PRUDENTIAL ASSURANCE COMPANY LIMITED. THE

(INCORPORATED IN ENGLAND.)

Chief Office:--HOLBORN BARS, LONDON, E.C.I.

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Shareholders of this Company will be held at 142, HOLBORN BARS, LONDON, E.C.I, on THURSDAY, the 1st day of April, 1943, at Two o'clock in the afternoon precisely, for receiving the Report of the Directors and Statement of Accounts for the year ended 31st December, 1942, for re-appointing the President, for electing Directors and Auditors for the ensuing year, and for transacting such other business as may be contemplated by the Articles of Association of the Company. By order of the Board of Directors,

C. W. A. RAY, L. BROWN, Joint Secretaries. N B.—The attention of those Shareholders concerned is drawn to the following Extract from the Memorandum and Articles of Association of the Company:— 61. A holder of less than 250 B Shares shall not in respect of those shares be enlitled to receive notice of or to attend or vote at any meeting of the Company.

NINETY-FOURTH ANNUAL REPORT

Year ending 31st December, 1942.

President : SIR JOSEPH BURN, K.B.E., F.I.A., F.S.I.

Divectors .

Chairman : SIR GEORGE LEWIS BARSTOW, K.C.B.

Deputy Chairmen : GUY PHILIP HARBEN, O.B.E. ERNEST DEWEY.

EDWARD JOSEPH WILLIAM BORRAJO, M.B.E., A.I.A. SIR JOSEPH BURN, K.B.E., F.I.A., F.S.I. PERCY CHARLES CRUMP, O.B.E., F.I.A.

SIR LAURENCE NUNNS GUILLEMARD, G.C.M.G., K.C.B.

SIR NIGEL GEORGE DAVIDSON, C.B.E.

JOHN ROY LANCASTER. HERBERT HARVEY MOSELEY, B.C.L. LT.-COL. PERCY LESTER REID, O.B.E. SIR GEORGE STUART ROBERTSON, K.C. ERNEST FRANK SPURGEON, F.I.A.

Joint Secretaries : C. W. A. RAY, A.L.A.A. L. BROWN, F.I.A.

Assistant Secretary : A. J. MILLER, M.C.

Joint Actuaries : C. C. H. DRAKE, F.I.A. W. J. FULFORD, F.I.A.

Assistant Actuaries : W. F. GARDNER, F.I.A. W. E. HUSTWITT, F.I.A. C. G. MARSHALL, F.I.A.

Assistant Managers : W. E. G. BURGE. C. G. IZARD. F. W. MORTON, M.C., F.I.A. R. S. THORP.

Deputy General Managers : F. H. GARRAWAY, O.B.E., M.C. H. S. LANE. M.C.

General Manager : F. W. MORGAN, M.C.

THE DIRECTORS have the honour to submit their Report and Accounts for 1942.

The Assets of the Company amount to £388,869,542 as compared with £375,413,502 at 31st December, 1941.

The Income from all sources during 1942 was £58,780,503 as compared with £56,643,498 in 1941.

ORDINARY BRANCH.

The number of life assurance policies issued during the year was 71,036, assuring the sum of £25,457,702, and producing an annual premium income of £1,383,515.

The number of life assurance policies in force on 31st December, 1942, was 1,017,395, assuring with bonus £301,243,524 and producing an annual premium income of £13,657,243.

The immediate annuities payable were 13,952 in number, and amounted to £1,010,741 per annum. In addition there were 147,423 deferred and contingent annuities, securing £3,160,981 per annum and producing an annual premium income of £1,489,751.

The total of the revenue premiums and consideration for annuities granted was £15,135,465. The claims for the year amounted to £12,120,855. There were death claims for sums assured, including bonuses, of £2,797,125 and matured endowment assurances for sums assured, including bonuses, of £9,323,730.

The surplus is £2,085,885, including the sum of £708,216 brought forward from last year, and has been allocated as follows :---

				t .∕
To Investment reserve fund	 	 	 	500,000
To bonus to participating policyholders	 	 	 	252,000
To dividend to holders of A shares	 	 	 	28,000
To Ordinary branch contingency fund	 	 	 	1,025,000
To be carried forward	 	 	 	280,885

A sum of £250,000 has been taken from the Investment reserve fund and applied to writing down investments in this branch; the Investment reserve fund has therefore been increased by a net amount of £250,000 to £3,500,000.

In view of prevailing world conditions the transfer of the sum of £1,025,000 has been made to the Ordinary branch contingency fund which now stands at £3,425,000

The Directors have declared that, as regards each participating policy issued out of the Ordinary branch (including participating policies issued by Overseas branches other than the Canadian branch) which was in force on 31st December, 1942, and which becomes a claim by death or maturity of endowment during the year 1943 there shall be paid or transferred as part of the claim a bonus for each 31st December on which the policy was in force subsequent to the 31st December, 1939, calculated on the original participating sum assured at the rate :---

(a) where such sum is cash of $\pounds 1$ cash per $\pounds 100$, and

(b) where such sum is Stock of $\pounds 1$ Stock per $\pounds 100$.

As regards Canadian policies, the bonus is the same but different dates apply.

INDUSTRIAL BRANCH.

The number of policies issued during the year was 1,694,503 assuring a sum of £62,369,287.

The number of policies becoming free policies during the year was 236,135. The number of free policies which became claims was 173,617. The total number of policies in force at the end of the year including 5,129,394 free policies was 29,426,969, under which the maximum sum assured together with declared bonus was £668,006,145, producing an annual premium income of £27,588,579. The average duration of the whole life premium paying policies in force exceeds 19 years.

