

THE PRUDENTIAL ASSURANCE COMPANY LIMITED.

(INCORPORATED IN ENGLAND.)

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

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.1, on Wednesday, the 2nd day of April, 1947, 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, 1946, 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. RAY,
L. BROWN,

Joint Secretaries.

17th March, 1947.

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-EIGHTH ANNUAL REPORT

Year ending 31st December, 1946.

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.
SIR JOSEPH BURN, K.B.E., F.I.A., F.S.I.
PERCY CHARLES CRUMP, O.B.E., F.I.A.
SIR NIGEL GEORGE DAVIDSON, C.B.E.
JOHN ROY LANCASTER.

SIR JOHN SEROCOLD PAGET MELLOR, Bart., M.P.
HERBERT HARVEY MOSELEY, B.C.L.
COLONEL PERCY LESTER REID, C.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 Secretaries: A. J. MILLER, M.C. H. G. CLARKE, B.Sc., F.I.A.

Actuary: W. F. GARDNER, F.I.A.

Assistant Actuaries: C. G. MARSHALL, F.I.A. F. M. REDINGTON, M.A., F.I.A. J. N. SHINE, F.I.A.

Assistant General Managers: W. E. G. BURGE. H. C. HARVEY. F. W. MORTON, M.C., F.I.A. K. A. USHERWOOD, M.A., 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.

THE DIRECTORS have the honour to submit their Report and Accounts for 1946.

The Revenue accounts for the Common and Special contingency funds and the Share Premium account, which have been omitted since 1942, are again included.

The Share Premium account was established in 1929 as a result of an increase of capital intended mainly for the purpose of carrying on life assurance business abroad. Since that date the bulk of the account has been transferred to the Ordinary branch revenue account for use as intended and it has now been decided to transfer the remaining balance for the same purpose.

To accord with modern accountancy practice, two changes have been made in the accounts. The full amounts of accrued interest in the Ordinary, Industrial and General branches are now brought into account, the amounts not previously included being shown as separate non-recurrent items in the respective life assurance revenue accounts, and, in the case of the General branch, in the Profit and loss account. The second change relates to income tax. Repayments of income tax in the life branches are now brought into account in respect of the year for which they are due, whereas hitherto they have been brought in only when received. For this year, therefore, an additional but non-recurrent item arising from this change of practice is included in the accounts.

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.

Provision has been made for strengthening the valuation liabilities by including therein sums estimated to be sufficient to enable the assumed rate of interest to be reduced to 2 per cent. in the Ordinary branch for business issued in the United Kingdom and Eire and to 2½ per cent. in the Industrial branch. To assist in making these provisions, and after consideration of the substantial margin existing between market values and ledger values, the Directors have decided that the whole of the Ordinary branch and Industrial branch investment reserve funds, which under the Company's Articles of Association are available for this purpose, should be transferred to the respective assurance funds. The non-recurrent items shown separately in the revenue accounts and the sum transferred from Profit on investments in the Ordinary branch have been applied for the same purpose.

The Assets of the Company amount to £471,716,725 as compared with £439,699,009 at 31st December, 1945.

The Income from all sources during 1946 was £76,245,614 as compared with £68,017,691 in 1945.

ORDINARY BRANCH.

The number of life assurance policies issued during the year was 144,977 assuring the sum of £73,279,866 and producing an annual premium income of £3,572,852.

The number of life assurance policies in force on 31st December, 1946, was 1,109,294 assuring with bonus £403,585,803 and producing an annual premium income of £18,046,740.

The immediate annuities payable were 13,987 in number and amounted to £987,678 per annum. In addition there were 201,390 deferred and contingent annuities securing £5,272,750 per annum and producing an annual premium income of £2,600,340.

The revenue premiums for the year were £20,894,998 (including single premiums of £261,178) and the consideration for immediate annuities granted was £493,477. The claims for the year amounted to £12,222,655. There were death claims for sums assured, including bonuses, of £2,928,631 and matured endowments for sums assured, including bonuses, of £9,294,024.

