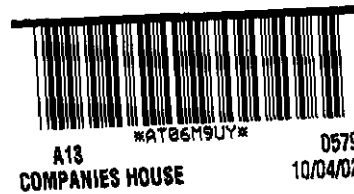


**WELSH CALVINISTIC METHODIST
ASSURANCE TRUST LIMITED**

Report and Financial Statements

31 December 2001



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

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

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WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R M Edwards
H V Thomas
I Griffiths
A Davies
M Downs
J O Evans (appointed 15 May 2001)
M H Phillips (appointed 15 May 2001)

SECRETARY

A Yendle

REGISTERED OFFICE

Bryn Afon
Segontium Terrace
Caernarfon
Gwynedd
LL55 2PN

BANKERS

HSBC 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 2001.

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 (2000 - Nil).

FUTURE PROSPECTS

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

DIRECTORS AND THEIR INTERESTS

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

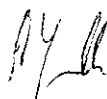
The interest of the directors holding office during the year were as follows:

	Ordinary shares of £10 each	
	2001	2000
R M Edwards	10	10
H V Thomas	10	10
I Griffiths	10	10
A Davies	10	10
M Downs	-	-
J O Evans	-	-
M H Phillips	-	-

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

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 the system of internal control 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

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements of Welsh Calvinistic Methodist Assurance Trust Limited for the year ended 31 December 2001 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.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 2001 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

8 April 2002

Chartered Accountants and Registered Auditors

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

INCOME AND EXPENDITURE ACCOUNT

Year ended 31 December 2001

	Note	£	2001 £	(as restated see note 1) £	2000 (as restated see note 1) £
Technical Account - General Business					
Earned premiums					
Gross premiums written	2	253,226		247,227	
Outward reinsurance premiums		(242,717)		(235,700)	
			10,509		11,527
Change in the gross provision for unearned premiums			-		(1,363)
Earned premiums, net of reinsurance			10,509		10,164
Claims incurred					
Claims paid - gross		109,199		194,643	
- reinsurers' share		(102,099)		(185,052)	
			7,100		9,591
			3,409		573
Net operating expenses/(income)	4		11,279		(2,513)
Balance on Technical Account	2		(7,870)		3,086
Non-Technical Account					
Balance on technical account			(7,870)		3,086
Investment income	3		74,238		78,023
(Unrealised losses)/gains on investments			(120,994)		88,578
Realised loss on investments			-		(424)
Operating (deficit)/surplus and (deficit)/surplus on ordinary activities before tax			(54,626)		169,263
Tax on (deficit)/surplus on ordinary activities	6		17,096		(29,533)
(Deficit)/surplus for the financial year	11		(37,530)		139,730

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

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

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

BALANCE SHEET

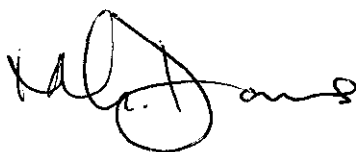
Year ended 31 December 2001

	Note	£	2001 £	£	2000 £
ASSETS					
Investments					
- shares	7	556,270		673,712	
- debt securities	7	18,186		21,738	
- deposits with credit institutions		<u>1,236,445</u>		<u>932,727</u>	
			1,810,901		1,628,177
Debtors					
Debtors arising out of direct insurance operations - policy holders		26,036		30,856	
Debtors arising out of reinsurance operations		97,264		239,412	
Called up share capital not paid		<u>9,168</u>		<u>9,168</u>	
			132,468		279,436
OTHER ASSETS					
Tangible assets	8	-		411	
Stocks	9	25		25	
Cash at bank and in hand		<u>1,010</u>		<u>234,623</u>	
			1,035		235,059
Prepayments and accrued income					
Accrued interest			<u>5,555</u>		<u>11,875</u>
			<u>1,949,959</u>		<u>2,154,547</u>
LIABILITIES					
Capital and reserves					
Called up share capital	10	9,671		9,671	
Reserves	11	<u>1,613,662</u>		<u>1,651,192</u>	
Total equity shareholders' funds	12		1,623,333		1,660,863
Technical provisions					
Provision for unearned premiums			46,004		46,004
Provision for claims outstanding			5,000		5,000
Provisions for other risks and charges					
Provisions for taxation	13		88,818		112,892
Creditors	14		178,334		322,393
Accruals and deferred income			<u>8,470</u>		<u>7,395</u>
			<u>1,949,959</u>		<u>2,154,547</u>

