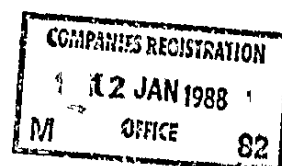


1043742

ALLCHURCHES TRUST LIMITED
REPORT AND ACCOUNTS
YEAR ENDED 28 FEBRUARY 1987

1043742



ALLCHURCHES TRUST LIMITED

REPORT AND ACCOUNTS
YEAR ENDED 28 FEBRUARY 1987

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ALLCHURCHES TRUST LIMITED

Fulham Palace, Bishops Avenue,
London SW6 6EA

Directors

C.Alan McLintock CA Chairman
Dr D.M.M.Carey CBE
The Ven. the Archdeacon of Cheltenham
M.R.Cornwall-Jones ACIS
The Rt. Revd.R.F.Cartwright

Secretary

D.H.Haydon FCA FCIS

A company formed to promote the Christian
Religion and to contribute to the funds of
Charitable Institutions.

Auditors

Binder Hamlyn
Chartered Accountants
1 Serjeants' Inn
London EC4Y 1JD

ALLCHURCHES TRUST LIMITED
DIRECTORS' REPORT AND REVIEW

The directors present the fifteenth annual report and the accounts for the year ended 28 February 1987.

Principal Activities and Review

Allchurches Trust Limited is a company limited by guarantee not having a share capital. It is a registered charity and has not traded.

The principal activity of the group throughout and at the end of the year remains the transaction of all major forms of insurance business except certain classes of marine and transport and aviation.

Particulars of the company's subsidiary companies and their activities is given in note 1 on page 14.

Turnover

Total gross written premiums amounted to £72,054,000 of which £58,800,000 was general business and £13,254,000 long term business.

Profit and Loss Account

The consolidated profit for the year before charitable grants and taxation amounted to £3,515,000. Charitable grants of £1,078,000 were paid or provided leaving profit before taxation of £2,437,000. The taxation charge amounted to £929,000 and the minority interests absorbed £307,000, leaving an amount of £1,201,000 profit retained as follows:-

	£000
Allchurches Trust Limited	65
Subsidiary Companies	1,117
Associated Company	19
	<hr/>
	1,201
	<hr/>

Donations

The amount paid or provided by the group for charitable purposes has been increased from £839,108 to £1,077,902. Of this £732,000 was paid under covenant by Ecclesiastical Insurance Office plc to Allchurches Trust Limited.

Charitable amounts paid or provided for by the company and its subsidiaries are:

By Allchurches Trust Limited:	£	£
English Dioceses, the Episcopal Church in Scotland and the Church of Ireland	980,000	
Others	37,450	
	<hr/>	1,017,450
By Subsidiary companies:		
The Representative Body of the Church in Wales	22,000	
The Church of England Pensions Board	26,000	
The Canterbury Cathedral Appeal	1,000	
The Westminster Abbey Trust	1,000	
Beaufort House Trust	10,000	
Others	452	
	<hr/>	60,452
		<hr/>
		£1,077,902

In the past five years over £4 million has been provided for Church and other charitable purposes.

Nothing was given for political purposes.

Employees

The company has no direct employees. The average number of persons employed in the United Kingdom by its subsidiaries was 507 and their aggregate remuneration was £4,790,619.

It is the company'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 company 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.

Directors

The names of the present directors are shown on page 1. In accordance with the Articles of Association the Ven. the Archdeacon of Cheltenham and Mr M. R. Cornwall-Jones retire by rotation and being eligible, offer themselves for re-election.

According to the Register of Directors' Share Interests kept by the company the following persons who were directors of the company at 28 February 1987 had 'interests' within the meaning of the Companies Act 1985 in the subsidiary company, Ecclesiastical Insurance Office plc as undernoted. There was no change in the interest of any director since the end of the financial year to the date of this report.

	<u>Holding of 2.8% First Cumulative Preference share of each fully paid</u>	
	<u>28 February 1987</u>	<u>1 March 1986</u>
C.Alan.McLintock	500	500
Dr D.M.M.Carey	500	500
The Ven. the Archdeacon of Cheltenham	2,900	2,900
M.R.Cornwall-Jones	500	500
The Rt.Revd.R.F.Cartwright	3,000	3,000

Auditors

With effect from 1 May 1987, the company's auditors, Dearden Farrow, merged their practice with that of Binder Hamlyn. A resolution will be proposed at the annual general meeting to re-appoint Binder Hamlyn as auditors of the company.

