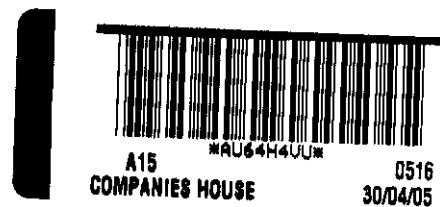


Company Registration No. 22285

**WELSH CALVINISTIC METHODIST
ASSURANCE TRUST LIMITED**

**Report and Financial Statements
31 December 2004**



WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

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WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H V Thomas
I Griffiths
A Davies
M Downs
J O Evans
M H Phillips
G Clwyd-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 2004.

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 (2003 - 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	
	2004	2003
H V Thomas	10	10
I Griffiths	10	10
A Davies	10	10
M Downs	10	10
J O Evans	10	10
M H Phillips	10	10

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

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

Secretary


3-3-2005

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

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 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 2004 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 to them 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

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 United Kingdom 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 and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

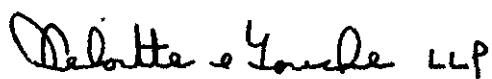
Basis of audit opinion

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 2004 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

 Deloitte & Touche LLP

7 March 2005

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Liverpool

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

INCOME AND EXPENDITURE ACCOUNT

Year ended 31 December 2004

	Note	£	2004 £	£	2003 £
Technical Account - General Business					
Earned premiums					
Gross premiums written	2	320,863		273,127	
Outward reinsurance premiums		<u>(308,194)</u>		<u>(264,656)</u>	
			12,669		8,471
Change in the provision for unearned premiums					
- Gross		(36,800)		(187)	
- Reinsurer's share		<u>24,947</u>		<u>(54)</u>	
			(11,853)		(241)
Earned premiums, net of reinsurance			816		8,230
Claims incurred					
Claims paid - gross	2	87,709		153,956	
- reinsurers' share		<u>(83,281)</u>		<u>(146,093)</u>	
			(4,428)		(7,863)
			(3,612)		367
Net operating expenses	4		<u>(35,151)</u>		<u>(26,596)</u>
Balance on Technical Account	2		<u>(38,763)</u>		<u>(26,229)</u>
Non-Technical Account					
Balance on technical account			(38,763)		(26,229)
Investment income	3		70,657		61,103
Unrealised gains on investments			<u>8,961</u>		<u>121,364</u>
Operating surplus and surplus on ordinary activities before tax			40,855		156,238
Tax on surplus on ordinary activities	6		<u>(2,080)</u>		<u>(24,766)</u>
Surplus for the financial year	11		<u>38,775</u>		<u>131,472</u>

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 current and prior year.

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

BALANCE SHEET


Year ended 31 December 2004

	Note	£	2004 £	£	2003 £
ASSETS					
Investments					
- shares	7	582,042		576,386	
- debt securities	7	21,467		18,162	
- deposits with credit institutions		1,476,149		1,341,726	
			2,079,658		1,936,274
Reinsurers share of technical provisions					
Provision for unearned premiums			155,571		130,624
Debtors					
Debtors arising out of direct insurance operations		21,573		34,061	
Debtors arising out of reinsurance operations		100,362		70,683	
Called up share capital not paid		9,168		9,168	
			131,103		113,912
OTHER ASSETS					
Tangible assets	8	818		1,228	
Stocks	9	25		25	
Cash at bank and in hand		1,262		2,294	
			2,105		3,547
Prepayments and accrued income					
Accrued interest			6,818		4,678
			<u>2,375,255</u>		<u>2,189,035</u>
LIABILITIES					
Capital and reserves					
Called up share capital	10	9,671		9,671	
Reserves	11	1,759,757		1,720,982	
Total equity shareholders' funds	12		1,769,428		1,730,653
Technical provisions					
Provision for unearned premiums			216,693		179,893
Provision for claims outstanding			5,000		5,000
Provisions for other risks and charges					
Provisions for taxation	13		91,422		90,560
Creditors	14		282,737		173,919
Accruals and deferred income			9,975		9,010
			<u>2,375,255</u>		<u>2,189,035</u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

M Downs - Director


03/03-2005

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

CASH FLOW STATEMENT **Year ended 31 December 2004**

	Note	2004 £	2003 £
Net cash inflow from operating activities	15	28,770	37,505
Taxation		(1,218)	(4,012)
Capital expenditure		<u>-</u>	<u>(1,638)</u>
Increase in cash		<u><u>27,552</u></u>	<u><u>31,855</u></u>
CASH FLOWS WERE INVESTED AS FOLLOWS			
Decrease in cash holdings	17	(1,032)	(32)
Net portfolio investments	16	<u>28,584</u>	<u>31,887</u>
Net investment of cash flows		<u><u>27,552</u></u>	<u><u>31,855</u></u>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

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 November 2003 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
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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 2004

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 £
2004				
Gross premiums written - Risks located in UK	279,584	25,580	15,699	320,863
Gross premiums earned	269,256	24,635	15,119	309,010
Gross claims incurred	(84,428)	-	(3,281)	(87,709)
Gross operating expenses	(30,629)	(2,802)	(1,720)	(35,151)
Gross technical result	154,199	21,833	10,118	186,150
Reinsurance balance	(186,309)	(26,379)	(12,225)	(224,913)
Net technical result	(32,110)	(4,546)	(2,107)	(38,763)
	Fire & other damage to property £	Third party liability £	Miscellan- eous £	Total £
2003				
Gross premiums written - Risks located in UK	236,790	22,511	13,827	273,127
Gross premiums earned	236,581	22,491	13,814	272,886
Gross claims incurred	(151,982)	-	(1,974)	(153,956)
Gross operating expenses	(23,058)	(2,192)	(1,346)	(26,596)
Gross technical result	61,541	20,299	10,494	92,334
Reinsurance balance	(79,023)	(26,065)	(13,475)	(118,563)
Net technical result	(17,482)	(5,766)	(2,981)	(26,229)