These financial statements were approved by the Board of Directors on 3.4.2002

Signed on behalf of the Board of Directors

- Director



WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

CASH FLOW STATEMENT
Year ended 31 December 2001

	Note	2001 £	2000 £
Net cash inflow from operating activities	15	77,083	147,228
Taxation		(6,978)	(11,689)
Increase in cash		<u>70,105</u>	<u>135,539</u>
CASH FLOWS WERE INVESTED AS FOLLOWS			
(Decrease)/increase in cash holdings	17	(233,613)	227,771
Net portfolio investment			
Deposits	16	303,718	(82,232)
Sale of investment		-	(10,000)
Net investment of cash flows		<u>70,105</u>	<u>135,539</u>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

1. ACCOUNTING POLICIES

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 1998 by the Association of British Insurers ("the ABI SORP").

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
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, 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.

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.

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

1. ACCOUNTING POLICIES (continued)

Prior year adjustment

The prior year adjustment represents correction of the disclosure of reinsurance premiums received. The amount in the prior year (£58,925) was included in outward reinsurance premiums. It has now been set off against operating expenses to give net operating expenses (see note 4). The adjustment has no effect on net assets.

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 £
2001				
Gross premiums written - Risks located in UK	219,689	20,406	13,131	253,226
Gross premiums earned	219,689	20,406	13,131	253,226
Gross claims incurred	105,790	-	3,409	109,199
Gross operating expenses	62,428	5,799	3,731	71,958
Gross technical result	51,471	14,607	5,991	72,069
Reinsurance balance	(57,092)	(16,202)	(6,645)	(79,939)
Net technical result	<u>(5,621)</u>	<u>(1,595)</u>	<u>(654)</u>	<u>(7,870)</u>
	Fire & other damage to property £	Third party liability £	Miscellan- eous £	Total £
2000				
Gross premiums written - Risks located in UK	215,288	19,434	12,505	247,227
Change in gross provision for unearned premiums	(1,187)	(107)	(69)	(1,363)
Gross premiums earned	214,101	19,327	12,436	245,864
Gross claims incurred	188,552	-	6,091	194,643
Gross operating expenses	49,125	4,434	2,853	56,412
Gross technical result	(23,576)	14,893	3,492	(5,191)
Reinsurance balance	(37,592)	23,746	5,569	(8,277)
Net technical result	<u>14,016</u>	<u>(8,853)</u>	<u>(2,077)</u>	<u>3,086</u>

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 2001

3. INVESTMENT INCOME

	2001 £	2000 £
Income from other investments - Listed investments	24,277	19,116
Interest receivable	49,961	58,907
	74,238	78,023

4. NET OPERATING EXPENSES/(INCOME)

	2001 £	2000 (as restated see note 1) £
Administrative expenses	71,958	56,412
Reinsurance commissions	(60,679)	(58,925)
Net opening expenses/(income)	11,279	(2,513)

Administrative expenses include:

	2001 £	2000 £
Depreciation	411	413
Auditor's remuneration	7,500	7,021
	7,911	7,434

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No remuneration was paid to the directors (2000 - Nil)

	2001 No	2000 No
Average number of persons employed		
Administration	1	1
	£	£
Staff costs during the year		
Salaries and Social Security costs	15,814	15,270
	15,814	15,270

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
United Kingdom corporation tax at 20% (2000 - 20%) based on the profit for the year	8,475	13,834
- deferred tax	(24,074)	16,996
Adjustments in respect of prior years		
- corporation tax	(1,497)	(1,297)
	(17,096)	29,533

