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ALLCHURCHES TRUST LIMITED

REPORT AND ACCOUNTS  
YEAR ENDED 31 DECEMBER 1994



# Report and Accounts 31 December 1994

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# Directors

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**Directors** C. A. McLintock CA (Chairman)  
The Rt. Hon. the Viscount Churchill MA  
M. R. Cornwall-Jones MA, ACIS  
The Very Revd. T. E. Evans MA the Dean of St Paul's  
The Rt. Revd. D. G. Snelgrove TD, MA

**Registered Office** Beaufort House,  
Brunswick Road,  
Gloucester,  
GL1 1JZ  
Tel : 01452 528533

**Company Registration  
Number** 1043742

**Charity Registration  
Number** 263960

**Auditors** Binder Hamlyn,  
20 Old Bailey,  
London,  
EC4M 7BH

# Directors' Report and Review

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The directors present their report and review together with the audited accounts for the year ended 31 December 1994.

Allchurches Trust Limited is a company limited by guarantee not having a share capital and is a registered charity formed to promote the Christian Religion and contribute to the funds of charitable institutions.

## Principal activities

The principal activities of the trading subsidiaries throughout and at the end of the year remain the transaction of most forms of general and long term insurance in the United Kingdom and overseas and the provision of other financial services.

A list of the company's subsidiary and associated undertakings is given on page 22.

## Results and review

The income and charitable distributions of the Trust are shown in its profit and loss account on page 8.

The general insurance business achieved record results with underwriting profits returned from both United Kingdom and international markets, the former for the third successive year.

Long term insurance suffered from the adverse influences affecting the entire life and pensions market and in particular the controversy surrounding pension transfer business. The group has made full and complete provision for compensation payments.

Investments in the fixed interest and equity markets ended the year substantially below their best levels. However, our investment trust subsidiary, St Andrew Trust, and our main in-house portfolios outperformed their benchmarks.

## Distributions

During the course of the year charitable distributions amounting to £1.7million were paid by the company. During the last five years a total of £7.0 million has been provided by group companies for church and charitable purposes.

It is the company's policy not to make donations for political purposes.

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year in which the balance sheet and profit and loss account of the parent company gives a true and fair view of the state of its affairs and complies with the Companies Act 1985 and financial statements of the group which comply with the provisions of the Companies Act 1985 applicable to insurance companies. In preparing those financial statements, the directors are required to :

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent;
- (iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (iv) 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 ensuring that proper accounting records are kept which disclose with reasonable accuracy, at any time, the financial position of the company and the group and enable them to ensure that the financial statements comply with the relevant provisions of 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.

## Directors

The names of the directors of the company at the date of this report appear on page 2.

In accordance with the articles of association

The Very Revd. T. E. Evans and the

Rt. Revd. D. G. Snelgrove retire by rotation

and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Rt. Hon. the Viscount Churchill was appointed a director on 30 June 1994. In accordance with the articles of association he retired and was re-elected at the annual general meeting held on 28 July 1994.

A statement of directors' interests appears on page 21.

# Directors' Report and Review

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## Directors' and Officers' Liability Insurance Policy

The company has maintained cover for its directors and certain officers, and those of its subsidiary undertakings.

## Employees

The company has no direct employees.

The average number of persons employed in the United Kingdom each week by its subsidiaries was 704 (673) and their aggregate remuneration was £11,427,000 (£10,134,000).

It is the group's policy to employ disabled persons on its standard terms of employment having regard to their particular aptitudes and abilities. Where possible, employment of persons who become disabled is continued and the necessary retraining provided to allow continuing service with the company. Opportunities for training and career development are available to all staff.

The group recognises the importance of employee communication and aims to keep employees informed about its affairs. Regular meetings are held and discussion encouraged.

Under the procedural agreement with the recognised trade union, meetings are held on topics raised by either party.

## Auditors

From 1 October 1994 our auditors, BDO Binder Hamlyn, have practised in the name of Binder Hamlyn and they have signed their audit report in their new name. In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Binder Hamlyn be re-appointed as auditors of the company will be put to the annual general meeting.

On behalf of the board

C. A. McLintock, Chairman

M. R. Cornwall-Jones, Director

30 June 1995

*Cornwall*

*M.R. Cornwall-Jones*

# Auditors' Report

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**To the members of Allchurches Trust Limited**

We have audited the financial statements on pages 6 to 22 which have been prepared on the basis of the accounting policies set out on pages 6 and 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 of the parent company gives a true and fair view of the state of affairs of the company at 31 December 1994 and the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and the financial statements of the group have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to insurance companies.



