

1043742/40

ALLCHURCHES TRUST LIMITED
REPORT AND ACCOUNTS
YEAR ENDED 28 FEBRUARY 1986



ALLCHURCHES TRUST LIMITED

REPORT AND ACCOUNTS
YEAR ENDED 28 FEBRUARY 1986

1	Directors and Officers
2	Directors' Report and Review
5	Profit and Loss Account
6	Consolidated Profit and Loss Account
7	Balance Sheet
8	Consolidated Balance Sheet
9	Long Term Business Revenue Accounts
10	Long Term Balance Sheet
11	Group Statement of Source and Application of Funds
12	Accounting Policies
14	Notes on the Accounts
21	Auditors' Report

ALLCHURCHES TRUST LIMITED

Fulham Palace, Bishops Avenue,
London SW6 6EA

Directors C.Alan McLintock CA Chairman
 The Ven.A.C.Smith VRD
 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 Dearden Farrow
 Chartered Accountants
 1 Serjeants' Inn
 London EC4Y 1JD

ALLCHURCHES TRUST LIMITED
DIRECTORS' REPORT AND REVIEW

The directors present the fourteenth annual report and the accounts for the year ended 28 February 1986.

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 £56,757,000 of which £45,779,000 was general business and £10,978,000 long term business. The general business underwriting loss amounted to £2,403,000.

Profit and Loss Account

The consolidated profit for the year before charitable grants and taxation amounted to £2,523,000. Charitable grants of £839,000 were paid or provided leaving profit before taxation of £1,684,000. The taxation charge amounted to £515,000 and the minority interests absorbed £307,000, leaving an amount of £862,000 profit retained as follows:-

	£000
Allchurches Trust Limited	167
Subsidiary Companies	659
Associated Company	36
	<hr/>
	862
	<hr/>

Donations

The amount paid or provided by the group for charitable purposes has been increased from £752,025 to £839,108. Of this £653,000 was paid under covenant by Ecclesiastical Insurance Office plc to Allchurches Trust Limited.

Amounts paid or provided for by the company and its subsidiaries are: £

By Allchurches Trust Limited: 789,108

English Dioceses, the Episcopal Church in Scotland and the Church of Ireland	764,500
Educational Foundations	10,000
Other charitable distributions	14,608
	<hr/>
	789,108

By Subsidiary companies: 50,000

The Representative Body of the Church in Wales	15,000
The Church of England Pensions Board	22,000
The City of London Endowment Trust for St Paul's Cathedral	1,000
The Canterbury Cathedral Appeal	1,000
The Westminster Abbey Trust	1,000
Beaufort House Trust	10,000
	<hr/>
	50,000

£839,108

In the past five years over £3 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 472 and their aggregate remuneration was £4,195,590.

The group is a committed equal opportunities employer. The group's policy on employment of disabled persons is to give full and fair consideration to applications from disabled persons for employment having regard to their particular aptitudes and abilities. Where possible, employment is continued and appropriate training arranged for the employees who become disabled. Training and career development is encouraged for all staff including those who are disabled.

It is the group's aim to keep employees informed about its affairs and in particular about those matters which affect them directly. The most effective means of communication has proved to be through regular meetings or briefing groups which afford a two-way dialogue. These meetings are reinforced, when appropriate by written information and for matters of a complex nature by the publication of a newsletter.

Directors

The names of the present directors are shown on page 1. In accordance with the Articles of Association the Ven.A.C.Smith and Dr.D.M.M.Carey retire by rotation. Dr.D.M.M.Carey, being eligible, offers himself for re-election. The Ven.A.C.Smith does not seek re-election. Mr A.W.Grant also served on the board until 9 October 1985.

According to the Register of Directors' Share Interests kept by the company, the following persons who were directors of the company at 28 February 1986 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 date of this report.

Holding of 2.8% First Cumulative Preference share of each fully paid

	<u>28 February 1986</u>	<u>1 March 1985</u>
	or date of appointment if later	
C.Alan.McLintock	500	500
The Ven.A.C.Smith	1,000	1,000
Dr D.M.M.Carey	500	500
The Ven. the Archdeacon of Cheltenham	2,900	2,600
M.R.Cornwall-Jones	500	500
The Rt.Revd.R.F.Cartwright Appointed 5th September 1985	3,000	3,000

Auditors

A resolution proposing the re-appointment of the company's auditors, Dearden Farrow in accordance with the Companies Act 1985 will be put to the forthcoming Annual General Meeting.

