

**WELSH CALVINISTIC METHODIST
ASSURANCE TRUST LIMITED**

Report and Financial Statements

31 December 1997

Deloitte & Touche
Martins Building
4 Water Street
Liverpool
L2 8UY



WELSH CALYINISTIC METHODIST ASSURANCE TRUST LIMITED

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WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G Pritchard
D K Hughes
R M Edwards
H V Thomas
A Jones
I Griffiths
A Davies

SECRETARY

A Yendle

REGISTERED OFFICE

Bryn Afon
Segontium Terrace
Caernarfon
Gwynedd
LL55 2PN

BANKERS

Midland Bank plc
24 Castle Square
Caernarfon
Gwynedd
LL55 2NB

AUDITORS

Deloitte & Touche
Chartered Accountants
Martins Building
4 Water Street
Liverpool
L2 8UY

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 1997.

ACTIVITIES

The company has continued with its principal activity of insurers of properties belonging to the Presbyterian Church of Wales.

REVIEW OF DEVELOPMENTS

The directors consider the results for the year to be satisfactory.

DIVIDENDS

The directors do not recommend the payment of a dividend (1996 - Nil).

FUTURE PROSPECTS

The directors consider the company to be satisfactorily placed for the future.

DIRECTORS AND THEIR INTERESTS

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

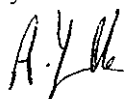
	Ordinary shares of £10 each	
	1997	1996
G Pritchard	10	10
D K Hughes	10	10
R M Edwards	10	10
H V Thomas	10	10
A Jones	10	10
I Griffiths	10	10
A Davies	10	10

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

Secretary



10 June 1998

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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. 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.



Chartered Accountants

Deloitte & Touche
Martins Building
4 Water Street
Liverpool L2 8UY

Telephone: National 0151 236 0941
International + 44 151 236 0941
Fax (Gp. 3): 0151 236 2877

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 14 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 of the state of the company's affairs as at 31 December 1997 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors

23 June 1998.

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

INCOME AND EXPENDITURE ACCOUNT
Year ended 31 December 1997

	Note	£	1997 £	£	1996 £
Technical Account - General Business					
Earned premiums					
Gross premiums written		254,205		267,000	
Outward reinsurance premiums		(183,801)		(192,539)	
			70,404		74,461
Change in the gross provision for unearned premiums			2,796		(4,857)
Earned premiums, net of reinsurance			73,200		69,604
Investment income					
Income from other investments	3	14,084		12,528	
Interest receivable		53,603		44,761	
			67,687		57,289
			140,887		126,893
Claims incurred					
Claims paid - gross		299,887		94,293	
- reinsurers' share		(280,182)		(89,397)	
			19,705		4,896
			121,182		121,997
Net operating expenses			40,381		38,213
Balance on Technical Account	4		80,801		83,784
Non-Technical Account					
Balance on technical account			80,801		83,784
Tax on surplus on ordinary activities	6		(12,131)		(18,362)
Surplus for the financial year	11		68,670		65,422

The results for the current and prior year are all attributable to continuing operations.

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

BALANCE SHEET
31 December 1997

	Note	£	1997 £	£	1996 £
ASSETS					
Investments - shares	7	378,987		320,307	
- debt securities	7	31,204		29,119	
- deposits with credit institutions		942,696		903,586	
			1,352,887		1,253,012
Debtors					
Debtors arising out of direct insurance operations - policy holders		14,929		32,431	
Debtors arising out of reinsurance operations		193,185		86,444	
Other debtors		-		3,000	
Called up share capital not paid		9,168		9,168	
			217,282		131,043
OTHER ASSETS					
Tangible assets	8	240		480	
Stocks	9	25		25	
Cash at bank and in hand		164		64	
			429		569
Prepayments and accrued income					
Accrued interest and rent			23,024		9,686
			1,593,622		1,394,310
LIABILITIES					
Capital and reserves					
Called up share capital	10	9,671		9,671	
Revaluation reserve	11	267,012		211,551	
Other reserves	11	151,181		151,181	
Revenue reserve	11	769,863		701,193	
			1,197,727		1,073,596
Total equity shareholders' funds					
Technical provisions					
Provision for unearned premiums			45,950		48,746
Provisions for other risks and charges					
Provisions for taxation	13		60,606		55,302
Creditors	14		282,876		210,203
Accruals and deferred income			6,463		6,463
			1,593,622		1,394,310

These financial statements were approved by the Board of Directors on 10 June 1998

Signed on behalf of the Board of Directors

- Director *Gwynfor Iritchard*

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 1997

	1997 £	1996 £
Surplus for the financial year	68,670	65,422
Surplus arising on revaluation of investments	<u>55,461</u>	<u>52,642</u>
Total recognised gains and losses relating to the year	<u>124,131</u>	<u>118,064</u>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 1997

1. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention as modified by the revaluation of investments in compliance with Chapter II of Part VII of the Companies Act 1985 and in accordance with applicable accounting standards.

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 Guardian Insurance and the appropriate premium is accounted for in the year in which the risk commences.

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
Office furniture	20% straight line

Stock and work in progress

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

Taxation

Provision is made for deferred taxation except to the extent that such taxation is not expected to become payable within the foreseeable future. Provision has also been made for deferred taxation on any gains that would have arisen had the investments been sold at their market value at the year end.

Investment income

Investment income is accounted for in the year in which it is receivable.