The surplus is £2,592,954, including the sum of £213,318 brought forward from last year, and has been allocated as follows:—

	£
To bonus to participating policyholders	1,899,240
To dividend to holders of A shares	201,027
To Special contingency fund	10,000
To be carried forward	482,687

The Directors have declared that, as regards each participating policy issued out of the Ordinary branch (including participating policies issued in overseas branches other than the Canadian branch) which was in force on 31st December, 1946, there shall be added a reversionary bonus the original participating sum assured at the rate of £1 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 £100 Stock.

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

AL
total
£
250,000
800,000
564,000
189,700
319,300
006,100
595,800
242,400
131,500
34,800
388,800
99,400
211,000
20,400
316,100
3,900
207,900
328,500
282,800
105,200
169,100
34,300
314,500

716,72

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INDUSTRIAL BRANCH.

The number of policies issued during the year was 2,231,466 assuring the sum of £101,851,231. The number of policies becoming free policies during the year was 880,343. The number of free policies which became claims was 270,354.

The number of policies in force on 31st December, 1946, including 5,458,636 free policies, was 31,117,358, under which the maximum sum assured, together with declared bonus, was £805,469,542. These policies produce an annual premium income of £34,566,655.

The revenue premiums for the year were £32,051,968. The sum of £19,231,455, which includes £3,173,068 by way of bonus, became payable during the year in respect of death claims, matured endowments and surrenders.

The surplus is £6,041,107, including the sum of £1,078,170 brought forward from last year, and has been allocated as follows:—

	£
To bonus to participating policyholders	3,446,786
To dividend to holders of A shares	698,788
To bonus to members of outdoor staff	615,942
To Special contingency fund	250,000
To be carried forward	1,029,611

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 £78,840,361.

The expenses in this branch were 25.59 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, 1946, there shall be added as on 1st January, 1947, or on completion of payment of one year's premiums (whichever shall be the later) to the original sum assured at death or maturity of endowment a reversionary bonus at the rate of 18s. 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 £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 1947, 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 25 per cent.; 10 years and less than 15 years, 27 10s. per cent.; 15 years and upwards, 310 per cent.

GENERAL BRANCH.

The revenue premiums for the year, after deduction of the reinsurances, were £4,443,023. 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 number of sinking fund policies in force on 31st December, 1946, was 210, insuring capital sums of £5,970,443 and producing an annual premium income of £75,199.

The amount of debentures, debenture stocks and estates for which the Company acts as trustee exceeded £90,000,000 at the end of the year.

The surplus is £401,477, including the sum of £184,816 brought forward from last year, and has been allocated as follows:—

	£
To Additional reserve fund	100,000
To dividends to holders of A shares and B shares	118,667
To be carried forward	184,810

In view of the uses to which the General branch investment reserve fund may be put under the Company's Articles of Association, it has been decided to change its name to the General branch contingency fund.

The Directors have declared in respect of the year 1946 a dividend on the A shares of 14s. 10d. per share, of which 9s. 10d. will be payable on 3rd April, 1947, to the shareholders who are on the register on 2nd April, 1947, and 5s. on 18th September, 1947, to the shareholders who are on the register on 18th September, 1947. Of the total dividend on the A shares, 5.6d. is derived from the profits of the General branch.

The Directors have also declared a dividend on the B shares out of the General branch profits of 1s. 9d. per share, payable on 3rd April, 1947, to the shareholders who are on the register on 2nd April, 1947.

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

The retiring Directors are SIR GEORGE LEWIS BARSTOW, K.C.B., MR. GUY PHILIP HARBEN, O.B.E., MR. JOHN ROY LANCASTER and MR. PERCY CHARLES CRUMP, O.B.E., F.I.A., who offer themselves for re-election.

The Auditors, MESSRS. DELOITTE, PLENDER, GRIFFITHS & Co., offer themselves for re-appointment.

GEORGE L. BARSTOW,
Chairman.

HOLBORN BARS,
10th March, 1947.

