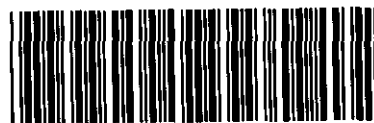


**WELSH CALVINISTIC METHODIST
ASSURANCE TRUST LIMITED**

Report and Financial Statements

31 December 2006

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WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

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WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H V Thomas
T I Griffiths
M G Downs
J O Evans
G C Jones

SECRETARY

B Hughes

REGISTERED OFFICE

Bryn Afon
Segontium Terrace
Caernarfon
Gwynedd
LL55 2PN

BANKERS

HSBC Bank plc
24 Castle Square
Caernarfon
Gwynedd
LL55 2NB

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Liverpool

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2006.

ACTIVITIES

The company continued with its principal activity of insurers of properties belonging to the Presbyterian Church of Wales up to 25 June 2006. As of this date the company has ceased trading. As required by FRS 18 'Accounting Policies' the financial statements have been prepared on the basis that company is no longer a going concern. No adjustments arose as a result of ceasing to apply the going concern basis.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors consider the results for the year to be satisfactory. As a result of a motion placed before the General Assembly of The Presbyterian Church of Wales on the 13 July 2005, the company ceased to write new policies. The last renewal policy was issued on the 25 June 2005. All policies issued up to this date ran their full course by 25 June 2006.

The company cancelled its registration with the Financial Services Authority on 8 December 2006.

It is the intention of the directors to liquidate the company in the year ended 31 December 2007.

DIVIDENDS

The directors do not recommend the payment of a dividend (2005 - Nil).

DIRECTORS AND THEIR INTERESTS

The current directors of the company are disclosed on page 1.

The interest of the directors holding office during the year were as follows:

	Ordinary shares of £10 each	
	2006	2005
H V Thomas	158	158
T I Griffiths	158	158
M G Downs	326	158
J O Evans	158	158
G C Jones	158	158

The shares, registered in the names of the directors, are held in trust for the Presbyterian Church of Wales.

DONATIONS

In the year the company made charitable donations totalling £340,000 (2005 - £70,000). No political contributions were made.

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

DIRECTORS' REPORT (continued)

AUDITORS


In the case of each of the persons who are directors of the company at the date when this report is approved:

- So far as each is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- Each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

In accordance with Section 384 of the Companies Act 1985 a resolution for the re-appointment of Deloitte & Touche LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

Secretary


13th March 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements of Welsh Calvinistic Methodist Assurance Trust Limited for the year ended 31 December 2006 which comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its deficit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and;
- the information given in the Directors' Report is consistent with the financial statements.

**WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (continued)**

Emphasis of matter – going concern

Without qualifying our opinion, we draw attention to the basis of preparation as set out in note 1 of the financial statements, which states that the financial statements have been prepared on the basis that the company is no longer a going concern and describes the reasons why. No adjustments arose as a result of ceasing to apply the going concern basis.

Deloitte & Touche LLP

22 March 2007

~~Deloitte & Touche LLP~~
Chartered Accountants and Registered Auditors
Liverpool

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

INCOME AND EXPENDITURE ACCOUNT
Year ended 31 December 2006

	Note	£	2006 £	£	2005 £
Technical Account - General Business					
Earned premiums					
Gross premiums written	2	-		156,900	
Outward reinsurance premiums		-		<u>(150,873)</u>	
			-		6,027
Change in the provision for unearned premiums					
- Gross		53,947		162,703	
- Reinsurer's share		<u>(52,142)</u>		<u>(116,465)</u>	
			<u>1,805</u>		<u>46,238</u>
Earned premiums, net of reinsurance			1,805		52,265
Claims incurred					
Claims paid - gross	2	14,275		31,068	
- reinsurer's share		(14,678)		(29,734)	
Change in the provision for claims		<u>(5,000)</u>		<u>-</u>	
			<u>5,403</u>		<u>(1,334)</u>
			7,208		50,931
Net operating expenses	4		<u>(386,037)</u>		<u>(87,959)</u>
Balance on Technical Account	2		<u>(378,829)</u>		<u>(37,028)</u>
Non-Technical Account					
Balance on technical account			(378,829)		(37,028)
Investment income	3		68,133		76,440
Unrealised gains on investments			23,128		45,405
Loss on realisation of investments			<u>(6,061)</u>		<u>(119)</u>
Operating (deficit)/surplus and (deficit)/surplus on ordinary activities before tax			(293,629)		84,698
Tax on (deficit)/surplus on ordinary activities	6		<u>66,823</u>		<u>(10,059)</u>
(Deficit)/surplus for the financial year	11		<u>(226,806)</u>		<u>74,639</u>

The results for the current and prior year are all attributable to operations that were discontinued on the 25 June 2006. This was the date the last premium expired.