Binder Hamlyn  
*Chartered Accountants*  
*Registered Auditors*

20 Old Bailey  
London  
EC4M 7BH

30 June 1995

# Accounting Policies

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## **a Change in accounting policy**

### **Claims discounting**

The accounting policy for providing for outstanding claims has been changed from a discounted to a non-discounted basis. The change has been dealt with as a prior year adjustment.

## **b Accounting and disclosure requirements**

The accounts of the group are drawn up in accordance with Section 255A and Schedule 9A of the Companies Act 1985. The accounts of the parent company are drawn up in accordance with Section 226 and Schedule 4 of the Companies Act 1985. The accounting policies continue to reflect United Kingdom Statements of Standard Accounting Practice and Financial Reporting Standards appropriate to an insurance company.

## **c Basis of consolidation**

The assets, liabilities and results of subsidiaries and the share of results of the associated undertaking are included in the consolidated accounts on the basis of accounts made up to 31 December.

Investments in subsidiary and associated undertakings are stated at the lower of net asset value or directors' valuation.

## **d Exchange rates**

Foreign currency revenue transactions and assets, liabilities and reserves are translated at rates of exchange ruling at the balance sheet date except for certain revenue transactions which are translated at the actual rate obtained on exchanging each currency for sterling. Surpluses and deficits arising from the translation at those rates of exchange of the branch current accounts are taken directly to non-distributable reserves as being outside the company's normal trading activities. Exchange profits and losses which arise from normal trading activities are taken to distributable reserves.

## **e Insurance funds**

Unearned premiums represent the proportion of general business premiums written in the year which relate to cover provided thereafter. An allowance is made for deferred acquisition costs according to the class of business. In addition to unearned premiums, when considered necessary, amounts are set aside for unexpired risks to meet future claims on business in force at the end of the year.

Outstanding claims are calculated by reference to individual cases and include amounts for claims incurred but not reported, an allowance for claims handling expenses and the balances of the 'open year' accounts for London Market and inwards reinsurance business.

A claims equalisation reserve has been set up to offset any technical deficit or above average claims ratio arising in any class of business.

## **f Value of long term insurance business**

This item represents the amount which the directors consider to be a prudent value of the group's long term insurance business. The same amount is credited to long term insurance business reserve.

## **g Investment income and return**

In the consolidated profit and loss account investment income, comprising dividends, interest and rent, is stated after charging investment expenses and is credited in the year in which received.

Income from fixed interest securities of an investment trust subsidiary is accounted for under the provisions of the Accrued Income Scheme.

In the long term insurance revenue account investment return comprising net realised gains, dividends, interest and rent is stated after charging investment expenses and is credited in the year in which received.

Dividends from subsidiary undertakings are dealt with on an accruals basis.

## **h Pensions**

Pension costs are charged so as to spread the long term cost over the expected service lives of employees.

## **i Premiums written**

Net written premiums comprise gross direct business and reinsurance accepted (on determined years) after taking into account reinsurance ceded and portfolio transfers.

## **j Reinsurance accepted and London Market operations**

London Market and certain other reinsurance which, due to the nature of the business, is subject to delayed receipt of accounts, is carried forward in an 'open year' fund until fully reported. It is included in outstanding claims in the balance sheet. Where appropriate this is closed at the end of the second or third year of account following the year of account to which that business relates.

## **k Fixed assets and depreciation**

Capital expenditure on premises, computer equipment, motor vehicles, furniture and office equipment is capitalised and depreciated over the estimated useful lives of the assets. Land is not depreciated.

# Accounting Policies

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## **l Leasing commitments**

Assets obtained under lease purchase contracts are capitalised as tangible fixed assets and are depreciated over the period of the lease.

Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The interest element of the lease payments is charged to the profit and loss account over the period of the lease.

## **m Revaluation and other reserves**

This comprises surpluses on revaluation of investments and gains less losses on movements in exchange, together with non-distributable realised gains and losses of an investment trust subsidiary.

## **n Taxation**

UK and overseas taxation charged in the consolidated profit and loss and long term insurance revenue accounts is based on profits and income of the year as determined in accordance with the relevant tax legislation. Provision is not made for tax payable on unrealised appreciation of investments at the balance sheet date.

Deferred tax is calculated on the liability method and consists of the estimated relief which is expected to arise in the foreseeable future from material timing differences.

## **o Goodwill**

Goodwill arising on the acquisition of subsidiary and associated undertakings is written off directly to reserves.



