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**Allchurches Trust Limited**

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**Report and Accounts**

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**31 December 1990**

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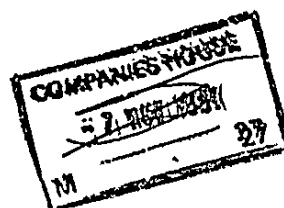
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# **Report and Accounts**

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# Report and Accounts 31 December 1990

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## Notice of Meeting

NOTICE is hereby given that the Annual General Meeting of the company will be held at The Insurance Hall, 20 Aldermanbury, London EC2V 7HY on Friday, 18 October 1991 at 2.15pm to transact the following business of the company:-

1. To consider the accounts and reports of the directors and the auditors for the ten month period ended 31 December 1990.

2. To elect directors.

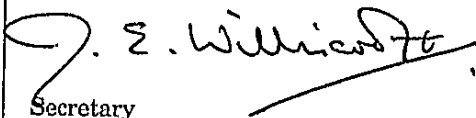
3. To re-appoint the auditors and authorise the directors to fix their remuneration.

4. As Special Business, to consider and, if thought fit, approve the following ordinary resolution:

That pursuant to Article 3 of the Articles of Association of the Company The Most Reverend and Right Honourable G. L. Carey, Archbishop of Canterbury be admitted a Member of the Company.

By order of the board

J.E. Williscroft



Secretary

Gloucester  
26 September 1991

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.

## Directors and Officials

<p><b>Allchurches Trust Limited</b> A company formed to promote the christian religion and to contribute to the funds of charitable institutions.</p>	
Directors	C. Alan McLintock <i>Chairman</i> Dr D.M.M. Carey CBE The Very Revd. T.E. Evans <i>the Dean of St. Paul's</i> M.R. Cornwall-Jones The Rt. Revd. R.F. Cartwright
Secretary	J.E. Williscroft
Registered Office	Beaufort House, Brunswick Road, Gloucester GL1 1JZ.
Company Registration Number	1043742
Auditors	BDO Binder Hamlyn 20 Old Bailey London EC4M 7BH

# Directors' Report and Review

The directors present their report and review together with the audited accounts for the 10 month period ended 31 December 1990.

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

## Reference date

The accounting reference date has been changed to 31 December.

## Principal activities

The principal activities of the trading subsidiaries throughout and at the end of the period remain the transaction of most forms of general and long term insurance.

A list of the company's subsidiary and associated undertakings is given on page 18.

## Results and review

This review and its accompanying accounts cover a period which, by common consent, has been one of unprecedented difficulty for general insurers. Two factors dominated – a series of natural catastrophes and the sharp reduction in stock market values.

Domestically, only ten months results are included for some of our businesses as we implemented our plan to adopt 31 December as the accounting reference date throughout our operations.

The income available to the Trust fell to £829,000. Dividends from the subsidiaries were reduced from £1.8m to £0.6m.

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

In order to diversify a subsidiary has entered into a joint venture with the English and American Insurance Group to acquire the New Zealand Reinsurance Company of America. An investment of US\$6,000,000 has been approved.

## General business

Despite a very competitive market, premiums for the UK general insurance business, on an annualised basis, grew by 12%. Subsidence, due to severe summer drought, several major fires, a surge in theft claims and storms in December, caused substantial underwriting losses in a predominantly property insurance portfolio. Nevertheless, other parts of the group fared better and a small pre-tax profit was achieved.

The results for the whole group, including the

trading subsidiaries, are shown in the consolidated profit and loss account on page 9.

## Long term business

Turnover in these funds was dominated by single premiums, mainly for annuities, but volumes reduced to more normal levels after a spectacular rise in the previous year. Annual premiums, on an annualised basis, rose by 8.1%.

In some previous years Allchurches Life has required additional transfers to support its rapidly growing business but no transfer was required this year. By contrast, the small Endowment Certain Fund has accrued over the years more capital than is required to support the modest scale of its business and we decided to release £400,000 of its reserves for use elsewhere. The main EIO Life fund continues to devote all its distributed profits for policyholders' bonuses.