There are no other recognised gains and losses other than the surplus for the current and prior year.

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

BALANCE SHEET

Year ended 31 December 2006

	Note	£	2006 £	£	2005 £
ASSETS					
Investments					
- shares	7	112,431		550,704	
- debt securities	7	11,443		28,491	
- deposits with credit institutions			<u>1,478,820</u>	<u>1,381,254</u>	
			1,602,694		1,960,449
Reinsurer's share of technical provisions					
Provision for unearned premiums			-		39,106
Debtors					
Debtors arising out of reinsurance operations		30,930		32,459	
Called up share capital not paid		<u>9,168</u>		<u>9,168</u>	
			40,098		41,627
Other assets					
Tangible assets	8	-		408	
Stocks	9	-		25	
Cash at bank and in hand		<u>2,515</u>		<u>2,664</u>	
			2,515		3,097
Prepayments and accrued income					
Accrued interest			<u>8,284</u>		<u>7,357</u>
			<u>1,653,591</u>		<u>2,051,636</u>
LIABILITIES					
Capital and reserves					
Called up share capital	10	9,671		9,671	
Reserves	11	<u>1,607,590</u>		<u>1,834,396</u>	
Total equity shareholders' funds	12		1,617,261		1,844,067
Technical provisions					
Provision for unearned premiums			-		53,990
Provision for claims outstanding			-		5,000
Provisions for other risks and charges					
Provisions for taxation	13		6,024		82,360
Creditors					
	14		12,546		51,632
Accruals and deferred income					
			<u>17,760</u>		<u>14,587</u>
			<u>1,653,591</u>		<u>2,051,636</u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

M Downs  - Director

13th March 2007.

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

CASH FLOW STATEMENT
Year ended 31 December 2006

	Note	2006 £	2005 £
Net cash outflow from operating activities	15	(371,519)	(37,631)
Taxation		<u>(9,513)</u>	<u>(19,121)</u>
Decrease in cash		<u>(381,032)</u>	<u>(56,752)</u>
CASH FLOWS WERE INVESTED AS FOLLOWS			
(Decrease)/increase in cash holdings	17	(149)	1,402
Net portfolio investments	16	<u>(380,883)</u>	<u>(58,154)</u>
Net investment of cash flows		<u>(381,032)</u>	<u>(56,752)</u>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with the provisions of Section 255A of, and Schedule 9A to, the Companies Act 1985.

The financial statements have been prepared in accordance with applicable United Kingdom standards and under the historical cost accounting rules as modified by the revaluation of investments. The company has adopted all material recommendations of the Statement of Recommended Practice for Insurance Business issued in December 2005 by the Association of British Insurers ("the ABI SORP").

As explained in the directors report, the company ceased trading on 25 June 2006. As required by FRS 18 'Accounting Policies' the directors have prepared the financial statements on the basis that company is no longer a going concern. No adjustments arose as a result of ceasing to apply the going concern basis.

The company cancelled its registration with the Financial Services Authority on 8 December 2006.

The particular accounting policies adopted are described below:

Premiums

General business premiums are accounted for in the year in which the risk commences. Those proportions of premiums written in a year, which relate to periods of risk extending beyond the end of the year, are carried forward as unearned premiums.

Reinsurance

95% of all risks are reinsured with AXA Insurance and the reinsurance premium is accounted for in the year in which the risk commences. Those proportions of reinsurance premiums written in a year, which relate to periods of risk extending beyond the end of the year are carried forward as prepaid reinsurance premiums.

Claims

The accounts incorporate a provision for claims notified but not settled and claims incurred but not reported at the Balance Sheet date together with a provision for handling costs relating to such claims.

Fixed assets

Depreciation of tangible fixed assets is calculated by the following methods from the beginning of the year in which the assets are first brought into use:

Equipment	25% straight line
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Stock and work in progress

Stocks of stationery are valued at the lower of cost and net realisable value.

Deferred Tax

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Investment income, expenses and charges

Investment income comprises interest and dividends. Interest is dealt with on an accruals basis and dividends are included on an ex-dividend basis. All investment income, is recognised in the non-technical account net of tax credit.