SHARE PREMIUM ACCOUNT for the year ending 31st December, 1946.

	£		£
Balance of Premium at beginning of year	105,889	Provision for:—	
Interest and dividends	6,997	National defence contribution	£2,775
Realised profit on sale of investment	93,411	Income tax	27,802
		Balance transferred to Ordinary branch Revenue account	30,577
	£206,297		175,720
			£206,297

COMMON CONTINGENCY FUND and SPECIAL CONTINGENCY FUND Accounts for the year ending 31st December, 1946.

	Common Contingency Fund.		Special Contingency Fund.	
	£	£	£	£
Fund at beginning of year	3,161,771	5,711,160		
Interest and dividends	102,615	161,171	Income tax in respect of 1946 account	46,936
Transfers from:—			Fund at end of year	75,710
Ordinary branch Revenue account	—	10,000		
Industrial branch Revenue account	—	250,000		
	£ 3,264,386	6,132,321		£ 3,264,386
				6,132,321

Free policies
sum assured,
time payable
Industrial branch
Premium
payment of
rate of 16s.

Previously
claiming
the date of
15 years
business
annual premium
year.

it has been
payable on
are on the
1947, to the
Mr. PEROY
TOW,
Chairman.

30,571
175,739
£206,310
Special
Contingency
Fund.
£
75,710
6,056,611

ORDINARY BRANCH REVENUE ACCOUNT for the Year ending 31st December, 1946.

LIFE ASSURANCE BUSINESS.

Fund at beginning of year	£145,690,294	Claims paid and outstanding—	£
Add adjustment in exchange	279,268	By death	2,928,631
	145,969,562	By maturity	9,294,024
Premiums	20,894,998		12,222,655
Consideration for annuities granted	493,477	Surrenders	1,186,852
Interest, dividends and rents (less amount written off terminable securities)	£8,065,106	Bonuses surrendered	44,454
Deduct Income tax, less rebate in respect of 1945	820,378	Annuities	1,023,606
	5,244,728	Commission	1,648,904
Arrears of interest received from investments in enemy and formerly enemy-occupied territories	£55,408	Expenses of management	1,904,422
Less Income tax	20,778	National defence contribution	14,000
	34,630	Transfers to—	
Accrued interest (less income tax) not previously taken into account	422,127	Special contingency fund	10,000
Income tax repayable in respect of 1946	1,490,000	Profit and loss account	201,027
Transfer of Investment reserve fund	3,850,000	Fund at end of year	163,319,322
Transfer from Profit on investments account	3,000,000		
Transfer of share premium account	175,720		
	£181,575,242		£181,575,242

During the year 144,977 policies were issued for a sum assured of £73,279,866 with yearly renewal premium income of £3,572,852. The amount received in single premiums was £201,178.

INDUSTRIAL BRANCH REVENUE ACCOUNT for the Year ending 31st December, 1946.

INDUSTRIAL ASSURANCE BUSINESS.

Fund at beginning of year	£	260,264,634	Claims paid and outstanding—	£
Premiums	32,051,968		By death	9,004,041
Interest, dividends and rents (less amount written off terminable securities)	£10,441,515		By maturity	8,553,242
Deduct Income tax less rebate in respect of 1945	832,681			17,557,283
	9,608,834		Surrenders	1,674,172
Arrears of interest received from investments in enemy and formerly enemy-occupied territories	£68,120		Expenses of management	8,203,629
Less Income tax	25,545		National defence contribution	105,000
	42,575		War damage contributions	5,365
Accrued interest (less income tax) not previously taken into account	698,251		Bonus allocation to Company's outdoor staff	615,942
Income tax repayable in respect of 1946	2,700,000		Transfers to—	
Transfer of Investment reserve fund	5,750,000		Special contingency fund	250,000
	£311,116,262		Profit and loss account	698,768
			Fund at end of year	282,006,103
				£311,116,262

The number of policies issued during the year was 2,231,466 assuring a sum of £101,851,231.

GENERAL BRANCH REVENUE ACCOUNTS for the Year ending 31st December, 1946.