# Parent Company Profit and Loss Account

for the year ended 31 December 1994

	1994 £000	1993 £000
<b>Income</b>		
Gift aid from a subsidiary undertaking	2,000	2,000
Deposit interest	86	52
	<u>2,086</u>	<u>2,052</u>
<b>Expenditure</b>		
Charitable distributions	1,711	1,455
Expenses	4	8
	<u>1,715</u>	<u>1,463</u>
Profit on ordinary activities	371	589
Balance brought forward	1,679	1,090
Balance carried forward	<u><u>2,050</u></u>	<u><u>1,679</u></u>

# Consolidated Profit and Loss Account

for the year ended 31 December 1994

	Notes	1994 £000	1993 £000
Investment income	5	10,997	9,779
Realised investment gains	5	899	2,038
Underwriting result	2	4,946	2,801
Other operations	3	324	180
<b>Operating profit</b>		<b>17,166</b>	<b>14,798</b>
Transfer to non mutual long term funds		(2,400)	-
		<b>14,766</b>	<b>14,798</b>
Debenture interest		780	780
Profit on ordinary activities before taxation		13,986	14,018
Taxation	6	3,240	3,601
Profit on ordinary activities after taxation		10,746	10,417
Minority interests	9	1,677	1,634
Profit for the financial year		9,069	8,783
Charitable grants		1,711	1,455
Retained profit for the financial year	7	7,358	7,328

*Non-equity interests included in minority interests are disclosed in note 9 to the accounts.*

# Statement of Total Recognised Gains and Losses

for the year ended 31 December 1994

	1994 £000	1993 £000
Profit for the financial year	9,069	8,783
Discount on acquisition of shares in a subsidiary undertaking	43	1,089
Unrealised (deficit)/surplus on revaluation of investments	(14,445)	15,369
Realised investment gains of an investment trust subsidiary	3,300	3,399
Revaluation of long term insurance business	1,000	(1,500)
Currency translation differences	(981)	(261)
<b>Total recognised gains and losses for the financial year</b>	<b>(2,014)</b>	<b>26,879</b>

*The cumulative effect of the prior year adjustment, disclosed in note 7 to the accounts, is to reduce retained profits by £1,096,000 and to increase profits for the preceding period by £63,000.*

# Consolidated Balance Sheet

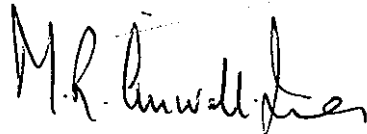
at 31 December 1994

	Notes	1994 £000	1993 £000
<b>Reserves</b>			
Long term insurance business reserve		6,000	5,000
Revaluation and other reserves		37,676	48,833
General reserve		10,000	10,000
Retained profits		17,809	11,377
	7	71,485	75,210
<b>Minority interests</b>	9	54,340	56,439
<b>Insurance funds</b>	10	121,815	104,254
<b>Other liabilities</b>	12		
due within one year		30,133	27,951
due after more than one year		33,285	21,257
		63,418	49,208
<b>Long term insurance accounts</b> (see separate balance sheet on page 11)		258,857	271,255
		569,915	556,366
<b>Investments</b>	13	206,155	195,013
<b>Associated undertakings</b>	17	4,902	3,211
<b>Fixed assets</b>		6,327	7,644
<b>Value of long term insurance business</b>		6,000	5,000
<b>Other assets</b>	12	87,674	74,243
<b>Long term insurance accounts</b> (see separate balance sheet on page 11)		258,857	271,255
		569,915	556,366

*Non-equity interests included in minority interests are disclosed in note 9 to the accounts.*

# Parent Company Balance Sheet

at 31 December 1994		1994 £000	1993 £000
	Notes		
<b>Fixed assets</b>			
Investments:			
Shares in group undertakings	17	69,485	73,581
<b>Current assets</b>	12	2,006	1,633
<b>Creditors</b>			
Amounts falling due within one year	12	6	4
<b>Net current assets</b>		2,000	1,629
<b>Net assets</b>		71,485	75,210
Represented by:			
<b>Reserves</b>	7		
Revaluation and other reserves		69,435	73,531
Retained profits		2,050	1,679
		71,485	75,210

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C. A. McLINTOCK }  
 } Directors  
 M. R. CORNWALL-JONES }

# Long Term Business Balance Sheet

at 31 December 1994		1994 £000	1993 £000
	Notes		
<b>Long term insurance funds and reserves</b>	10	255,578	268,648
<b>Other liabilities</b>	12	3,279	2,607
		258,857	271,255
<b>Investments</b>	13	249,897	263,185
<b>Fixed assets</b>		1,313	1,088
<b>Other assets</b>	12	7,647	6,982
		258,857	271,255

# Cash Flow Statement

for the year ended 31 December 1994 (excluding long term insurance business)