By Order of the Board

D.H.Haydon
Secretary

4 August 1987

ALLCHURCHES TRUST LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 28 FEBRUARY 1987

	£	<u>1987</u> £	£	<u>1986</u> £
<u>Income</u>				
From Subsidiary companies:				
Covenants		732,000		653,000
Dividends		<u>234,420</u>		<u>218,913</u>
		966,420		871,913
Deposit Interest		<u>116,780</u>		<u>84,574</u>
		1,083,200		956,487
 <u>Expenditure</u>				
Charitable Distributions and Expenses		<u>1,018,025</u>		<u>789,395</u>
Surplus for the year		£ 65,175 =====		£167,092 =====

ALLCHURCHES TRUST LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 28 FEBRUARY 1987

		<u>1987</u>		<u>1986</u>	
	Notes	£000	£000	£000	£000
Investment Income	9		4,661		4,305
Share of Associated Company's Earnings			512		453
Realised Investment Profits			2,934		948
Transfer from Non Mutual Long Term Funds			<u>5</u>		<u>-</u>
			8,112		5,706
Less:					
Debenture Interest		780		780	
Insurance Subsidiary: Underwriting Loss	15	<u>3,817</u>		<u>2,403</u>	
			<u>4,597</u>		<u>3,183</u>
Profit before Charitable Grants and Taxation			3,515		2,523
Charitable Grants			<u>1,078</u>		<u>839</u>
Profit before Taxation			2,437		1,684
Taxation	7		929		515
Profit after Taxation			<u>1,508</u>		<u>1,169</u>
Minority Interests (Subsidiary Company Preference Dividends)			<u>307</u>		<u>307</u>
Retained Profit	3		<u>1,201</u> =====		<u>862</u> =====
Parent Company			65		167
Subsidiary Companies			1,117		659
Associated Company			<u>19</u>		<u>36</u>
			<u>1,201</u> =====		<u>862</u> =====

ALLCHURCHES TRUST LIMITED

BALANCE SHEET

YEAR ENDED 28 FEBRUARY 1987

		<u>1987</u>		<u>1986</u>	
	<u>Notes</u>	£	£	£	£
Fixed Assets					
Investments:					
Shares in group companies	2		3,050,100		3,050,100
Current Assets	5	1,483,956		1,201,243	
Creditors: amounts falling due within one year	5	<u>1,002,325</u>		<u>784,787</u>	
Net Current Assets			<u>481,631</u>		<u>416,456</u>
Net Assets			<u>£3,531,731</u>		<u>£3,466,556</u>
			=====		=====
Represented by:					
Reserves	3		<u>£3,531,731</u>		<u>£3,466,556</u>
			=====		=====

C. A. ROCK

Director

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Director

ALLCHURCHES TRUST LIMITED
CONSOLIDATED BALANCE SHEET 28 FEBRUARY 1987

		<u>1987</u>		<u>1986</u>	
	Notes	£000	£000	£000	£000
Fixed Assets					
Investments					
Associated Company	4		57,121		46,947
Tangible Assets			21,141		15,657
			<u>1,495</u>		<u>1,456</u>
Current Assets	5		79,757		64,060
			<u>42,940</u>		<u>32,324</u>
Total General Business and Shareholders' Assets			122,697		96,384
Less: Creditors					
Amounts falling due within one year	5	20,523		14,775	
Amounts falling due in more than one year	5	<u>6,000</u>		<u>6,000</u>	
			<u>26,523</u>		<u>20,775</u>
			96,174		75,609
Long Term Funds Net Assets			<u>104,710</u>		<u>82,982</u>
			200,884		158,591
Less: Insurance Funds					
Long Term	6	104,710		82,982	
General Business		<u>56,733</u>		<u>46,219</u>	
			<u>161,443</u>		<u>129,201</u>
Net Assets			39,441		29,390
Represented by:			=====		=====
Reserves	3		36,196		26,140
Minority Interests	16		<u>3,245</u>		<u>3,250</u>
			39,441		29,390
			=====		=====