## Allchurches mortgage company

During the period the company's financial services subsidiary, Allchurches Mortgage Company Limited, issued a further 150,000 6% Non-Cumulative Preference shares of £1 each in order to facilitate that company's expansion. The authorised share capital was also increased from £250,100 to £1,000,000. Bank loans totalling £1,545,495 (nil) are secured against the assets of that company.

## Donations

In the long term, Allchurches Trust can only give what its subsidiaries can spare from the profits they earn. It is proposed to distribute charitable grants to dioceses at the previous year's level, albeit adjusted to allow for the fact that 1990 was a 'short' accounting period. This is possible, in the short term, by drawing on the Trust's own reserves.

Charitable amounts paid or provided for by the company are:

	£
English dioceses, Welsh dioceses, the Episcopal Church in Scotland and the Church of Ireland	1,191,000
Others	244,000
	<hr/>
	£1,435,000
	<hr/>

In the past five years over £6.2 million has been provided for church and other charitable purposes.

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

## Directors' Report and Review (continued)

### Directors

The names of the present directors are shown on page 3. In accordance with the Articles of Association Dr D.M.M. Carey and the Rt. Revd. R.F. Cartwright retire by rotation and do not seek re-election.

A statement of directors' interests appears on page 19.

### Directors' and Officers' Liability Insurance Policy

During the period the company has maintained cover for its directors and certain officers, and those of its subsidiary undertakings, as permitted under section 137 of the Companies Act 1989.

### Employees

The company has no direct employees.

The average number of persons employed in the United Kingdom each week by its subsidiaries was 732 (708) and their aggregate remuneration was £8,216,000 (£8,663,000).

It is the group's policy to employ disabled persons on its standard terms of employment having regard to their particular aptitudes and abilities. Where possible, employment of persons

who become disabled is continued and the necessary retraining provided to allow continuing service with the company. Opportunities for training and career development are available to all staff.

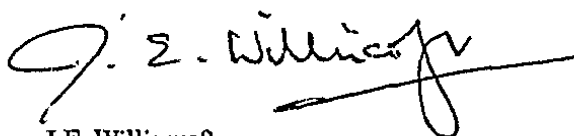
The group recognises the importance of employee communication and aims to keep employees informed about its affairs. Regular meetings are held and discussion encouraged.

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

### Auditors

A resolution will be proposed at the annual general meeting to re-appoint BDO Binder Hamlyn as auditors of the company.

By order of the board



J.E. Willisroft  
Secretary  
4 July 1991

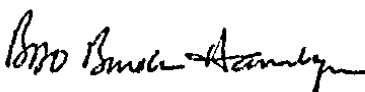
## Auditors' Report

### Auditors' Report to the Members of Allchurches Trust Limited

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

In our opinion, the financial statements of Allchurches Trust Limited give a true and fair view of the state of the company's affairs at 31 December 1990 and of its loss for the period ended on that date, and have been properly prepared in accordance with the Companies Act 1985, and the financial statements of the group have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to insurance companies.

BDO Binder Hamlyn  
Chartered Accountants  
London



4 July 1991

# Accounting Policies

## **a Accounting and disclosure requirements**

The accounts have been prepared under the historical cost convention as modified by the revaluation of investments and in accordance with applicable accounting standards.

The accounts of the group are drawn up in accordance with Section 255A and Schedule 9 of the Companies Act 1985. The balance sheet of the parent company is drawn up in accordance with Section 226 and Schedule 4 of the Companies Act 1985.

## **b Basis of consolidation**

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

## **c Subsidiary and associated undertakings**

Investments in subsidiary and associated undertakings are stated at net asset value.

## **d Exchange rates**

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

## **e Insurance funds**

Unearned premiums represent the proportion of general business premiums written in the period which relate to cover provided thereafter. An allowance is made for deferred acquisition costs according to the class of business.

In addition to unearned premiums, amounts are set aside for unexpired risks to meet future claims on business in force at the end of the year. Outstanding claims are calculated by reference to individual cases and include amounts for claims incurred but not reported, and the balances of the 'open years' accounts for London market and inwards reinsurance business.

## **f Investment income and return**

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

In the long term insurance revenue account investment return comprising net realised gains, dividends, interest and rent is stated after charging investment expenses and is credited in the period in which it is received. Dividends from subsidiary undertakings are dealt with on an accruals basis.