	Notes	1994 £000	1993 £000
Net cash inflow from operating activities	(a)	31,792	23,165
<b>Servicing of finance</b>			
Charitable grants paid		(1,710)	(1,455)
Dividends paid to minority shareholders		(1,606)	(1,824)
Lease purchase interest paid		(103)	(84)
Loan interest paid		(1,719)	(1,702)
Net cash outflow from servicing of finance		(5,138)	(5,065)
Taxation		(2,437)	1,104
<b>Investing activities</b>			
Purchases of liquid investments		(68,641)	(80,440)
Sales of liquid investments		43,055	67,709
Purchases of tangible fixed assets		(587)	(310)
Sales of tangible fixed assets		8	109
Purchase of an investment trust subsidiary	(e)	—	(6,152)
Reduction in minority interests		(77)	(133)
Net cash outflow from investing activities		(26,242)	(19,217)
Net cash outflow before financing		(2,025)	(13)
<b>Financing activities</b>			
Increase in borrowings		12,100	2,600
Capital element of lease purchase rental payments		(247)	(215)
Net cash inflow from financing		11,853	2,385
Increase in cash and cash equivalents	(b)	9,828	2,372

The notes on page 13 are an integral part of the cash flow statement.

# Notes to the Cash Flow Statement

## (a) Reconciliation of operating profit to net cash inflow from operating activities

	1994	1993
	£000	£000
Operating profit	17,166	14,798
Depreciation	1,453	1,337
Realised investment gains	(899)	(2,038)
(Loss)/profit on sale of tangible fixed assets	616	(71)
Increase in insurance funds and net outstanding claims	17,561	10,966
Tax on franked investment income	(1,063)	(549)
Movements in debtors less creditors	(4,230)	(2,427)
Losses retained in associated undertaking	146	143
Lease purchase interest payable	103	84
Loan interest payable	939	922
	<u>31,792</u>	<u>23,165</u>

## (b) Analysis of changes in cash and cash equivalents and other liquid investments during the year

	Cash and Other Liquid		
	Cash Equivalents	Investments	Total
	£000	£000	£000
Balance 1 January 1994	40,016	198,224	238,240
Net cash inflow	9,828	—	9,828
Purchases of investments excluding cash deposits	—	68,641	68,641
Sales of investments excluding cash deposits	—	(43,055)	(43,055)
Changes in market values and other non-cash items	—	(11,556)	(11,556)
Movements on exchange	216	(1,197)	(981)
Balance 31 December 1994	<u>50,060</u>	<u>211,057</u>	<u>261,117</u>

## (c) Analysis of the balances of cash and cash equivalents and other liquid investments as shown in the balance sheet

	1994	1993	Change
	£000	£000	in year
	£000	£000	£000
Cash at bank	50,118	40,043	10,075
Bank overdraft	(58)	(27)	(31)
	<u>50,060</u>	<u>40,016</u>	<u>10,044</u>
Other liquid investments	211,057	198,224	12,833
	<u>261,117</u>	<u>238,240</u>	<u>22,877</u>

## (d) Analysis of changes in financing during the year

	1994	1993
	£000	£000
<i>Loans and lease contracts</i>		
Balance 1 January 1994	21,516	18,517
Cash inflow from financing	11,853	2,385
Inception of lease contracts	173	614
Balance 31 December 1994	<u>33,542</u>	<u>21,516</u>

## (e) Analysis of the net outflow of cash and cash equivalents in respect of the purchase of an investment trust subsidiary.

	1993
	£000
Cash consideration	13,719
Cash at bank and in hand acquired	(7,567)
Net outflow of cash and cash equivalents	<u>6,152</u>

# Notes to the Accounts

## 1 Exchange rates

The principal rates of exchange used for translation are:

	1994	1993
United States of America	US\$1.56	US\$1.48
Canada	C\$2.19	C\$1.96
Republic of Ireland	IR£1.01	IR£1.05

## 2 Insurance subsidiaries: underwriting results

### (a) General insurance

	1994 £000	1993 £000
Gross written premiums	165,174	152,444
Less: Reinsurance	61,820	53,387
Net written premiums	103,354	99,057
Increase in unearned premiums	2,246	5,359
Net earned premiums	101,108	93,698
Claims incurred	66,624	62,288
Expenses and commission	29,538	28,609
	96,162	90,897
Underwriting result	4,946	2,801

### (b) Long term insurance

Gross written premiums	17,636	23,191
Less: Reassurance	302	315
Net written premiums	17,334	22,876
Investment return	16,426	19,229
	33,760	42,105
Claims and surrenders	10,709	10,795
Annuities	17,999	17,165
Expenses and commission	2,980	3,038
Taxation	742	387
	32,430	31,385
Excess of income over expenditure	1,330	10,720
Transfer (to)/from revaluation reserve	(1,710)	13,153
Transfer from consolidated profit and loss account	2,400	-
Funds at beginning of year	221,285	197,412
Funds at end of year	223,305	221,285

## 3 Other operations

	1994 £000	1993 £000
Unit trust management	81	27
Underwriting management	46	34
Churches purchasing scheme	5	22
Mortgage lending	192	97
	324	180

