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**Report & Accounts**

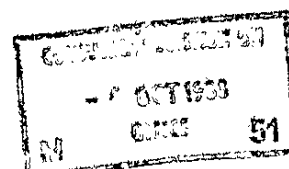
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**Ecclesiastical Holdings plc**

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**29 February 1988**

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**Report & Accounts**

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# Ecclesiastical Holdings plc

## Notice of Meeting

NOTICE is hereby given that the Annual General Meeting of the company will be held at Beaufort House, Brunswick Road, Gloucester GL1 1JZ on Monday 22nd August 1988 at 12.45pm to transact the following ordinary business of the company:

1. To consider the accounts and the reports of directors and auditors and declare a dividend.
2. To re-elect directors.
3. To re-appoint the auditors and authorise the directors to fix their remuneration.

By Order of the Board

D.H. HAYDON

Secretary

Gloucester  
7 July 1988

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. A proxy need not also be a member.

There are no service contracts with the directors.

This Notice is sent for information to the holders of the 13% Debenture Stock 2018.

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# Ecclesiastical Holdings plc

## Directors' Report and Review

The directors present their fifth annual report together with the audited accounts for the year ended 29 February 1988.

### Principal Activity and Review

The principal activity of the company is that of an investment holding company. Its principal subsidiary is Ecclesiastical Insurance Office plc. That company and its insurance subsidiary transacts all major forms of insurance business except certain classes of marine and transport and aviation. The Group continues to extend its range of personal financial services and the first unit trust "The Amity Fund" was launched in February. It is intended to strengthen and diversify activities in the financial services markets and this will call for a significant investment to underpin further long term prosperity.

### Results

Gross written premiums increased by 16.6% to £84,025,000. The net written premiums increased by 15.6% to £62,923,000.

#### Gross written premiums were (£000)

	1988	1987
General	68,737	58,800
Long Term	15,288	13,254
	<u>84,025</u>	<u>72,054</u>

#### Net written premiums were (£000)

	1988	1987
General	47,816	41,336
Long Term	15,107	13,113
	<u>62,923</u>	<u>54,449</u>

#### Results for the year (£000)

	1988	1987
Investment income and share of associated company earnings	5,556	5,057
Realised investment gains	2,889	2,934
Life transfer	—	5
	<u>8,445</u>	<u>7,996</u>
Debenture interest	(780)	(780)
Underwriting loss	(7,475)	(3,817)
Unit Trust Management	(258)	—
	<u>(68)</u>	<u>3,399</u>
Profit/(Loss) before taxation	(68)	3,399
Taxation	21	(1,274)
	<u>(47)</u>	<u>2,125</u>
Profit/(Loss) after taxation	(47)	2,125

Of the underwriting loss of £7,475,000 some £6,700,000 arose from the exceptionally severe storm of 16 October 1987. Church fires also contributed significantly to the poor result.

### Long Term Business

Single premiums grew by 17.6% to £8.6m and Annual premiums grew by 12.5% to £6.7m.

### Mutual Funds

All profits of the company's non-proprietary long term funds are for the benefit of participating policyholders.

A valuation of these funds was carried out at 29 February 1988. The strength of the funds has enabled the Actuary to recommend effectively unchanged rates of reversionary bonus.

### Non Mutual Funds

Allchurches Life continues to develop strongly. A transfer of £1.5m has been made from retained profits to policyholders' funds in recognition of the growing importance of this company and to facilitate its continuing growth.

### Result and Distributions

Net Loss after taxation was £(47,000)

Charitable grants and dividends are as follows:

Covenants (net)	42,000
Preference dividends of subsidiary company	306,000
Ordinary dividends—Interim paid	300,000
	<u>648,000</u>

The retained loss is £(695,000)

### Charitable Grants

The total amount allocated for charitable purposes is £469,000 being £58,000 covenants and £411,000 gross ordinary dividends. Nothing was given for political purposes.

### Status

The close company provisions of the Income and Corporation Taxes Act 1970 do not apply to the company.

