch, Dr. Farr's English Life Table No. 3. The net premiums only have been valued in both branches, the rate of interest in each case being 3 per cent.

In the ORDINARY BRANCH the surplus shewn is £1,466,318, including the sum of £266,387 brought forward from last year. Out of this surplus the Directors have added £200,000 to the Investments Reserve Fund, which stands as at 31st December, 1907, at £1,300,000.

In the INDUSTRIAL BRANCH the surplus shewn is £1,068,736, including the sum of £360,519 brought forward from last year. Out of this surplus the Directors have added £50,000 to the Reserve Fund, which stands as at 31st December, 1907, at £1,250,000.

The total surplus of the two branches, as shewn by the valuation, is thus £2,535,054, which is disposed of as follows: £200,000 has been added to the Investments Reserve Fund of the Ordinary Branch, and £50,000 has been added to the Reserve Fund of the Industrial Branch; £1,596,374 will be distributed among the participating policyholders in the Ordinary Branch, the policyholders in the Industrial Branch, the Shareholders, and the Superintendents, Assistant Superintendents and Agents, in accordance with the Regulations of the Company under its special Act of Parliament, leaving £688,680 to be carried forward, namely, £284,941 in the Ordinary Branch and £403,739 in the Industrial Branch.

The Directors are pleased to announce that in the Ordinary Branch a reversionary bonus at the rate of £1 12s. per cent. on the original sums assured has again been added to all classes of participating policies issued since the year 1876.

In the Industrial Branch a Bonus by way of addition of 5 per cent. to the sums assured will be paid on all policies of over five years' duration which become claims either by death or maturity of endowment from the 6th of March, 1908, to the 4th of March, 1909, both dates inclusive.

The Directors regret to report the death of Dr. ROBERT BARNES, who had been connected with the Company from its foundation, and had been a Director for 23 years.

At the Extraordinary General Meetings of the Shareholders held in July last, Sir HENRY HARBEN was appointed President of the Company, and the Directors desire to congratulate him upon the exceptional honour thus conferred upon him.

The Directors elected Mr. HENRY ANDRADE HARBEN as Chairman, and Mr. THOMAS CHARLES DEWEY, who had filled the office of Manager since 1873, has been appointed a Director and elected Deputy Chairman. In accordance with the Regulations of the Company, Mr. DEWEY's appointment as Director is now submitted to the Shareholders for confirmation.

The retiring Directors are Messrs. PERCY THOMAS REID, WILLIAM EDGAR HORNE, and Sir JOHN HENRY LUSCOMBE, who offer themselves for re-election.

The Auditors, Messrs. SECRETAN and NICHOLLS, also offer themselves for re-election.

Upon Mr. DEWEY's retirement from the post of Manager, the Directors made the following appointments:—Mr. FREDERICK SCHOOLING and Mr. ALFRED CORDEROY THOMPSON, Joint Managers, Mr. SCHOOLING retaining his office as Actuary, and Mr. DANIEL WINTRINGHAM STABLE and Mr. JAMES SMART, Joint Secretaries.

Messrs. DELOITTE, PLENDER, GRIFFITHS & Co. have examined the securities, and their certificate is appended to the balance sheets.

H. A. HARBEN,
Chairman.

HOLBORN BARS,
20th February, 1908.

GENERAL BALANCE SHEET OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED,
BEING THE SUMMARY OF BOTH BRANCHES, ON THE 31ST DECEMBER, 1907.

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Shareholders' capital	1,000,000	0	0	British Government securities	3,415,855	16	11
Reserve funds	2,550,000	0	0	Indian and Colonial government securities	6,250,929	14	8
Life assurance funds	64,329,288	13	3	Railway and other debentures and debenture stocks and gold and sterling bonds	8,623,412	10	4
Claims under life policies admitted	126,995	10	0	Loans on County Council, Municipal, and other rates	14,850,229	8	10
				Freehold ground rents, and Scotch feu duties	4,759,434	0	5
				Freehold and leasehold property	3,628,927	19	11
				Mortgages on property within the United Kingdom	8,687,757	9	0
				Railway, Gas, and Water stocks	7,237,407	18	11
				Suez Canal shares	162,193	16	2
				Telegraph and other shares	97,207	4	8
				Metropolitan and London County Consolidated stocks and City of London bonds	251,059	9	9
				Metropolitan Water Board stocks	435,263	10	7
				Bank of England stock	202,754	7	10
				Indian, Colonial and Foreign corporation stocks	1,770,520	15	1
				Foreign government securities	1,899,039	19	6
				Reversions and Life Interests	1,287,191	8	6
				Loans on the company's policies	2,587,068	11	10
				Rent charges	265,112	13	11
				Outstanding premiums, and agents' balances	561,972	3	5
				Outstanding interest, and rents	558,679	5	9
				Cash—In hands of superintendents	35,783	15	0
				Do. On deposit, on current accounts, and in hand	438,482	2	3
	£68,006,284	3	3		£68,006,284	3	3