Investments

Investments are stated in the balance sheet at market value. The market value of the investments represents quoted securities at middle market price. The difference between the market values and the book value of investments is taken to the revaluation reserve. Gains and losses on the realisation of investments as compared to their revalued amount, are taken to the technical account.

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

2. SEGMENTAL INFORMATION

	Fire & other damage to property £	Third party liability £	Miscellan- eous £	Total £
1997				
Gross premiums written - Risks located in UK	222,404	21,251	10,550	254,205
Gross premiums earned	224,850	21,485	10,666	257,001
Gross claims incurred	292,587	913	6,387	299,887
Gross operating expenses	35,329	3,376	1,676	40,381
Gross technical result	(103,066)	17,196	2,603	(83,267)
Reinsurance balance	108,338	8,057	3,900	96,381
Net technical result	5,272	9,139	(1,303)	13,114
	Fire & other damage to property £	Third party liability £	Miscellan- eous £	Total £
1996				
Gross premiums written - Risks located in UK	232,620	22,561	11,819	267,000
Gross premiums earned	229,137	22,128	10,878	262,143
Gross claims incurred	83,313	7,747	3,233	94,293
Gross operating expenses	33,249	3,214	1,750	38,213
Gross technical result	112,575	11,167	5,895	129,637
Reinsurance balance	89,789	9,126	4,227	103,142
Net technical result	22,786	2,041	1,668	26,495

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

3. INVESTMENT INCOME

	1997 £	1996 £
Income from other investments - Listed investments	14,084	12,528

4. TECHNICAL ACCOUNT - GENERAL BUSINESS

The surplus has been arrived at after charging the following items

	1997 £	1996 £
Depreciation	240	240
Auditor's remuneration	6,463	6,463

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No remuneration was paid to the directors (1996 - Nil)

	1997	1996
	No	No
Average number of persons employed		
Administration	2	2
	<u>2</u>	<u>2</u>
	£	£
Staff costs during the year		
Wages and salaries	7,610	7,248
Social security costs	-	224
	<u>7,610</u>	<u>7,472</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997	1996
	£	£
United Kingdom corporation tax at 23% (1996 - 24%) based on the profit for the year	15,490	15,688
Tax on franked investment income	-	2,674
Adjustment to prior years' tax provision		
- Corporation tax	(3,359)	-
	<u>12,131</u>	<u>18,362</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:

		1997	1996
		£	£
Shares	- Listed	53,084	53,084
Debt securities	- Listed	29,489	29,489
		<u>82,573</u>	<u>82,573</u>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

8. TANGIBLE FIXED ASSETS

	Equipment £	Office furniture £	Total
Cost			
At 1 January 1997 and 31 December 1997	4,791	3,039	7,830
Accumulated depreciation			
At 1 January 1997	4,311	3,039	7,350
Charge for the year	240	-	240
At 31 December 1997	4,551	3,039	7,590
Net book value			
At 31 December 1997	240	-	240
At 31 December 1996	480	-	480

9. STOCKS

	1997 £	1996 £
Consumables	25	25

10. CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised		
998 ordinary equity shares of £10 each	9,980	9,980
2 deferred ordinary equity shares of £10 each	20	20
	10,000	10,000
	£	£
Called up, allotted and fully paid		
2 ordinary equity shares of £10 each	20	20
Called up, allotted and part paid		
965 ordinary equity shares of £10 each - 50p paid	482	
965 ordinary equity shares of £10 each - unpaid element	9,168	
Forfeited share account		
	9,650	9,650
	1	1
	9,671	9,671

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

11. RESERVES

	Revaluation reserve			Net £	Revenue reserves £	Other reserves £	Total reserves 1997 £	Total reserves 1996 £
	Gross £	Deferred tax £						
At 1 January 1997	266,853	55,302	211,551	701,193	151,181	1,063,925	945,861	
Surplus for the year retained	-	-	-	68,670	-	68,670	65,422	
Surplus/(deficit) on revaluation of investments	60,765	5,304	55,461	-	-	55,461	52,642	
At 31 December 1997	<u>327,618</u>	<u>60,606</u>	<u>267,012</u>	<u>769,863</u>	<u>151,181</u>	<u>1,188,056</u>	<u>1,063,925</u>	

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Surplus for the financial year	68,670	65,422
Other recognised gains and losses for the year	55,461	52,642
Net addition to shareholders' funds	124,131	118,064
Opening shareholders' funds	1,073,596	955,532
Closing shareholders' funds	1,197,727	1,073,596

13. PROVISION FOR DEFERRED TAX

	Balance at 1 January 1997 £	Charged to reserves £	Applied £	Balance at 31 December 1997 £
Deferred taxation at 22%	55,302	5,304	-	60,606
	55,302	5,304	-	60,606

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

	Provided 1997 £	Provided 1996 £	Not provided 1997 £	Not provided 1996 £
Surplus on revaluation	60,606	55,302	-	-
	60,606	55,302	-	-

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 1997

14. CREDITORS

	1997	1996
	£	£
Creditors arising out of direct insurance operations	203,352	37,112
Creditors arising out of reinsurance operations	59,042	103,433
Amounts owed to credit institutions	1,567	46,329
Other creditors including taxation and social security	18,915	23,329
	<u>282,876</u>	<u>210,203</u>

15. FINANCIAL COMMITMENTS

There were no capital commitments at the year end (1996 - Nil).

16. RELATED PARTY TRANSACTIONS

During the year the company paid £12,573 to A Dyson-Hughes & Co, a firm in which the company secretary is a partner, in respect of rental and management services.