

**WELSH CALVINISTIC METHODIST
ASSURANCE TRUST LIMITED**

Report and Financial Statements

31 December 2003



A08
COMPANIES HOUSE

ALL02TCN

0421
12/03/04

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Income and expenditure	5
Balance sheet	6
Cash flow statement	7
<i>Notes to the accounts</i>	8

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 (appointed 18 March 2003)

SECRETARY

B Hughes (appointed 18 March 2003)
A Yendle (resigned 18 March 2003)

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 2003.

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 (2002 - 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.

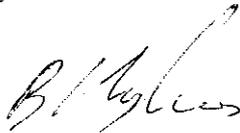
The interest of the directors holding office during the year were as follows:

	Ordinary shares of £10 each	
	2003	2002
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

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company has given its consent to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. 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

21/8/2004

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 2003 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 2003 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Liverpool

10 March 2004

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

INCOME AND EXPENDITURE ACCOUNT

Year ended 31 December 2003

	Note	£	2003 £	£	2002 £
Technical Account - General Business					
Earned premiums					
Gross premiums written	2	273,127		268,783	
Outward reinsurance premiums		<u>(264,656)</u>		<u>(260,162)</u>	
			8,471		8,621
Change in the provision for unearned premiums					
- Gross		(187)		(17,168)	
- Reinsurer's share		<u>(54)</u>		<u>14,144</u>	
			<u>(241)</u>		<u>(3,024)</u>
Earned premiums, net of reinsurance			8,230		5,597
Claims incurred					
Claims paid - gross	2	153,956		200,936	
- reinsurers' share		<u>(146,093)</u>		<u>(192,293)</u>	
			<u>(7,863)</u>		<u>(8,643)</u>
			367		(3,046)
Net operating expenses	4		<u>(26,596)</u>		<u>(4,623)</u>
Balance on Technical Account	2		<u>(26,229)</u>		<u>(7,669)</u>
Non-Technical Account					
Balance on technical account			(26,229)		(7,669)
Investment income	3		61,103		62,307
Unrealised gains/(losses) on investments			121,364		(90,915)
Realised loss on investments			<u>-</u>		<u>(374)</u>
Operating surplus/(deficit) and surplus/(deficit) on ordinary activities before tax			156,238		(36,651)
Tax on surplus/(deficit) on ordinary activities	6		<u>(24,766)</u>		<u>12,499</u>
Surplus/(deficit) for the financial year	11		<u>131,472</u>		<u>(24,152)</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/(deficit) for the current and prior year.

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

BALANCE SHEET
Year ended 31 December 2003

	Note	£	2003 £	2002 £
ASSETS				
Investments - shares	7	576,386	456,640	
- debt securities	7	18,162	16,544	
- deposits with credit institutions		<u>1,341,726</u>	<u>1,309,839</u>	
			1,936,274	1,783,023
Reinsurers share of technical provisions				
Provision for unearned premiums			130,624	130,678
Debtors				
Debtors arising out of direct insurance operations - policy holders		34,061	28,998	
Debtors arising out of reinsurance operations		70,683	154,402	
Called up share capital not paid		<u>9,168</u>	<u>9,168</u>	
			113,912	192,568
OTHER ASSETS				
Tangible assets	8	1,228	-	
Stocks	9	25	25	
Cash at bank and in hand		<u>2,294</u>	<u>2,326</u>	
			3,547	2,351
Prepayments and accrued income				
Accrued interest			<u>4,678</u>	<u>5,826</u>
			<u>2,189,035</u>	<u>2,114,446</u>
LIABILITIES				
Capital and reserves				
Called up share capital	10	9,671	9,671	
Reserves	11	<u>1,720,982</u>	<u>1,589,510</u>	
Total equity shareholders' funds	12		1,730,653	1,599,181
Technical provisions				
Provision for unearned premiums			179,893	179,706
Provision for claims outstanding			5,000	5,000
Provisions for other risks and charges				
Provisions for taxation	13		90,560	69,806
Creditors	14		173,919	251,908
Accruals and deferred income			<u>9,010</u>	<u>8,845</u>
			<u>2,189,035</u>	<u>2,114,446</u>

These financial statements were approved by the Board of Directors on *2nd March 2004*

Signed on behalf of the Board of Directors



- Director

02/03. 2004

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

CASH FLOW STATEMENT
Year ended 31 December 2003

	Note	2003	2002
		£	£
Net cash inflow from operating activities	15	37,505	71,238
Taxation		(4,012)	(6,513)
Capital expenditure		<u>(1,638)</u>	<u>-</u>
Increase in cash		<u><u>31,855</u></u>	<u><u>64,725</u></u>
CASH FLOWS WERE INVESTED AS FOLLOWS			
(Decrease)/increase in cash holdings	17	(32)	1,316
Net portfolio investment			
Deposits	16	31,887	73,394
Sale of investment		<u>-</u>	<u>(9,985)</u>
Net investment of cash flows		<u><u>31,855</u></u>	<u><u>64,725</u></u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

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.