FIRE INSURANCE BUSINESS.

Fund at beginning of year—	£	Claims paid and outstanding	£
Reserve for unexpired risks	£672,913	Commission	426,308
Further reserve	41,032	Expenses of management	411,648
	713,945	Contributions to fire brigades and fire prevention	11,873
Premiums	2,041,232	Net outgo for prior years in enemy and formerly enemy-occupied territories	6,703
Profit on exchange	2,476	Taxation in respect of 1946 account:—	
Interest and dividends	42,570	Income tax	74,123
		National defence contribution	7,081
		Overseas taxes	25,021
		Transfer to Profit and loss account	86,820
		Fund at end of year:—	
		Reserve for unexpired risks, being 40 per cent. of the premium income of the year	£816,493
		Further reserve	22,001
	£2,800,223		838,494
			£2,800,223

EMPLOYERS' LIABILITY INSURANCE BUSINESS. (transacted within the United Kingdom.)

Fund at beginning of year—	£	Payments under policies, including medical and legal expenses	£
Reserve for unexpired risks	£62,191	Accident	73,862
Estimated liability, outstanding claims	131,108	Permanent sickness	7,487
	193,299	Commission	28,071
Premiums	209,307	Expenses of management	98,756
Interest and dividends	6,698	Expenses of Approved Societies recoverable, per contra	976,780
Taxes recoverable in respect of 1946 account:—		Taxation in respect of 1946 account:—	
Income tax	2,788	Income tax	46,297
National defence contribution	566	National defence contribution	4,677
Transfer from Profit and loss account	3,688	Transfer to Profit and loss account	54,774
	£416,346		

MOTOR VEHICLE INSURANCE BUSINESS.

Fund at beginning of year—	£	Claims paid and outstanding	£
Reserve for unexpired risks	£257,758	Commission	139,913
Add adjustment in exchange	2,600	Expenses of management	211,331
Reserve for motor vehicles laid up	21,350	Overseas taxes in respect of 1946 account	204
	281,708		
Premiums	909,795	Fund at end of year:—	
Net income for prior years in enemy and formerly enemy-occupied territories	148	Reserve for unexpired risks, being 40 per cent. of the premium income of the year	£363,918
Interest and dividends	20,302	Reserve for motor vehicles laid up	20,824
Taxes recoverable in respect of 1946 account:—			
Income tax	28,549		
National defence contribution	4,063		
Transfer from Profit and loss account	34,943		
	£1,279,508		£1,279,508

MISCELLANEOUS INSURANCE BUSINESS.

Fund at beginning of year—	£	Claims paid and outstanding	£
Reserve for unexpired risks	£188,978	Commission	125,265
Add adjustment in exchange	4,910	Expenses of management	203,444
	193,888	Taxation in respect of 1946 account:—	
Further reserve	£1,105	Income tax	5,826
Add adjustment in exchange	5	Overseas taxes	12,867
	1,110	Transfer to Profit and loss account	6,015
		Fund at end of year:—	
		Reserve for unexpired risks, being 40 per cent. of the premium income of the year	277,852

SINKING FUND INSURANCE BUSINESS.

Fund at beginning of year	£	2,213,453	Claims paid and outstanding	£	133,609
Premiums	75,090		Surrenders	22,216	
Interest and dividends	69,845		Commission	981	
			Expenses of management	1,502	
			Taxation in respect of 1946 account:—		
			Income tax	7,681	
			National defence contribution	235	
			Transfer to Profit and loss account	3,999	
			Fund at end of year	2,188,165	
				£2,358,388	

MARINE, AVIATION and TRANSIT INSURANCE BUSINESS.

