THE PRUDENTIAL ASSURANCE COMPANY LIMITED.

(INCORPORATED IN ENGLAND.) Chief Office :-- HOLBORN BARS, LONDON, E.C.I.

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MERTING of the Shareholders of this Company will be held at 142, HOLBORN BARS, LONDON, E.C.I. on THURSDAY, the 4th day of APRIL, 1946, 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, 1945, for re-appointing the President, for electing Directors, for appointing Auditors for the ensuing year and fixing their remuneration, 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. BAY. L. BROWN,

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Joint Secretaries.

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19th March, 1946.

N.B.—The attention of those Shareholders concerned is drawn to the following Extract from the Articles of Association of the Company :— 61. A holder of less than 250 B Shares shall not in respect of those shares be entitled to receive notice of or to attend or vote at any meeting of the Company.

NINETY-SEVENTH ANNUAL REPORT

Year ending 31st December, 1945.

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

Directors : 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. JOHN BOY LANCASTER. HERBERT HARVEY MOSELEY, B.C.L. SIR JOSEPH BURN, K.B.E., F.I.A., F.S.I. COLONEL PERCY LESTER REID, C.B.E. PERCY CHARLES CRUMP, O.B.E., F.I.A. SIR GEORGE STUART ROBERTSON, K.C. SIR NIGEL GEORGE DAVIDSON, C.B.E. SIR LAURENCE NUNNS GUILLEMARD, G.C.M.G., K.C.B. ERNEST FRANK SPURGEON, F.I.A. Joint Secretaries : C. W. A. RAY, A.L.A.A. L. BROWN, F.J.A. Assistant Secretary : A. J. MILLER, M.C. Actuary ; W. F. GARDNER, F.I.A. Assistant Actuaries : W. E. HUSTWITT, F.I.A. C. G. MARSHALL, F.I.A. J. N. SHINE, F.I.A. Assistant General Managers : W. E. G. BURGE. H. C. HARVEY. C. G. IZARD. F. W. MORTON, M.C., F.I.A.

Deputy General Managers : F. H. GARRAWAY, O.B.E., M.C. H. S. LANE, M.C. R. S. THORP. General Manager : F. W. MORGAN, M.C.

HE DIRECTORS have the honour to submit their Report and Accounts for 1945.

The Accounts are presented in the same form as last year, the revenue accounts for the Common and Special contingency funds and the Share Premium account again being omitted. A sum of **£35,000** has been charged against the Share Premium account for payments relating to extension of business abroad; profit of **£16,245** realised on the sale of an investment has been credited to the account.

The Assets of the Company amount to £439,699,009 as compared with £420,673,791 at 31st December, 1944.

The Income from all sources during 1945 was £68,017,691 as compared with £64,690,486 in 1944.

ORDINARY BRANCH.

The number of life assurance policies issued during the year was 70,548 assuring the sum of £30,805,198 and producing an annual premium come of £1.577.904.

The total of the revenue premiums and consideration for annuities granted was £17,982,941. The claims for the year amounted to £12,680,959. here were death claims for sums assured, including bonuses, of £2,843,697 and matured endowments for sums assured, including bonuses, of £9,837,262. The Directors have decided that the Ordinary branch contingency fund of £5,025,000, set up out of profits during the war, is no longer required and have now applied the whole of this fund as profits in accordance with Article 133 of the Company's Articles of Association.

The surplus of the year is £3,249,408 including the sum of £812,795 brought forward from last year, which together with the sum of £5,025,000 ansferred from the Ordinary branch contingency fund amounts to a total of £8,274,408. This has been allocated as follows :---

To Investment reserve fund	•••	•••	•••	•••	•••		 350,000
To bonus to participating policyholders		•••	•••	• • •	•••	***	 6,939,981
To dividend to holders of A shares		•••	•••	• • •	•••	•••	 733,109
To Special contingency fund		•••	•••			•••	 38,000
To be carried forward		•••	•••	•••	•••		 213,318

The Directors have declared that, as regards each participating policy issued out of the Ordinary branch (including participating policies issued y Overseas branches other than the Canadian branch) which was in force on 31st December, 1945, a reversionary bonus calculated on the original articipating sum assured shall be added at the following rate :---

1	n i	respect	of	policies	issued	in 1	the	year	1945	•••	•••	£1)	
	,,	**	,,	**	,,	"	,,	,,		•••	•••	22	
	,,	79	,,	>,	**	,,	,,	,,		•••	•••		per £100 original participating sum assured.
1	**	,,	**	**	39	,,	,,	,,	1942	•••	•••	£4 {	
									1941 or e	arlier		- <u>85</u> J	

Where the original participating sum assured is Stock, the bonus will be in Stock at the same rate per £100 Stock.