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INDUSTRIAL BRANCH-continued.

The revenue premiums for the year were $\pounds 26,275,143$, being an increase of $\pounds 1,416,740$ over those for 1941. The sum of $\pounds 16,143,136$, which includes $\pounds 2,824,113$ by way of bonus, became payable during the year under 803,151 policies in respect of death claims, matured endowments and surrenders. The number of endowment assurance policies which matured was 195,196. The sum of £16,143,136,

The surplus is £4,584,273, including the sum of £336,085 brought forward from last year, and has been allocated as follows :-

					£
 •••		•••	• • •		850,000
 •••	• • •				400,000
 • • •					406,298
 			• • •		87,035
 	•••		•••		2,500,000
 •••		•••	•••		340,940
···· ····	···· ··· ··· ···	··· ·· ·· ···	··· ·· ·· ·· ··	···· ··· ··· ··· ··· ··· ··· ··· ··· ··	

A sum of £350,000 has been taken from the Investment reserve fund and applied to writing down investments in this branch; the Investment reserve fund has therefore been increased by a net amount of £500,000 to £4,500,000.

In view of prevailing world conditions the transfer of the sum of £2,500,000 has been made to the Industrial branch contingency fund which now stands at £8,100,000.

Having regard to the amount of dividend which will be provided by the $\pounds406,298$ allocated out of the surplus to dividend to holders of A shares, $\pounds532,404$ is required to be raised out of the Special contingency fund in accordance with Article 135 of the Company's Articles of Association of which $\pounds266,202$ goes towards providing the dividend to holders of A shares. The balance of $\pounds266,202$ has been augmented to meet inequalities arising from the incidence of income tax and the augmented amount of $\pounds500,432$ goes towards providing the outdoor staff. 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 £59,839,550.

The expenses in this branch amount to 25.77 per cent. of the premiums.

The Directors have declared that in respect of all participating policies issued by the Prudential out of the Industrial branch before 1st January, 1943, which become claims by death or maturity of endowment during the year 1943 and which are premium paying policies in Great Britain or Northern Ireland at the date of the event giving rise to the claim and on which not less than one year's premiums shall then have been paid there shall be paid or transferred as part of the claim a bonus calculated on the original participating sum assured at the following rates :--

If	policy	issued	in	the	year	1942		•••		16s.
If :	policy	issued	in	\mathbf{the}	year	1941		i	21	12s.
If	policy	issued	in	the	year	1940	or earlier	1	22	8s .

per £100 original participating sum assured.

Where the original participating sum assured is Stock the bonus will be in Stock at the same rate per $\pounds 100$ Stock.

This bonus is in addition to any amount of reversionary bonus already added to the sum assured but is not in addition to any bonus previously declared which was not a reversionary bonus.

The declaration also provides that in the case of whole life assurance and endowment assurance policies issued by the British Widows' Assurance Company Limited out of its Industrial branch which terminate on becoming claims by death or maturity of endowment during the year 1943, and which are premium paying policies in Great Britain or Northern Ireland at the date of the event giving rise to the claim there shall be paid as part of the claim a bonus on the sum otherwise payable as follows :—

Premiums pa	Amount of clair increased by								
Less than 10 years 10 years and less than 15 years 15 years and upwards					5, 0 10 0	<i>d</i> 0 0 0	Ē.,,	cent.	

GENERAL BRANCH.

The revenue premiums for the year, after deduction of the reinsurances, were $\pounds 2,721,135$, being an increase of $\pounds 100,484$ in comparison with for 1941. These figures do not include the re-insurance business written by the Company's American subsidiary, The Prudential Insurance those for 1941. Company of Great Britain located in New York.

The capital sum insured under sinking fund policies is £7,838,059 as compared with £8,104,485 in 1941, i.e., a decrease of £266,426. The Company undertakes duties as trustees in respect of issues of debentures and debenture stocks, and as The total amount of such debentures, debenture stocks and estates at the end of the year exceeded £97,000,000. and as trustees and executors of estates

A charge has been made this year in the method of dealing in the accounts with income tax and national defence contribution. Each individual General branch revenue account has been charged with the amount of tax appropriate thereto and the balance of tax has been charged to the Profit and loss account. In previous years only the tax deducted at source from interest was shown in the individual Revenue accounts. Accordingly for the purpose of comparison with this year's surplus, the surplus for 1941 should be taken as £394,301, *i.e.*, after reduction by the sum of £60,000 provided for taxation in last year's Profit and loss account. Owing to a change in the basis of assessment to United Kingdom tax of the profits of our American subsidiary it has been necessary to provide in these accounts an additional amount of tax of £51,250 in respect of 1941. The surplus is £340,971, including the sum of £200,968 brought forward from last year, and has been allocated as follows :-

To Investment reserve fund									40 .000
					•••	•••			15,000
To dividends to holders of A	shares	and B	shares			•••		•••	100,000
To be carried forward				•••	• • •	•••	• • •	•••	185,971

The sum of £40,000 has been taken from the Investment reserve fund and applied to writing down investments in this branch; the su transferred to the Investment reserve fund from the surplus replaces this amount. The Investment reserve fund therefore remains at £325,000. the sum

The valuation of the contracts in all branches has been made by Mr. C. C. H. Drake, F.I.A., and Mr. W. J. Fulford, F.I.A., upon the bases stated in their valuation report which is printed on the last page.