# Notes to the Accounts

4 Segmental analysis	1994	1993
	£000	£000
(a) Class of business		
Turnover		
General business	165,174	152,444
Long term business	17,636	23,191
	<u>182,810</u>	<u>175,635</u>
Profit/(loss) before taxation		
General business and subsidiary undertakings	17,639	15,298
Transfer to non mutual long term fund	(2,400)	-
Associated undertaking	(146)	(143)
Central financing	(1,107)	(1,137)
	<u>13,986</u>	<u>14,018</u>
Net assets		
General business and subsidiary undertakings	81,583	77,999
Long term business reserve	6,000	5,000
Associated undertaking	4,902	3,211
Central financing	(21,000)	(11,000)
	<u>71,485</u>	<u>75,210</u>

## (b) Geographical turnover

The tables have been compiled on the basis of location of office.

Turnover		
United Kingdom	168,539	164,274
Canada	11,282	9,368
Other overseas	2,989	1,993
	<u>182,810</u>	<u>175,635</u>
Profit/(loss) before taxation		
United Kingdom	12,931	12,833
Canada	850	1,203
Other overseas	205	(18)
	<u>13,986</u>	<u>14,018</u>
Net assets		
United Kingdom	63,626	67,045
Canada	7,449	7,857
Other overseas	410	308
	<u>71,485</u>	<u>75,210</u>



# Notes to the Accounts

## 5 Investment income and return

	Long Term Business				General Business	
	Mutual		Non Mutual			
	1994 £000	1993 £000	1994 £000	1993 £000	1994 £000	1993 £000
Investment income	7,752	7,719	8,320	8,551	11,808	10,481
Associated undertakings	—	—	—	—	—	2
Expenses	(290)	(271)	(73)	(57)	(811)	(704)
	<u>7,462</u>	<u>7,448</u>	<u>8,247</u>	<u>8,494</u>	<u>10,997</u>	<u>9,779</u>
Realised investment gains	666	2,037	51	1,250	899	2,038
	<u>8,128</u>	<u>9,485</u>	<u>8,298</u>	<u>9,744</u>	<u>11,896</u>	<u>11,817</u>

## 6 Taxation

The charges for the year and any adjustments for prior years are:

	Long Term Business				General Business	
	Mutual		Non Mutual			
	1994 £000	1993 £000	1994 £000	1993 £000	1994 £000	1993 £000
UK corporation tax	165	—	—	—	2,572	3,107
Less relief for overseas taxation	14	20	—	—	386	336
	<u>151</u>	<u>(20)</u>	<u>—</u>	<u>—</u>	<u>2,186</u>	<u>2,771</u>
Overseas taxation	21	29	—	—	392	336
	<u>172</u>	<u>9</u>	<u>—</u>	<u>—</u>	<u>2,578</u>	<u>3,107</u>
Tax credit on franked investment income	513	430	1	—	788	480
Share of associated undertaking's taxation	—	—	—	—	8	36
	<u>685</u>	<u>439</u>	<u>1</u>	<u>—</u>	<u>3,374</u>	<u>3,623</u>
Prior years	56	(52)	—	—	(134)	(22)
	<u>741</u>	<u>387</u>	<u>1</u>	<u>0</u>	<u>3,240</u>	<u>3,601</u>

The long term funds are charged to tax on the bases applicable to life assurance and annuity business. General business corporation tax is a charge of £2,572,000 (£3,107,000) at 33% (33%).

### Capital gains

If the investments of the group were realised at the amounts at which they are included in the accounts a liability to corporation tax of approximately £11.9m (£14.4m) would arise. Of this £4.7m (£7.3m) would relate to the shareholders' funds and £7.2m (£7.1m) to the long term funds.

# Notes to the Accounts

## 7 Reserves

	1994		1993	
	Group £000	Parent £000	Group £000	Parent £000
<b>Long term insurance business reserve</b>				
Balance 1 January 1994	5,000	—	6,500	—
Movement in year	1,000	—	(1,500)	—
Balance 31 December 1994	<u>6,000</u>	<u>—</u>	<u>5,000</u>	<u>—</u>
<b>Revaluation and other reserves</b>				
As previously reported	48,833	74,627	29,054	49,855
Prior year adjustments	—	(1,096)	—	(1,159)
As restated 1 January 1994	48,833	73,531	29,054	48,696
Currency translation differences	(55)	—	(78)	—
Discount on acquisition of shares in a subsidiary undertaking	43	—	1,089	—
(Deficit) / surplus arising from revaluation of securities	(14,478)	(4,096)	15,324	24,835
Surplus arising from revaluation of properties	33	—	45	—
Realised investment gains of an investment trust subsidiary	3,300	—	3,399	—
Balance 31 December 1994	<u>37,676</u>	<u>69,435</u>	<u>48,833</u>	<u>73,531</u>

The revaluation reserve includes an amount of £342,000 (£309,000) in respect of properties.