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

7. INVESTMENTS - SHARES AND DEBT SECURITIES

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

	2001	2000
	£	£
Shares - Listed	53,084	53,084
Debt securities - Listed	18,706	18,706
	71,790	71,790

8. TANGIBLE FIXED ASSETS

	Equipment	Office furniture	Total
	£	£	
Cost			
At 1 January 2001 and 31 December 2001	6,441	3,039	9,480
Accumulated depreciation			
At 1 January 2001	6,030	3,039	9,069
Charge for the year	411	-	411
At 31 December 2001	6,441	3,039	9,480
Net book value			
At 31 December 2001	-	-	-
At 31 December 2000	411	-	411

9. STOCKS

	2001	2000
	£	£
Consumables	25	25

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

10. CALLED UP SHARE CAPITAL

	2001	2000
	£	£
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
	2001	2000
	£	£
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
	9,671	9,671

11. RESERVES

	Revenue Reserves 2001	Revenue Reserves 2000
	£	£
At 1 January	1,651,192	1,511,462
Transfer from revenue account	(37,530)	139,730
At 31 December	1,613,662	1,651,192

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001	2000
	£	£
(Deficit)/surplus for the financial year	(37,530)	139,730
Net addition to shareholders' funds	(37,530)	139,730
Opening shareholders' funds	1,660,863	1,521,133
Closing shareholders' funds	1,623,333	1,660,863

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

13. PROVISION FOR DEFERRED TAX

	Balance at 1 January 2001 £	Credited against current year tax charge £	Applied £	Balance at 31 December 2001 £
Deferred taxation at 20%	112,892	(24,074)	-	88,818
	<u>112,892</u>	<u>(24,074)</u>	<u>-</u>	<u>88,818</u>

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

	Provided 2001 £	Provided 2000 £	Not provided 2001 £	Not provided 2000 £
Unrealised appreciation on investments	88,818	112,892	-	-
	<u>88,818</u>	<u>112,892</u>	<u>-</u>	<u>-</u>

14. CREDITORS

	2001 £	2000 £
Creditors arising out of direct insurance operations	38,107	192,029
Creditors arising out of reinsurance operations	63,529	60,603
Amounts owed to credit institutions	63,436	51,528
Other creditors including taxation and social security	13,262	18,233
	<u>178,334</u>	<u>322,393</u>

15. RECONCILIATION OF OPERATING SURPLUS TO OPERATING CASH FLOWS

	2001 £	2000 £
Operating (deficit)/surplus	(54,626)	169,263
Depreciation	411	413
Decrease/(increase) in debtors	153,288	(100,579)
Increase/(decrease) in creditors	(142,984)	164,921
Increase in technical provisions	-	1,364
Loss on disposal of investment	-	424
Unrealised losses/(gains) on investments	120,994	(88,578)
	<u>77,083</u>	<u>147,228</u>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

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

	2001	2000
	£	£
Portfolio investments		
Decrease/(increase) in deposits	(303,718)	82,232
	<u> </u>	<u> </u>

17. MOVEMENT IN CASH, PORTFOLIO INVESTMENTS AND FINANCING

	2000		Changes to	
	£	Cash flow	Market	2001
			value	£
Cash in bank and in hand	234,623	(233,613)	-	1,010
Shares	673,712	-	(117,442)	556,270
Debt securities	21,738	-	(3,552)	18,186
Deposits	932,727	303,718	-	1,236,445
	<u>1,862,800</u>	<u>70,105</u>	<u>(120,994)</u>	<u>1,811,911</u>

18. FINANCIAL COMMITMENTS

There were no capital commitments at the year end (2000 - Nil).

19. RELATED PARTY TRANSACTIONS

During the year the company paid £12,480 (2000 £11,730) to A Dyson-Hughes & Co, a firm in which the company secretary is a partner, in respect of rental and management services.