The Directors have declared in respect of the year 1942 a final dividend on the A shares at the rate of **9s. 1·296d.** per share. This dividend, together with the interim dividend of **2s. 6d.** per share paid in September, 1942, makes a total of **11s. 7·296d.** per A share for the year. The shareholders' profits from the Ordinary and Industrial branches provide **6s. 11·385d.** of this dividend (of which **2s. 6d.** has already been paid); **4s. 3·111d.** is provided from the Special contingency fund in accordance with Article 135 of the Articles of Association and the remaining **4·8d.** is from the General branch profits. The Directors have also declared a dividend on the B shares out of the General branch profits at the rate of **1s. 6d.** per share. The dividends now declared on both the A and the B shares are payable free of income tax to the shareholders who are on the remaining **4·8d.** 1s. 6d. per share. The diregister on 1st April, 1943.

The Board has appointed MR. PERCY CHARLES CRUMP, O.B.E., F.I.A., who recently retired from the position of Joint Secretary, to be a Director of the Company. MR. CRUMP now offers himself for election.

The retiring Directors are MR. ERNEST DEWEY, LT.-COL. PERCY LESTER REID, O.B.E., MR. HERBERT HARVEY MOSELEY, B.C.L., and SIR GEORGE STUART ROBERTSON, K.C., who offer themselves for re-election.

MAJOR LAWRENCE WILFRED BIRD, D.S.O., O.B.E., and SIR JOHN SEROCOLD PAGET MELLOR, Bart., M.P., offer themselves for re-appointment as Auditors.

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

Holborn Bars, 9th March, 1943.

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Chairman.

GEORGE L. BARSTOW



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REVENUE ACCOUNT OF THE ORDINARY BRANCH

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for the Year ending 31st December, 1942, in respect of

Life Assurance Business

	mount of life assurance fund at the beginning year	of the	£ 125,079,219	s. 10		ļ	Claims under policies paid and outstanding :	•
			14,972,825			1	By maturity 9,323,730 13 7	
			162,639			i	12,120,855 9)
	onsideration for annuities granted		102,038	12	U		Surrenders	;
In	terest, dividends and rents £5,316,837						Bonuses surrendered for cash 33,784 7	
	Less income tax	14 1					Annuities 1,023,232 18	
	· · · · · · · · · · · · · · · · · · ·		4,432,494	7	3		Life business :	
							Commission 838,555 6	3
	•				,		Expenses of management 1,185,359 5	5
							Annuity business :	
							Commission 2,976 1	Ĺ
							Expenses of management 16,389 8	3
						i.	War damage contributions 20,990 6	3
							Transfer to Investment reserve fund 500,000 0	J
							Transfer to Ordinary branch Contingency fund 1,025,000 0)
							Transfer to Profit and loss account 28,000 0)
							Amount of life assurance fund at the end of the year 127,339,768 11	ι
						i	Another of the assistance fund at the one of the year 14,000,000 x	
			(144.647.178	10		ì	£144,647,178 10	

Nore.—During the year 71,036 policies were issued for a sum assured of $\pounds 25,457,702$ 7s. 4d. with a yearly renewal premium income of $\pounds 1,383,514$ 11s. 7d. The amount received by way of single premiums was $\pounds 20,094$ 2s. 7d.

REVENUE ACCOUNT OF THE INDUSTRIAL BRANCH

for the Year ending 31st December, 1942, in respect of

Industrial Assurance Business

and the second	Amount of Industrial assurance fun of the year Premiums Interest, dividends and rents Interest, dividends and rents Interest, dividends and rents Transfer from Special contingency fund Adjustment for income tax	d at the beginning 	£ 214,302,620 26,275,142 7,667,589 766,634	16 18	4 1 1	Claims under policies paid and outstanding : £ By death £8,000,067 10 8 By maturity 7,606,431 2 6 Surrenders By adamage contributions Bonus allocation to members of Company's outdoor staff Transfer to Investment reserve fund Transfer to Industrial branch Contingency fund 2,500,000 Transfer to Industrial assurance fund at the end of the year Xarount of Industrial assurance fund at the end of the year	13 18 1 3 7 0 0 0	11 4 4 0 0 0
			£249,011,986	19	4	£249,011,980	19	4

NOTE.-During the year 1,694,503 policies were issued, for a maximum sum assured of £62,369,287.

REVENUE ACCOUNTS OF THE GENERAL BRANCH

for the Year ending 31st December, 1942, in respect of

Reserve for unexpired risks $f_{430,881}$ 00Expenses of management323,7051Further reserve for unexpired risks $64,406$ 00 $3,335$ 1Uremiums $495,287$ 000National defence contribution $3,335$ 1Interest and dividends $1,233,032$ 81111129,703Transfer to Profit and loss account $27,866$ 1Amount of fire insurance fund at the end of the year $27,866$ Further reserve for unexpired risks $60,146$ 0573,359 $573,359$		insurance fund at	the beginning of the	he £	s. d.	Claims under policies paid and outst	anding		570,460 s
Further reserve for unexpired risks 64,406 0 0 3,335 1 Uremiums 495,287 0 0 1,233,032 8 11 Interest and dividends 1,233,032 8 11 1.00me tax 3,183 Interest and dividends 28,924 7 6 Keserve for unexpired risks, being 40 per cent. of the premium income for the year </th <th>year :</th> <th></th> <th>6420 891 0</th> <th>0</th> <th></th> <th></th> <th></th> <th></th> <th>219,584</th>	year :		6420 891 0	0					219,584
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$\begin{array}{cccccccccccccccccccccccccccccccccccc$		-		0		*			
Tremiums 1,233,032 8 11 Income tax 29,703 Transfer to Profit and loss account 29,703 Transfer to Profit and loss account 29,703 Transfer to Profit and loss account 27,866 1 Amount of fire insurance fund at the end of the year : Reserve for unexpired risks, being 40 per cent. of the premium income for the year	nana				0 0	0			
Interest and dividends 28,924 7 6 Interest and dividends 28,924 7 6 Interest and dividends	(Income for some			•					
Amount of hre insurance fund at the end of the year:		···· ··· ···							
				£1,757,243	10 5	year : Reserve for unexpired risks, being 40 per cent. of the premium income for the year Further reserve for unexpired	£493,213	0 0	573,359 £1,757,243

REVENUE ACCOUNTS OF THE GENERAL BRANCH-continued.