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 2004

3. INVESTMENT INCOME

	2004 £	2003 £
Income from other investments - Listed investments	25,462	24,427
Interest receivable	45,195	36,676
	<u>70,657</u>	<u>61,103</u>

4. NET OPERATING EXPENSES

	2004 £	2003 £
Administrative expenses	111,646	92,849
Reinsurance commissions	(76,495)	(66,253)
Net operating expenses	<u>35,151</u>	<u>26,596</u>

Administrative expenses include:

	2004 £	2003 £
Depreciation	410	410
Auditor's remuneration	10,000	9,000

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No remuneration was paid to the directors (2003 - Nil)

	2004 No	2003 No
Average number of persons employed		
Administration	<u>1</u>	<u>1</u>

		£
Staff costs during the year		
Salaries and Social Security costs	<u>17,647</u>	<u>19,393</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2004 £	2003 £
United Kingdom corporation tax at 19% (2003 - 19%) based on the profit for the year	1,218	2,114
Adjustments in respect of prior years	-	1,897
Deferred tax	<u>862</u>	<u>20,755</u>
	<u>2,080</u>	<u>24,766</u>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2004

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Reconciliation of tax charge

The tax assessed for the period is lower (2003: lower) than that resulting from applying the standard rate of corporation tax in the UK: 19% (2003 19%)

	2004 £	2003 £
The differences are explained below:		
Operating profit on ordinary activities before tax	40,855	156,238
Tax at 19% (2003: 19%) thereon:	(7,763)	(29,685)
Capital allowances in excess of depreciation	4	32
Unrealised gains on investment	1,703	23,059
Realised gain on disposal in excess of chargeable gains	-	71
UK Dividend income	4,838	4,409
Current tax charge for period	<u>(1,218)</u>	<u>(2,114)</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:

	2004 £	2003 £
Shares - Listed	53,084	53,084
Debt securities - Listed	18,706	18,706
	<u>71,790</u>	<u>71,790</u>

8. TANGIBLE FIXED ASSETS

	Equipment £	Total £
Cost or valuation		
At 1 January 2004	4,621	4,621
At 31 December 2004	<u>4,621</u>	<u>4,621</u>
Accumulated depreciation		
At 1 January 2004	3,393	3,393
Charge for the year	410	410
At 31 December 2004	<u>3,803</u>	<u>3,803</u>
Net book value		
At 31 December 2004	<u>818</u>	<u>818</u>
At 31 December 2003	<u>1,228</u>	<u>1,228</u>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2004

9. STOCKS

	2004 £	2003 £
Consumables	25	25

10. CALLED UP SHARE CAPITAL

	2004 £	2003 £
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>

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

	2004 £	2003 £
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>9,671</u>	<u>9,671</u>

11. RESERVES

	Revenue Reserves 2004 £	Revenue Reserves 2003 £
At 1 January 2004	1,720,982	1,589,510
Transfer from revenue account	38,775	131,472
At 31 December 2004	<u>1,759,757</u>	<u>1,720,982</u>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Surplus for the financial year	38,775	131,472
Net increase to shareholders' funds	38,775	131,472
Opening shareholders' funds	1,730,653	1,599,181
Closing shareholders' funds	<u>1,769,428</u>	<u>1,730,653</u>

13. PROVISION FOR DEFERRED TAX

	Balance at 1 January 2004 £	Movement in deferred tax £	Balance at 31 December 2004 £
Deferred taxation at 19%	90,560	862	<u>91,422</u>

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

	Provided 2004 £	Provided 2003 £	Not provided 2004 £	Not provided 2003 £
Unrealised appreciation on investments	<u>91,422</u>	<u>90,560</u>	<u>-</u>	<u>-</u>

14. CREDITORS

	2004 £	2003 £
Creditors arising out of direct insurance operations	81,004	62,093
Creditors arising out of reinsurance operations	85,165	105,626
Amounts owed to credit institutions	106,461	622
Other creditors including taxation and social security	10,107	5,578
	<u>282,737</u>	<u>173,919</u>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

15. RECONCILIATION OF OPERATING SURPLUS TO OPERATING CASH FLOWS

	2004 £	2003 £
Operating surplus	40,855	156,238
Depreciation	410	410
(Increase)/decrease in debtors	(19,331)	79,804
Increase/(decrease) in creditors	3,944	(77,824)
Increase in technical provisions	11,853	241
Unrealised gains on investments	(8,961)	(121,364)
	<u>28,770</u>	<u>37,505</u>

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

	2004 £	2003 £
Portfolio investments		
Increase in deposits	134,423	31,887
Amounts owed to credit institutions	(105,839)	-
	<u>28,584</u>	<u>31,887</u>

17. MOVEMENT IN CASH, PORTFOLIO INVESTMENTS AND FINANCING

	2003 £	Cash flow £	Changes to market value £	2004 £
Cash in bank and in hand	2,294	(1,032)	-	1,262
Amounts owed to credit institutions	(622)	(105,839)	-	(106,461)
Shares	576,386	-	5,656	582,042
Debt securities	18,162	-	3,305	21,467
Deposits	1,341,726	134,423	-	1,476,149
	<u>1,937,946</u>	<u>27,552</u>	<u>8,961</u>	<u>1,974,459</u>

18. FINANCIAL COMMITMENTS

There were no capital commitments at the year end (2003 - Nil).

19. RELATED PARTY TRANSACTIONS

During the year the company paid £13,500 (2003 - £16,878) to A Dyson-Hughes & Co, a firm in which the company secretary is a partner, in respect of rental and management services.