

**WELSH CALVINISTIC METHODIST
ASSURANCE TRUST LIMITED**

Report and Financial Statements

31 December 2000



**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

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 2000.

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 (1999 - 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	
	2000	1999
G Pritchard (resigned 16 May 2000)	10	10
D K Hughes (resigned 16 May 2000)	10	10
R M Edwards	10	10
H V Thomas	10	10
I Griffiths	10	10
A Davies	10	10
M Downs	-	-

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

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

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 pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 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 2000 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

4 June 2001

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

INCOME AND EXPENDITURE ACCOUNT

Year ended 31 December 2000

	Note	£	2000 £	£	1999 £
Technical Account - General Business					
Earned premiums					
Gross premiums written		247,227		249,321	
Outward reinsurance premiums		(176,775)		(178,423)	
			70,452		70,898
Change in the gross provision for unearned premiums			(1,363)		99
Earned premiums, net of reinsurance			69,089		70,997
Claims incurred					
Claims paid - gross		194,643		113,028	
- reinsurers' share		(185,052)		(108,486)	
Change in provision for claims outstanding and incurred but not reported		-		5,000	
			9,591		9,542
			59,498		61,455
Net operating expenses			56,412		52,876
Balance on Technical Account	4		3,086		8,579
Non-Technical Account					
Balance on technical account			3,086		8,579
Investment income	3		78,023		68,781
Unrealised gains on investments			88,578		199,904
Realised loss on investments			(424)		-
Operating surplus and surplus on ordinary activities before tax			169,263		277,264
Tax on surplus on ordinary activities	6		(29,533)		(51,037)
Surplus for the financial year	11		139,730		226,227

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 surplus for the year and for the previous year.

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

BALANCE SHEET

Year ended 31 December 2000

	Note	£	2000 £	1999 £
ASSETS				
Investments				
- shares	7	673,712	582,198	
- debt securities	7	21,738	35,099	
- deposits with credit institutions		932,727	1,014,959	
			1,628,177	1,632,256
Debtors				
Debtors arising out of direct insurance operations - policy holders		30,856	22,305	
Debtors arising out of reinsurance operations		239,412	152,478	
Called up share capital not paid		9,168	9,168	
			279,436	183,951
OTHER ASSETS				
Tangible assets	8	411	824	
Stocks	9	25	25	
Cash at bank and in hand		234,623	6,852	
			235,059	7,701
Prepayments and accrued income				
Accrued interest			11,875	6,781
			2,154,547	1,830,689
LIABILITIES				
Capital and reserves				
Called up share capital	10	9,671	9,671	
Reserves	11	1,651,192	1,511,462	
Total equity shareholders' funds	12		1,660,863	1,521,133
Technical provisions				
Provision for unearned premiums			46,004	44,641
Provision for claims outstanding			5,000	5,000
Provisions for other risks and charges				
Provisions for taxation	13		112,892	95,896
Creditors	14		322,393	156,855
Accruals and deferred income			7,395	7,164
			2,154,547	1,830,689

These financial statements were approved by the Board of Directors on 15.5.2001

Signed on behalf of the Board of Directors



- Director

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

CASH FLOW STATEMENT Year ended 31 December 2000

	Note	2000 £	1999 £
Net cash inflow from operating activities	15	147,228	19,345
Taxation		(11,689)	(17,201)
Capital expenditure	16	-	-
Increase in cash		<u>135,539</u>	<u>2,144</u>
CASH FLOWS WERE INVESTED AS FOLLOWS			
Increase in cash holdings	17	227,771	6,441
Net portfolio investment			
Deposits	16	(82,232)	(4,297)
Sale of investment		<u>(10,000)</u>	<u>-</u>
Net investment of cash flows		<u>135,539</u>	<u>2,144</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

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.

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 2000

1. ACCOUNTING POLICIES (continued)

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 £
2000				
Gross premiums written - Risks located in UK	215,288	19,434	12,505	247,227
Gross premiums earned	214,101	19,327	12,436	245,864
Gross claims incurred	188,553	-	6,091	194,644
Gross operating expenses	49,124	4,434	2,853	56,411
Gross technical result	(23,576)	14,893	3,492	(5,191)
Reinsurance balance	(37,592)	23,746	5,569	(8,277)
Net technical result	14,016	(8,853)	(2,077)	3,086
	Fire & other damage to property £	Third party liability £	Miscellan- eous £	Total £
1999				
Gross premiums written - Risks located in UK	218,900	18,510	11,911	249,321
Gross premiums earned	218,987	18,517	11,915	249,419
Gross claims incurred	112,303	-	5,724	118,027
Gross operating expenses	46,424	3,926	2,526	52,876
Gross technical result	60,260	14,591	3,665	78,516
Reinsurance balance	54,649	12,219	3,069	69,937
Net technical result	5,611	2,372	596	8,579

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 2000

3. INVESTMENT INCOME

	2000 £	1999 £
Income from other investments - Listed investments	19,116	19,558
Interest receivable	58,907	49,223
	<u>78,023</u>	<u>68,781</u>