FREDK. SCHOOLING,
A. C. THOMPSON, } *Joint Managers.*

D. W. STABLE,
J. SMART, } *Joint Secretaries.*

H. A. HARBEN, *Chairman.*
THOS. C. DEWEY, } *Directors.*
W. T. PUGH,

We beg to report that, with the assistance of the Chartered Accountants as stated below, we have examined the foregoing accounts and in our opinion they are correct, and the foregoing is a full and fair Balance Sheet properly drawn up, and exhibits a true and correct view of the state of the Company's affairs as shown by the books of the Company.

In accordance with the provisions of "The Companies Act, 1900," we certify that all our requirements as Auditors have been complied with.

PHILIP SECRETAN, } *Auditors.*
W. H. NICHOLLS,

We have examined the Cash transactions (receipts and payments) affecting the accounts of the Assets and Investments for the year ended December 31st, 1907, and we find the same in good order and properly vouched. We have also examined the Deeds and Securities, Certificates, &c., representing the Assets and Investments set out in the above account, and we certify that they were in possession and safe custody as on December 31st, 1907.

DELOITTE, PLENDER, GRIFFITHS & Co., *Chartered Accountants.*

LIFE ASSURANCE COMPANIES ACT, 1870.—THIRD SCHEDULE.

REVENUE ACCOUNTS OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (ORDINARY BRANCH)

FOR THE YEAR ENDING 31ST DECEMBER, 1907.

(No. 1) LIFE ASSURANCE ACCOUNT.

	£	s.	d.		£	s.	d.
Amount of life assurance fund at the beginning of the year ...	£34,103,667	3	0	Claims under life policies (after deduction of sums re-assured) :—			
<i>Less</i> amount transferred to the Industrial Branch, being proportion of profits ...	92,057	0	0	By Deaths ...	£1,054,422	16	1
Premiums, after deduction of re-assurance premiums ...	4,480,377	16	3	By Endowments matured ...	1,375,694	19	6
Consideration for annuities granted ...	118,636	8	7	Surrenders ...			2,430,117 15 7
Interest ...	1,237,080	0	1	Cash bonus to policyholders ...			374,866 2 4
				Annuities ...			126,947 2 6
				Commission ...			115,544 9 0
				Expenses of management ...			279,652 15 3
				Amount transferred to investments reserve fund ...			116,706 19 7
				Amount of life assurance fund at the end of the year, as per Fourth Schedule ...			200,000 0 0
							36,203,869 3 8
							£39,847,704 7 11
							£39,847,704 7 11

(No. 2) SICKNESS ASSURANCE ACCOUNT.

	£	s.	d.		£	s.	d.
Amount of sickness assurance fund at the beginning of the year ...	525	17	0	Claims ...	52	0	0
Premiums ...	6	1	1	Commission and expenses ...	0	7	3
Interest ...	18	10	1	Sickness assurance fund at the end of the year as per Fourth Schedule ...	498	0	11
							£550 8 2
							£550 8 2

LIFE ASSURANCE COMPANIES ACT, 1870.—FOURTH SCHEDULE.

BALANCE SHEET OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (ORDINARY BRANCH)

ON THE 31ST DECEMBER, 1907.

LIABILITIES.				£	s.	d.	ASSETS.				£	s.	d.	
Life assurance fund	...	...	£36,203,869	3	8		Mortgages on property within the United Kingdom	...	...	...	6,467,650	16	4	
Sickness assurance fund	...	...	498	0	11		Loans on the company's policies	...	...	...	2,587,068	11	10	
Investments reserve fund	...	...	1,300,000	0	0		Loans on County Council, Municipal and other rates	...	...	...	5,461,827	8	5	
						37,504,367	4	7						
Claims under life policies admitted				124,695	10	0	Rent charges	...	...	265,112	13	11
									Investments:—					
									In British Government securities	...	...	1,427,009	7	9
									Bank of England stock	...	...	202,754	7	10
									Metropolitan Consolidated stock	...	...	175,893	11	6
									Metropolitan Water Board stocks	...	...	435,263	10	7
									Indian and Colonial government securities	...	...	5,317,187	5	3
									Colonial corporation stocks	...	...	858,513	3	6
									Foreign government securities	...	...	1,563,279	12	8
									Foreign corporation stocks	...	...	632,822	7	2
									Railway and other debentures and debenture stocks and gold and sterling bonds	...	...	3,822,924	2	1
									Railway, Gas, Water and other stocks and shares	...	...	6,487,601	6	4
									Reversions and Life Interests	...	...	1,287,191	8	6
									Outstanding premiums	...	...	211,606	19	11
									Outstanding interest	...	...	286,652	14	7
									Cash—On current accounts, and in hand	...	...	138,703	6	5
						£37,629,062	14	7				£37,629,062	14	7