ALLCHURCHES TRUST LIMITED
GROUP LONG TERM REVENUE ACCOUNTS
YEAR ENDED 28 FEBRUARY 1987

		<u>1987</u>	<u>1987</u>	<u>1987</u>	<u>1986</u>	<u>1986</u>	<u>1986</u>
	<u>Notes</u>	<u>Mutual</u> <u>£000</u>	<u>Non</u> <u>Mutual</u> <u>£000</u>	<u>Total</u> <u>£000</u>	<u>Mutual</u> <u>£000</u>	<u>Non</u> <u>Mutual</u> <u>£000</u>	<u>Total</u> <u>£000</u>
<u>INCOME</u>							
Life assurance and Endowment Certain premiums less reinsurance		3,858	91	3,949	3,423	98	3,521
Consideration for annuities granted		2,340	4,642	6,982	1,456	4,023	5,479
Pension Fund premiums		<u>2,182</u>	<u>-</u>	<u>2,182</u>	<u>1,860</u>	<u>-</u>	<u>1,860</u>
		8,380	4,733	13,113	6,739	4,121	10,860
Investment income	9	3,975	1,861	5,836	3,468	1,493	4,961
Realised investment profits		<u>1,945</u>	<u>122</u>	<u>2,067</u>	<u>1,494</u>	<u>168</u>	<u>1,662</u>
		14,300	6,716	21,016	11,701	5,782	17,483
		=====	=====	=====	=====	=====	=====
<u>EXPENDITURE</u>							
Claims incurred		2,546	44	2,590	1,918	17	1,935
Surrenders		346	86	432	313	89	402
Annuities		<u>2,320</u>	<u>1,913</u>	<u>4,233</u>	<u>2,058</u>	<u>1,372</u>	<u>3,430</u>
		5,212	2,043	7,255	4,289	1,478	5,767
Expenses		1,423	397	1,820	1,096	336	1,432
Taxation	7	<u>386</u>	<u>2</u>	<u>388</u>	<u>584</u>	<u>3</u>	<u>587</u>
		7,021	2,442	9,463	5,969	1,817	7,786
		=====	=====	=====	=====	=====	=====
Excess of income over Expenditure		7,279	4,274	11,553	5,732	3,965	9,697
Transfer from Investment Reserve		2,500	-	2,500	-	-	-
Funds at beginning of year		<u>45,428</u>	<u>15,962</u>	<u>61,390</u>	<u>39,696</u>	<u>11,997</u>	<u>51,693</u>
		55,207	20,236	75,443	45,428	15,962	61,390
Transfer to Profit and Loss Account		<u>-</u>	<u>(5)</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Funds at end of year		55,207	20,231	75,438	45,428	15,962	61,390
		=====	=====	=====	=====	=====	=====

ALLCHURCHES TRUST LIMITED
GROUP LONG TERM BALANCE SHEET
YEAR ENDED 28 FEBRUARY 1987

		<u>1987</u>		<u>1986</u>	
	Notes	£000	£000	£000	£000
Fixed Assets					
Investments	4		102,089		81,072
Tangible Assets			<u>810</u>		<u>825</u>
			102,899		81,897
Current Assets	5	2,404		1,634	
Creditors: amounts falling due within one year	5	<u>593</u>		<u>549</u>	
Net Current Assets			<u>1,811</u>		<u>1,085</u>
Net Long Term Fund Assets			<u>104,710</u>		<u>82,982</u>
			=====		=====
Represented by:					
Long Term Funds	6		104,710		82,982
			=====		=====

ALLCHURCHES TRUST LIMITED

GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS
(excluding Long Term Business)

YEAR ENDED 28 FEBRUARY 1987

	<u>1987</u>	<u>1986</u>
	£000	£000
SOURCE OF FUNDS		
Profit before taxation	3,515	2,523
Profit retained in associated company	(26)	(51)
Depreciation	195	340
Canadian Dollar loan repaid	-	(261)
Adjustments for movements in:		
Exchange rates	(34)	(979)
Insurance funds and outstanding claims	10,514	(6,711)
Creditors	5,238	(139)
Debtors	<u>(9,257)</u>	<u>12,148</u>
Total generated from operations	10,145	6,870
	=====	=====
APPLICATION OF FUNDS		
Charitable Grants	863	745
Dividends paid	307	307
Tax paid	<u>255</u>	<u>145</u>
	1,425	1,197
	=====	=====
FUNDS AVAILABLE FOR INVESTMENT	8,720	5,673
	=====	=====
CHANGE IN INVESTMENTS AND LIQUID FUNDS		
Fixed interest securities	2,071	2,593
Ordinary stocks and shares	3,883	1,730
Properties	187	-
Other investments	(111)	100
Fixed assets	234	605
Acquisition of interest in associated company	726	137
Cash at bank and in hand	<u>1,730</u>	<u>508</u>
	8,720	5,673
	=====	=====