Sickness and Accident Insurance Business

GIGRIEGS WIRE PROVE	ient Insurance Dusiness
\pounds s. d.	Payments under policies, including medical and legal f s. d.
Amount of sickness and accident insurance fund at the beginning of the year :	expenses in connection therewith :
Reserve for unexpired accident risks £84,196 0 0 Further reserve for renewable	Accident 87,513 18 11 Permanent sickness 7,711 16 5
accident risks 232,471 0 0 Reserve for permanent sickness risks 62,049 0 0	Commission 19,330 12 9 Expenses of management 73,269 16 4 Expenses of Approved Societies 1,035,000 0
Total estimated liability in respect of outstanding accident claims 29,012 0 0	Expenses of Approved Societies 1,035,000 0 0 Amount of sickness and accident insurance fund at the
Outstanding payments due under per- manent sickness contracts 886 0 0	end of the year :
408,614 0 0	per cent. of the premium income for
Premiums : Accident 226,529 17 2	the year for accident risks £90,612 0 0 Further reserve for renewable accident
Permanent sickness 11,663 15 6 238,193 12 8	risks 297,714 0 0 Reserve for permanent sickness risks 63,523 0 0
Interest and dividends 14,211 11 9 Transfer from Approved Societies for expenses 1,035,000 0 0	Total estimated liability in respect of outstanding accident claims 20,360 0 0
Trancia Iron rippiored Bediones for outpointes in the statistical	Outstanding payments due under per- manent sickness contracts 984 0 0
	473,193 0 0
	·····
<u>£1,696,019 4 5</u>	$\frac{f_{1,696,019}}{f_{1,696,019}}$
Employers' Liability Insurance Busine	ss transacted within the United Kingdom
f. s. d.	• • • • • • • • • • • • • • • • • • •
Amount of employers' liability insurance fund at the	Payments under policies, including medical and legal
beginning of the year : Reserve for unexpired risks f52,595 0 0	Commission 11 442 10 9
Total estimated liability in respect of outstanding claims 80,578 0 0	Expenses of management
Premiums 133,173 0 0 128,140 2 1	$\begin{array}{cccccccccccccccccccccccccccccccccccc$
Interest and dividends 4,785 8 10	
•	Reserve for unexpired risks being 40 per cent. of the premium income for
	the year $f_{51,256} = 0$
	Total estimated liability in respect of outstanding claims 83,906 0 0
£266,098 10 11	
and a commence of a construction of an annual construction of an annual construction of a second second second	Insurance Business
Amount of motor vehicle insurance fund at the beginning f_s s. d.	Claims under policies paid and outstanding 157.082 8 2
of the year :	Commission 71,677 4 4 Expenses of management 151,618 1 8 National defence contribution 7,266 0 0
Reserve for Motor vehicles laid up $17,275 0 0$ $ 257,268 0 0$	Income tax 67.797 0 0
Premiums 444,895 8 4 Interest and dividends 18,313 9 6	Transfer to Profit and loss account 63,604 3 8
	at the end of the year :
	per cent. of the premium income
	for the year \dots \dots \dots \dots \dots \dots $f_177,958$ 0 0 Reserve for Motor vehicles laid up \dots 23,474 0 0
	201,432 0 0
£720,476 17 10	$f_{720,476}$ 17 10
	£120,210 17 10
Miscellaneous	
· · · · · · · · · · · · · · · · · · ·	Insurance Business
Amount of miscellaneous insurance fund at the beginning f s. d.	Insurance Business Claims under policies paid and outstanding $11\frac{f}{6}291$ 3 1
Amount of miscellaneous insurance fund at the beginning of the year :— f s. d.	Insurance Business $\begin{array}{c} \overbrace{\begin{array}{c} \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\$
Amount of miscellaneous insurance fund at the beginning of the year :— Reserve for unexpired risks $\pounds 125,142 \ 0 \ 0$ Further reserve for unexpired risks 154 0 0	Insurance Business Claims under policies paid and outstanding 116,291 3 1 Commission
Amount of miscellaneous insurance fund at the beginning of the year : Reserve for unexpired risks $f_{125,142} = 0 = 0$ 154 $= 0 = 0$ Further reserve for unexpired risks154 $= 0 = 0$ 154 $= 0 = 0$ Premiums	Linsurance Business £ s. d. Claims under policies paid and outstanding 116,291 3 1 Commission 62,131 4 11 Expenses of management 62,131 4 11 National defence contribution
Amount of miscellaneous insurance fund at the beginning of the year :	Linsurance Business £ s. d. 16,291 3 1 Claims under policies paid and outstanding
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Amount of miscellaneous insurance fund at the beginning of the year :- \pounds s. d. Reserve for unexpired risks \pounds 125,142 0 0 Further reserve for unexpired risks $154 \ 0 \ 0$ Premiums $154 \ 0 \ 0$ Trustee and executor fees $125,296 \ 0 \ 0$ $4,883 \ 5 \ 4$ Interest and dividends $125,296 \ 0 \ 0$ \pounds 495,836 10 4 Sinking Fund Amount of sinking fund insurance fund at the beginning of the year $3,712,546 \ 0 \ 0$	Insurance Business Claims under policies paid and outstanding 116,291 3 Commission 116,291 3 Commission 62,131 411 Expenses of mauagement
Amount of miscellaneous insurance fund at the beginning of the year :	Insurance Business Claims under policies paid and outstanding 116,291 3 1 Claims under policies paid and outstanding 116,291 3 1 Commission
Amount of miscellaneous insurance fund at the beginning of the year :	Insurance Business Claims under policies paid and outstanding 116,291 Commission 116,291 Commission 62,131 Expenses of management 107,554 Insurance Business 107,554 Income tax 107,554 Insurance for Optic and loss account 107,554 Insurance for unexpired risks, being 40 107 per cent. of the premium income 136,194 for the year 136,194 Insurance Business 136,194 Insurance Business 136,194 Claims under policies paid and outstanding 136,194 Surrenders 65,416 Surrenders 1385 National defence contribution 1385 National defence contribution 1385 National defence contribution 14,963 Income tax 10 National defence contribution 14,963 National defence to Profit an
Amount of miscellaneous insurance fund at the beginning of the year :	Insurance Business $f_{10} = 1000$ Claims under policies paid and outstanding