Current Year.	Preceding Year.	Previous Years.	Total.	Current Year.	Preceding Year.	Previous Years.	Total.
£	£	£	£	£	£	£	£
—	118,538	400,247	518,785	21,787	35,885	30,870	88,542
169,350	17,926	— 4,037	183,189	9,226	1,167	—	10,393
—	—	449	449	1,824	325	—	2,149
—	—	5,343	5,343	—	2,971	24,458	27,429
249	—	—	249	1,018	1,599	42,253	44,870
2,194	3,445	11,889	17,528	40	63	8,068	8,171
				3	271	6,700	6,974
				—	—	20,000	20,000
				137,895	97,628	281,492	517,015
			£725,543				£725,543

PROFIT & LOSS ACCOUNT for the year ending 31st December, 1946.

	Ordinary and Industrial Branches.	General Branch.		Ordinary and Industrial Branches.	General Branch.
	£	£		£	£
Balances brought forward from previous year:—			Final dividend (free of income tax) to holders of A shares in respect of 1945	1,246,875	29,167
Ordinary branch	651,651	—	Dividend (free of income tax) to holders of B shares in respect of 1945	—	87,500
Industrial branch	598,319	301,483	Provision for dividend (free of income tax) to holders of A shares in respect of 1946	897,916	29,167
General branch	—	—	Provision for dividend (free of income tax) to holders of B shares in respect of 1946	—	87,500
Transfers from Revenue accounts:—			Taxation in respect of 1946 account, not charged elsewhere:—		
Ordinary branch	201,027	—	Income tax	—	—
Industrial branch	698,788	—	National defence contribution	—	—
General branch:—			Transfers to General branch Revenue accounts:—		
Fire	£86,820		Employers liability	£3,688	
Sickness and accident	54,774		Motor vehicle	34,943	
Miscellaneous	6,015				
Sinking fund	3,999				
Marine	20,000				
Interest and dividends not carried to other accounts	—	171,608			
Arrears of interest received from investments in enemy and formerly enemy-occupied territories	—	71,835			

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	Branch.	Branch.	Fund.	Fund.	Fund.	Fund.
Authorised and Issued capital:—						
1,250,000 A shares of £1 each, fully paid	—	1,250,000	—	—	—	1,250,000
1,000,000 B shares of £1 each, 4s. paid	—	—	200,000	—	—	200,000
Contingency funds	—	—	390,000	3,217,450	6,056,611	9,664,061
Profit and loss account—balances carried forward	—	4,974	184,810	—	—	189,784
Life assurance fund, Ordinary branch	163,319,323	—	—	—	—	163,319,323
Industrial assurance fund	—	282,006,103	—	—	—	282,006,103
General branch insurance funds:—						
Fire	—	—	838,494	—	—	—
Sickness and accident	—	—	592,344	—	—	—
Employers' liability	—	—	237,202	—	—	—
Motor vehicle	—	—	384,742	—	—	—
Miscellaneous	—	—	277,852	—	—	—
Sinking fund	—	—	2,188,165	—	—	—
Marine	—	—	517,015	—	—	—
Additional reserve	—	—	1,560,000	—	—	—
Current Liabilities and Provisions:—						
Claims admitted or intimated but not paid, less amounts recoverable under reinsurances:—						
Life	1,802,505	439,984	—	—	—	2,242,489
Fire	—	—	492,179	—	—	—
Motor vehicle	—	—	450,902	—	—	—
Miscellaneous	—	—	187,486	—	—	—
Sinking fund	—	—	1,009	—	—	—
Annuities due and unpaid	34,808	—	—	—	—	34,808
Outstanding commission and expenses	372,463	259,644	56,778	—	—	688,885
Premiums received in advance	98,545	—	914	—	—	99,459
Amounts due on reinsurance account:—						
Fire	—	—	165,274	—	—	—
Sickness and accident	—	—	418	—	—	—
Employers' liability	—	—	987	—	—	—
Miscellaneous	—	—	42,259	—	—	—
Marine	—	—	2,172	—	—	—
Amounts due to subsidiary companies	—	100	20,378	—	—	20,478
Bonus allocation to members of Company's outdoor staff	2615,942	—	—	—	—	—
Add balance brought forward	221	—	—	—	—	—
Unclaimed dividends	—	616,163	—	—	—	616,163
Other creditors	108,394	3,638	287	—	—	3,925
Sundry brokers for investments purchased	1,324,233	304,325	35,877	—	—	207,985
Provision for:—						
Income tax—United Kingdom	29,100	—	228,323	16,762	8,625	282,810
—Overseas	79,507	—	25,766	—	—	105,273
National defence contribution	14,614	104,439	—	10,471	20,336	169,199
War damage contribution	4,389	30,000	—	—	—	34,389
Dividends declared	201,027	696,889	116,667	—	—	1,014,583
NOTES.						
Instalments on investments held due after 31st December, 1946	—	—	—	—	—	325,000
Commitments for settlement after 31st December, 1946	—	—	—	—	—	1,690,000
Uncalled capital on investments held	—	—	—	—	—	3,150,000
Reserve liability on shares, etc.	—	—	—	—	—	2,695,000
A contingent liability exists under a guarantee 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.						
Amounts of Life assets compulsorily deposited abroad—investments (at or under market value, if quoted), mortgages, property and cash:—						
Australia	—	—	47,500	—	—	—
Canada	—	—	3,620,000	—	—	—
Egypt	—	—	226,000	—	—	—
India	—	—	14,000	—	—	—
Newfoundland	—	—	5,500	—	—	—
New Zealand	—	—	40,000	—	—	—
Palestine	—	—	1,000	—	—	—
Poland	—	—	10,500	—	—	—
South Africa	—	—	10,500	—	—	—
Southern Rhodesia	—	—	5,000	—	—	—
	£ 167,388,910	285,779,973	9,217,587	3,244,683	6,085,572	471,716,725