ALLCHURCHES TRUST LIMITED

Accounting Policies

The principal accounting policies are:-

a Basis of accounting

The accounts have been prepared under the historical cost convention as modified by the revaluation of investments.

b Disclosure Requirements

The consolidated accounts are prepared under the provisions of Part VII Chapter II of the Companies Act 1985 relating to special category accounts and utilise certain of the exemptions from the disclosure requirements that are available to a group with insurance subsidiaries. The balance sheet of the company is prepared under the provisions of Part VII Chapter I of the Companies Act 1985.

c Subsidiary Companies and Overseas Branches

The consolidated results include Ecclesiastical Holdings plc, Ecclesiastical Insurance Office plc, Allchurches Life Assurance Limited, Blaisdon Properties Limited, Rei Investments Limited (a Dublin registered property company) and five minor subsidiaries. Subsidiary companies have a year end of the last day of February.

Overseas branch trading results for the year ended 31 December are incorporated into the United Kingdom results for the financial year ending on the last day of February of the following year.

d Associated Company

The appropriate proportion of the latest published results of the associated company are included in the consolidated profit and loss account. In the consolidated balance sheet it is included at a net asset value as shown by the previous 31 December balance sheet, the surplus of net assets over cost being added to group reserves.

e Exchange Rates

Assets and liabilities in overseas currencies relating to overseas branches or reinsurance are translated at the rate ruling on the previous 31 December. Revenue in overseas currencies is stated at the rate ruling on 31 December in the year in which each revenue transaction was recorded or, where appropriate, at the actual rate obtained on exchanging each currency remittance for sterling. Assets and liabilities of the overseas subsidiary and revenue for the year are translated at the rate ruling on the last day of February. Surpluses and deficits arising from the translation at those rates of exchange of the branch current account are taken directly to reserves as being outside the company's normal trading activities. Exchange profits or losses which arise from normal trading activities are included in the consolidated profit and loss account.

- f Unearned Premiums
This represents 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.
- g Investment Income
Investment income and net rents are after charging investment expenses and are credited in the year in which received.
- h Pensions
United Kingdom and Eire pension liabilities are dealt with by payment to the Ecclesiastical Insurance Office plc Staff Retirement Benefit Fund in accordance with actuarial recommendations. Canadian pensions liabilities are dealt with by payment to a Canadian trustee fund. Liabilities which relate to past service are being dealt with over a period of years.
- i Outstanding Claims
The provision includes outstanding claims calculated by reference to individual cases and includes amounts for claims incurred but not reported. Outstanding claims on reinsurance accepted contracts are included with amounts due to other insurance companies. Outstanding claims recoverable on reinsurance ceded contracts are included with amounts due from other insurance companies.
- j Premiums Written
Net written premiums comprise gross direct business and reinsurance accepted (on determined years) after taking into account reinsurance ceded and portfolio transfers.
- k Reinsurance Accepted
The results of treaty inwards reinsurance business are determined as at 31 December and incorporated into the accounts for the financial year ending on the last day of February of the following year. Some treaty reinsurance which, due to the nature of the business, is subject to delayed receipt of accounts from ceding companies, is carried forward in an 'open year' fund until fully reported. Some fire and casualty proportional reinsurance business is dealt with on a funded basis being closed at the end of the second or third year of account following the year of account to which that business relates.
- l Capital Expenditure
Expenditure on fixtures and fittings, office equipment and computer ancillary equipment is written off over two years. Expenditure on motor cars is written off in the year of acquisition. Expenditure on computers and telecommunications equipment is written off over four years. No depreciation is charged on investment properties. Beaufort House, the head office at Gloucester, and a small residential property are being amortised over a period of fifty years. The amortised properties, computer equipment and other capital items are included under the heading tangible assets in the balance sheet.
- m Investment Reserve
This is comprised of surplus on revaluation of investments and gains on movements in exchange.
- n Taxation
Taxation is provided on profits and income less reliefs. Deferred taxation is provided on the liability basis on those timing differences which are considered likely to materialise in the foreseeable future. Provision has not been made on earnings retained overseas or on unrealised appreciation of investments at the balance sheet date.