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

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INDUSTRIAL BRANCH.

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The number of policies issued during the year was 1,335,879 assuring a sum of £52,940,718. The number of policies becoming free policies during the year was 305,490. The number of free policies which became claims was 194,640.

The revenue premiums for the year were £30,256,757. The sum of £18,284,637, which includes £3,031,721 by way of bonus, became payable during the year in respect of death claims, matured endowments and surrenders.

The Directors have decided that the Industrial branch contingency fund of £11,109,000, set up out of profits during the war, is no longer required and have now applied the whole of this fund as profits in accordance with Article 133 of the Company's Articles of Association.

The surplus of the year is £5,868,756 including the sum of £437,083 brought forward from last year, which together with the sum of £11,100,000 transferred from the Industrial branch contingency fund amounts to a total of £16,968,756. This has been allocated as follows :---

To Investment reserve fund								750.000
	•••	•••	•••	•••		•••		
To bonus to participating policyholders		•••			•••			11,875,000
To dividend to holders of A shares			•••				•••	678,111
To bonus to members of outdoor staff		•••			•••	•••		626,223
To Special contingency fund					•••			1.966.252
To be carried forward	•••	•••		•••	•••	•••		1,078,170

In accordance with the intention expressed at the Extraordinary General Meeting of the Company on 6th December, 1945, the Directors have exercised the discretion given to them by Article 134 and have recouped to the Special contingency fund the whole amount which would otherwise have been distributable to the shareholders and the outdoor staff upon the application of the Industrial branch contingency fund as profits. The amount so recouped is £1,729,252, and is included in the above allocation to the Special contingency fund.

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 £75,893,575.

The expenses in this branch amount to 23.52 per cent. of the premiums.

The Directors have declared that in respect of participating policies issued by the Prudential out of the Industrial branch which were premium paying policies in Great Britain or Northern Ireland on 31st December, 1945, there shall be added to the original sum assured at death or maturity of endowment a reversionary bonus calculated on the original participating sum assured at the following rate :---

ln r	espect	of 1	policie	5 1681100	i in	the	year	1945				
	on co	mple	etion of	of paym	nent	; of (one y	ear's	premiums		16s.)	
				s issued							£1 12s.	
			,,	,,							\$2 8s. per £100 original participating sum assured.	
			,,			,,		1942			£3 4s.	
						,,			or earlier			
"	"	**	,,	,,	"	,,	,,			•••		

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

The 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 Industrial branch policies transferred from other Companies which terminate on becoming claims by death or maturity of endowment during the year 1948, 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 paid for :- Less than 10 years, amount of claim increased by £5 per cent.; 10 years and less than 15 years, £7 10s. per cent.; 15 years and upwards, £10 per cent.

GENERAL BRANCH.

The revenue premiums for the year, after deduction of the reinsurances, were **23,484,872**. These figures do not include the re-insurance business written by the Company's American subsidiary, The Prudential Insurance Company of Great Britain located in New York.

The Company undertakes duties as trustees in respect of issues of debentures and debenture stocks, and as trustees and executors of estates. The total amount of such debentures, debenture stocks and estates at the end of the year exceeded £89,000,000.

The surplus is \$441,483, including the sum of £178,680 brought forward from last year, and has been allocated as follows :-

	Investment reserve fund . Additional reserve fund .		•••	 ••••				 40,000 100.000
To	dividends to holders of A							 116,667
То	be carried forward .	•• •••	•••	 •••	•••	•••	•••	 184,816

The valuation of the contracts in all branches has been made by Mr. W. F. Gardner, F.I.A., upon the bases stated in his valuation report.

The valuation of the contracts in all branches has been made by Mr. W. F. Gardner, F.I.A., upon the bases stated in his valuation report. The Directors have declared a final dividend on the A shares, which this year includes a non-recurring amount. The amount available from the normal profits of the Ordinary, Industrial and General branches for the year 1945 is **118**. **5d**. per share which, together with the Interim Dividend of **2s**. **6d**. per share paid in September, 1945, makes a total of **13s**. **11d**. per share a compared with **13s**. **10d**. last year. The non-recurring amount is **9s**. per A share and is derived from the Ordinary branch; this corresponds to the allocations now made to Ordinary branch policyholders for reversionary bonuses for the years 1941-1944 inclusive. The final dividend is therefore **20s**. **5d**. per A share of which **15s**. **5d**. will be payable on 5th April, **1946**, to the shareholders who are on the register on 4th April, 1946, and **5s**. on 19th September, 1946, to the shareholders who are on the register on **19th** September, **1946**. Of the total dividend on the A shares, **5'6d**, is derived from the profits of the General branch. To eliminate a fraction of a penny in the dividend, the sum of **23,095** is being carried forward in account for the A shareholders in accordance with Article 129 of the Company's Articles of Association. Articles of Association.