## **g 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.

## **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 and London market operations**

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

## **j Depreciation**

Capital expenditure on premises, computer equipment, vehicles, furniture and office equipment is capitalised and depreciated over the estimated useful lives of the assets. The rates of depreciation are periodically reviewed and amounts capitalised are currently written off over the following periods:

Freehold Buildings	: 100 years
Leases of less than 50 years	: Unexpired period
Plant and machinery; computers and office equipment	: 5 years
Motor Vehicles	: 2 years
Land is not depreciated.	



# Accounting Policies

## **k Revaluation reserve**

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

## **l Taxation**

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

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

# Profit and Loss Account

for the ten month period ended 31 December 1990

	10 months 31.12.1990 £000	12 months 28.2.1990 £000
<b>Income</b>		
From subsidiary undertakings:		
Covenants	—	100
Dividends	600	1,800
	<hr/>	<hr/>
Deposit interest	600	1,900
	229	149
	<hr/>	<hr/>
	829	2,049
<b>Expenditure</b>		
Charitable distributions		
Expenses	1,435	1,523
	5	5
	<hr/>	<hr/>
	1,440	1,528
	<hr/>	<hr/>
(Deficit)/surplus for the period	(611)	521
<b>Balance brought forward</b>	1,420	899
	<hr/>	<hr/>
<b>Balance carried forward</b>	809	1,420
	<hr/>	<hr/>

## Consolidated Profit and Loss Account

for the 10 month period ended 31 December 1990		10 months 31.12.1990 £000	12 months 28.2.1990 £000
	Notes		
Investment income on shareholders' funds	8	2,398	2,410
Realised investment gains		472	3,064
General insurance result	6a	(2,180)	(152)
Other operations	7	(99)	(406)
'Transfer from policyholders' funds of subsidiary undertakings		400	6
		<u>991</u>	<u>4,922</u>
Debenture interest		650	780
		<u>341</u>	<u>4,142</u>
<b>Profit before taxation</b>			
Taxation	9	(156)	906
		<u>497</u>	<u>3,236</u>
<b>Profit after taxation</b>			
Minority interests		8	(90)
		<u>489</u>	<u>3,326</u>
Preference dividends of a subsidiary undertaking		306	306
Charitable grants		1,435	1,611
		<u>1,741</u>	<u>1,917</u>
<b>Retained (loss)/profit</b>	3	<u>(1,252)</u>	<u>1,409</u>

## Movements in Reserves

	31.12.1990		28.2.1990	
	Group £000	Parent £000	Group £000	Parent £000
<b>Retained profits</b>				
Balance 1 March 1990	4,418	1,420	3,524	899
Foreign exchange losses	(398)	—	(115)	—
Transfer to 'open year' funds	—	—	(400)	—
Retained (loss)/profit for the period	(1,252)	(611)	1,409	521
	<u>2,768</u>	<u>809</u>	<u>4,418</u>	<u>1,420</u>
<b>General reserve</b>				
Balance 31 December 1990	6,000	—	6,000	—
<b>Revaluation reserve</b>				
Balance 1 March 1990	32,186	41,184	26,834	35,459
Foreign exchange (losses)/gains	(1,104)	—	826	—
(Deficit)/surplus arising from revaluation of investments	(12,661)	(14,804)	4,526	5,725
	<u>18,421</u>	<u>26,380</u>	<u>32,186</u>	<u>41,184</u>
<b>Balance 31 December 1990</b>				
<b>Total reserves</b>	<u>27,189</u>	<u>27,189</u>	<u>42,604</u>	<u>42,604</u>

# Parent Company Balance Sheet

at 31 December 1990			
	Notes	31.12.1990 £000	28.2.1990 £000
<b>Fixed assets</b>			
Investments:			
Shares in group undertakings	13	26,431	41,234
<b>Current assets</b>	10	1,938	2,785
<b>Creditors</b>			
Amounts falling due within one year	10	1,180	1,415
<b>Net current assets</b>		758	1,370
<b>Net assets</b>		27,189	42,604
Represented by:			
<b>Reserves</b>		27,189	42,604
<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;"> <i>Contract</i>            G.A. MELINTOCK            M.R. CORNWALL-JONES }         </div> <div>Directors</div> </div>			
<i>M.R. Cornwall-Jones</i>			