By Order of the Board

D.H.Haydon
Secretary

18th August 1986

ALLCHURCHES TRUST LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 28 FEBRUARY 1986

	£	<u>1986</u>	£	£	<u>1985</u>	£
<u>Income</u>						
From Subsidiary companies:						
Covenants		653,000			569,000	
Dividends		<u>218,913</u>			<u>192,857</u>	
			871,913			761,857
Deposit Interest			<u>84,574</u>			<u>61,588</u>
			956,487			823,445
 <u>Expenditure</u>						
Charitable Distributions and Expenses			<u>789,395</u>			<u>703,312</u>
Surplus for the year			<u>£167,092</u> =====			<u>£120,133</u> =====

ALLCHURCHES TRUST LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 28 FEBRUARY 1986

		<u>1986</u>		<u>1985</u>	
	Notes	£000	£000	£000	£000
Investment Income	9		4,305		4,115
Share of Associated Company's Earnings			453		390
Realised Investment Profits			<u>948</u>		<u>1,719</u>
			5,706		6,224
Less:					
Debenture Interest		780		780	
Insurance Subsidiary: Underwriting Loss	15	<u>2,403</u>		<u>3,879</u>	
			<u>3,183</u>		<u>4,659</u>
Profit before Charitable Grants and Taxation			2,523		1,565
Charitable Grants			<u>839</u>		<u>752</u>
Profit before Taxation			1,684		813
Taxation	7		515		(57)
Profit after Taxation			<u>1,169</u>		<u>870</u>
Minority Interests (Subsidiary Company Preference Dividends)			<u>307</u>		<u>307</u>
Retained Profit	3		<u>862</u>		<u>563</u>
Parent Company			167		120
Subsidiary Companies			659		388
Associated Company			<u>36</u>		<u>55</u>
			<u>862</u>		<u>563</u>

ALLCHURCHES TRUST LIMITED

BALANCE SHEET

YEAR ENDED 28 FEBRUARY 1986

		<u>1986</u>		<u>1985</u>	
	<u>Notes</u>	£	£	£	£
Fixed Assets					
Investments:					
Shares in group companies	2		3,050,100		3,050,000
Current Assets	5	1,201,243		939,851	
Creditors: amounts falling due within one year	5	<u>784,787</u>		<u>690,387</u>	
Net Current Assets			<u>416,456</u>		<u>249,464</u>
Net Assets			<u>£3,466,556</u>		<u>£3,299,464</u>
Represented by:					
Reserves	3		<u>£3,466,556</u>		<u>£3,299,464</u>

G.A. McIntock

G.A. McIntock Director

Richard Cartwright

+ R.F. Cartwright Director

ALLCHURCHES TRUST LIMITED
CONSOLIDATED BALANCE SHEET 28 FEBRUARY 1986

		<u>1986</u>		<u>1985</u>	
	Notes	£000	£000	£000	£000
Fixed Assets					
Investments	4		46,947		38,848
Associated Company			15,657		13,702
Tangible Assets			<u>1,456</u>		<u>1,191</u>
			64,060		53,741
Current Assets	5		<u>32,324</u>		<u>44,261</u>
Total General Business and Shareholders' Assets			96,384		98,002
Less: Creditors					
Amounts falling due within one year	5	14,775		14,800	
Amounts falling due in more than one year	5	<u>6,000</u>		<u>6,261</u>	
			<u>20,775</u>		<u>21,061</u>
			75,609		76,941
Net Assets per Group Long Term Balance Sheet			<u>82,982</u>		<u>66,854</u>
			158,591		143,795
Less: Insurance Funds	6				
Long Term		82,982		66,854	
General Business		<u>46,219</u>		<u>52,929</u>	
			<u>129,201</u>		<u>119,783</u>
Net Assets			<u>29,390</u>		<u>24,012</u>
Represented by:					
Reserves	3		26,140		20,752
Minority Interests	16		<u>3,250</u>		<u>3,250</u>
			<u>29,390</u>		<u>24,012</u>