The Directors have also declared a dividend on the B shares out of the General branch profits at the rate of 1s. 9d. per share, payable on 5th April, 1946, to the shareholders who are on the register on 4th April, 1946.

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

The Directors retiring by rotation are MR. ERNEST DEWEY, COL. PERCY LESTER REID, C.B.E., MR. HERBERT HARVEY MOSELEY, B.C.L., and SIR GEORGE STUART ROBERTSON, K.C., who offer themselves for re-election. SIR LATRENCE NUNNS GUILLEMARD, G.C.M.G., K.C.B., who has been a Director of the Company since 1929, has tendered his resignation. This will take effect from the 4th April next and the Directors recommend that SIR JOHN SEROCOLD PAGET MELLOR, Bart., M.P., be elected a Director of the Company to fill the vacancy thus created.

At the Extraordinary General Meeting of the Company held on 6th December, 1945, the Directors announced their intention to recommend that MESSES. DELOITTE, PLENDER, GRIFFITHS & Co. be entrusted with the full audit of the Company's Accounts, and the Shareholders will be asked to appoint MESSES. DELOITTE, PLENDER, GRIFFITHS & Co. as the Company's Auditors. Accordingly the retiring Auditors, MAJOE LAWBENCE WILFERD BIED, D.S.O., O.B.E., and Sie John SEBOCOLD PAGET MELLOR, Bart., M.P., do not seek re-election.

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

HOLBORN BARS,

12th March, 1946.

REPORT OF THE AUDITORS APPENDED TO THE BALANCE SHEET.

We have examined the foregoing accounts and have obtained all the information and explanations that we have required and in our opinion such accounts are correct and the foregoing Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company. 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 have investigated the methods of calculating and apportioning the expenses of management and the accounts thereof and in our opinion the accounts show a fair and equitable apportionment of the expenses between the Industrial and other branches of the Company's business.

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

GEORGE L. BARSTOW.

We have examined the receipts and payments at Chief Office relating to the Mortgages and Loans and to the purchase and sale of Investments for the year ended 31st December, 1945. We have also examined the Deeds, Stock and Share Certificates and Bonds in possession of the Company at Chief Office. With the exceptions noted below, we have confirmed as at the 31st December, 1945, by Certificates of Bankers or other Depositaries the securities in their custody and by Certificates of Brokers the securities purchased but not delivered and by Certificates from Bankers or audited Accounts from Divisional Centres (ash held for account of Chief Office and District Offices. We have been unable to obtain confirmations in respect of certain Mortgages, Loans, Investments and Cash lodged in enemy territory, or in territories formerly occupied by the enemy. Subject thereto, the assets so examined or confirmed as by us, together with those appearing in the Balance Sheets of Overseas Branches as at 31st December, 1945, received by cable, represent the Mortgages, Loans, Investments and Cash set out in the above Balance Sheet. DELOITTE, PLENDER, GRIFFITHS & CO., Chartered Accountants.

