

**WELSH CALVINISTIC METHODIST
ASSURANCE TRUST LIMITED**

Report and Financial Statements

31 December 1995



**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

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 1995.

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 AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (1994 - Nil). The retained profit of £63,887 (1994 - £48,596) has been transferred to reserves.

FUTURE PROSPECTS

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

FIXED ASSETS

Movement in fixed assets is shown in notes 7 and 8.

DIRECTORS AND THEIR INTERESTS

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

	Ordinary shares of £10 each	
	1995	1994
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

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and accordingly have signed their report in their new name. 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



24.9.96

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 profit or loss 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

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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 7.

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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors

26 September 1996

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

INCOME AND EXPENDITURE ACCOUNT

Year ended 31 December 1995

	Note	£	1995 £	£	1994 (as restated) £
Technical Account - General Business					
Earned premiums					
Gross premiums written		257,506		253,081	
Outward reinsurance premiums		(189,228)		(180,241)	
Change in the gross provision for unearned premiums		2,451		(11,800)	
		<u>2,451</u>		<u>(11,800)</u>	
Earned premiums, net of reinsurance			70,729		61,040
Investment income					
Income from other investments	3	12,145		12,159	
Interest receivable		45,236		37,280	
		<u>45,236</u>		<u>37,280</u>	
			57,381		49,439
			<u>57,381</u>		<u>49,439</u>
			128,110		110,479
Claims incurred					
Claims paid - gross		62,393		101,859	
- reinsurers' share		(59,344)		(96,747)	
		<u>62,393</u>		<u>101,859</u>	
			3,049		5,112
			<u>3,049</u>		<u>5,112</u>
			125,061		105,367
Net operating expenses			38,634		42,523
			<u>38,634</u>		<u>42,523</u>
Balance on Technical Account	4		86,427		62,844
			<u>86,427</u>		<u>62,844</u>
Non-Technical Account					
Balance on technical account			86,427		62,844
Tax on surplus on ordinary activities	6		(22,540)		(14,248)
			<u>(22,540)</u>		<u>(14,248)</u>
Surplus for the financial year	11		63,887		48,596
			<u>63,887</u>		<u>48,596</u>

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

There is no material difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis. Accordingly, a note of historical cost profits and losses for the year is not given.

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

BALANCE SHEET
31 December 1995

	Note	1995	1994
		£	(as restated) £
ASSETS			
Investments - shares	7	251,781	151,117
- debt securities	7	27,449	42,631
- deposits with credit institutions		<u>780,182</u>	<u>776,713</u>
		1,059,412	970,461
Debtors			
Debtors arising out of direct insurance operations - policy holders		47,331	16,530
Debtors arising out of reinsurance operations		27,118	9,055
Other debtors		3,000	-
Called up share capital not paid		<u>9,168</u>	<u>9,168</u>
		86,617	34,753
OTHER ASSETS			
Tangible assets	8	720	1,333
Stocks	9	25	25
Cash at bank and in hand		<u>890</u>	<u>-</u>
		1,635	1,358
Prepayments and accrued income		<u>-</u>	<u>14,469</u>
		<u>1,147,664</u>	<u>1,021,041</u>
LIABILITIES			
Capital and reserves			
Called up share capital	10	9,671	9,671
Revaluation reserve	11	158,909	94,136
Other reserves	11	151,181	151,181
Revenue reserve	11	<u>635,771</u>	<u>571,884</u>
Total equity shareholders' funds	12	955,532	826,872
Technical provisions			
Provision for unearned premiums		43,899	46,350
Provisions for other risks and charges			
Provisions for taxation	13	37,748	21,419
Creditors	14	102,847	119,397
Accruals and deferred income		7,638	7,003
		<u>1,147,664</u>	<u>1,021,041</u>

These financial statements were approved by the Board of Directors on 24.9.96

Signed on behalf of the Board of Directors

Gwynfor Pritchard - Director
Heneth Hughes

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 1995

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.

Following the adoption of Statutory Instrument No. 3246 of the Companies Act 1985 (Insurance Companies Accounts) Regulations 1993, investments have been valued at market value. As a result of this a prior period adjustment has arisen as disclosed in note 11 and comparative amounts have been restated accordingly.

Premiums

General business premiums are accounted for in the year in which the risk commences. Those proportions of premiums written in a year, after deducting re-insurance costs, 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.

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 1995

2. SEGMENTAL INFORMATION

	Fire & other damage to property £	Third party liability £	Miscellan- eous £	Total £
1995				
Gross premiums written - Risks located in UK	224,287	21,888	11,331	257,506
Gross premiums earned	226,163	22,096	11,698	259,957
Gross claims incurred	54,344	5,303	2,746	62,393
Gross operating expenses	33,650	3,284	1,700	38,634
Gross technical result	138,169	13,509	7,252	158,930
Reinsurance balance	112,999	11,040	5,845	129,884
Net technical result	25,170	2,469	1,407	29,046
	Fire & other damage to property £	Third party liability £	Miscellan- eous £	Total £
1994				
Gross premiums written - Risks located in UK	220,434	21,512	11,135	253,081
Gross premiums earned	210,156	20,509	10,616	241,281
Gross claims incurred	88,617	8,658	4,584	101,859
Gross operating expenses	36,995	3,614	1,914	42,523
Gross technical result	84,544	8,237	4,118	96,899
Reinsurance balance	72,640	7,097	3,757	83,494
Net technical result	11,904	1,140	361	13,405