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REVENUE ACCOUNTS OF THE GENERAL BRANCH-continued.

Marine Insurance Business

ance Business
f.s.Claims under policies paid and outstandingEnemy debtsBalances written offExpense of managementI.aI.a.13,653Income taxI.aI
£651,809 0
NCY FUND ACCOUNT
31st December, 1942
National defence contribution \dots \dots \dots \dots \dots \dots $25,000$ 0 Amount of Common contingency fund at the end of the year \dots \dots \dots \dots \dots \dots \dots \dots $3,008,485$ 9
£3,033,485 9
NCY FUND ACCOUNT
31st December, 1942
National defence contribution \dots \dots \dots \dots \dots $9,219$ 4 Transfer to Industrial branch Revenue account \dots \dots $532,404$ 1
Amount of Special contingency fund at the end of the year 3,818,871 7
£4,360,494 12
Payments relating to extension of business abroad 35,317 19 National defence contribution 1,150 12 Balance of Premium at the end of the year 196,316 9
£232,785 0
JOSS ACCOUNT
31st December, 1942
Final dividend to holders of A shares in respect of 1941 571,805 6 Dividend to holders of B shares in respect of 1941 100,000 0 Further provision for taxation (General branch) in
respect of 1941 51,250 0 Taxation (General branch) not charged to other accounts 51,250 0 National deicnce contribution 51,250 0 Income tax 51,250 0 34,895 0 0
Transfer to Investment reserve fund (General branch) 40,000 0 Transfer to Additional reserve fund (General branch) 15,000 0 Interim dividend to holders of A shares in respect of 1942 156,250 0 Balances carried to :
Industrial branch Balance sheet $526,323$ 14 7
 being final dividend to holders of A shares in respect of 1942. (b) General branch Balance sheet, being allocation of profits for 1942:—
to holders of A shares \dots £25,000 0 0 to holders of B shares \dots 75,000 0 0
and amount carried forward 100,000 0 0 185,971 0 2
after transferring £1,390,000 to Investment reserve funds and £3,525,000 to Contingency funds, Ordinary and Industrial branches,
allocating £587,467 7s. 6d. to or on behalf of members of the Company's outdoor staff,
and reserving for bonus—
7400,000 in respect of Industrial branch policies.
$f_{252,000}$ in respect of Ordinary branch policies and $f_{400,000}$ in respect of Industrial branch policies. $f_{1,803,154}$ 6

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THE PRUDENTIAL ASSURANCE COMPANY LIMITED | BALANCE SHEET, 31st December, 1942