	Branch.	Branch.	Fund.	Fund.	Fund.	Fund.
ASSETS.						
Mortgages:—						
On property within the United Kingdom	5,206,740	1,582,239	—	—	—	7,388,979
On property within Eire	8,841	—	—	—	—	8,841
On property out of the United Kingdom	—	—	400	—	—	1,050,787
Loans:—						
On parochial and other public rates	511,222	7,222,222	—	—	—	8,151,214
On Life interests	51,222	—	—	—	—	51,222
On Stocks and shares	220,025	2,220,000	—	—	—	3,740,025
On Company's policies within their surrender values	2,165,190	—	—	—	—	2,165,190
Without specific security	24,993	9,375	—	—	—	34,368
To subsidiary companies	350,718	409,699	—	—	—	760,417
Investments:—						
Deposits with the High Court:—						
3½% War Stock	16,000	18,700	20,500	—	—	55,200
3% Savings Bonds 1965/75	—	—	23,217	—	—	23,217
Deposits with the Supreme Court of Judicature in Eire:—						
3½% War Stock	18,700	—	—	—	—	18,700
British Government securities and Government guaranteed securities	77,966,607	153,048,843	3,499,623	2,768,683	5,115,280	242,429,036
Debentures in subsidiary company issued under the Trade Facilities Acts	—	—	—	—	449,567	449,567
Municipal and county securities, United Kingdom	1,784,801	2,760,399	690,882	196,667	249,763	5,682,512
Public Board securities	2,406,023	4,308,067	240,721	122,600	50,000	7,127,431
Dominion, Indian and Colonial Government securities	9,534,585	2,536,920	657,071	11,300	127,010	12,866,886
Dominion provincial securities	470,839	27,000	31,956	—	64,597	594,392
Dominion, Indian and Colonial municipal securities	908,461	428,321	69,004	—	—	1,406,286
Foreign Government securities	2,129,331	2,081,266	319,403	—	—	4,530,000
Foreign provincial securities	116,115	157,784	3,500	—	—	277,379
Foreign municipal securities	147,963	210,920	29,370	—	—	388,153
Debentures and debenture stocks and gold and sterling bonds—home and foreign	16,021,889	26,394,629	1,407,972	136,018	25,000	43,985,008
*Preference and guaranteed stocks and shares	14,521,032	20,511,435	519,163	—	—	35,551,630
Preference shares in subsidiary companies	50,700	114,300	—	—	—	165,000
Ordinary stocks and shares	18,243,436	26,705,974	186,996	—	—	45,136,406
*Ordinary shares in subsidiary companies (at or under cost)	116,555	262,606	357,777	—	—	736,938
Rent charges	34,437	—	—	—	—	34,437
Freehold ground rents and feu duties	—	8,206,887	—	—	—	8,206,887
Leasehold ground rents	—	2,246	—	—	—	2,246
House Property:—						
Office premises (at cost, less amounts written off)	—	4,138,777	—	—	—	4,138,777
Properties within the United Kingdom	3,646,353	12,850,610	—	—	—	16,496,963
Properties out of the United Kingdom	679,470	155,323	—	—	—	834,793
Life interests	29,381	—	—	—	—	29,381
Reversions	19,051	—	—	—	—	19,051
Debtors and amounts accrued:—						
Deposits at interest at home and abroad	13,632	50,000	50,267	—	—	113,899
Agents' balances	—	—	459,698	—	—	459,698
Outstanding premiums	772,813	691,893	181,549	—	—	1,645,765
Outstanding interest, dividends and rents	217,532	183,865	290	—	—	401,787
Interest, dividends and rents accrued	897,400	1,417,065	42,591	—	—	2,357,076
Amounts due on reinsurance account	—	—	321,376	—	—	321,376
Amounts due from subsidiary companies	—	—	9,109	—	—	9,109
Bills receivable	5,000	—	—	—	—	5,000
Sundry brokers for investments sold	1,272,972	5,437	—	—	—	1,278,409
Estimated income tax recoverable	1,737,738	3,088,555	—	—	—	4,826,293
Other debtors	13,062	101,935	15,881	—	—	130,878
Balances at Bankers and Cash in hand:—						
On deposit:—						
In the United Kingdom	500,000	2,000,000	—	—	—	2,500,000
Abroad	623,318	—	—	—	—	623,318
In hand and on current account:—						
In the United Kingdom	222,764	625,308	25,562	9,415	4,355	887,404
Abroad	1,260,453	10,756	53,709	—	—	1,324,918
* Part of which is at the disposal of H.M. Government—Financial Powers (U.S.A. Securities) Act, 1941.						
	£ 167,388,910	285,779,973	9,217,587	3,244,683	6,085,572	471,716,725