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

3. INVESTMENT INCOME

	1995 £	1994 £
Income from other investments - Listed investments	12,145	12,159

4. TECHNICAL ACCOUNT - GENERAL BUSINESS

The surplus has been arrived at after charging the following items

	1995 £	1994 £
Depreciation	613	619
Auditor's remuneration	7,638	6,463

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 1995

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No remuneration was paid to the directors (1994 - Nil)

	1995	1994
	No	No
Average number of persons employed		
Administration	2	2
	<u>2</u>	<u>2</u>
	£	£
Staff costs during the year (including directors)		
Wages and salaries	7,026	7,075
Social security costs	171	206
	<u>7,197</u>	<u>7,281</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1995	1994
	£	£
United Kingdom corporation tax at 25% (1994 - 25%) based on the profit for the year	22,100	14,248
Tax on franked investment income	2,575	-
Adjustment to prior years' tax provision		
- Corporation tax	(2,135)	-
	<u>22,540</u>	<u>14,248</u>

7. INVESTMENTS - SHARES AND DEBT SECURITIES

The prior year figures have been restated to show the market value of investments which were previously stated at historic cost. If stated at historic cost investments would have been shown at the following values in the balance sheet:

	1995	1994
	£	£
Shares - Listed	53,084	48,937
Debt securities - Listed	29,489	29,256
	<u>82,573</u>	<u>78,193</u>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 1995

8. TANGIBLE FIXED ASSETS

	Equipment	Office	
	£	furniture	
		£	Total
Cost			
At 1 January 1995 and 31 December 1995	4,791	3,039	7,830
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
At 1 January 1995	3,458	3,039	6,497
Charge for the year	613	-	613
	<hr/>	<hr/>	<hr/>
At 31 December 1995	4,071	3,039	7,110
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 1995	720	-	720
	<hr/>	<hr/>	<hr/>
At 31 December 1994	1,333	-	1,333
	<hr/>	<hr/>	<hr/>

9. STOCKS

	1995	1994
	£	£
Consumables	25	25
	<hr/>	<hr/>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 1995

10. CALLED UP SHARE CAPITAL

	1995		1994
	£		£
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
	10,000		10,000
			1994
	1995		(as restated)
	£	£	£
Called up, allotted and fully paid			
2 ordinary equity shares of £10 each	20		20
Allotted, called up and part paid			
As previously reported			
965 ordinary equity shares of £10 each - 50p paid		482	
Prior period adjustment (see below)			
965 ordinary equity shares of £10 each - unpaid element		9,168	
As restated	9,650		9,650
Forfeited share account	1		1
	9,671		9,671
	9,671		9,671

Prior period adjustment

The prior period adjustment represents the recognition of the unpaid element of the called up ordinary equity shares of £10 each. As a result of this called up share capital and debtors have increased by £9,168. There is no effect on the profit and loss account.

NOTES TO THE ACCOUNTS
Year ended 31 December 1995

11. RESERVES

	Gross £	Revaluation reserve Deferred tax £	Net £	Revenue reserves £	Other reserves £	Total reserves 1995 £	Total reserves 1994 £
At 1 January 1995	-	-	-	571,884	-	-	-
As previously reported	115,555	(21,419)	94,136	-	-	-	-
Prior period adjustment (see below)							
As restated	115,555	(21,419)	94,136	571,884	151,181	817,201	780,784
Surplus for the year retained	-	-	-	63,887	-	63,887	48,596
Surplus/(deficit) on revaluation of investments	81,102	(16,329)	64,773	-	-	64,773	(12,179)
At 31 December 1995	196,657	(37,748)	158,909	635,771	151,181	945,861	817,201

The prior period adjustment reflects the change in accounting policy for investments which are now valued at market value rather than cost as in previous years. The reason for the change is the adoption of Statutory Instrument No 3246 of the Companies Act 1985 (Insurance Companies Accounts) Regulations 1993. Corresponding amounts have been restated accordingly.

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 1995

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995	1994
	£	(as restated) £
Surplus for the financial year	63,887	48,596
Other recognised gains and losses for the year	64,773	(12,179)
	<hr/>	<hr/>
Net addition to shareholders' funds	128,660	36,417
Opening shareholders' funds		
As previously stated	723,568	674,972
Prior period adjustment	103,304	115,483
	<hr/>	<hr/>
As restated	826,872	790,455
	<hr/>	<hr/>
Closing shareholders' funds	955,532	826,872
	<hr/> <hr/>	<hr/> <hr/>

The prior period adjustment represents the effect of the following:

	1995	1994
	£	£
Recognition of the unpaid element of the called up share capital (see note 10)	9,168	9,168
Impact of the change in accounting policy for investments (see note 11)	94,136	106,315
	<hr/>	<hr/>
	103,304	115,483
	<hr/> <hr/>	<hr/> <hr/>

13. PROVISION FOR DEFERRED TAX

	Balance at 1 January 1995 (as restated) £	Charged to reserves £	Applied £	Balance at 31 December 1995 £
Deferred taxation at 25%	21,419	16,329	-	37,748
	<hr/>	<hr/>	<hr/>	<hr/>

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

	Provided 1995 £	Provided 1994 £	Not provided 1995 £	Not provided 1994 £
Surplus on revaluation	37,748	21,419	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 1995

14. CREDITORS

	1995	1994
	(£)	(as restated) (£)
Creditors arising out of direct insurance operations	12,907	764
Creditors arising out of reinsurance operations	66,512	63,036
Amounts owed to credit institutions	-	35,066
Other creditors including taxation and social security	23,428	20,531
	<u>102,847</u>	<u>119,397</u>

15. FINANCIAL COMMITMENTS

There were no capital commitments at the year end (1994 - Nil).