ALLCHURCHES TRUST LIMITED
GROUP LONG TERM REVENUE ACCOUNTS
YEAR ENDED 28 FEBRUARY 1986

		<u>1986</u>	<u>1986</u>	<u>1986</u>	<u>1985</u>	<u>1985</u>	<u>1985</u>
	<u>Notes</u>	<u>Mutual</u>	<u>Non</u>	<u>Total</u>	<u>Mutual</u>	<u>Non</u>	<u>Total</u>
		<u>£000</u>	<u>Mutual</u>	<u>£000</u>	<u>£000</u>	<u>Mutual</u>	<u>£000</u>
			<u>£000</u>	<u>£000</u>		<u>£000</u>	<u>£000</u>
<u>INCOME</u>							
Life Assurance and Endowment Certain premiums less reinsurance		3,423	98	3,521	2,953	97	3,050
Consideration for annuities granted		1,456	4,023	5,479	1,941	4,083	6,024
Pension Fund premiums		<u>1,860</u>	<u>-</u>	<u>1,860</u>	<u>1,693</u>	<u>-</u>	<u>1,693</u>
		6,739	4,121	10,860	6,587	4,180	10,767
Investment income	9	3,468	1,493	4,961	2,918	870	3,788
Realised investment profits		<u>1,494</u>	<u>168</u>	<u>1,662</u>	<u>402</u>	<u>241</u>	<u>643</u>
		<u>11,701</u>	<u>5,782</u>	<u>17,483</u>	<u>9,907</u>	<u>5,291</u>	<u>15,198</u>
<u>EXPENDITURE</u>							
Claims incurred		1,918	17	1,935	1,557	12	1,569
Surrenders		313	89	402	356	71	427
Annuities		<u>2,058</u>	<u>1,372</u>	<u>3,430</u>	<u>1,752</u>	<u>795</u>	<u>2,547</u>
		4,289	1,478	5,767	3,665	878	4,543
Expenses		1,096	336	1,432	865	325	1,190
Taxation	7	<u>584</u>	<u>3</u>	<u>587</u>	<u>337</u>	<u>(10)</u>	<u>327</u>
		<u>5,969</u>	<u>1,817</u>	<u>7,786</u>	<u>4,867</u>	<u>1,193</u>	<u>6,060</u>
Excess of income over Expenditure		5,732	3,965	9,697	5,040	4,098	9,138
Funds at beginning of year		<u>39,696</u>	<u>11,997</u>	<u>51,693</u>	<u>34,656</u>	<u>7,899</u>	<u>42,555</u>
Funds at end 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>
		=====	=====	=====	=====	=====	=====

ALLCHURCHES TRUST LIMITED
GROUP LONG TERM BALANCE SHEET
YEAR ENDED 28 FEBRUARY 1986

		<u>1986</u>		<u>1985</u>	
	Notes	£000	£000	£000	£000
Fixed Assets					
Investments	4		81,072		63,805
Tangible Assets			825		844
			<u>81,897</u>		<u>64,649</u>
Current Assets	5	1,634		2,815	
Creditors: amounts falling due within one year	5	<u>549</u>		<u>610</u>	
Net Current Assets			<u>1,085</u>		<u>2,205</u>
Net Long Term Fund Assets			<u>82,982</u>		<u>66,854</u>
Represented by:					
Long Term Funds	6		<u>82,982</u> =====		<u>66,854</u> =====

ALLCHURCHES TRUST LIMITED

GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS
(excluding long term business)

YEAR ENDED 28 FEBRUARY 1986

	1986	1985
	£000	£000
SOURCE OF FUNDS		
Profit before taxation	2,523	1,565
Profit retained in associated company	(51)	(84)
Depreciation	340	178
Canadian Dollar loan	(261)	(72)
Adjustments for movements in:		
Exchange rates	(979)	551
Insurance funds and outstanding claims	(6,711)	22,019
Creditors	(139)	2,366
Debtors	12,148	(20,426)
Total generated from operations	<u>6,870</u>	<u>6,097</u>
 APPLICATION OF FUNDS		
Charitable Grants	745	715
Dividends paid	307	307
Tax paid	145	479
	<u>1,197</u>	<u>1,501</u>
 FUNDS AVAILABLE FOR INVESTMENT	<u>5,673</u>	<u>4,596</u>
 CHANGE IN INVESTMENTS AND LIQUID FUNDS		
Fixed interest securities	2,593	2,345
Ordinary stocks and shares	1,730	(593)
Properties	-	13
Other investments	100	47
Fixed assets	605	66
Acquisition of interest in associated company	137	1,289
Cash at bank and in hand	<u>508</u>	<u>1,429</u>
	<u>5,673</u>	<u>4,596</u>