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		PRUDEN	TIAL AS	SURANC	COM	PANY I	LIMITED	BALANCE SHEE1, 31st			<u> </u>	<u> </u>		·· · _··;	
LIABILITIES	Ordinary Branch.	Industrial Branch.	General Branch.	Common Contingency Fund,	Special Contingency Fund.	Share Premium Account.	Total.	ASSETS	Ordinary Br <u>auch</u> .	Industrial Branch.	General Branch,	Common Contingency Fund,	Special Contingency Fund.	Shar e Premium Account.	Total.
Authorised capital:	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s, d.	£ s. d.	£ s. d.	Mortgages on property within the United Kingdom Mortgages on property within Eire Mortgages on property out of the United Kingdom Loans without specific security within the United	f. s. d. 7,687,704 17 4 7,438 13 7 1,617,851 18 4 502,453 6 9	526,360 4 2	£s, d. 400 0 0	·	£s. d. 	£s. d. 	f. s. d. 9,990,884 10 5 7,488 18 7 2,144,612 2 6 2,052,453 6 9
Issued capital :	-	1,250,000 0 0 	200,000 0 0		-	196,31 6 9 1	1,250,000 0 0 200,000 0 0 198,316 9 1	Kingdom (Loans without specific security out of the United Kingdom Loans on parochial and other public rates. Loans on Life interests Loans on Stocks and shares Loans on Company's policies within their surrender	42,302 8 7	9,375 0 0 8,284,962 14 10					51,677 3 7 9,561,712 12 8 58,289 4 7 7,572,249 5 5
Life assurance fundOrdinary branch Industrial assurance fund General branch insurance funds : Fire insurance fund Sickness and accident insurance fund	-	221,362,690 15 1	573,359 0 0 473,193 0 0	·		-	127,339,768 11 2 221,362,890 15 1 	values Loans to subsidiary companies Investments :	3,195,810 16 1 496,237 11 8 16,000 0 0	592,882 3 9	900 0 0 		-		8,196,210 16 1 1,089,119 15 5 16,000 0 0
Employers' liability insurance fund Motor vehicle insurance fund Miscellaneous insurance fund Sinking fund insurance fund Marine insurance fund Additional reserve fund		_	125,162 0 0 201,432 0 0 136,194 0 0 3,666,315 0 0 399,971 7 10 1,260,000 0 0					f17,122 145, 54% War Stock f20,000 5 % War Stock f22,000 5 % War Stock f22,000 3 % War Stock f22,000 3 % Local Loans Stock Deposits with the Supreme Court of Judicature in Eire:	=	18,700 0 0 —	20,500 0 0 17,700 0 0				18,700 0 0 20,500 0 0 17,700 0 0
Total Total Investment reserve funds Contingency funds Special contingency fund Claims admitted or intimated but not paid, <i>less</i>	3.500.000 0 0	4,500,000 0 0 8,100,000 0 0	325,000 0 0	3,008,485 9 1	3,818,871 7 9		6,845,826 7 10 8,325,000 0 0 .11,525,000 0 0 8,008,485 9 1 3,818,871 7 9	 f20,000 31% War Stock f20,000 31% War Stock British Government securities Securities issued under the Trade Facilities Acts and Railway (Agreement) Act, 1935 Debentures in subsidiary companies issued under the Trade Facilities Acts 	18,700 0 0 48,901,088 1 5 1,450,300 0 0			2,463,529 8 8	3,121,835 16 8	 196,267 4 2 	4,926,634 0 0
amounts recoverable under reinsurances	1,375,807 12 3	379,323 1 6 	383,198 0 0 224,654 0 0 96,799 0 0 2,164 0 0				$\begin{array}{cccccccccccccccccccccccccccccccccccc$	the Trade Facilities Acts Bank of England stock Municipal and county securities, United Kingdom Public Board securities Dominion, Indian and Colonial Government securities Dominion provincial securities	1,855,225 17 0		236,721 2 6	122,600 0 0	248,660 0 9 44,000 0 0 205,749 10 6 114,365 4 6		400,000 0 0 330,000 0 0 8,480,904 4 10 5,524,355 16 4 8,261,209 1 7
Marine insurance Annuities due and uppaid Outstanding commission and expenses Premiums received in advance Amounts due to other companies on reinsurance account :	39,168 8 6 112,623 4 7 36,998 3 0	100,000 0 0	89,500 0 0 8,959 6 11 55 5 9	·			89,500 0 0 39,168 8 6 221,582 11 6 37,053 8 9	Dominion, indian and Colonial multipal securities Foreign Government securities Foreign provincial securities	1,042,110 7 9 3,373,258 3 0 181,688 5 11 303,864 11 2	979,915 6 0 3,529,497 5 6 212,400 6 3	883,825 9 5 4,300 0 0	·			438,890 17 1 2,022,025 13 9 7,236,580 17 11 398,388 12 2 827,653 16 1
General branch : I'ire insurance Sickness and accident insurance Employer's liability insurance Motor vehicle insurance			157,915 13 3 570 0 0 678 12 5 8 0 0		 •			Debentures in subsidiary companies	100,000 0 0			136,018 3 5	25,000 0 0		50,038,080 10 8 250,000 0 0
Miscellaneous insurance	77,930 8 9 118,170 7 8	100 0 0 89,166 17 8	7,662 11 1 6,119 11 7 16,488 19 3 14,621 11 8 166,400 1 1		4,000 0 0			Preference shares in subsidiary companies Railway and other ordinary stocks and shares Ordinary shares in subsidiary companies Rent charges Freebold ground rents and feu duties	50,700 0 0 16,343,311 9 1 467,907 12 0	24,902,756 1 4 278,766 4 2	173,068 16 0				31,556,786 5 0 216,000 0 0 41,419,131 6 5 1,443,686 16 2 49,084 6 1 8,129,497 17 8 2,866 12 8
Reserve for National defence contribution Reserve for War damage contribution Loans on policies within their surrender values, due to reassuring companies Bonus allocation to members of Company's outdoor staff <u>f587,467</u> 7 6	2,375 14 0 5,500 0 0 1,350 0 0	5,750 0 0 30,000 0 0 —	27,646 0 0	25,000 0 0 	18,500 0 0 — —	4,000_0 0 	83,271 14 0 35,500 0 0 1,350 0 0	Leasehold ground rents	4 400 005 5 5	3,554,846 17 4 13,742,436 2 9 236,102 6 5					2,553 12 5 3,554,846 17 4 16,983,597 8 4 1,375,769 12 0 30,183 18 1
Less balance brought forward 352 7 11 Unclaimed dividends Balance standing to credit of Profit and loss account Norzs :		587,114 19 7 895 6 9 526,323 14 7	222 15 0 285,971 0 2	-			587;114 19 7 618 1 9 830,221 0 2	Life interests Reversions Deposits at interest at home and abroad Agents' balances Outstanding interest, dividends and rents Interest, dividends and rents accrued but not	67,430 8 6 188,944 2 0 606,849 14 10 236,599 9 3	200,000 0 0 508,654 9 5 96,630 10 4	367,983 3 2 88,211 0 4				67,430 3 6 388,944 2 0 367,933 3 2 1,201,715 4 7 333,229 19 7