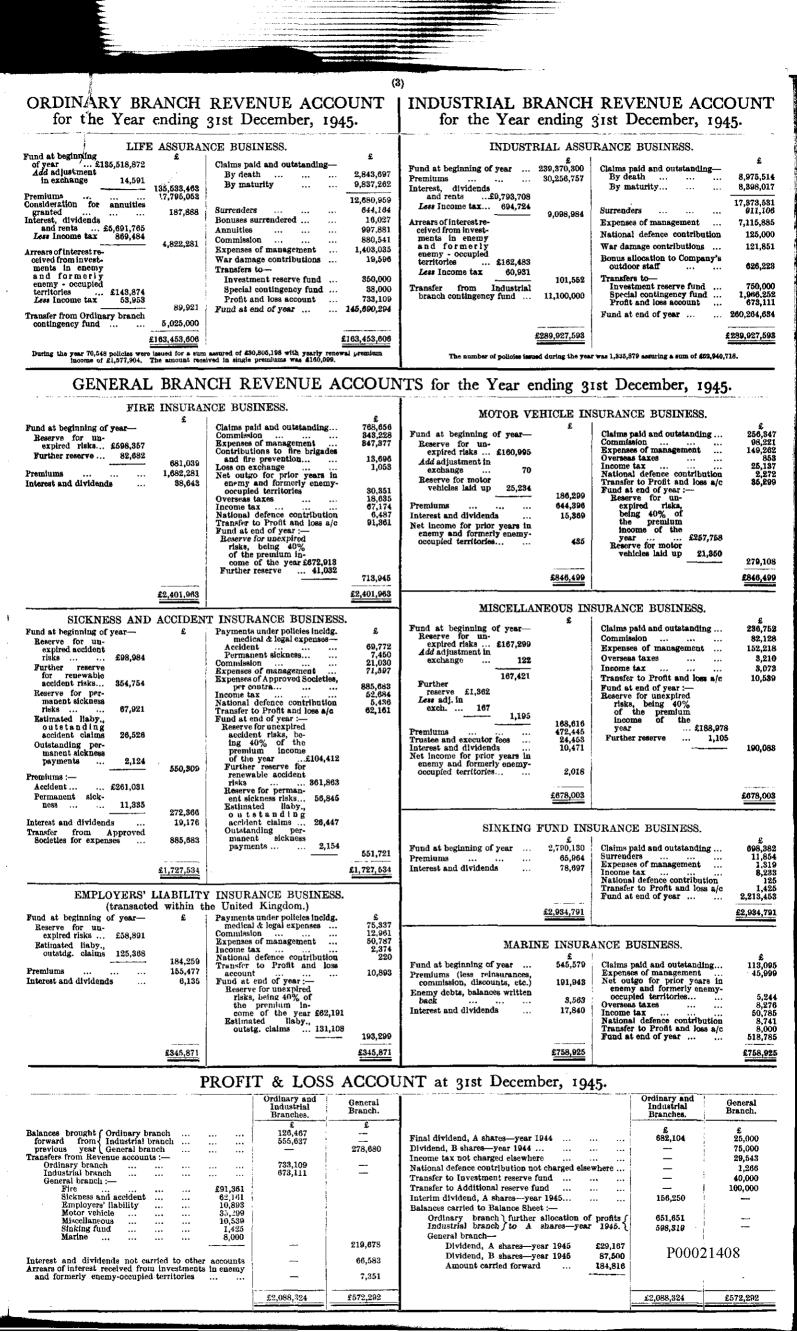
12th March, 1946.

12th March, 1946.

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

Chairman.

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The Prudential Assurance Company Limited

BALANCE SHEET.

31st December, 1945.