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 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 four 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, computer ancillary equipment and motor cars is written off in the year of acquisition. Major items of computer expenditure are written off over two 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 and computer equipment 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%
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-80%
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 33.8% 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 Corporation Limited	
100 Ordinary Shares of £1 each	100
	<hr/>
	£3,050,100
	<hr/>

3. Reserves

	1986 Group £000	1986 Parent £000	1985 Group £000	1985 Parent £000
Investment Reserve				
Balance 28 February 1985	13,918	3,000	12,136	3,000
Surplus arising from revaluation of investments	5,493	-	1,195	-
Surplus arising from realignment of exchange rates	(977)	-	587	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance 28 February 1986	18,434	3,000	13,918	3,000
	<hr/>	<hr/>	<hr/>	<hr/>
General Reserve				
Balance 28 February 1986	4,500	-	4,500	-
	<hr/>	<hr/>	<hr/>	<hr/>
Profit and Loss Account				
Balance 28 February 1985	2,344	299	1,781	179
Retained profit added this year	862	167	563	120
	<hr/>	<hr/>	<hr/>	<hr/>
Balance 28 February 1986	3,206	466	2,344	299
	<hr/>	<hr/>	<hr/>	<hr/>
Total Reserves	26,140	3,466	20,762	3,299
	<hr/>	<hr/>	<hr/>	<hr/>

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.

	1986 Parent Company £000	1986 Group £000	1986 Long Term £000	1985 Parent Company £000	1985 Group £000	1985 Long Term £000
British Government securities	-	16,849	23,451	-	13,871	19,578
United Kingdom Municipal, County and Public Board securities	-	33	1,050	-	45	1,016
Foreign Government securities	-	3,636	2,649	-	4,206	1,877
Debenture and Loan stock	-	4,434	10,056	-	3,249	6,784
Preference shares	-	3,538	253	-	3,145	164
Ordinary shares	-	16,644	33,980	-	12,662	25,821
Mortgages and Loans	-	573	1,119	-	436	908
Property	-	1,240	8,514	-	1,234	7,657
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	46,947	81,072	-	38,848	63,805
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

5. Current Assets and Creditors

	1986 Parent Company £000	1986 Group £000	1986 Long Term £000	1985 Parent Company £000	1985 Group £000	1985 Long Term £000
Current Assets						
Sums due from policyholders, agents and insurance companies	-	26,663	89	-	39,203	16
Other debtors	-	767	408	-	330	423
Dividend from subsidiary	125	-	-	135	-	-
Taxation	64	774	117	57	1,119	-
Cash and short term deposits	<u>1,012</u>	<u>4,120</u>	<u>1,020</u>	<u>747</u>	<u>3,609</u>	<u>2,376</u>
	<u>1,201</u>	<u>32,324</u>	<u>1,634</u>	<u>939</u>	<u>44,261</u>	<u>2,815</u>
Creditors: amounts falling due within one year						
Due from other insurance companies	-	13,045	7	-	13,035	6
Other creditors	785	1,693	542	690	1,752	604
Taxation	-	30	-	-	6	-
Dividends	-	7	-	-	7	-
	<u>785</u>	<u>14,775</u>	<u>549</u>	<u>690</u>	<u>14,800</u>	<u>610</u>
Creditors: amounts falling due in more than one year						
Debenture Stock (Note 17)	-	6,000	-	-	6,000	-
Bank Loan	-	-	-	-	261	-
	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>6,261</u>	<u>-</u>

6 Insurance Funds

Insurance Funds of the subsidiary companies are as follows:-

	1986 £000	1985 £000
Long Term		
Mutual Fund	45,428	39,696
Non Mutual Fund	<u>15,962</u>	<u>11,997</u>
	61,390	51,693
Outstanding Claims	<u>34</u>	<u>256</u>
	61,424	51,949
Investment Reserves		
Mutual Funds	20,142	14,430
Non Mutual Funds	<u>1,116</u>	<u>475</u>
	<u>82,982</u>	<u>66,854</u>
General Business		
Unearned Premiums	9,492	8,519
Outstanding Claims	34,383	42,215
Treaty 'open years'	<u>2,344</u>	<u>2,195</u>
	<u>46,219</u>	<u>52,929</u>
TOTAL	<u>129,201</u>	<u>119,783</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:-