<b>General reserve</b>				
Balance 1 January 1994	10,000	—	8,000	—
Transfer from retained profits	—	—	2,000	—
Balance 31 December 1994	<u>10,000</u>	<u>—</u>	<u>10,000</u>	<u>—</u>
<b>Retained profits</b>				
As previously reported	12,473	1,679	7,391	1,090
Prior year adjustments	(1,096)	—	(1,159)	—
As restated 1 January 1994	11,377	1,679	6,232	1,090
Currency translation differences	(926)	—	(183)	—
Transfer to general reserve	—	—	(2,000)	—
Profit for the financial year	7,358	371	7,328	589
Balance 31 December 1994	<u>17,809</u>	<u>2,050</u>	<u>11,377</u>	<u>1,679</u>
<b>Total reserves</b>	<u>71,485</u>	<u>71,485</u>	<u>75,210</u>	<u>75,210</u>

## 8 Reconciliation of movements in shareholders' funds

	1994 £000	1993 £000
Profit for the financial year	9,069	8,783
Other recognised gains and losses	(11,083)	18,096
Charitable grants	(2,014)	26,879
	(1,711)	(1,455)
Net addition to shareholders' funds	(3,725)	25,424
Opening shareholders' funds	75,210	50,945
Restatement	—	(1,159)
Closing shareholders' funds	<u>71,485</u>	<u>75,210</u>

# Notes to the Accounts

## 9 Minority interests

Minority interests comprise preference and ordinary share capital and attributable profits in subsidiary undertakings.

	Profit and Loss Account		Balance Sheet	
	1994	1993	1994	1993
	£000	£000	£000	£000
<b>Equity interests</b>				
St Andrew Trust plc				
Ordinary shares of £1 each	1,354	1,310	50,791	52,769
<b>Non-equity interests</b>				
Ecclesiastical Insurance Office plc				
2.8% First Cumulative	6	6	211	212
Preference shares of £1 each				
10% Redeemable Second Cumulative	300	300	3,000	3,000
Preference shares of £1 each				
St Andrew Trust plc				
5 1/4% Cumulative Preference stock	17	18	338	458
	323	324	3,549	3,670
	<u>1,677</u>	<u>1,634</u>	<u>54,340</u>	<u>56,439</u>

Ecclesiastical Insurance Office plc has the right to redeem all or any of the 10% Redeemable Second Cumulative Preference shares at par together with a premium as follows:

<i>Year of Redemption</i>	<i>Premium</i>
1995 to 1997	7 1/2 per cent
1998 to 2002	5 per cent
2003 to 2007	2 1/2 per cent
2008 to 2012	Nil

Any of these preference shares not previously redeemed will be redeemed at par on 31 December 2012.

## 10 Insurance funds

Insurance funds shown in the balance sheet are as follows:

	1994	1993
	£000	£000
General insurance		
Unearned premium	44,324	41,900
Outstanding claims	85,642	70,116
Deferred acquisition costs	(8,151)	(7,762)
	<u>121,815</u>	<u>104,254</u>

*Included in outstanding claims is a claims equalisation reserve of £6m (£3m).*

Long term insurance

Mutual funds	121,605	116,805
Non mutual funds	101,700	104,480
	<u>223,305</u>	<u>221,285</u>
Revaluation reserves	32,273	47,363
	<u>255,578</u>	<u>268,648</u>

## 11 Operating leases

Annual commitments and payments under non-cancellable operating leases were as follows:

	1994		1993	
	Premises	Equipment	Premises	Equipment
	£000	£000	£000	£000
<b>Commitments</b>				
Expiring				
Within 1 year	7	28	7	-
Between 2 and 5 years	165	-	92	100
Over 5 years	868	-	787	-
	<u>1,040</u>	<u>28</u>	<u>886</u>	<u>100</u>
<b>Payments</b>	<u>687</u>	<u>47</u>	<u>767</u>	<u>47</u>

# Notes to the Accounts

## 12 Other assets and liabilities

	1994			1993		
	Long Term £000	Consol- idated £000	Parent Company £000	Long Term £000	Consol- idated £000	Parent Company £000
<b>Current assets</b>						
Agents and other insurance debts	2,746	33,975	—	2,453	30,934	—
Other debtors	552	3,287	—	1,808	2,477	—
Taxation	322	294	—	502	789	250
Cash at bank and in hand	1,627	50,118	2,006	2,219	40,043	1,383
Group balances	2,400	—	—	—	—	—
	<u>7,647</u>	<u>87,674</u>	<u>2,006</u>	<u>6,982</u>	<u>74,243</u>	<u>1,633</u>