# Ecclesiastical Holdings plc

## Directors' Report and Review

### Directors

The Rt. Revd. the Lord Bishop of Hull, the Very Revd. the Dean of Canterbury and Mr J. C. Bracher retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

### 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 appearing in the register maintained under the provision of the Companies Act 1985 are as follows:

Directors	Interest at 29.2.1988	Interest at 1.3.1987
C. Alan McIntock	500	500
M. R. Cornwall-Jones	500	500
J. C. Bracher	500	500
M. J. Burns	500	500
B. V. Day	2,970	2,970
The Very Revd. T. E. Evans the Dean of St. Paul's	2,900	2,900
The Revd. & the Right Honourable Lord Sandford	540	540
The Very Revd. J. A. Simpson the Dean of Canterbury	500	500
The Rt. Revd. D. G. Snelgrove the Lord Bishop of Hull	700	700
W. H. Yates	500	500

No director was interested in any other shares of the company or in the shares or debentures of its holding companies or of its subsidiary companies. There has been no change in these interests since the end of the financial year to the date of this report.

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

### Employees

The company has no employees.

The average number of persons employed in the United Kingdom each week by Ecclesiastical Insurance Office plc and its subsidiaries was 565 and their aggregate remuneration was £5,757,995.

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.

### Ownership

The entire equity capital of the company is owned by Allchurches Trust Ltd.

### Auditors

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  
BERNARD DAY  
Managing Director  
7 July 1988

# Ecclesiastical Holdings plc

## Consolidated Profit and Loss Account

### for the year ended 29 February 1988

	Notes	1988 £000	1987 £000
Investment Income	8	4,866	4,545
Share of Associated Company's Earnings		690	512
Realised Investment Profits		2,889	2,934
Transfer from Non Mutual Long Term Funds		—	5
		<u>8,445</u>	<u>7,996</u>
<i>Less:</i>			
Debenture Interest		780	780
Insurance Subsidiary: Underwriting loss	14	7,475	3,817
Unit Trust Management		258	—
		<u>8,513</u>	<u>4,597</u>
Profit/(Loss) before Taxation and Charitable Grants		(68)	3,399
Taxation	6	21	(1,274)
Profit/(Loss) after Taxation		<u>(47)</u>	<u>2,125</u>
Charitable Grants		58	792
Less: Tax relief thereon		16	280
		<u>42</u>	<u>512</u>
Profit/(Loss) after Taxation and Charitable Grants		<u>(89)</u>	<u>1,613</u>
Dividends			
Preference Dividends of Subsidiary Company		306	307
Ordinary Dividends		300	170
		<u>606</u>	<u>477</u>
Retained Profit/(Loss)	2	<u>(695)</u>	<u>1,136</u>
Parent Company		5	29
Subsidiary Companies		724	1,088
Associated Company		24	19
		<u>(695)</u>	<u>1,136</u>

# Ecclesiastical Holdings plc

## Consolidated Balance Sheet 29 February 1988

	Notes	1988		1987	
		£000	£000	£000	£000
<b>Fixed Assets</b>					
Investments	3		55,156		57,121
Associated Company	1		21,579		21,141
Tangible Assets			2,043		1,495
			<u>78,778</u>		<u>79,757</u>
<b>Current Assets</b>	4		72,840		41,588
<b>Total General Business and Shareholders' Assets</b>			<u>151,618</u>		<u>121,345</u>
<b>Less: Creditors</b>					
Amounts falling due within one year	4	29,268		19,653	
Amounts falling due after more than one year	4	6,000		6,000	
			<u>35,268</u>	<u>25,653</u>	
			<u>116,350</u>	<u>95,692</u>	
<b>Long Term Funds Net Assets</b>			<u>116,104</u>	<u>104,710</u>	
			<u>232,454</u>	<u>200,402</u>	
<b>Less: Insurance Funds</b>	6				
Long Term		116,104		104,716	
General Business		85,459		56,733	
			<u>201,563</u>	<u>161,449</u>	
<b>Net Assets</b>			<u>30,891</u>	<u>38,959</u>	
<b>Represented by:</b>					
Capital and Reserves	2		27,665		35,714
Minority Interests	15		3,226		3,245
			<u>30,891</u>	<u>38,959</u>	