	1986 £000	1985 £000
General Business		
Charge for the year:		
UK Corporation Tax at 40.416%	643	-
Overseas taxation	<u>36</u>	<u>22</u>
	679	22
Less relief for overseas taxation	<u>18</u>	<u>6</u>
	661	16
Tax credit on franked investment income	(214)	(103)
Deferred taxation	-	(46)
Share of Associated Company's taxation	<u>135</u>	<u>122</u>
	582	(11)
Prior years adjustments	<u>(67)</u>	<u>(46)</u>
	515	(57)
	<u>515</u>	<u>(57)</u>
Mutual Long Term Fund		
Charge for the year:		
UK Corporation Tax	133	27
Overseas taxation	<u>9</u>	<u>7</u>
	142	34
Less relief for overseas taxation	<u>3</u>	<u>-</u>
	139	34
Tax credit on franked investment income	<u>364</u>	<u>201</u>
	503	235
Prior years adjustments	<u>81</u>	<u>102</u>
	584	337
	<u>584</u>	<u>337</u>
Non Mutual Long Term Fund		
Charge for the year:		
UK Corporation Tax	-	5
Tax credit on franked investment income	<u>3</u>	<u>-</u>
	3	5
Prior years adjustments	<u>-</u>	<u>(15)</u>
	3	(10)
	<u>3</u>	<u>(10)</u>

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 £11.3m (1985: £8.2m) would arise. Of this £6.6m (1985: £4.8m) would relate to the Shareholders Funds, £4.7m (1985: £3.4m) to the Long Term Funds.

8. Group Turnover

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

	1986 £000	1985 £000
Long Term	10,978	10,892
General	<u>45,779</u>	<u>44,068</u>
	<u>56,757</u>	<u>54,960</u>

9. Investment Income

Investment income £4,305,000 (1985: £4,115,000) credited to the consolidated profit and loss account is after charging £16,000 (1985: £54,000), interest paid.

Investment income £3,468,000 (1985: £2,918,000) credited to the Mutual Life Fund is after charging £3,000 (1985: £2,000), interest paid.

Investment income credited to the Non Mutual Life Fund £1,493,000 (1985: £870,000) is after charging £9,000 (1985: £1,000), 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) £21,150 (1985: £20,990)
The highest paid director, who was also chairman,
received emoluments of £8,100 (1985: £8,100)

Other directors were paid in the following bands:-

	1986	1985
Emoluments up to £5,000	3	2
£5,001 to £10,000	1	1

11. Employees' Emoluments

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

	1986	1985
£30,001 to £35,000	4	2
£35,001 to £40,000	1	-
£40,001 to £45,000	1	-

12. Auditors Remuneration

The remuneration of the auditors of the group amounted to £50,470 (1985: £48,749).

13. Capital Commitments

At 28 February 1986 there were no outstanding contracts for capital expenditure (1985: Nil).

Capital expenditure authorised by the directors but not contracted for amounted to £250,000 (1985: £450,000).

14. Loans to Directors and Officers

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

Six persons who were officers of a subsidiary company during the year ended 28 February 1986 had loans from that company outstanding at that date amounting in aggregate to £15,715.

15. Insurance Subsidiary: Underwriting Result

	1986 £000	1985 £000
INCOME		
Gross written premiums	45,779	44,068
Less: reinsurance	<u>15,058</u>	<u>14,560</u>
Net written premiums	30,721	29,508
Less: Increase in provision for Unearned premiums	<u>1,206</u>	<u>998</u>
Net earned premiums	29,515	28,510
EXPENDITURE		
Claims paid and outstanding less reinsurance recoveries	21,332	21,969
Agency commission and expenses of management	<u>10,586</u>	<u>10,420</u>
	<u>31,918</u>	<u>32,389</u>
UNDERWRITING LOSS	<u>(2,403)</u>	<u>(3,879)</u>

Geographic Distribution of General Business

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

	1986 £000	1985 £000
United Kingdom (including reinsurance accepted)	41,238	38,212
Eire	774	590
Canada	<u>3,767</u>	<u>5,266</u>
	<u>45,779</u>	<u>44,068</u>

16. Minority Interests

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

	1986 £000	1985 £000
250,000 2.8% First Preference Shares of £1 each	250	250
3,000,000 10% Redeemable Second Cumulative Preference Shares of £1 each	<u>3,000</u>	<u>3,000</u>
	<u>3,250</u>	<u>3,250</u>

That 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 18th August 1986.