## Long Term Business Balance Sheet

at 31 December 1990			
	Notes	31.12.1990 £000	28.2.1990 £000
<b>Life fund</b>	5	165,118	163,239
<b>Other liabilities</b>	10	1,632	1,182
		166,750	164,421
<b>Investments</b>	11	159,820	157,593
<b>Fixed assets</b>		902	855
<b>Other assets</b>	10	6,028	5,973
		166,750	164,421

# Consolidated Balance Sheet

at 31 December 1990		31.12.1990	28.2.1990
	Notes	£000	£000
<b>Reserves</b>			
Revaluation reserve		18,421	32,186
General reserve		6,000	6,000
Retained profits		2,768	4,418
		<u>27,189</u>	<u>42,604</u>
<b>Minority interests</b>	4	3,328	3,331
<b>Insurance funds</b>	5	77,483	68,485
<b>Other liabilities</b>			
due within one year	10	33,008	25,915
due after more than one year	14	6,000	6,000
		<u>39,008</u>	<u>31,915</u>
<b>Long term insurance accounts</b> (see separate balance sheet page 10)		<u>166,750</u>	<u>164,421</u>
		<u>313,758</u>	<u>310,756</u>
<b>Investments</b>	11	54,927	63,436
<b>Associated undertaking</b>	13	25,472	33,439
<b>Fixed assets</b>		7,254	4,414
<b>Other assets</b>	10	59,355	45,046
<b>Long term insurance accounts</b> (see separate balance sheet page 10)		<u>166,750</u>	<u>164,421</u>
		<u>313,758</u>	<u>310,756</u>

# Group Statement of Source and Application of Funds

for the period ended 31 December 1990 (excluding long term business)	10 months 31.12.1990 £000	12 months 28.2.1990 £000
<b>Source of funds</b>		
Profit before taxation	341	4,142
Transfer to 'open year' funds	—	(400)
Profit retained in associated undertaking	(15)	(60)
Depreciation	765	814
Minorities	(3)	200
Adjustments for movements in:		
Exchange rates	(1,502)	711
Insurance funds and outstanding claims	8,998	13,987
Creditors	3,378	(813)
Debtors	(9,954)	(1,038)
<b>Total generated from operations</b>	<b>2,008</b>	<b>17,543</b>
<b>Application of funds</b>		
Charitable grants paid	1,672	1,408
Preference dividends paid by subsidiary undertaking	306	306
Tax paid	931	1,917
	<b>2,909</b>	<b>3,631</b>
<b>Funds available for investment</b>	<b>(901)</b>	<b>13,912</b>
<b>Change in investments and liquid funds</b>		
Fixed interest securities	(1,593)	3,008
Ordinary stocks and shares	(1,944)	3,004
Properties	(646)	278
Other investments	(130)	1,929
Fixed assets	3,605	2,218
Acquisition of interest in associated undertaking	490	1,065
Cash at bank and in hand	(683)	2,410
	<b>(901)</b>	<b>13,912</b>

# Notes on the Accounts

## 1 Reference date

The accounting reference date has been changed to 31 December. UK operating companies financial statements have, therefore, been prepared for the ten month period ended 31 December 1990. The financial statements for overseas branches and reinsurance accepted operations continue to be prepared for twelve months ended 31 December.

## 2 Exchange rates

The principal rates of exchange used for translation are:	31.12.1990	23.2.1990
United States of America	US\$ 1.93	US\$ 1.61
Canada	C\$ 2.24	C\$ 1.87
Republic of Ireland	IR£ 1.09	IR£ 1.04

## 3 Retained profits/(losses)

Retained profits/(losses) have been dealt with in the following accounts:	£000	£000
Parent company	(611)	521
Subsidiary undertakings	(656)	828
Associated undertaking	15	60
	<u>(1,252)</u>	<u>1,409</u>

## 4 Minority interest

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

	£000	£000
Ecclesiastical Insurance Office plc	210	221
2.8% First Cumulative Preference shares of £1 each	3,000	3,000
10% Redeemable Second Cumulative Preference shares of £1 each		
Ecclesiastical Underwriting Management Limited	118	110
Ordinary shares of £1 each	<u>3,328</u>	<u>3,331</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 31 December 2012.