4. TECHNICAL ACCOUNT - GENERAL BUSINESS

The surplus has been arrived at after charging the following items

	2000 £	1999 £
Depreciation	413	413
Auditor's remuneration	7,021	7,021
	<u>7,434</u>	<u>7,434</u>

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No remuneration was paid to the directors (1999 - Nil)

	2000 No	1999 No
Average number of persons employed		
Administration	<u>1</u>	<u>1</u>
	£	£
Staff costs during the year		
Salaries and Social Security costs	<u>15,270</u>	<u>14,486</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
United Kingdom corporation tax at 20% (1999 - 20.25%) based on the profit for the year	13,834	12,986
- deferred tax	16,996	39,293
Adjustments in respect of prior years		
- corporation tax	<u>(1,297)</u>	<u>(1,242)</u>
	<u>29,533</u>	<u>51,037</u>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

7. INVESTMENTS - SHARES AND DEBT SECURITIES

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

		2000 £	1999 £
Shares	- Listed	53,084	53,084
Debt securities	- Listed	18,706	28,306
		<u>71,790</u>	<u>81,390</u>

8. TANGIBLE FIXED ASSETS

	Equipment £	Office furniture £	Total
Cost			
At 1 January 2000 and 31 December 2000	<u>6,441</u>	<u>3,039</u>	<u>9,480</u>
Accumulated depreciation			
At 1 January 2000	5,617	3,039	8,656
Charge for the year	413	-	413
At 31 December 2000	<u>6,030</u>	<u>3,039</u>	<u>9,069</u>
Net book value			
At 31 December 2000	<u>411</u>	<u>-</u>	<u>411</u>
At 31 December 1999	<u>824</u>	<u>-</u>	<u>824</u>

9. STOCKS

	2000 £	1999 £
Consumables	<u>25</u>	<u>25</u>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

10. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised		
998 ordinary equity shares of £10 each	9,980	9,980
2 deferred ordinary equity shares of £10 each	20	20
	<u>10,000</u>	<u>10,000</u>
	2000 £	1999 £
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	<u>1</u>	<u>1</u>
	<u>9,671</u>	<u>9,671</u>

11. RESERVES

	Revenue Reserves 2000 £	Revenue Reserves 1999 £
At 1 January 2000	1,511,462	1,285,235
Transfer from revenue account	<u>139,730</u>	<u>226,227</u>
At 31 December 2000	<u>1,651,192</u>	<u>1,511,462</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Surplus for the financial year	<u>139,730</u>	<u>226,227</u>
Net addition to shareholders' funds	139,730	226,227
Opening shareholders' funds	<u>1,521,133</u>	<u>1,294,906</u>
Closing shareholders' funds	<u>1,660,863</u>	<u>1,521,133</u>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

13. PROVISION FOR DEFERRED TAX

	Balance at 1 January 2000 £	Debited against current year tax charge £	Applied £	Balance at 31 December 2000 £
Deferred taxation at 20%	95,896	16,996	-	112,892

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

	Provided 2000 £	Provided 1999 £	Not provided 2000 £	Not provided 1999 £
Unrealised appreciation on investments	112,892	95,896	-	-

14. CREDITORS

	2000 £	1999 £
Creditors arising out of direct insurance operations	192,029	76,443
Creditors arising out of reinsurance operations	60,603	58,842
Amounts owed to credit institutions	51,528	3,774
Other creditors including taxation and social security	18,233	17,796
	<u>322,393</u>	<u>156,855</u>

15. RECONCILIATION OF OPERATING SURPLUS TO OPERATING CASH FLOWS

	2000 £	1999 £
Operating surplus	169,263	277,264
Depreciation	413	413
Increase in debtors	(100,579)	(37,359)
Increase/(decrease) in creditors	164,921	(25,970)
Increase in technical provisions	1,364	4,901
Loss on disposal of investment	424	-
Unrealised gains on investments	(88,578)	(199,904)
	<u>147,228</u>	<u>19,345</u>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

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

	2000 £	1999 £
Capital expenditure and financial investment		
Payment to acquire tangible fixed assets	-	-
	<u> </u>	<u> </u>
Portfolio investments		
Decrease/(increase) in deposits	82,232	4,297
	<u> </u>	<u> </u>

17. MOVEMENT IN CASH, PORTFOLIO INVESTMENTS AND FINANCING

	1999 £	Cash flow	Changes to Market value	2000 £
Cash in bank and in hand	6,852	227,771	-	234,623
Shares	582,198	-	91,514	673,712
Debt securities	35,099	(10,000)	(3,361)	21,738
Deposits	1,014,959	(82,232)	-	932,727
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,639,108	135,539	88,153	1,862,800
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

18. FINANCIAL COMMITMENTS

There were no capital commitments at the year end (1999 - Nil).

19. RELATED PARTY TRANSACTIONS

During the year the company paid £11,730 (1999 £11,014) to A Dyson-Hughes & Co, a firm in which the company secretary is a partner, in respect of rental and management services.