# Ecclesiastical Holdings plc

## Group Long Term Revenue Accounts

### for the year ended 29 February 1988

Income	Notes	1988	1987	1988	1987	1988	1987
		Mutual £000	£000	Non Mutual £000	£000	Total £000	£000
Life Assurance and							
Endowment Certain Premiums		4,364	3,858	117	91	4,481	3,949
Consideration for annuities granted		1,876	2,340	6,297	4,642	8,173	6,982
Pension Fund premiums		2,453	2,182	-	-	2,453	2,182
		<u>8,693</u>	<u>8,380</u>	<u>6,414</u>	<u>4,733</u>	<u>15,107</u>	<u>13,113</u>
Investment income	8	4,781	3,975	2,549	1,861	7,330	5,836
Realised investment profits		894	1,945	152	122	1,046	2,067
		<u>14,368</u>	<u>14,300</u>	<u>9,115</u>	<u>6,716</u>	<u>23,483</u>	<u>21,016</u>
Expenditure							
Claims incurred		2,687	2,546	28	44	2,715	2,590
Surrenders		341	346	132	80	473	422
Annuities		2,773	2,320	2,575	1,913	5,348	4,233
		<u>5,801</u>	<u>5,212</u>	<u>2,735</u>	<u>2,043</u>	<u>8,536</u>	<u>7,255</u>
Expenses		1,648	1,423	594	397	2,242	1,820
Taxation	6	68	386	-	2	68	388
		<u>7,517</u>	<u>7,021</u>	<u>3,329</u>	<u>2,442</u>	<u>10,846</u>	<u>9,463</u>
Excess of Income over Expenditure		6,851	7,279	5,786	4,274	12,637	11,553
Transfer from Investment Reserve		1,250	2,500	-	-	1,250	2,500
Transfer from Retained Profits		-	-	1,500	(5)	1,500	(5)
Funds at beginning of year		55,207	45,428	20,231	15,962	75,438	61,390
Funds at end of year		<u>63,308</u>	<u>55,207</u>	<u>27,517</u>	<u>20,231</u>	<u>90,825</u>	<u>75,438</u>

# Ecclesiastical Holdings plc

## Group Long Term Balance Sheet 29 February 1988

	Notes	1988 £000	1987 £000
<b>Fixed Assets</b>			
Investments	3	113,104	102,059
Tangible Assets		792	810
		<u>113,896</u>	<u>102,869</u>
<b>Current Assets</b>	4	2,493	2,404
<b>Less: Creditors</b>			
Amounts falling due within one year	4	<u>285</u>	<u>593</u>
<b>Net Current Assets</b>		<u>2,208</u>	<u>1,811</u>
<b>Net Long Term Fund Assets</b>		<u><u>116,104</u></u>	<u><u>104,710</u></u>
<b>Represented by:</b>			
Long Term Funds	5	<u><u>116,104</u></u>	<u><u>104,710</u></u>

**Ecclesiastical Holdings plc**  
**Group Statement of Source and Application of Funds**  
**(excluding Long Term Business)**  
**Year ended 29 February 1988**

	1988 £000	1987 £000
<b>Source of Funds</b>		
Profit/(Loss) before taxation	(68)	3,399
Transfer between funds	(1,500)	-
Profit retained in associated company	(33)	(26)
Depreciation	384	195
Adjustments for movements in:		
Exchange rates	(594)	(34)
Insurance funds and outstanding claims	28,726	10,514
Creditors	9,784	5,297
Debtors	(28,861)	(9,259)
<b>Total generated from operations</b>	<b>7,838</b>	<b>10,026</b>
<b>Application of Funds</b>		
Charitable grants	58	792
Preference dividends paid by subsidiary company	306	307
Dividends paid	430	165
Tax paid	1,101	183
	<b>1,895</b>	<b>1,447</b>
<b>Funds available for investment</b>	<b>5,943</b>	<b>8,579</b>
<b>Change in Investments and Liquid Funds</b>		
Fixed interest securities	(184)	2,071
Ordinary stocks and shares	2,785	3,883
Properties	3	187
Other investments	542	(111)
Fixed assets	933	234
Acquisition of interest in associated company	580	726
Cash at bank and in hand	1,284	1,589
	<b>5,943</b>	<b>8,579</b>

# Ecclesiastical Holdings plc

## 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**

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 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 and 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 a changing 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 these rates of exchange of the branch current accounts 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 pension liabilities are dealt with by payment to a Canadian Trustee Fund.