Instalments on investments held f due after 31st December, 1942 Nil. Investments bought for settlement after 31st December, 1942 . 930,000 Uncalled capital on investments held		· ·			* * *			Amounts retained at home and abroad by ceding companies under reinsurance treaties and sums due on reinsurance account Amounts due from subsidiary companies. Sundry debtors	348,069 11 7 59,492 2 2	570,868 10 8	173,527 0 1 10,384 17 4 46,366 10 6	· · · · · · · · · · · · · · · · · · ·		5	918,438 1 10 173,527 0 1 10,384 17 4 476,472 15 4
Contingent liability on shares, etc. 2,355,000 A contingent liability exists under a guarance given by the Company in respect of certain benefits for the Staff and their relatives and dependants provided by means of a company formed for this purpose.		÷	- - -		- - -	-		Bills receivable	38,987 10 0 		81 2 11 3,150 0 0			_	38,987 10 0 81 2 11 1.003.159 0 0
Amounts of Life issets compulsorily deposited abroad—investments (at or under market value, if quoted), mortgages, property and cash:								Abroad	187,867 11 9 2,190,701 19 5 773,696 10 9	4,535,388 14 6 8,694 17 5	50,267 6 5 441,889 14 8 18,027 13 3	88,370 13 8	81,760 15 4	4,674 4 11	288,134 18 2 7,342,786 2 6 795,419 1 5
Australia 47,500 Canada 1,586,000 Egypt 11,000 India 14,000 New Zealand 50,000 Palestine 1,000 Poland 62,500			· · ·		· ·			*Part of which is at the disposal of His Majeaty's Government—Financial Powers (U.S.A. Securi- ties) Act 1941.				•			
South Africa 10,000 Southern Rhodesia 5,000	136,052,618 15 4	286,980,863 15 2	8,810,260 16 0	8,083,485 9 1	8,841,871 7 9	200,941 9 1	388,869,541 12 5		136,052,618 15 4	236,930,868 15 2	8,810,260 16 0	3,033,485 9 1	3,841,371 7 9	200,941 9 1	388,869,541 12 5
A shares—This capital is liable in respect 3 of The Prudential Assurance Compares Common contingency fund—In accord by the Directors. The values of the Stock Exchange secure the middle market prices as at the 3 tst Decer Reserve and the Contingency funds taken in The gross amount of the Directors' respective deposits of life assurance assots holders of policies issued, as set out above, a Kingdom on account of fire, casualty and in No part of any fund has been applied	ny Act, 1875. ance with clause 13: rities are determined mber, 1942, and on th into account, are in muneration for the y s, Ordinary branch, nd part of the assets marine insurance bu	2 (b) of the Articles , under the Articles on the basis of such prices the aggregate in exc year (including fees i have been made with (investments and car isiness.	of Association this of Association of the swe certify that in of cess of the value so from a subsidiary h various Dominion sh) of the General b	s fund may be an e Company, by th our belief the asse tated therein. company) was for n, Colonial and F granch has been d	pplied to any one the Directors; these the set forth in the 54,244 193. 1d. oreign Governme eposited under lo	or more branch e values have be Balance Sheet, le nts under local h cal laws in places	es, as determined en compared with ss the Investment aws as security to out of the United	Life, casualty and sinking fund revenue acco S1st December, 1942, with the exception of interest respective transactions. Fire and marine revenue those current at the dates of the respective transaction the extent of the corresponding liabilities and (b) is The profits shown in the accounts of subsidiary available within that year, have been included in forward in its accounts.	t received at or pai account transactio ions. Future variat reserve and conting companies made up	id by the Company's ons in Dominion or i tions in the rates of e gency funds. n to a date within the	chief office whi foreign currencie exchange are cov e year ended 31s:	ich has been broug es have been broug vered by (4) curren 1 December, 1942, o	ht in at the rates tht in at rates of cy assets maintai or in the last previ	ruling on the exchauge appro- ned so far as pro-	dates of the oximating to racticable to hich became
F. W. MO	RGAN, [General Manager.	c. c. w. j	. H. DRAKE,) Jo J. FULFORD,) ^{Ac}	int tuaries.	C. W. A L. BRC	N. RAY, } Joint WN, ∫ Secreta	ries,	E. J. W. BORRAJO,)	rectors.		<u></u>		DRGE L. BARST		:
We have examined the foregoing account and the foregoing Balance Sheet is properly and the explanations given to us and as sho No part of any fund has been applied of We have investigated the methods of fair and equitable apportionment of the ex	drawn up so as to e nown by the books of directly or indirectly calculating and app	ed all the information whibit a true and cor- of the Company. for any purposes of ortioning the expension	rect view of the sta her than those of t ses of management	s that we have re- ate of the Compar- the class of busine t and the account	ny's affairs accord ess to which the f ts thereof and in	ling to the best of and is applicable	f our information	We have examined the receipts and payments also December, 1942. We have also examined the D below have verified as at the 31st December, 1942. I Certificates of Brokers the securities purchased but the and Cash held for account of Chief Office and Distric obtain confirmations in respect of Mortgages, Loa Re Mortgages, Loans, Investments, Depusits and (1942, received from Overseas Branches, represent the	by Certificates of B t not delivered and ct Offices by Certific ans, Investments a	ankers or other Depa d we have confirmed cates from Bankers of and Cash lodged in (ositaries the secu Deposits by Ce or with audited enemy territory,	rities in their cust rtificates from the accounts from Di- , or in territories	ody or in the han Institutions w visional Centres occupied by th	ds of their Ag P000213	year coded ptions noted ents and by 38