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 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 1986 and of its surplus for the year ended on that date and comply with the Companies Act 1985. In our opinion 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.



Dearden Farrow
Chartered Accountants
London
18th August 1986

G. 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.

H. Premiums Written

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

I. Reinsurance Accepted

The results of treaty inwards reinsurance business are determined as at 31st 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.

J. Capital Expenditure

Expenditure on fixtures and fittings, office equipment, computer ancillary equipment and motor cars is written off in the year of acquisition. Major items of computer expenditure are written off over two 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.

Investment properties and the head office are included under the heading freehold and leasehold properties in the Balance Sheet.

K. Investment Reserve

This is comprised of surplus on revaluation of investments, gains on movements in exchange and profits and losses (after taxation) on investment disposals.

2. Group Companies

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

Until 5th June 1983, the company held 100 Ordinary shares of £1 each, being 100% of the Ordinary share capital, in Ecclesiastical Insurance Office plc, a composite insurance company.

Details of changes in group structure after 28th February 1983 are shown in note 18, post balance sheet events.

The subsidiaries of Ecclesiastical Insurance Office plc (all of which are wholly owned) and their issued capital and activities are as follows:-

(i) Incorporated in England:

Aldwych Management Services Limited
100 Ordinary shares of £1 each
Secretarial and management services
Churchmen's Insurance Company Limited
100 Ordinary shares of £1 each
Non trading
EIO Trustees Limited
100 Ordinary shares of £1 each
Trustee services
Everyman's Insurance Company Limited
100 Ordinary shares of £1 each
Non trading
The Pendle Insurance Company Limited
100 Ordinary shares and 1,000,000 Deferred shares of £1 each
Life assurance

(ii) Incorporated overseas:

Rei Investments Limited
630,000 Ordinary shares of IR£1 each
Property company incorporated in the Republic of Ireland.

3. Group Turnover

Gross written premiums for long term and general business amounted to £39,094,000 (1982 £33,097,000).

Net written premiums amounted to £28,390,000 (1982, £23,597,000).

4. 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) £14,407 (1982 fees £12,934)
The Chairman received no emoluments (1982 £2,355)
Other Directors were paid in the following bands:-

	<u>1983</u>	<u>1982</u>
Emoluments up to £5,000	3	5
£5,001 to £10,000	1	-

5. Employees' Remuneration

The number of persons other than directors whose emoluments fell within the bands indicated was:-

	<u>1983</u>	<u>1982</u>
Emoluments £35,001 - £40,000	-	1
Emoluments £45,001 - £50,000	1	-

6. Investment Income

Investment income £3,248,000 (1982 £2,751,000) credited to the Consolidated Profit and Loss Account is after charging £68,000 (1982 £92,000), interest paid. Investment income £2,298,000 (1982 £2,009,000) credited to the Mutual Long Term Fund is after charging £2,000 (1982 £1,000), interest paid. Investment income credited to the Non Mutual Long Term Fund £496,000 (1982 £243,000) is after charging interest paid £3,000 (1982 £9,000).

7. Capital Commitments and Contingent Liabilities

At 28th February 1983 there were no outstanding items of authorised capital expenditure or outstanding contracts for capital expenditure (1982 nil).

The General Business Fund had a liability of £258,000 for the payment of calls in respect of recently issued partly paid securities.

The Mutual Life Fund had a liability of £451,000 for the payment of calls in respect of recently issued partly paid securities.

Under the terms of the contract by which Ecclesiastical Insurance Office plc acquired the whole of the issued share capital of The Pendle Insurance Company Limited, the purchase consideration will amount to approximately £1,400,000, the exact amount depending on negotiations concerning certain liabilities of Pendle. Four instalments have been paid. The final instalment remains outstanding.

8. Exceptional Expenditure.

The amounts of £52,000 charged to the Profit and Loss Account and £6,000 in the Long Term Business Revenue Account are additional payments into the Staff Retirement Benefit Fund.

9. Auditors' Remuneration

The remuneration of the auditors of the Group amounted to £37,000 (1982 £31,000).

10. Canadian Dollar Loan

Repayment is by instalments from 1982 to 1987 with provision for earlier repayment at the Company's option.