**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.

# **Ecclesiastical Holdings plc**

## **Accounting Policies**

### **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 50 years.

Expenditure incurred in renovating the company's new leasehold offices in Billiter Street, London, is being written off over four years. The amortised properties, computer equipment and other capital items are included under the heading Fixed Assets in the balance sheet.

### **m Investment Reserve**

This comprises surplus on revaluation of investments and gains on movements in exchange.

### **n Taxation**

Taxation is provided on profits and income less reliefs. Provision is not made on earnings retained overseas or on unrealised appreciation of investments at the balance sheet date.

# Ecclesiastical Holdings plc

## Notes on the Accounts

### 1 Holding, Subsidiary and Associated Companies

The company's ultimate holding company is Allchurches Trust Limited incorporated in England. The company owns 100% of the ordinary share capital of Ecclesiastical Group Asset Management Limited, which, in turn, owns all of the 50,000 issued £1 ordinary shares of Allchurches Investment Management Services Limited, a unit trust management company.

The company's principal subsidiary is Ecclesiastical Insurance Office plc, a composite insurance company, registered and operating in England. The company owns 100% of the ordinary, deferred, redeemable third cumulative preference share capital and 9.6% of the first cumulative preference share capital. The subsidiary companies of Ecclesiastical Insurance Office plc, the proportion of each class of shares held and their activities are as under:

- (i) Registered and operating in England:  
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 four 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

The Ecclesiastical Insurance Office plc holds 36.4% of the issued ordinary share capital and 15.5% of the preference shares in St Andrew Trust plc, an investment trust company, incorporated in Scotland.

### 2 Capital and Reserves

The issued share capital and movements on reserves are as follows:

	1988 £000	1987 £000
<i>Authorised, Allotted, Issued and Fully Paid</i>		
Ordinary Share Capital Shares of £1 each	3,050	3,050
Profit and Loss Account		
Balance 28 February 1987	79	50
Retained profit added this year	5	29
Balance 29 February 1988	84	79
<b>Total Capital and Reserves</b>	<b>3,134</b>	<b>3,129</b>

#### Group

<i>Authorised, Allotted, Issued and Fully Paid</i>		
Ordinary Share Capital Shares of £1 each	3,050	3,050
Capital Reserve		
Balance 28 February 1987	30,206	21,352
Deficit arising from revaluation of investments	(5,257)	8,887
Deficit arising from re-alignment of exchange rates	(597)	(33)
Balance 29 February 1988	24,352	30,206
Profit and Loss Account		
Balance 28 February 1987	2,458	1,322
Transfer to Policyholders funds of a subsidiary company	(1,500)	–
Retained profit/(loss) for the year	(695)	1,136
Balance 29 February 1988	263	2,458
<b>Total Capital and Reserves</b>	<b>27,665</b>	<b>35,714</b>

Of the result after taxation, available for distribution, £305,000 (1987: £199,000) has been dealt with in the accounts of the parent company.

# Ecclesiastical Holdings plc

## Notes on the Accounts

### 3 Investments

Investments are valued in accordance with the Insurance Companies Regulations. 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.