ALLCHURCHES TRUST LIMITED

NOTES ON THE ACCOUNTS

1. Group and Associated Companies

Allchurches Trust Limited is a company incorporated in England, limited by guarantee and is a registered charity.

Subsidiary companies, the proportion of each class of shares held, directly and indirectly, and their activities are as under:-

(i) Registered and operating in England:-

Ecclesiastical Holdings plc
Ordinary Shares of £1 each-100%
Investment holding
Ecclesiastical Insurance Office plc
Deferred Shares of £1 each-100%
Ordinary Shares of £1 each-100%
9.5% Redeemable Third Cumulative Preference Shares of £1 each-100%
2.8% First Cumulative Preference Shares of £1 each-2.1%
Composite insurance office
Blaisdon Properties Limited
Ordinary Shares of £1 each-100%
Deferred Shares of £1 each-100%
Property investment
Allchurches Life Assurance Limited
Ordinary Shares of £1 each-100%
Deferred Shares of £1 each-100%
Life assurance
Group Support Services Limited
Ordinary Shares of £1 each-55%
Catalogue publishing and distribution

In addition there are five other wholly-owned subsidiary companies whose assets and contribution to group income are not significant.

(ii) Incorporated and operating in the Republic of Ireland:-

Rei Investments Limited
Ordinary Shares of IR £1 each-100%
Property company

Ecclesiastical Insurance Office plc has an interest of 35.3% in the issued ordinary share capital and a minimal holding of preference shares in St Andrew Trust plc, an investment trust company, incorporated and operating in Scotland.

2. Shares in group companies

The company's investment in shares of the group is included at cost and is comprised:-

Ecclesiastical Holdings plc	£
3,050,000 Ordinary Shares of £1 each	3,050,000
Allchurches Mortgage Company Limited	
100 Ordinary Shares of £1 each	100
	<hr/>
	£3,050,100

3. Reserves

	1987 Group £000	1987 Parent £000	1986 Group £000	1986 Parent £000
Investment Reserve				
Balance 28 February 1986	18,434	3,000	13,918	3,000
Surplus arising from revaluation of investments	8,888	-	5,493	-
Surplus arising from realignment of exchange rates	(33)	-	(977)	-
Balance 28 February 1987	27,289	3,000	18,434	3,000
	=====	=====	=====	=====
General Reserve				
Balance 28 February 1987	4,500	-	4,500	-
	=====	=====	=====	=====
Profit and Loss Account				
Balance 28 February 1986	3,206	466	2,344	299
Retained profit added this year	1,201	65	862	167
Balance 28 February 1987	4,407	531	3,206	466
	=====	=====	=====	=====
Total Reserves	36,196	3,531	26,140	3,466
	=====	=====	=====	=====

4. Investments

Investments have been valued in accordance with the Insurance Companies Regulations 1981. Listed investments are at mid-market value, properties are valued at net realisable value by independent chartered surveyors and other investments (mortgages and loans) are at valuation reflecting year end interest rates.

	1987 Parent Company £000	1987 Group £000	1987 Long Term £000	1986 Parent Company £000	1986 Group £000	1986 Long Term £000
British Government and British Government guaranteed securities	-	17,090	24,221	-	16,849	23,451
United Kingdom Municipal, County and Public Boards securities	-	287	1,289	-	33	1,050
Government, Provincial and Municipal securities other than United Kingdom	-	3,684	1,606	-	3,636	2,649
Debenture and loan stocks	-	6,302	14,776	-	4,434	10,056
Preference shares	-	3,274	923	-	3,538	253
Ordinary stocks and shares	-	24,540	47,238	-	16,644	33,980
Other investments, including mortgages and loans	-	486	1,926	-	573	1,119
Freehold and leasehold properties	-	1,458	10,110	-	1,240	8,514
	-	57,121	102,089	-	46,947	81,072
	==	=====	=====	==	=====	=====