### Creditors:

Amounts falling due within one year:

Outstanding claims	1,064	—	—	886	—	—
Due to other insurance companies	19	16,597	—	17	19,261	—
Other creditors	1,257	6,718	6	701	4,115	4
Lease purchase contracts	82	257	—	78	259	—
Taxation	706	3,219	—	738	3,453	—
Group balances	—	2,400	—	—	—	—
Proposed dividend	—	884	—	—	836	—
Bank overdraft	—	58	—	—	27	—
	<u>3,128</u>	<u>30,133</u>	<u>6</u>	<u>2,420</u>	<u>27,951</u>	<u>4</u>

### Creditors:

Amounts due after more than one year:

Debenture stock	—	6,000	—	—	6,000	—
Corporate business loans	—	26,700	—	—	14,600	—
Lease purchase contracts	151	585	—	187	657	—
	<u>151</u>	<u>33,285</u>	<u>—</u>	<u>187</u>	<u>21,257</u>	<u>—</u>

The £6,000,000 13% Debenture stock 2018 is secured on the assets of subsidiary undertakings. Except insofar as previously repaid, or purchased by the company or any of its subsidiaries and cancelled, the stock will be repaid at par on 31 August 2018.

Corporate business loans amounting to £26,700,000 (£14,600,000) are secured against the assets of subsidiary undertakings.

# Notes to the Accounts

## 13 Investments

Listed investments are at mid-market value, properties are valued at open market value (net of realisation costs) by independent chartered surveyors and other investments (mortgages and loans) are at a valuation reflecting year end interest rates.

	1994		1993	
	Long Term £000	General £000	Long Term £000	General £000
British Government and British Government guaranteed securities	23,218	30,065	29,209	18,320
United Kingdom municipal, county and public boards securities	104	—	120	—
Government, provincial and municipal securities other than United Kingdom	2,581	8,608	4,083	9,700
Debentures and loan stocks	22,007	17,341	26,462	15,409
Preference shares	5,753	5,498	4,439	3,183
Ordinary stocks and shares	114,868	130,900	113,134	136,396
Other investments, including mortgages and loans	73,122	11,876	74,435	10,296
Freehold and leasehold properties	8,244	1,867	11,303	1,709
	<u>249,897</u>	<u>206,155</u>	<u>263,185</u>	<u>195,013</u>

Included in Ordinary stocks and shares of the long term fund is an amount of £6,060,000 (£5,820,000) representing 5.8% of the issued Ordinary share capital of St Andrew Trust plc, a group subsidiary undertaking.

## 14 Pensions

The group's main scheme is a defined benefit scheme for UK employees. The assets of the scheme are held separately from those of the group by the Ecclesiastical Insurance Office plc Staff Retirement Benefit Fund.

Pension costs for this scheme are determined, on the basis of triennial valuations, by a qualified actuary who is an employee of the group, using the aggregate method. The most recent valuation was at 31 August 1992. The assumptions which have the greatest effect on the valuation results are those related to the rate of return on investments and the rate of increase in salaries. It is assumed that there will be a margin of 2% between investment return and salary growth. Other than in respect of statutory pension increases no allowance was made for pension increases as these are separately funded by the group.

The most recent actuarial valuation showed that the market value of the scheme's assets was £22,245,000 and that the actuarial value of the assets was sufficient to cover 99.5% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contribution of the group to the fund will remain at 20% of pensionable salary, plus additional amounts in accordance with recommendations by the Appointed Actuary.

The scheme is registered with the Registry of Pension Schemes.

Canadian pension liabilities are dealt with by payment to a Canadian Trustee Fund.

Republic of Ireland pension liabilities are dealt with by payment to an Irish life office.

The total funding cost for the year was £2,217,000 (£2,426,000). Of this £2,184,000 (£2,390,000) related to the UK scheme.

# Notes to the Accounts

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## 15 Directors' interests

The interests of the directors, all of which are beneficial, in the 2.8% First Cumulative Preference shares of Ecclesiastical Insurance Office plc are as follows:

Directors	Interest at 31.12.1994	Interest at 1.1.94 or date of appointment
C. A. McLintock	500	500
The Rt. Hon. the Viscount Churchill	—	—
M. R. Cornwall-Jones	500	500
The Very Revd. T. E. Evans the Dean of St Paul's	2,900	2,900
The Rt. Revd. D. G. Snelgrove	700	500

No director had an interest in any other shares or debentures of the group.

No contract subsisted during or at the end of the financial year in which a director was or is materially interested.

## 16 Directors' emoluments

No director received emoluments from Allchurches Trust Limited during the year.