L. W. BIRD, Auditors, JOHN S. P. MELLOR,

Arlı Marah 1012

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

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VALUATION REPORT.

8

To the Directors of The Prudential Assurance Company Limited.

Gentlemen,

We have the honour to submit our report on the valuation as at 31st December, 1942, of the life assurances and annuities and other insurance contracts of the Company.

In accordance with your instructions the valuations have been made on the bases stated below.

ORDINARY BRANCH.

The assurances have been valued this year by the A.1924-29 Ultimate table of mortality with $2\frac{1}{2}$ per cent. interest, with the exception that for assurances issued outside the United Kingdom and Eire the former basis, viz., the O^M table of mortality with 3 per cent. interest, has been retained. The whole of the difference between the office premiums and net premiums has been reserved for future expenses and profit and an additional reserve of loading has been made in respect of assurances issued in the United Kingdom.

The immediate and contingent annuities have been valued by the a(f) and a(m) Ultimate tables of mortality. The deferred annuities have been valued by the A.1924-29 Ultimate table of mortality for the period of deferment and by the a(f) and a(m) Ultimate tables of mortality for the period after deferment; the premiums valued were 95 per cent. of the future office premiums. The rate of interest assumed was 3 per cent. or, for immediate annuities, the rate of interest employed in the calculation of the purchase money if less than 3 per cent.

The interest actually earned, after deduction of income tax, represents a rate of £3 11s. 6d. per cent. on the life assurance fund.

The number of life policies in force was 1,017,395 assuring with bonus £301,243,524 and producing an annual premium income of £13,657,243.

The immediate annuities payable were 13,952 in number, and amounted to £1,010,741 per annum. In addition there were 147,423 deferred and contingent annuities, securing £3,160,981 per annum and producing an annual premium income of £1,489,751.

The sterling equivalents of liabilities in Dominion or Foreign currencies have been arrived at by conversion at the rates of exchange ruling on 31st December, 1942.

The result of the valuation	is as	follo	ws :											
Life assurance fund on 31s	t Dece	mber,	1942		•••				• • •			•••		£128,892,769
Reserve for life assurance	policies	3								·	£1	06,870	,755	
Reserve for annuities						•••				,		19,936	,129	
Net liability		•••	•••		••••	•••	• • •		•••	•••		•••	•••	126,806,884
Surplus, including £708,2	16 bro	ught f	orward	from l	last year	.		•••		•••		•••	•••	£2,085,885

INDUSTRIAL BRANCH.

The English Life Table No. 10, Males, has been used for the valuation of all assurances. Every policy has been treated as a liability. The whole of the difference between the office premiums and net premiums has been reserved in all cases and an additional reserve of loading has been made.

The rate of interest assumed in the valuation was $2\frac{1}{2}$ per cent. The interest actually earned, after deduction of income tax, represents a rate of £3 11s. 8d. per cent. on the Industrial assurance fund.

The number of policies in force, including 5,129,394 free or paid-up policies, was 29,426,969, under which the maximum sum assured, together with declared bonus, was £668,006,145. The premiums receivable in respect of these policies amount to £27,588,579 per annum, or £530,550 per week.

The average duration of the whole life premium paying policies in force exceeds 19 years.

The expenses in this Branch amount to 25.77 per cent. of the premiums.

The result of the valuation is as follows:										
Industrial assurance fund on 31st December, 1942									£225,206,024	
Net liability			•••		•••		•••		220,621,751	
Surplus, including £336,085 brought forward from last y	year .	:.					• • •		£4,584,273	

GENERAL BRANCH.

In respect of fire, sickness and accident (excluding permanent sickness), employers' liability, motor vehicle and miscellaneous insurance contracts, the reserve for unexpired risks is 40 per cent. of the premium income for the year, together with a further reserve which we consider essential under fire and miscellaneous contracts.

The permanent sickness policies have been valued, as to sickness rates, by the Manchester Unity (Whole Society) Experience, 1893-97, and as to mortality by the table published by the Insurance Commissioners (Cd. 6292) with interest at 3 per cent. In view of the uncertainty of sickness rates we have considered it necessary to increase by 60 per cent. the reserve brought out on these bases.

To many of the life assurance policies is attached an additional benefit on death from accident, the liability for which is borne by the General branch. These accident insurances carry the right of renewal and in our opinion a further reserve of $\pounds 297,714$ is essential in addition to the 40 per cent. of the premium income for the year.

In respect of marine insurance, after adding to the fund the premiums and interest received and deducting losses, taxes and expenses, a sum of $\pounds 12,869$ has been released; the fund remaining, in our opinion, is sufficient as a reserve for the liabilities still pending under the accounts.

The sinking fund policies have been valued by a gross premium method with an allowance for 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 $\pounds7,838,059$ at the end of fixed terms of years, and produce an annual premium income of $\pounds69,269$.

The sterling equivalents of reserves in Dominion and Foreign currencies have been arrived at by conversion, in the case of casualty and sinking fund contracts at the rates of exchange ruling on 31st December, 1942, and in the case of fire contracts at the approximate average rates of exchange ruling during the year 1942.

The result of the valuation is as follows :—												
	Insurance fund on 31st Decembe							•••		 • • •	•••	£7,171,597
Reserves for fire, sickness and accident, employers' liability, motor vehicle and miscel-												
	laneous insurances	•••	• • •			•••		•••	•••	£1,519	,340	
	Reserve for marine insurance				•••		•••			399	,971	
	Reserve for sinking fund insurar	ooi	•••							3,666	,315	
· ´	Additional reserve fund	•	• • •							1,245	,000,	P00021339

Surplus, including £200,968 brought forward from last year £340,971 Owing to a change this year in the method of dealing in the accounts with income tax and national defence contribution, the surplus for 1941 should be taken as £394,301 to compare with the above surplus for 1942.