5. Current Assets and Creditors

	1987 Parent Company £000	1987 Group £000	1987 Long Term £000	1986 Parent Company £000	1986 Group £000	1986 Long Term £000
Current Assets						
Sums due from						
policyholders, agents						
and insurance companies	-	36,357	90	-	26,663	89
Other debtors	-	432	7	-	767	408
Dividend from subsidiary	130	-	-	125	-	-
Taxation	201	302	557	64	774	117
Cash and short term						
deposits	<u>1,153</u>	<u>5,849</u>	<u>1,750</u>	<u>1,012</u>	<u>4,120</u>	<u>1,020</u>
	<u>1,484</u>	<u>42,940</u>	<u>2,404</u>	<u>1,201</u>	<u>32,324</u>	<u>1,634</u>
	=====	=====	=====	=====	=====	=====
Creditors: amounts falling						
due within one year						
Due to other insurance						
companies	-	17,418	12	-	13,045	7
Other creditors	1,000	2,772	581	785	1,693	542
Subsidiary company	2	-	-	-	-	-
Taxation	-	326	-	-	30	-
Dividends	-	<u>7</u>	-	-	<u>7</u>	-
	<u>1,002</u>	<u>20,523</u>	<u>593</u>	<u>785</u>	<u>14,775</u>	<u>549</u>
	=====	=====	=====	=====	=====	=====
Creditors: amounts falling						
due in more than one year						
Debenture Stock (Note 17)	-	6,000	-	-	6,000	-
	===	=====	===	===	=====	===

6. Insurance Funds

Insurance Funds of the subsidiary companies are as follows:-

	1987 £000	1986 £000
Long Term		
Mutual Fund	55,207	45,428
Non Mutual Funds	<u>20,231</u>	<u>15,962</u>
	75,438	61,390
Outstanding Claims	<u>422</u>	<u>334</u>
	75,860	61,724
Investment Reserves		
Mutual Funds	27,287	20,142
Non Mutual Funds	<u>1,563</u>	<u>1,116</u>
	<u>104,710</u>	<u>82,982</u>
	=====	=====
General Business		
Unearned Premiums	12,938	9,492
Outstanding Claims	40,339	34,383
Treaty 'open years'	<u>3,456</u>	<u>2,344</u>
	<u>56,733</u>	<u>46,219</u>
	=====	=====
TOTAL	<u>161,443</u>	<u>129,201</u>
	=====	=====

7. Taxation

The company is a registered charity and has borne no charge for taxation. Taxation charged in the consolidated profit and loss account is based on the profit for the year and tax credit attributable to United Kingdom franked investment income received. The long term funds are charged to tax on the bases applicable to life assurance and annuity business. The charges for the year and any adjustments for prior years are:-

	1987 £000	1986 £000
General Business		
Charge for the year:		
UK Corporation Tax at	1,052	643
Overseas taxation	<u>212</u>	<u>36</u>
	1,264	679
Less relief for overseas		
taxation	<u>207</u>	<u>18</u>
	1,057	661
Tax credit on franked investment	(214)	(214)
income		
Deferred taxation		-
Share of Associated Company's		
taxation	<u>122</u>	<u>135</u>
	965	582
Prior years adjustments	<u>(36)</u>	<u>(67)</u>
	929	515
	====	====
Mutual Long Term Fund		
Charge for the year:		
UK Corporation Tax	113	133
Overseas taxation	<u>10</u>	<u>9</u>
	123	142
Less relief for overseas		
taxation	<u>10</u>	<u>3</u>
	113	139
Tax credit on franked investment		
income	<u>352</u>	<u>364</u>
	465	503
Prior years adjustments	<u>(79)</u>	<u>81</u>
	386	584
	====	====
Non Mutual Long Term Fund		
Charge for the year:		
Tax credit on franked investment		
income	2	3
	====	====

The Inland Revenue have suggested that a proportion of general business claims reserves is not eligible for tax relief. No provision has been made for the possible disallowance of such relief as in the opinion of the directors it will not be material, nor has the company yet agreed to the suggestion. There is no charge or credit in respect of deferred taxation as the amount is negligible (1986:Nil).

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 £16.1m (1986: £11.3m) would arise. Of this £9.1m (1986: £6.6m) would relate to the Shareholders Funds, £7.0m (1986: £4.7m) to the Long Term Funds.

8. Group Turnover

Gross written premiums for long term and general business were:-

	1987 £000	1986 £000
Long Term	13,254	10,978
General	<u>58,800</u>	<u>45,779</u>
	72,054	56,757
	=====	=====

9. Investment Income

Investment income £4,661,000 (1986: £4,305,000) credited to the consolidated profit and loss account is after charging £13,000 (1986: £16,000), interest paid.