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.

W. F. GARDNER, Actuary.

A shares—This capital is liable in respect of contracts in all branches of the Company's business, but is included in the Industrial branch accounts pursuant to sec. 3 of The Prudential Assurance Company Act, 1875.

The 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, 1946, 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.

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 3 of the Assurance Companies Act, 1946, 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.

Certain of the properties owned by or mortgaged to the Company have been damaged by enemy action and claims under the War Damage Acts have been submitted in cases where those Acts apply.

Specific deposits of life 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.

The gross amount of the Directors' remuneration for the year was £60,357.

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, 1946, 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

REPORT OF THE AUDITORS TO THE MEMBERS.

We have examined the Deeds, Stock and Share Certificates and Bonds in possession of the Company at Chief Office. With the exceptions noted above we have confirmed as at the 31st December, 1946, by Certificates of Bankers or other Depositories the securities in their custody and by Certificates of Purchasers but not delivered and by Certificates from Bankers or audited Accounts from Divisional Centres Cash held for account of Chief Office. Subject as above, the Mortgages, Loans, Investments, Deposits and Cash so examined or confirmed by us, together with those appearing in the Balance Sheet at 31st December, 1946, received from Overseas Branches represent the Mortgages, Loans, Investments, Deposits and Cash set out in the Balance Sheet.

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

F. W. MORGAN, General Manager.
W. F. GARDNER, Actuary.
C. W. A. RAY, L. BROWN, Joint Secretaries.

GEORGE L. BARSTOW, Chairman.
G. P. HARBEN, E. DEWEY, JOHN S. P. MELLOR, Directors.

10th March, 1947.

DELOITTE, PLENDER, GRIFFITHS & CO., Auditors.
Chartered Accountants.

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