Realised gains or losses represent the difference between the net sales proceeds and purchase price, and are recognised in the non-technical account.

Interest payable and expenses incurred in the management of investments are accounted for on an accruals basis.

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

1 ACCOUNTING POLICIES (continued)

Unrealised gains and losses

Unrealised gains or losses represent the difference between the valuation of investments at the balance sheet date and their purchase price. The movement in unrealised investment gains and losses therefore includes the reversal of previously recognised unrealised gains and losses on investments disposed of in the current period. All unrealised gains or losses are recognised in the non-technical account.

Investments

Investments are stated in the balance sheet at market value. The market value of the investments represents quoted securities at middle market price.

2. SEGMENTAL INFORMATION

	Fire & other damage to property £	Third party liability £	Miscellan- eous £	Total £
2006				
Gross premiums written - Risks located in UK	-	-	-	-
Gross premiums earned	-	-	1,805	1,805
Reversal of provision for claims	-	-	5,000	5,000
Gross claims incurred	(12,342)	-	(1,933)	(14,275)
Gross operating expenses	(333,763)	-	(52,274)	(386,037)
Gross technical result	(346,105)	-	(47,402)	(393,507)
Reinsurance balance	12,910	-	1,768	14,678
Net technical result	(333,195)	-	(45,634)	(378,829)
	Fire & other damage to property £	Third party liability £	Miscellan- eous £	Total £
2005				
Gross premiums written - Risks located in UK	134,691	14,608	7,601	156,900
Gross premiums earned	174,383	18,913	9,842	203,138
Gross claims incurred	(29,616)	-	(1,452)	(31,068)
Gross operating expenses	(75,508)	(8,189)	(4,261)	(87,958)
Gross technical result	69,259	10,724	4,129	84,112
Reinsurance balance	(99,750)	(15,445)	(5,945)	(121,140)
Net technical result	(30,491)	(4,721)	(1,816)	(37,028)

All premiums resulted from contracts of insurance concluded in the United Kingdom.

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

3. INVESTMENT INCOME

	2006	2005
	£	£
Income from other investments – Listed investments	14,596	24,089
Interest receivable	53,537	52,351
	<u>68,133</u>	<u>76,440</u>

4. NET OPERATING EXPENSES

	2006	2005
	£	£
Administrative expenses	399,073	125,956
Reinsurance commissions	(13,036)	(37,997)
	<u>386,037</u>	<u>87,959</u>

Administrative expenses include:

	2006	2005
	£	£
Depreciation	408	410
Fees for the audit of the company	17,105	13,775
	<u>17,513</u>	<u>14,185</u>

No fees were paid to the company's auditors, Deloitte & Touche LLP and its associates for services other than the statutory audit of the company.

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No remuneration was paid to the directors (2005 – Nil)

	2006	2005
	No	No
Average number of persons employed		
Administration	<u>1</u>	<u>1</u>
	£	
Staff costs during the year		
Salaries and Social Security costs	<u>18,445</u>	<u>18,027</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2006	2005
	£	£
United Kingdom corporation tax at 19% (2005 – 19%) based on the profit for the year	12,546	19,121
Deferred tax	(76,336)	(9,062)
Prior year adjustment	(3,033)	-
	<u>(66,823)</u>	<u>10,059</u>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Reconciliation of tax charge

The tax assessed for the period is higher (2005: lower) than that resulting from applying the standard rate of corporation tax in the UK: 19% (2005: 19%)

	2006 £	2005 £
The differences are explained below:		
Operating (deficit)/surplus on ordinary activities before tax	(293,629)	84,698
Tax at 19% (2005: 19%) thereon:	55,790	(16,093)
Depreciation in excess of capital allowances	(31)	(16)
Unrealised gains on investment	3,243	8,604
Capital gain	(74,321)	(16,193)
UK Dividend income	2,773	4,577
Current tax charge for period	<u>(12,546)</u>	<u>(19,121)</u>

7. INVESTMENTS - SHARES AND DEBT SECURITIES

If stated at historic cost investments would have been shown at the following values in the balance sheet:

	2006 £	2005 £
Shares - Listed	44,595	78,718
Debt securities - Listed	16,862	18,706
	<u>61,457</u>	<u>97,424</u>