FREDK. SCHOOLING, }
A. C. THOMPSON, } *Joint Managers.*

D. W. STABLE, }
J. SMART, } *Joint Secretaries.*

H. A. HARBEN, *Chairman.*
THOS. C. DEWEY, }
W. T. PUGH, } *Directors.*

We beg to report that, with the assistance of the Chartered Accountants as stated below, we have examined the foregoing accounts and in our opinion they are correct, and the foregoing is a full and fair Balance Sheet properly drawn up, and exhibits a true and correct view of the state of the Company's affairs as shown by the books of the Company.

In accordance with the provisions of "The Companies Act, 1900," we certify that all our requirements as Auditors have been complied with.

PHILIP SECRETAN, }
W. H. NICHOLLS, } *Auditors.*

We have examined the Cash transactions (receipts and payments) affecting the accounts of the Assets and Investments for the year ended December 31st, 1907, and we find the same in good order and properly vouched. We have also examined the Deeds and Securities, Certificates, &c., representing the Assets and Investments set out in the above account, and we certify that they were in possession and safe custody as on December 31st, 1907.

DELOITTE, PLENDER, GRIFFITHS & Co., *Chartered Accountants.*

17th February, 1908.

LIFE ASSURANCE COMPANIES ACT, 1870.—THIRD SCHEDULE.

REVENUE ACCOUNT OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (INDUSTRIAL BRANCH)
FOR THE YEAR ENDING 31ST DECEMBER, 1907.

LIFE ASSURANCE ACCOUNT.									
		£	s.	d.			£	s.	d.
Amount of life assurance fund at the beginning of the year	...	£26,366,238	4	1		Claims under life policies	2,563,090	10	8
Amount transferred from Ordinary Branch under Regulations of the company	...	92,057	0	0		Surrenders	111,780	16	7
Premiums	...				26,458,295	4			
Interest and rents	...				6,661,631	8			
					935,085	4			
						Commission :—			
						Salaries of 16,901 agents for the weekly collection of premium from 16,169,077 policies	£1,220,528	14	3
						Special new business charges	621,827	3	6
						Expenses of management :—			
						Policy, postage, and receipt stamps (Head Office only)	£83,803	4	6
						Superintendency charges	219,176	6	6
						Medical fees	68,606	19	2
						Head Office expenses	466,276	13	0
						Dividends and bonus to shareholders	525,000	0	0
						Amount transferred to reserve fund	50,000	0	0
						Amount of life assurance fund at the end of the year as per Fourth Schedule	28,124,921	8	8
					£34,055,011	16	10		
							£34,055,011	16	10

LIFE ASSURANCE COMPANIES ACT, 1870.—FOURTH SCHEDULE.

BALANCE SHEET OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (INDUSTRIAL BRANCH)

ON THE 31ST DECEMBER, 1907.

LIABILITIES.			£	s.	d.	ASSETS.			£	s.	d.
Shareholders' capital	...	...	£1,000,000	0	0	Mortgages on property within the United Kingdom	...	...	2,220,106	12	8
Life assurance fund	...	...	28,124,921	8	8	Loans on County Council, Municipal and other rates	...	...	9,388,402	0	5
Reserve fund	...	...	1,250,000	0	0	Investments :—					
						In British Government securities	...	...	1,988,846	9	2
						London County Consolidated Stock and City of London corporation bonds	...	...	75,165	18	3
Claims under life policies admitted	...	...	2,300	0	0	Indian and Colonial government securities	...	...	933,742	9	5
						Indian and Colonial corporation stocks	...	...	279,185	4	5
						Foreign government securities	...	...	335,760	6	10
						Railway and other debentures and debenture stocks and gold and sterling bonds	...	...	4,800,488	8	3
						Railway preference and guaranteed stocks	...	...	1,009,207	13	5
						Freehold ground rents and Scotch feu duties	...	...	4,759,434	0	5
						House property—					
						Freehold	...	...	£3,318,990	11	3
						Leasehold	...	...	309,937	8	8
									3,628,927	19	11
						Agents' balances	...	...	3,964	1	6
						Outstanding premiums	...	...	346,401	2	0
						Outstanding interest and rents	...	...	272,026	11	2
						Cash—In hands of superintendents	...	...	35,783	15	0
						Do. On deposit, on current accounts, and in hand	299,778	15	10
									£30,377,221	8	8
									£30,377,221	8	8

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17th February, 1908.

DELOITTE, PLENDER, GRIFFITHS & Co., *Chartered Accountants.*