## 5 Insurance funds

Insurance funds shown in the balance sheets are as follows:	£000	£000
General insurance		
Unearned premiums	27,636	26,286
Outstanding claims	54,049	47,127
Deferred acquisition costs	(5,215)	(4,928)
Unexpired risk reserve	1,013	—
	<u>77,483</u>	<u>68,485</u>
Long term insurance		
Mutual funds	82,722	77,422
Non mutual funds	79,306	68,448
	<u>162,028</u>	<u>145,870</u>
Investment reserves	3,090	17,369
	<u>165,118</u>	<u>163,239</u>

# Notes on the Accounts

## 6 Insurance subsidiaries: underwriting results

	10 months 31.12.1990 £000	12 months 28.2.1990 £000
<b>(a) General insurance</b>		
Gross written premiums	90,644	99,098
Less: Reinsurance	34,512	36,651
Net written premiums	56,132	62,447
Increase in unearned premiums and unexpired risk reserve	2,809	2,793
Net earned premiums	53,323	59,654
Claims incurred	41,133	43,403
Expenses and commission	18,722	21,240
	59,855	64,643
Underwriting result	(6,532)	(4,989)
Investment income on general insurance funds	4,352	4,837
<b>Insurance result</b>	<b>(2,180)</b>	<b>(152)</b>
<b>(b) Long term insurance</b>		
Premiums less reinsurance	23,628	36,769
Investment return on long term funds	11,254	11,829
	34,882	48,598
Claims and surrenders	4,421	5,173
Annuities	10,838	9,499
Expenses and commission	2,562	3,481
Taxation	803	694
	18,624	18,847
<b>Excess of income over expenditure</b>	<b>16,258</b>	<b>29,751</b>
Transfer from investment reserve	300	2,750
Transfer to consolidated profit and loss account	(400)	(4)
<b>Funds at beginning of period</b>	<b>145,870</b>	<b>113,373</b>
<b>Funds at end of period</b>	<b>162,028</b>	<b>145,870</b>
<b>7 Other operations</b>	<b>£000</b>	<b>£000</b>
Unit trust management	(102)	(120)
Underwriting management	37	(224)
Churches purchasing scheme	(36)	(66)
Mortgage and other financial services	2	4
	(99)	(406)



## Notes on the Accounts

### 8 Investment income and return

	Long Term Business Mutual		Non Mutual		General Business	
	31.12.90 £000	28.2.90 £000	31.12.90 £000	28.2.90 £000	31.12.90 £000	28.2.90 £000
Investment income	5,543	6,183	5,610	5,445	5,781	6,448
Associated undertaking	—	—	—	—	1,217	1,089
Realised investment gains	284	338	44	146	472	3,064
	<u>5,827</u>	<u>6,521</u>	<u>5,654</u>	<u>5,591</u>	<u>7,470</u>	<u>10,601</u>
Less expenses	195	253	32	30	248	290
	<u>5,632</u>	<u>6,268</u>	<u>5,622</u>	<u>5,561</u>	<u>7,222</u>	<u>10,311</u>
Allocated to:						
Consolidated revenue accounts	5,632	6,268	5,622	5,561	4,352	4,837
Consolidated profit and loss account						
Investment income	—	—	—	—	2,398	2,410
Realised investment gains	—	—	—	—	472	3,064
	<u>5,632</u>	<u>6,268</u>	<u>5,622</u>	<u>5,561</u>	<u>7,222</u>	<u>10,311</u>