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 2003

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 £
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)
	Fire & other damage to property £	Third party liability £	Miscellan- eous £	Total £
2002				
Gross premiums written - Risks located in UK	233,570	21,426	13,787	268,783
Gross premiums earned	230,942	21,185	13,632	265,759
Gross claims incurred	(197,075)	-	(3,861)	(200,936)
Gross operating expenses	(4,017)	(369)	(237)	(4,623)
Gross technical result	29,850	20,816	9,534	60,200
Reinsurance balance	(33,653)	(23,468)	(10,748)	(67,869)
Net technical result	(3,803)	(2,652)	(1,214)	(7,669)

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 2003

3. INVESTMENT INCOME

	2003	2002
	£	£
Income from other investments - Listed investments	24,427	23,602
Interest receivable	36,676	38,705
	<u>61,103</u>	<u>62,307</u>

4. NET OPERATING EXPENSES

	2003	2002
	£	£
Administrative expenses	92,849	69,664
Reinsurance commissions	(66,253)	(65,041)
	<u>26,596</u>	<u>4,623</u>

Administrative expenses include:

	2003	2002
	£	£
Depreciation	410	-
Auditor's remuneration	9,000	8,257
	<u>9,410</u>	<u>8,257</u>

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No remuneration was paid to the directors (2002 - Nil)

	2003	2002
	No	No
Average number of persons employed		
Administration	1	1
	<u>1</u>	<u>1</u>

Staff costs during the year

	2003	2002
	£	£
Salaries and Social Security costs	19,393	17,091
	<u>19,393</u>	<u>17,091</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003	2002
	£	£
United Kingdom corporation tax at 19% (2002 - 19%) based on the profit for the year	2,115	6,513
Adjustments in respect of prior years	1,897	-
Deferred tax	20,754	(19,012)
	<u>24,766</u>	<u>(12,499)</u>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Reconciliation of tax charge

The tax assessed for the period is higher/lower than that resulting from applying the standard rate of corporation tax in the UK: 19% (2002 19%)

	2003	2002
	£	£
The differences are explained below:		
Operating profit and (deficit) on ordinary activities before tax	156,238	(36,651)
Tax at 19% (2002 19%) thereon:	(29,685)	6,964
Capital allowances in excess of depreciation	32	40
Unrealised gains/(losses) on investment	23,059	(17,930)
Realised gain/(loss) on disposal in excess of chargeable gains	71	(71)
UK Dividend income	4,409	4,484
	<u>(2,114)</u>	<u>(6,513)</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:

	2003	2002
	£	£
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	Office furniture	Total
	£	£	
Cost or valuation			
At 1 January 2003	6,441	3,039	9,480
Additions	1,638	-	1,638
Disposals	(3,458)	(3,039)	(6,497)
	<u>4,621</u>	<u>-</u>	<u>4,621</u>
At 31 December 2003			
At 1 January 2003	6,441	3,039	9,480
Charge for the year	410	-	410
Disposals	(3,458)	(3,039)	(6,497)
	<u>3,393</u>	<u>-</u>	<u>3,393</u>
At 31 December 2003			
At 31 December 2003	<u>1,228</u>	<u>-</u>	<u>1,228</u>
At 31 December 2002	<u>-</u>	<u>-</u>	<u>-</u>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

9. STOCKS

	2003	2002
	£	£
Consumables	25	25
	<u>25</u>	<u>25</u>

10. CALLED UP SHARE CAPITAL

	2003	2002
	£	£
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.

	2003	2002
	£	£
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 2003	Revenue Reserves 2002
	£	£
At 1 January	1,589,510	1,613,662
Transfer from revenue account	131,472	(24,152)
At 31 December	<u>1,720,982</u>	<u>1,589,510</u>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Surplus/(deficit) for the financial year	131,472	(24,152)
Net increase/(reduction) to shareholders' funds	131,472	(24,152)
Opening shareholders' funds	1,599,181	1,623,333
Closing shareholders' funds	1,730,653	1,599,181

13. PROVISION FOR DEFERRED TAX

	Balance at 1 January 2003 £	Movement in deferred tax £	Balance at 31 December 2003 £
Deferred taxation at 19%	69,806	20,754	90,560

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

	Provided 2003 £	Provided 2002 £	Not provided 2003 £	Not provided 2002 £
Unrealised appreciation on investments	90,560	69,806	-	-

14. CREDITORS

	2003 £	2002 £
Creditors arising out of direct insurance operations	62,093	87,737
Creditors arising out of reinsurance operations	105,626	105,596
Amounts owed to credit institutions	622	46,603
Other creditors including taxation and social security	5,578	11,972
	<u>173,919</u>	<u>251,908</u>

WELSH CALVINISTIC METHODIST ASSURANCE TRUST LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

15. RECONCILIATION OF OPERATING SURPLUS TO OPERATING CASH FLOWS

	2003	2002
	£	£
Operating surplus/(deficit)	156,238	(36,651)
Depreciation	410	-
Decrease/(increase) in debtors	79,804	(60,371)
(Decrease)/increase in creditors	(77,824)	73,947
Increase in technical provisions	241	3,024
Loss on disposal of investment	-	374
Unrealised (gains)/losses on investments	(121,364)	90,915
	<u>37,505</u>	<u>71,238</u>

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

	2003	2002
	£	£
Portfolio investments		
Increase in deposits	<u>31,887</u>	<u>73,394</u>

17. MOVEMENT IN CASH, PORTFOLIO INVESTMENTS AND FINANCING

	2002		Changes to		2003
	£	Cash flow	Market	value	£
Cash in bank and in hand	2,326	(32)	-		2,294
Shares	456,640	-	119,746		576,386
Debt securities	16,544	-	1,618		18,162
Deposits	<u>1,309,839</u>	<u>31,887</u>	<u>-</u>		<u>1,341,726</u>
	<u>1,785,349</u>	<u>31,855</u>	<u>121,364</u>		<u>1,938,568</u>

18. FINANCIAL COMMITMENTS

There were no capital commitments at the year end (2002 - Nil).

19. RELATED PARTY TRANSACTIONS

During the year the company paid £16,878 (2002 - £13,700) to A Dyson-Hughes & Co, a firm in which the company secretary is a partner, in respect of rental and management services.