11. Investments

Investments have been valued this year 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. In the company's own balance sheet shares in Ecclesiastical Insurance Office plc are included at cost. No provision for deferred taxation is made on revaluation surpluses. Corresponding figures have been restated.

12. Reserves

Movements of Reserves are as follows:-

	1983		1982	
	Group £000	Parent £000	Group £000	Parent £000
Investment Reserve				
Balance 28th February 1982	2,877	-	-	-
Surplus arising from revaluation of investments	5,754	-	2,944	-
Surplus arising from re-alignment of exchange rates	278	-	321	-
	<u>8,909</u>	<u>-</u>	<u>3,265</u>	<u>-</u>
Less: Goodwill	(225)	-	-	-
Net realised investment losses (after tax relief)	(52)	-	(388)	-
Balance 28th February 1983	<u>8,632</u>	<u>-</u>	<u>2,877</u>	<u>-</u>
General Reserve				
Balance 28th February 1982	3,500	-	3,000	-
Transfer from Profit and Loss Account	500	-	500	-
Transfer from Catastrophe Reserve	500	-	-	-
Balance 28th February 1983	<u>4,500</u>	<u>-</u>	<u>3,500</u>	<u>-</u>
Catastrophe Reserve				
Balance 28th February 1982	1,000	-	1,000	-
Transfer to General Fund	(500)	-	-	-
Transfer to Open Year Funds	(500)	-	-	-
Balance 28th February 1983	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Profit and Loss Account				
Balance 28th February 1982	819	63	510	40
Prior year adjustment (deferred acquisition costs less taxation)	-	-	36	-
Retained profit added this year	819	43	773	23
Transfer to General Reserve	(500)	-	(500)	-
Balance 28th February 1983	<u>1,138</u>	<u>106</u>	<u>819</u>	<u>63</u>

13. Insurance Funds

Insurance Funds of the subsidiary companies are as follows:-

	1983 £000	1982 £000
Long Term		
Mutual Fund	29,024	24,115
Non Mutual Fund	<u>5,355</u>	<u>2,971</u>
	34,379	27,086
Outstanding Claims	277	255
	<u>34,656</u>	<u>27,341</u>
Investment Reserves		
Mutual Funds	7,843	3,317
Non Mutual Funds	<u>574</u>	<u>138</u>
	<u>43,073</u>	<u>30,796</u>
General Business		
Unearned Premiums	6,256	5,673
Outstanding Claims	16,308	13,094
Treaty 'open years'	<u>2,938</u>	<u>2,078</u>
	<u>25,502</u>	<u>20,845</u>
TOTAL	<u>68,575</u>	<u>51,641</u>

14. Taxation

The parent company is a registered charity and has borne no charge for taxation.

Taxation charged in the 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:-

	<u>1983</u> £000	<u>1982</u> £000
General Business		
Charge for the year:		
UK Corporation Tax @ 52% (1982 52%)	496	554
Overseas taxation	145	40
	<u>641</u>	<u>594</u>
Less relief for overseas taxation	132	33
	<u>509</u>	<u>561</u>
Tax credit on franked investment income	266	209
Deferred taxation	25	38
	<u>800</u>	<u>808</u>
Prior years adjustments	-	22
	<u>800</u>	<u>830</u>
	===	===
Mutual Long Term Fund		
Charge for the year:		
UK Corporation Tax @ 37.5% (1982 37.5%)	10	21
Overseas taxation	7	4
	<u>17</u>	<u>25</u>
Less relief for overseas taxation	2	2
	<u>15</u>	<u>23</u>
Tax credit on franked investment income	153	131
	<u>168</u>	<u>154</u>
Prior years adjustments	-	(19)
	<u>168</u>	<u>135</u>
	===	===
Non Mutual Long Term Fund		
Charge for the Year:		
UK Corporation Tax @ 52% (1982 52%)	4	10
Tax credit on franked investment income	5	4
	<u>9</u>	<u>14</u>
Prior years adjustments	-	(5)
	<u>9</u>	<u>9</u>
	===	===

15. Minority Interest

In June 1978 the Ecclesiastical Insurance Office plc issued 3,000,000 10% Redeemable Second Cumulative Preference shares of £1 each at par.

These shares may be redeemed on or after 30th June 1983 at a premium as follows:-

<u>Year of Redemption</u>	<u>Premium</u>
1983 to 1992 inclusive	10 per cent
1993 to 1997 inclusive	7½ per cent
1998 to 2002 inclusive	5 per cent
2003 to 2007 inclusive	2½ per cent
2008 to 2012 inclusive	Nil.

