

The committee, in the course of their investigation, had before them the fullest and most recent information available, regarding the heritable properties, and other securities, in which the Company's funds are invested, and where any doubt existed of their sufficiency for the full amount represented, such sums as were necessary were written off for loss or depreciation. All investments in rupee currency have been written down to the sterling value of the rupee.

With these explanations, the committee have found the total amount of funds at 15th November, 1895, to be £8,146,518 11s. 10d., which sum was represented by the securities under the review of the committee, and by the other assets enumerated in the second schedule returned to the Board of Trade.

Liabilities and Basis of Valuation.—From the total assets as here stated, there first of all falls to be deducted the outstanding or ascertained liability for proprietors' capital, and certain other vested liabilities, being as follows:

Total assets.....	£8,146,518	11	10
Deduct vested liability—			
Paid-up capital.....	£120,000	0	0
Reserve fund.....	80,000	0	0
Policies become claims by death but under which the settlement has not yet taken place.....	147,251	19	4
Dividends outstanding.....	11,987	1	0
Annuities outstanding.....	849	14	5
Staff deposit fund.....	8,093	2	2
	<u>368,181</u>	<u>16</u>	<u>11</u>
	<u>£7,778,336</u>	<u>14</u>	<u>11</u>

Against this sum has to be set the estimated value of the whole of the Company's liabilities, under assurance and annuity contracts, and calculations in connection with the same, which have been carefully prepared and verified by the actuaries, have been laid before the board. Except in special cases where it is not applicable, the English life table has, as of recent years, been used for the valuation of the Company's liabilities.

The rate of interest employed for a considerable proportion of the liabilities is 3 per cent., and for the remainder 3½ per cent., and as the Company's funds still yield over 4 per cent., a considerable margin is left for safety and future profit.

Further, the reserve fund of £80,000 remains unappropriated, and in view of the falling rate of interest on all investments at home and abroad, the board consider it proper to keep this sum available if need be at a future date, still further to strengthen the reserve for liabilities.

With these preliminary observations, the board now state the final result of the valuation, as follows:

Balance of funds after deduction of vested liabilities as before.....	£7,778,336	14	11
Liability under the Company's life assurance and annuity transactions.....	7,340,942	0	0
Balance of assets over liabilities.....	<u>£437,394</u>	<u>14</u>	<u>11</u>

Division of Surplus among the Policyholders.—Leaving out of reckoning the sums already paid away during the quinquennium there thus remains for present distribution, the sum of.....

£437,394	14	11	
From which the directors propose to divide amongst the policyholders, in addition to the sum of £35,389 9s. 10d. paid during the quinquennial period as intermediate bonus.....	428,740	0	0
Leaving to carried forward.....	<u>£8,444</u>	<u>14</u>	<u>11</u>

The tontine rate of bonus gives 3s. per cent. for each year the policy has existed, and provides a bonus varying according to

the age of the policy up to a maximum addition of £10 1s. per £100 assured. The equal and colonial schemes give a uniform bonus of £5 per £100 assured to all policies of five years old and upwards and a proportionate rate to policies of more recent date.

The total reversionary value of the sums proposed to be added to the Company's policies on the present occasion is £754,541.

Intermediate Bonus till next Investigation.—The directors propose to allow an intermediate bonus to with-profit policies of the Company which become claims by death or mature on or before 14th November, 1900, at the rate of £1 per cent. for each full year's premium (excluding half-yearly or quarterly payments applicable to the preceding year of assurance) due and paid after 15th November, 1895.

Privileges of Policyholders.—At past investigations it has been usual to make announcement of concessions to policyholders by which the policies have been freed from some obsolete restriction, or have been otherwise rendered more valuable documents to possess. On the present occasion no such announcement can be forthcoming, for the sufficient and satisfactory reason that no such possible concessions remain to be made, the Company's policies being now, in the majority of cases, merely a simple contract to pay the sum assured, immediately on proof of death and title, or on attainment of a stipulated age, provided the premiums are duly met, all other writing upon them being privileges conferred on the assured, not conditions imposed upon them.

Extension of the Business.—The development of the new branches goes on very satisfactorily, and the directors are confident that in facing and finally dealing with the question of rupee exchange at this time, they are taking the wisest course to ensure that the Company's progress will still be attended with as full a measure of success as that which has followed it ever since its first establishment seventy years ago.

Board of Directors.—The Report of the Directors cannot be finally closed without reference to the heavy loss the Company has sustained during the past year by the death of three of the members of the Board of Directors, namely, Messrs. Moncrieff Mackenzie of the Edinburgh Board, and Sir Stewart Macnaughten of the London Board—all of whom had taken a warm interest in its management.

CHAIRMAN'S SPEECH.

The CHAIRMAN: I beg to move the adoption of the report, which I hope has explained to you pretty clearly the position of the Company's affairs at the close of the five years that ended on 15th November last, and the cause that has led to a smaller surplus than usual being available for distribution as bonus on this occasion; and in doing so I would allude to one or two points on which, possibly, some fuller explanation may not be out of place. And first, as regards the investments. Having been a member of the Committee which made the usual searching investigation into them, and whose report you have heard read, I am able to assure you that they are, taken altogether, of a very satisfactory character. Of course, in the investment of a fund of over eight millions sterling, yielding an average return of about 4½ per cent., it is not possible to avoid making some mistakes, but any sums which require to be written off are in reality small, and are more than counterbalanced by the profits on those securities which were realised during the period. As regards Irish investments, I need only mention that they have yielded a good rate of interest during the quinquennium, and have recovered some portion of the value, which by way of precaution was written off them five years ago. The amount on deposit with Australian Banks is not large, and no loss of capital is anticipated. As regards our Indian business and the question of exchange, I would first draw your attention to the fact that the large sum of money which was accumulated in India, as referred to in the report, arose from the very prosperity of the Indian business, the Standard Company having always been a household word in India, descriptive of all that a life assurance company ought to be. Secondly, there has been no