Directors who are also directors of subsidiary undertakings received emoluments from those undertakings of:

	1994 £	1993 £
In respect of services as directors	42,750	49,250
Individual emoluments:		
Chairman	—	9,250
Highest paid director's fees	29,500	24,000
Other directors, excluding pension contributions:		
up to £5,000	1	—
£5,001 to £10,000	1	2

In addition, an ex gratia payment of £20,000 was made to a director on his retirement from the main boards of subsidiary undertakings.

## 17 Subsidiary and associated undertakings

Shares in subsidiary undertakings are shown at net asset value in the parent company balance sheet.

Shares in the associated undertaking are shown at directors' valuation in the consolidated balance sheet.

## 18 Capital commitments

At 31 December 1994 there were no outstanding contracts for capital expenditure (£0.1m).

There was no capital expenditure authorised by the directors but not contracted for (Nil).

## 19 Auditors' remuneration

The remuneration of the auditors of the group for audit work amounted to £123,130 (£110,798). Other fees were £29,728 (Nil).

## 20 Approval of accounts

The accounts on pages 6 to 22 were approved by the directors and signed on 30 June 1995.

# Subsidiary and Associated Undertakings

Subsidiary undertakings	Share capital	Holdings of shares by:	
		Parent	Subsidiaries
Incorporated in Great Britain, registered and operating in England, engaged in investment, insurance and financial services or other insurance related business:			
Ecclesiastical Insurance Group plc	Ordinary shares	100%	
Allchurches Mortgage Company Limited	Ordinary shares	100%	
	6% Non – Cumulative Redeemable Preference shares		100%
Ecclesiastical Group Asset Management Limited	Ordinary shares		100%
Allchurches Investment Management Services Limited	Ordinary shares		100%
The Churches Purchasing Scheme Limited	Ordinary shares		100%
Ecclesiastical Underwriting Management Limited	Ordinary shares		100%
Ecclesiastical Insurance Office plc	Ordinary shares		100%
	2.8% First Cumulative Preference shares		15.6%
	9.5% Redeemable Third Non – Cumulative Preference shares		100%
Allchurches Life Assurance Limited	Ordinary shares		100%
Blaisdon Properties Limited	Deferred shares		100%
	Ordinary shares		100%
Eccint Limited	Ordinary shares		100%

Incorporated in Great Britain and registered in Scotland, engaged in investment trust business:

St Andrew Trust plc	Ordinary shares	58.6%
	5 1/4% Cumulative Preference stock	
	(now 3.675% plus tax credit)	48.8%

Of the 58.6% holding of Ordinary shares in St Andrew Trust plc, 5.8% is held by the mutual life fund of Ecclesiastical Insurance Office plc.

There are also three other wholly owned subsidiary undertakings whose assets and contributions to group income are not significant.

## Associated undertaking

Incorporated in the United States of America:

Chatham Holdings Inc.	Common stock	30.7%
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All the subsidiaries listed are included within the consolidated financial statements.

# Notice of Meeting

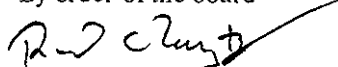
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NOTICE is hereby given that the Annual General Meeting of the company will be held at Church House, Dean's Yard, Westminster, London SW1P 3NZ on 27 July 1995 at 2.30 p.m. to transact the following business of the company.

1. To consider the accounts and reports of the directors and auditors for the year ended 31 December 1994.
2. To re-elect directors.
3. To re-appoint the auditors and to authorise the directors to fix their remuneration.
4. As Special Business, to consider and, if thought fit, approve the following ordinary resolutions :
  - (i) That following the resolution passed by the company's subsidiary, Ecclesiastical Insurance Office plc (EIO), at its 1995 Annual General Meeting to provide a global sum of £175,000 for the remuneration of directors of that company that payments by EIO to the directors of Allchurches Trust Limited for service as directors of EIO be approved pursuant to the provision of Clause 4A(i) of the Memorandum of Association of the company.
  - (ii) That pursuant to Clause 4 of the Memorandum of Association, remuneration of £2,000 be paid to the Rt. Revd. D. G. Snelgrove for services to the Ethical Committee of the Amity Fund and for services to the Clergy Bursary Panel for the period ending 31 August 1995.
  - (iii) That pursuant to Clause 4 of the Memorandum of Association, remuneration of £2,000 be paid to the Rt. Revd. D. G. Snelgrove for services to the Ethical Committee of the Amity Fund and for services to the Clergy Bursary Panel for the period commencing 1 September 1995.
  - (iv) That pursuant to the Articles of Association the following persons be admitted as members of the company :

The Rt. Revd. Michael Turnbull, the Bishop of Durham  
The Rt. Revd. David Bentley, the Bishop of Gloucester  
Mr Michael Burns

By order of the board



R. W. Clayton  
Secretary

Gloucester  
30 June 1995

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him.