8. TANGIBLE FIXED ASSETS

	Equipment £	Total £
Cost or valuation		
At 1 January 2006	4,621	4,621
At 31 December 2006	<u>4,621</u>	<u>4,621</u>
Accumulated depreciation		
At 1 January 2006	4,213	4,213
Charge for the year	408	408
At 31 December 2006	<u>4,621</u>	<u>4,621</u>
Net book value		
At 31 December 2006	<u>-</u>	<u>-</u>
At 31 December 2005	<u>408</u>	<u>408</u>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2006

9. STOCKS

	2006	2005
	£	£
Consumables	-	25
	<u> </u>	<u> </u>

10. CALLED UP SHARE CAPITAL

	2006	2005
	£	£
Authorised		
998 ordinary equity shares of £10 each	9,980	9,980
2 deferred ordinary equity shares of £10 each	20	20
	<u> </u>	<u> </u>
	10,000	10,000
	<u> </u>	<u> </u>

The directors believe the rights of the two classes of shares to be the same.

	2006	2005
	£	£
Called up, allotted and fully paid		
2 deferred ordinary equity shares of £10 each	20	20
Called up, allotted and part paid		
965 ordinary equity shares of £10 each - 50p paid	482	482
965 ordinary equity shares of £10 each - unpaid element	9,168	9,168
Forfeited share account	1	1
	<u> </u>	<u> </u>
	9,671	9,671
	<u> </u>	<u> </u>

11. RESERVES

	Revenue Reserves 2006	Revenue Reserves 2005
	£	£
At 1 January	1,834,396	1,759,757
Transfer to revenue account	(226,806)	74,639
	<u> </u>	<u> </u>
At 31 December	1,607,590	1,834,396
	<u> </u>	<u> </u>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006	2005
	£	£
(Deficit)/surplus for the financial year	(226,806)	74,639
Net (decrease)/increase to shareholders' funds	(226,806)	74,639
Opening shareholders' funds	1,844,067	1,769,428
Closing shareholders' funds	1,617,261	1,844,067

13. PROVISION FOR DEFERRED TAX

	Balance at 1 January 2006	Movement in deferred tax	Balance at 31 December 2006
	£	£	£
Deferred taxation at 19%	82,360	(76,336)	6,024

The amounts of deferred taxation provided and unprovided in the accounts are:

	Provided 2006	Provided 2005	Not provided 2006	Not provided 2005
	£	£	£	£
Unrealised appreciation on investments	6,024	82,360	-	-

14. CREDITORS

	2006	2005
	£	£
Creditors arising out of direct insurance operations	-	29,483
Other creditors including taxation and social security	12,546	22,149
	12,546	51,632

15. RECONCILIATION OF OPERATING SURPLUS TO OPERATING CASH FLOWS

	2006	2005
	£	£
Operating (deficit)/surplus	(293,629)	84,698
Depreciation	408	410
Decrease in stock	25	-
Decrease in debtors	602	88,937
(Decrease) in creditors	(35,913)	(120,032)
(Decrease) in technical provisions	(19,884)	(46,238)
Unrealised gains on investments	(23,128)	(45,406)
	(371,519)	(37,631)

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW

	2006 £	2005 £
Portfolio investments		
Increase/(decrease) in deposits	97,566	(94,895)
Amounts repaid/(owed) to credit institutions	-	106,461
Purchase of shares	-	34,002
Sale of shares	(478,449)	(103,722)
	<u>(380,883)</u>	<u>(58,154)</u>

17. MOVEMENT IN CASH, PORTFOLIO INVESTMENTS AND FINANCING

	2005 £	Cash flow £	Changes to market value £	2006 £
Cash in bank and in hand	2,664	(149)	-	2,515
Shares	550,704	(462,218)	23,945	112,431
Debt securities	28,491	(16,231)	(817)	11,443
Deposits	1,381,254	97,566	-	1,478,820
	<u>1,963,113</u>	<u>(381,032)</u>	<u>23,128</u>	<u>1,605,209</u>

18. FINANCIAL COMMITMENTS

There were no capital commitments at the year end (2005 - Nil).

19. RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY

During the year the following transactions with related parties took place:

The company paid £13,900 (2005 - £13,700) to A Dyson-Hughes & Co, a firm in which the company secretary is a partner, in respect of rental and management services.

A donation of £340,000 (2005 - £70,000) was made to the Presbyterian Church of Wales, a registered charity.

As explained in the directors report, the shares in the company held by the directors are held in trust for the Presbyterian Church of Wales.