### 9 Taxation

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

	Long Term Business Mutual		Non Mutual		General Business	
	31.12.90 £000	28.2.90 £000	31.12.90 £000	28.2.90 £000	31.12.90 £000	28.2.90 £000
UK corporation tax	693	208	65	—	(184)	227
Overseas taxation	17	12	—	—	283	330
	<u>710</u>	<u>220</u>	<u>65</u>	<u>—</u>	<u>99</u>	<u>557</u>
Less relief for overseas taxation	11	12	—	—	—	330
	<u>699</u>	<u>208</u>	<u>65</u>	<u>—</u>	<u>99</u>	<u>227</u>
Tax credit on franked investment income and share of associated undertaking's taxation	—	481	39	41	95	688
Deferred taxation	—	—	—	—	(350)	—
	<u>699</u>	<u>689</u>	<u>104</u>	<u>41</u>	<u>(156)</u>	<u>915</u>
Prior year adjustment	—	(35)	—	(1)	—	(9)
	<u>699</u>	<u>654</u>	<u>104</u>	<u>40</u>	<u>(156)</u>	<u>906</u>

The long term funds are charged to tax on the bases applicable to life assurance and annuity business. The general business corporation tax credit includes a charge of £76,000 at 34.1% (35%) and an estimated recovery of £260,000 in respect of a carry back of trading losses in subsidiary undertakings. The charge to tax for tax credit on franked investment income and share of associated undertaking's tax is after making a deduction for the balance of the period's trading loss. The deferred tax credit of £350,000 is carried forward as an asset.

### 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 £8.3m (£14.0m) would arise. Of this £6.9m (£9.1m) would relate to the shareholders' funds, £1.4m (£4.9m) to the long term funds.

# Notes on the Accounts

## 10 Other assets and liabilities

	31.12.1990			28.2.1990		
	Long Term £000	Consol- idated £000	General Parent Company £000	Long Term £000	Consol- idated £000	General Parent Company £000
<b>Current assets</b>						
Agents and other insurance debts	302	38,044	—	502	28,655	—
Other debtors, including taxation	2,549	3,669	—	1,866	2,410	338
Dividends from subsidiary	—	—	6	27	—	900
Group balances	64	—	—	—	—	—
Cash at bank and in hand	3,113	17,642	1,932	3,578	13,981	1,547
	<u>6,028</u>	<u>59,355</u>	<u>1,938</u>	<u>5,973</u>	<u>45,046</u>	<u>2,785</u>

In the consolidated balance sheet other debtors include deferred taxation of £350,000 (£nil) due after more than one year.

### Creditors: amounts falling due within one year

Outstanding claims	718	—	—	540	—	—
Due to other insurance companies	33	24,766	—	6	21,963	—
Other creditors, including taxation	128	3,900	1,180	636	3,945	1,415
Proposed dividend	—	7	—	—	7	—
Bank overdraft	753	4,335	—	—	—	—
	<u>1,632</u>	<u>33,008</u>	<u>1,180</u>	<u>1,182</u>	<u>25,915</u>	<u>1,415</u>

## 11 Investments

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 period end interest rates.

	31.12.1990		28.2.1990	
	Long Term £000	General £000	Long Term £000	General £000
British Government and British Government guaranteed securities	20,436	11,578	20,671	12,461
United Kingdom municipal, county and public boards securities	890	272	905	262
Government, provincial and municipal securities other than United Kingdom	2,630	4,841	2,492	5,564
Debentures and loan stocks	20,808	8,312	20,430	9,351
Preference shares	1,815	1,655	2,091	2,118
Ordinary stocks and shares	60,952	24,057	64,197	28,660
Other investments, including mortgages and loans	41,813	2,945	34,066	2,562
Freehold and leasehold properties	10,476	1,267	12,741	2,458
	<u>159,820</u>	<u>54,927</u>	<u>157,593</u>	<u>63,436</u>

## 12 Lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	31.12.1990		28.2.1990	
	Premises £000	Equipment £000	Premises £000	Equipment £000
Expiring within 1 year	11	52	—	52
Between 1 and 5 years	771	—	780	—
	<u>782</u>	<u>52</u>	<u>780</u>	<u>52</u>

# Notes on the Accounts

## 13 Subsidiary and associated undertakings

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

## 14 Debenture stock

The £6,000,000 13% Debenture stock 2018 is secured on the assets of a subsidiary undertaking. 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.

## 15 Capital commitments

At 31 December 1990 outstanding contracts for capital expenditure amounted to £2.1m (*£nil*). Capital expenditure authorised by the directors but not contracted for was £3.1m (£3.5m).

