

apportioned taxation is, however, a danger ahead, and I need hardly point out how different is the result of new taxation on life assurance from that on other branches of our business. In our trading departments so-called, premiums and conditions may in some measure keep pace with newly imposed burdens, but a life policy is a contract of long duration, with fixed premiums for the whole term calculated on the basis of a minimum net rate of interest, and increased taxation falls specially hard upon this class of business. We have had cause to protest against the hardship involved in the high income tax deducted from the interest on our life funds, and I am happy to see that a Royal Commission has been appointed to report upon the incidence of this tax, upon which two life assurance experts of established reputation have been appointed. I feel justified in anticipating that the peculiar claim for consideration which our Life Offices have will now receive favourable attention. To these general remarks I need only add that the popularity of the Company produced a much larger volume of new business than in 1917, policies for £1,420,418 having been completed, as against £1,123,511.

#### **Gross and Net Profits; a Contrast.**

I imagine that the first of our numerous accounts to which our shareholders turn is the Profit and Loss Account, which summarises the results of our varied trading operations. Here there are one or two items of extreme interest to which I will briefly direct your attention. In the first place, you will observe that we paid out for dividends and debenture interest £192,107, but against this we received free interest amounting to £170,625, so that the draft needed on our profits was only £21,482. Looking to the extent and character of our business, that would not seem a very heavy burden to carry in any year. Last year our profits were, as a matter of fact, abnormally high, reaching for us the unprecedented total of £655,998. This, however, was the gross total, and it will give you a good idea of the pressure of the several taxes (home and foreign) to which we are liable to see that no less than £481,439 had to be provided for that purpose, leaving our net earnings for the year £174,559, or but little more than one-quarter of the gross profits. As patriotic citizens we do not complain of this large deduction; we are, indeed, proud and thankful to have been able to give such substantial help to the State in the great crisis through which we have successfully passed. In many ways the insurance companies have been a source of great strength to our country during the War, and if some statistician would bring together into one total the enormous sums contributed by them towards the "sinews of war" I feel sure it would be considered a very notable achievement.

#### **Dividend Increase.**

The available balance of £150,000 the Board have appropriated to writing down the value of our office premises (£25,000), to increasing the

accident fund (£42,950), and to providing the dividend payable in November next (£82,593). The dividend to be paid in 1919 has been fixed at 11s. per share—5s. 6d. on the 1st May and 5s. 6d. on the 1st November. It has been decided to provide both May and November dividends out of past profits, instead of drawing upon current and unascertained profits for the November dividend as heretofore. I hope the shareholders will regard the progress of our dividend with satisfaction. Two years ago we were only paying 8s. per share, and now we have reached 11s. a share, and enjoy a position of great financial strength and exceptionally bright prospects. I am sure I may truly say that at the end of 137 years the Phoenix never stood higher in public estimation than it does now.

#### **Staff War Memorial.**

There is one other subject in which I know the shareholders take both interest and pride. From this chair on more than one occasion I have narrated to you the gallant work done by members of our Staff in the field of war. More than 400 Phoenix men have joined the Forces, and we have to mourn the death of 57 of these, besides the large number of wounded. Many decorations and honours have been worthily won, and acts of bravery have been brought to our notice which we shall ever prize and remember. The Board have decided that a suitable memorial shall be erected to the memory of those who have made the highest sacrifice of their lives in the country's cause and in honour of those who have happily survived. The work has been entrusted to Sir George Frampton, R.A., and in due course I hope we shall see in a prominent place in this fine building a worthy monument to their noble conduct.

Then I turn from the Staff to the Directorate. We have to deplore the death of one of our most valued and capable colleagues, Sir Helenus Robertson. For years past he had been Chairman of the Union Marine, the duties of which post he most efficiently discharged. He was a noble example of patriotism and business capacity, for he contrived in his quiet, unostentatious way to combine public work of great excellence and responsibility with exceptional financial aptitude and success in commercial life. His name will long be remembered in Liverpool, the chief scene of his many activities, and the lack of his presence at our Board deliberations will constantly bring home to us the measure and magnitude of the loss we have thus sustained. As most of you know, our General Manager, Sir Gerald Ryan, met with a serious accident some two weeks back, but one which I am glad to say will not permanently affect his future health or activities. It is bad luck, to say the least of it, that he should be thus prevented from being present at the discussion of the best report ever yet submitted to the Phoenix shareholders. All of you know how largely these satisfactory results are traceable to his exceptional ability and judgment. Let us all hope that Sir Gerald may soon be restored to convalescence.