	1988 Group	1988 Parent Company	1987 Group	1987 Parent Company
	Long Term £000	General £000	Long Term £000	General £000
British Government and British Government guaranteed securities	25,451	16,360	24,224	17,090
United Kingdom Municipal, County and Public Boards securities	1,092	269	1,289	287
Government, Provincial and Municipal securities other than United Kingdom	1,706	4,295	1,606	3,684
Debentures and loan stocks	19,207	5,949	14,776	6,302
Preference shares	1,160	3,166	923	3,274
Ordinary stocks and shares	49,102	22,362	47,238	24,540
Other investments, including mortgages and loans	4,560	1,044	1,926	486
Freehold and leasehold properties	10,826	1,691	10,110	1,458
	<u>113,104</u>	<u>55,156</u>	<u>102,089</u>	<u>57,121</u>
<b>4 Current Assets and Current Assets</b>				
Sums due from policyholders, agents and other insurance companies	96	63,753	90	36,357
Other debtors, including taxation	1,924	3,108	564	535
Subsidiary company	-	-	-	154
Dividends from subsidiary	-	-	-	130
Cash at bank and in hand	473	5,979	1,750	4,696
	<u>2,493</u>	<u>72,840</u>	<u>2,404</u>	<u>41,548</u>
<b>Creditors: amounts falling due within one year</b>				
Due to other insurance companies	13	26,531	12	17,414
Other creditors, including taxation	272	2,730	541	2,098
Subsidiary company	-	-	-	117
Proposed dividend	-	7	-	137
	<u>285</u>	<u>29,268</u>	<u>593</u>	<u>19,653</u>
<b>Creditors: amounts falling due after more than one year</b>				
Debenture Stock (Note 16)	-	6,000	-	6,000

# Ecclesiastical Holdings plc

## Notes on the Accounts

### 5 Insurance Funds

Insurance funds shown in the consolidated balance sheet are as follows:-

	1988 £000	1987 £000
<b>Long Term</b>		
Mutual Funds	63,308	55,207
Non Mutual Funds	27,517	20,231
	<u>90,825</u>	<u>75,438</u>
Outstanding claims	582	422
	<u>91,407</u>	<u>75,860</u>
<b>Investment Reserves</b>		
Mutual Funds	22,735	27,287
Non Mutual Funds	1,962	1,563
	<u>116,104</u>	<u>104,710</u>
<b>General Business</b>		
Unearned premiums	18,880	15,893
Outstanding claims	85,869	40,339
Open Year Funds	4,207	3,456
Deferred acquisition costs	(3,497)	(2,895)
	<u>85,459</u>	<u>56,793</u>
<b>Total</b>	<u>201,563</u>	<u>161,443</u>

### 6 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:-

	1988 £000	1987 £000
<b>General Business</b>		
UK Corporation Tax	(53)	1,052
Overseas taxation	199	212
	<u>146</u>	<u>1,264</u>
Less relief for overseas taxation	53	207
	<u>93</u>	<u>1,057</u>
Tax credit on franked investment income	40	181
Share of Associated Company's taxation	192	122
	<u>325</u>	<u>1,310</u>
Prior year adjustment	(346)	(36)
	<u>(21)</u>	<u>1,274</u>

### 6 Taxation continued

Mutual Long Term Fund

	1988 £000	1987 £000
<b>Charge for the year:</b>		
UK Corporation Tax	-	113
Overseas taxation	14	10
	<u>14</u>	<u>123</u>
Less relief for overseas taxation	4	10
	<u>10</u>	<u>113</u>
Tax credit on franked investment income	150	352
	<u>160</u>	<u>465</u>
Prior year adjustment	(92)	(79)
	<u>68</u>	<u>386</u>
<b>Non Mutual Long Term Fund</b>		
<b>Charge for the year:</b>		
Tax credit on franked investment income	-	2

The Inland Revenue is claiming that, commencing with the year ended 28 February 1984, a proportion of general business claims reserves amounting to about £2m may not be eligible for tax relief. In the opinion of the directors the claims reserves included in the accounts are properly eligible for such relief and accordingly no provision has been made for any disallowance.

There is no charge or credit in respect of deferred taxation as the amount is negligible.

### 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 £10.5m (1987: £16.1m) would arise. Of this £6.8m (1987: £9.1m) would relate to the Shareholders Funds, £3.7m (1987: £7.0m) to the Long Term Funds.

### 7 Group Turnover

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

	1988 £000	1987 £000
<b>Long Term</b>	15,288	13,254
<b>General</b>	68,737	58,899
	<u>84,025</u>	<u>72,153</u>



# Ecclesiastical Holdings plc

## Notes on the Accounts

### 8 Investment Income

Investment Income £4,866,000 (1987: £4,545,000) credited to the Profit and Loss Account is after charging £355,000 (1987: £187,000) expenses and interest paid. Investment income £4,781,000 (1987: £3,975,000) credited to the Mutual Life Fund is after charging £178,000 (1987: £114,000) expenses and interest paid. Investment income credited to the Non Mutual Life Fund £2,549,000 (1987: £1,861,000), is after charging £4,000 (1987: £5,000) expenses and interest paid.