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

16. Loans to Directors and Officers

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

Seven persons who were officers of a subsidiary company during the year ended 28th February 1983 had loans from the Company outstanding at that date amounting in aggregate to £21,021.

17. Funds

No part of any fund has been applied directly or indirectly for any purpose other than the class of business to which it is applicable.

18. Post Balance Sheet Events

(a) On 26th April 1983 Ecclesiastical Holdings Limited was incorporated as a wholly owned subsidiary of Allchurches Trust Limited. Subsequently Ecclesiastical Holdings was re-registered as a public limited company with a share capital of £50,000 in Ordinary shares of £1 each, all of which were subscribed for by Allchurches Trust Limited.

(b) On 6th June 1983 Ecclesiastical Holdings plc acquired the 100 Ordinary shares of £1 each (now redesignated as Deferred shares) in Ecclesiastical Insurance Office plc from Allchurches Trust Limited, together with 3,000,000 new Ordinary shares of £1 each in Ecclesiastical Insurance Office plc issued by way of capitalisation of reserves.

(c) On 23rd June 1983 Ecclesiastical Holdings plc issued £6,000,000 13% Debenture Stock 2018. The Council of the Stock Exchange has admitted this stock to the Official List. The proceeds of this issue have been used to subscribe for 6,000,000 9½% Cumulative Redeemable Preference shares of £1 each in Ecclesiastical Insurance Office plc.

19. Approval of Accounts

These accounts were approved by the Directors on 7th July 1983.

ALLCHURCHES TRUST LIMITED
and its Subsidiary Companies

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
Year Ended 28th February 1983

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Source of Funds				
Profit before taxation	1,926	1,910	43	23
Prior year adjustment	-	35	-	-
Depreciation	139	212	-	-
Increase in long term funds (excluding taxation)	7,469	4,454	-	-
Canadian Dollar loan	(47)	(45)	-	-
Adjustments for movements (excluding taxation) in:				
Exchange rates	278	321	-	-
Insurance funds and outstanding claims	4,179	4,689	-	-
Creditors	958	(40)	128	97
Debtors	(3,776)	(1,953)	(4)	(41)
Realised investment profits/(losses)	<u>(230)</u>	<u>(771)</u>	<u>-</u>	<u>-</u>
Total generated from operations	<u>10,896</u>	<u>8,812</u>	<u>167</u>	<u>79</u>
	=====	=====	=====	=====
Application of Funds				
Dividends paid	307	307	-	-
Tax paid	<u>751</u>	<u>1,201</u>	<u>(28)</u>	<u>(36)</u>
	<u>1,058</u>	<u>1,508</u>	<u>(28)</u>	<u>(36)</u>
Funds available for investment	<u>9,838</u>	<u>7,304</u>	<u>195</u>	<u>115</u>
	=====	=====	=====	=====
Change in Investments and Liquid Funds				
Fixed interest securities	6,935	4,904	-	-
Ordinary stocks and shares	1,361	857	-	-
Properties	1,860	-	-	-
Other investments	182	28	-	-
Fixed assets	168	72	-	-
Acquisition of subsidiary company *	-	491	-	-
Cash at bank and in hand	<u>(668)</u>	<u>952</u>	<u>195</u>	<u>115</u>
	<u>9,838</u>	<u>7,304</u>	<u>195</u>	<u>115</u>
	=====	=====	=====	=====

* Note: This represents the cost of Rei Investments Ltd. The value of the Company's freehold property on acquisition was £491,000.

REPORT OF THE AUDITORS TO THE MEMBERS OF ALLCHURCHES TRUST LIMITED

We have audited the accounts set out on pages 4 to 17 in accordance with approved Auditing Standards.

In our opinion the Accounts of Allchurches Trust Limited set out on pages 4 and 5 which have been prepared under the historical cost convention give a true and fair view of the state of the Company's affairs at 28th February 1983 and of its surplus for the year on that date and comply with the Companies Acts 1948 to 1981. In our opinion the Consolidated Accounts of the Group set out on pages 6 to 17 comply with the provisions of the Companies Acts 1948 to 1981 applicable to insurance companies.

London.
7th July 1983

Dearden Farrow
Dearden Farrow
Chartered Accountants