## 16 Directors' emoluments

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

Directors who are also directors of Ecclesiastical Insurance Office plc received aggregate emoluments from that company of £29,808 (£31,950). Individual emoluments (excluding pension contributions) were:

	31.12.1990	28.2.1990
	£	£
Chairman and highest paid director	13,409	14,450
Other directors, by scale:	No.	No.
Up to £5,000	2	2
£5,001 to £10,000	1	1
£10,001 to £15,000	1	1

## 17 Loans to directors and officers

No loans or quasi loans were made to directors or connected persons during the period. One person who was an officer of the group during the period ended 31 December 1990 had a loan outstanding at that date amounting to £3,552 (£328).

## 18 Pensions

The group's main scheme is a defined benefit scheme for UK and Eire employees. The assets of the scheme are held separately from those of the group by the Ecclesiastical Insurance Office plc Staff Retirement Benefit Fund. Pension costs for this scheme are determined, on the basis of triennial valuations, by a qualified actuary who is an employee of the group, using the aggregate

method. The most recent valuation was at 31 August 1989. The assumptions which have the greatest effect on the valuation results are those related to the rate of return on investments and the rate of increase in salaries. It is assumed that there will be a margin of 2% between investment return and salary growth. Other than in respect of statutory pension increases no allowance was made for pension increases as these are separately funded.

The most recent actuarial valuation showed that the market value of the scheme's assets was £19,881,000, representing 101.9% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contribution of the group to the fund is 20% of pensionable salary.

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

The total funding cost for the period was £1,378,000 (£1,394,000). Of this £1,350,000 (£1,367,000) related to the main UK scheme.

## 19 Group turnover

Gross written premiums for general and long term business were:

	10 months 31.12.1990	12 months 28.2.1990
	£000	£000
General insurance		
Great Britain	67,786	72,120
Overseas branches and agencies	11,713	13,925
Reinsurance and London market	11,145	13,053
	<u>90,644</u>	<u>99,098</u>
Long term insurance		
United Kingdom	25,806	36,990
	<u>116,450</u>	<u>136,088</u>

## 20 Auditors' remuneration

The remuneration of the auditors of the group amounted to £93,189 (£89,370).

## 21 Approval of accounts

These accounts were approved by the directors and signed on 4 July 1991.

# Subsidiary and Associated Undertakings

Subsidiary undertakings	Share capital	Holding of shares by:	
		Parent	Subsidiary
(i) Incorporated and operating in England:			
Ecclesiastical Insurance Group plc	Ordinary shares	100%	
Allchurches Mortgage Company Limited	Ordinary shares	100%	
Ecclesiastical Group Asset Management Limited	Ordinary shares		100%
Allchurches Investment Management Services Limited	Ordinary shares		100%
The Churches Purchasing Scheme Limited	Ordinary shares		100%
Ecclesiastical Underwriting Management Limited	Ordinary shares		60%
Ecclesiastical Insurance Office plc	Ordinary shares		100%
	2.8% First Cumulative Preference shares		11.6%
	9.5% Redeemable Third Cumulative Preference shares		100%
Allchurches Life Assurance Limited	Ordinary shares		100%
Blaisdon Properties Limited	Deferred shares		100%
	Ordinary shares		100%
Eccint Limited	Ordinary shares		100%
In addition there are five other wholly-owned subsidiary undertakings whose assets and contribution to group income are not significant.			
(ii) Incorporated and operating in the Republic of Ireland:			
Rei Investments Limited	Ordinary shares		100%
Associated undertaking			
Incorporated in Scotland:			
St. Andrew Trust p.l.c.	Ordinary shares		40.3%
	5.25% (now 3.675% plus tax credit)		
	Cumulative Preference stock		15.5%

## 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 provisions of the Companies Act 1985 are as follows:

Directors	Interest at 31.12.1990	Interest at 1.3.1990
C. Alan McLintock	500	500
Dr. D.M.M. Carey	Nil	Nil
The Very Revd. T.E. Evans the Dean of St. Paul's	2,900	2,900
M.R. Cornwall-Jones	500	500
The Rt. Revd. R.F. Cartwright	3,000	3,000

No director was interested in any other shares or debentures of the group. There has been no change in these interests since the end of the financial period to the date of this report.

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