Investment income £3,975,000 (1986: £3,468,000) credited to the Mutual Life Fund is after charging £4,000 (1986: £3,000), interest paid.

Investment income credited to the Non Mutual Life Fund £1,861,000 (1986: £1,493,000) is after charging £3,000 (1986: £9,000), interest paid.

10. Directors' Emoluments

The directors received no emoluments from Allchurches Trust Limited in respect of their office in this company.

The directors who are also directors of Ecclesiastical Insurance Office plc received emoluments from that subsidiary as follows:-

Total emoluments (fees) £27,742 (1986: £21,150)
The highest paid director, who was also chairman,
received emoluments of £10,865 (1986: £8,100)

Other directors were paid in the following bands:-

	1987	1986
Emoluments up to £5,000	3	3
£5,001 to £10,000	1	1

One director has waived his rights to receive fees amounting to £759.

11. Employees' Emoluments

The number of employees, excluding directors, who received remuneration exceeding £30,000 in the financial year was:-

	1987	1986
£30,001 to £35,000	4	4
£35,001 to £40,000	3	1
£40,001 to £45,000	1	1

12. Auditors Remuneration

The remuneration of the auditors of the group amounted to £58,245 (1986: £50,470).

13. Capital Commitments

At 28 February 1987 there were no outstanding contracts for capital expenditure (1986: Nil), or capital expenditure authorised by the directors but not contracted for (1986: £250,000).

14. Loans to Directors and Officers

No loans or quasi loans were made to directors or connected persons during the year.

Five persons who were officers of a subsidiary company during the year ended 28 February 1987 had loans from that company outstanding at that date amounting in aggregate to £10,599.

15. Insurance Subsidiary: Underwriting Result

	1987 £000	1986 £000
INCOME		
Gross written premiums		45,779
Less: reinsurance	58,800	
Net written premiums	<u>17,464</u>	<u>15,058</u>
	41,336	30,721
Less: Increase in provision for Unearned premiums	<u>3,378</u>	<u>1,206</u>
Net earned premiums	37,958	29,515
EXPENDITURE		
Claims paid and outstanding less reinsurance recoveries	28,662	21,332
Agency commission and expenses of management	<u>13,113</u>	<u>10,586</u>
	41,775	31,918
UNDERWRITING LOSS	(3,817)	(2,403)
	=====	=====

Geographic Distribution of General Business

The geographic distribution of general insurance premiums written is as follows:-

	1987 £000	1986 £000
United Kingdom (including reinsurance accepted)	51,600	41,238
Eire	1,022	774
Canada	<u>6,178</u>	<u>3,767</u>
	58,800	45,779
	=====	=====

16. Minority Interests

Minority interest is comprised of Preference share capital in a subsidiary company.

	1987 £000	1986 £000
244,850 2.8% First Cumulative Preference Shares of £1 each	245	250
3,000,000 10% Redeemable Second Cumulative Preference Shares of £1 each	<u>3,000</u>	<u>3,000</u>
	<u>3,245</u>	<u>3,250</u>
	=====	=====

The subsidiary has the right to redeem all or any of the Redeemable Second Cumulative Preference Shares at par together with a premium, as follows:-

Year of redemption	Premium
Up to 1992	10 per cent
1993 to 1997	7½ per cent
1998 to 2002	5 per cent
2003 to 2007	2½ per cent
2008 to 2012	NIL

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

17. Debenture Stock

£6,000,000 13% Debenture Stock 2018 is secured on the assets of a subsidiary company. 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.

18. Approval of Accounts

These accounts were approved by the directors on 4 August 1987.

REPORT OF THE AUDITORS TO THE MEMBERS OF ALLCHURCHES TRUST LIMITED

We have audited the accounts set out on pages 5 to 20 in accordance with approved Auditing Standards.

In our opinion the accounts of Allchurches Trust Limited set out on pages 5 and 7 and the related notes which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 28 February 1987 and of its surplus for the year ended on that date and comply with the Companies Act 1985. The consolidated accounts of the group set out on pages 6 and 8 to 20 comply with the provisions of the Companies Act 1985 applicable to insurance companies.



Binder Hamlyn
Chartered Accountants
London
4 August 1987