LIABILITIES.	Ordinary Branch.	Industrial Branch.	General Branch.	Common Con- tingency Fund.	Special Con- tingency Fund.	Share Premlum Account.	Total.	ASSETS.	Ordinary Branch.	Industrial Branch.	General Branch.	Common Con- tingency Fund.	Special Con- tingency Fund.	Share Premium Account,	Total.
ndustrial assurance fund	145,690,294	\$ 1,250,000	£ 200,060	\$ 			£ 1,250,000 200,000 105,889 145,690,294 260,284,634	Mortgages on property within the United Kingdom Mortgages on property in Eire Mortgages on property out of the United Kingdom Loans on parochial and other public rates Loans on Life interests Loans on Company's policies within their surrender values Loans to subsidiary companies Investments-	847,814	\$ 1,748,820 248,684 9,375 6,914,735 896,000 412,055	# 400 				\$ 8,016,558 3,430 1,096,738 34,396 7,743,961 52,228 1,259,031 2,182,817 763,710
ieneral branch insurance funds :	_		713,945 551,721 193,299 279,108 190,083 2,213,458 518,785)	-	_	8 ,120,394	Deposits with the High Court :		18,700 144,819,909	20,500 17,700 18,700 2,815,109	2,718,562	 4,681,768 454,740	109,837	55,200 17,700 87,400 226,134,138 454,749
Additional reserve fund	-	5,750,000 526,648	1,460,000 890,000 459,441 241,072 154,098	8,161,771	5,71 <u>1,</u> 150 	-	9,990,000 8,872,921 2,357,944 871,475	Facilities Acts	1,948,886 2,192,649 8,085,978 220,994 928,056	8,155,357 4,286,092 2,340,856 65,970 604,721	689,464 286,721 644,266	196,867 122,600 11,800	248,660 44,000 127,029 56,339		829,998 6,238,494 6,882,062 11,209,429 842,308 1,632,777 4,859,159
under reinsurances). nnuities due and unpaid utstanding commission and expenses remiums received in advance Sickness & accident	57,631 179,849 101,518	880,994	1,119 15,745 60,608 22 153,892 181) =			57,631 821,451 101,540	Foreign Government	116,362 179,585 15,628,332 12,488,289 50,700	2,249,833 157,764 318,188 27,651,312 19,758,095 114,300	286,687 3,500 46,948 1,294,763 444,874	136,018	 25,000 		277,628 544,688 44,735,425 32,891,258 165,000
mounts due on reinsurance account Employers' liability Miscellaneous mounts due to subsidiary companies andry creditors cserve for income tax—United Kingdom	4,580 105,277	5,784 99,220	901 26,605 872 18,874 40,653 134,677 28,220) 	17,000		182,451 29,238 245,160 178,732 137,463	Ordinary stocks and shares	38,227	267,992 8,256,696 2,410 4,158,514	172,301 490,281 — — —				41,567,205 904,828 38,227 8,256,696 2,410 4,153,514
-Overseas	22,969 4,500 5,350	119,439 80,000	27,451	12,255	22,360 	920 	205,394 34,500 5,350	Properties within United Kingdom Properties out of United Kingdom Life interests Reversions	30,184 49,880	12,852,125 165,823 					16,403,832 888,966 30,184 49,880 50,000 352,266 1,458,862
outdoor staff #628,223 Less balance brought forward inclaimed dividends salance to credit of Profit and loss account NOTES. stalments on investments held, due after 31st December, 1945 140,000	— 651,651	623,831 1,618 598,319		 			623,331 1,774 1,551,453	Outstanding premiums	407,478	698,283 127,851 597,836 	262,210 9,604 15,881				325,761 1,005,314 262,210 9,604 779,162 10,000
vestments bought for settlement after 31st December, 1945 220,000 mealed capital on investment's beld								Marine stamps Cash : On depositabroad In hand and on current a/oin United Kingdom abroad *Part of which is at the disposal of His Majesty's Government Financial Powers (U.S.A. Securities) Act, 1941.	290,482 908,070	2,112,427 1,121	65 50,267 811,801 41,992		118,976		65 340,749 3,459,180 1,689,741
Australia £47,500 Paizeting £1,000 Canada £786,600 Poized 20,400 Egypt £727,000 South Arica 10,500 India 14,030 Southern Rhodesia 5,000 New Zealand 50,000	152,614,158	269.649.967	8.376.464	8,193,081	5,750,510	114,809	439,699,009		152,614,158	269,649,987	8,876,464	8,1			inda) vilita di t

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.

Common contingency fund-In accordance with clause 132 (b) of the Articles of Association this fund may be applied to any one or more branches, as determined by the Directors.

The values of the Stock Exchange securities are determined, under the Articles of Association of the Company, by the Directors ; these values have been compared with the middle market prices as at the 31st December, 1945, and on the basis of such prices we certify that in our belief the assets set forth in the Balance Sheet, are in the aggregate in excess of the value stated therein.

The gross amount of the Directors' remuneration for the year (including fees from a subsidiary company) was £50,983.

Specific deposits of ife assurance assets of the Ordinary branch have been made with various Dominion, Colonial and Foreign Governments under local laws as security to holders of policies issued, as set out above, and 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.

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.

Life, casualty and sinking fund revenue account transactions in Dominion or foreign currencies have been brought in at the rates of exchange ruling on the 31st December, 1945, 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 beginning and the end of the year of the insurance fund brought. Fire and marine revenue account transactions in Dominion or foreign currencies have been brought in at those current at the dates of the respective transactions. Future variations in the rates of exchange maintained so far as practicable to the extent of the corresponding liabilities and (b) reserve and conti

The profits shown in the accounts of subsidiary companies made up to a date within the year et last previous accounts which became available within that year, have been included in this Company's re dividends received. No accounts have been received from a subsidiary company in a formerly enemy-o-

F. W. MORGAN,	General Manager.	GEORGE L.
W. F. GARDNER,	Actuary.	G. P. HARBE E. DEWEY,
C. W. A. RAY, L. BROWN,	} Joint Secretaries.	H. H. MOSEL

(The Auditors' Report and the Report of Messrs, Deloitte, Plender, Griffiths & Co. are shown at the foot of page 2.)

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