### 9 Directors' Emoluments

No director received emoluments from Ecclesiastical Holdings plc during the year.

The emoluments of the directors from subsidiary companies totalled £134,223 (1987: £131,029) including fees £55,882 (1987: £54,282). The emoluments of the chairman during the year were £10,700 (1987: £10,700).

The highest paid director received emoluments of £67,889 (1987: £66,484). Other directors were paid in the following bands:

	1988	1987
Up to £5,000	6	8
£5,001 - £10,000	3	2
In addition an ex gratia payment of £11,000 was made to one retiring director.		

### 10 Employees' Emoluments

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

	1988	1987
£30,001 to £35,000	3	4
£35,001 to £40,000	2	3
£40,001 to £45,000	2	1
£45,001 to £50,000	1	—
£50,001 to £55,000	1	—

### 11 Auditors' Remuneration

The remuneration of the auditors of the group amounted to £62,254 (1987: £57,670).

### 12 Capital Commitments

At 29 February 1988 there were no outstanding contracts for capital expenditure (1987: nil), or capital expenditure authorised by the directors but not contracted for (1987: nil).

### 13 Loans to Directors and Officers

No loans or quasi loans were made to directors or connected persons during the year. Two persons who were officers of the company during the year ended 29 February 1988 had loans from the company outstanding at that date amounting in aggregate to £5,360.

### 14 Insurance Subsidiary: Underwriting Result

	1988 £000	1987 £000
<b>Income</b>		
Gross Written Premiums	68,737	58,800
Less: Reinsurance	20,921	17,464
Net Written Premiums	47,816	41,336
Less: Increase in provision for unearned premiums	2,650	3,378
Net Earned Premiums	45,166	37,958
<b>Expenditure</b>		
Claims paid and outstanding less reinsurance recoveries	36,434	28,662
Agency commission and expenses of management	16,207	13,113
	52,641	41,775
<b>Underwriting loss</b>	(7,475)	(3,817)

### Geographic Distribution of General Business

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

	1988 £000	1987 £000
United Kingdom (including reinsurance accepted)	61,610	51,600
Eire	1,275	1,022
Canada	5,852	6,178
	68,737	58,800

# Ecclesiastical Holdings plc

## Notes on the Accounts

### 15 Minority Interest

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

	1988 £	1987 £
2.8% First Cumulative Preference Shares of £1 each	226,090	244,850
10% Redeemable Second Cumulative Preference Shares of £1 each	3,000,000	3,000,000
	<u>£3,226,090</u>	<u>£3,244,850</u>

### 18 Approval of Accounts

These accounts were approved by the directors on 7 July 1988.

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 31 December 2012.

### 16 Debenture Stock

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

### 17 Investment in Subsidiary Companies

The company's investment in its subsidiaries is included at cost and comprises:

	£
Ecclesiastical Insurance Office plc:	
Deferred Shares of £1 each	100
Ordinary Shares of £1 each	3,000,000
2.8% First Cumulative Preference Shares of £1 each	6,850
9.5% Redeemable Third Cumulative Preference Shares of £1 each	6,000,000
	<u>£9,006,950</u>

### Ecclesiastical Group Asset

Management Limited:

Ordinary Shares of £1 each	100,000
	<u>£9,106,950</u>

# Ecclesiastical Holdings plc

## Auditors' Report

### Report of the Auditors to Members of Ecclesiastical Holdings plc

We have audited the financial statements on pages 6 to 18 in accordance with approved Auditing Standards.

In our opinion the balance sheet of Ecclesiastical Holdings plc as set out on page 7 and the related notes which have been prepared under the historical cost convention, give a true and fair view of the company's affairs at 29 February 1988 and comply with the Companies Act 1985. The consolidated accounts of the group as set out on pages 6, and 8 to 18 comply with the provisions of the Companies Act 1985 applicable to insurance companies.

Binder Hamlyn  
Chartered Accountants  
London



7 July 1988