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Allchurches Trust Limited

Report and Accounts

31 December 1991

Directors and Officials

Directors C. Alan McLintock *Chairman*
 M.R. Cornwall-Jones
 The Very Revd. T.E. Evans *the Dean of St. Paul's*
 The Rt. Revd. D. G. Snelgrove *the Lord Bishop of Hull (appointed 24 August 1992)*

Company 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

Report and Accounts 31 December 1991

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Directors' Report and Review

The directors present their report and review together with the audited accounts for the year ended 31 December 1991.

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

Principal activities

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

A list of the company's subsidiary and associated undertakings is given on page 19.

Results and review

In a year described as 'worst ever' for British general insurers, dividends from the subsidiaries to the Trust were reduced from £600,000 to £400,000. The total income available to the Trust similarly fell from £829,000 to £716,000.

The income and charitable distributions of the Trust are shown in its profit and loss account on page 7.

General Business

Despite the absence of catastrophic weather losses, our UK general insurance business experienced a year of unprecedented difficulty. Fire, subsidence and theft were the principal sources of underwriting loss.

Internationally, some of our businesses prospered. In Canada we again made an overall underwriting profit and an excellent overall result. Our Irish portfolio improved markedly and despite an underwriting loss achieved a satisfactory insurance result.

At the end of 1990 we took a 25% share by way of a trade investment in a consortium, led by the English & American Group, to acquire the New Zealand Reinsurance Company of America from the General Accident Insurance Group. It is pleasing to report that this new venture has made a contribution to group profit in its first year of operation.

The results for the whole group, including the trading subsidiaries are shown in the consolidated profit and loss account on page 8.

Long term business

Life premiums rose by 12.8% to reach £32m. Both EIO Life and Allchurches Life made steady

progress. Although single premium business still accounts for the greater part of net turnover, regular premiums exceeded £9m for the first time. The combined life funds now exceed £200m, including investment reserves.

The strong progress made in developing the Allchurches Life fund has enabled the directors, following actuarial and accounting advice, to ascribe a shareholders' value to this subsidiary company; this value (£6.5m) is shown in the consolidated balance sheet as the Long Term Insurance Business Reserve.

During the year the company's financial services subsidiary, Allchurches Mortgage Company Limited, advanced a further £3.4m in loans resulting in a loan portfolio at the year end of £5.4m. Bank loans totalling £4.6m (£1.5m) are secured on the assets of that company.

Donations

During the course of the year charitable distributions amounting to £1.4m were paid by the company; the greater part having been provided for in the accounts of the previous year. No such provision has been made in this year's accounts.

In the past five years a total of £5.7m has been provided for church and charitable purposes.

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

Directors

The names of the present directors are shown on page 2.

In accordance with the Articles of Association Mr M.R. Cornwall-Jones and the Very Revd. T.E. Evans retire by rotation and, being eligible, offer themselves for re-election.

Dr D.M.M. Carey and the Rt. Revd. R.F. Cartwright retired on 18 October 1991.

The Rt. Revd. D. G. Snelgrove, the Lord Bishop of Hull, was appointed to the board on 24 August 1992. He will retire in accordance with the Articles of Association and, being eligible offers himself for re-election at the forthcoming Annual General Meeting. A statement of directors' interests appears on page 18.

Directors' and Officers' Liability Insurance Policy

During the year 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.

Directors' Report and Review

Employees

The company has no direct employees.

The average number of persons employed in the United Kingdom each week by its subsidiaries was 716 (732) and their aggregate remuneration was £10,387,000 (£8,216,000 for the previous ten month period).

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.

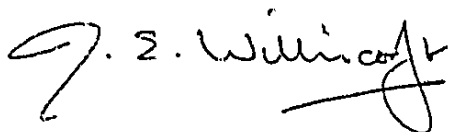
The group recognises the importance of employee communication and aims to keep employees informed about its affairs. Regular meetings are held and discussion encouraged.

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. WILLISCROFT
Secretary
24 August 1992

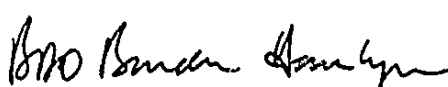
Auditors' Report

To the members of Allchurches Trust Limited

We have audited the financial statements on pages 5 to 19 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 1991 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985, and the financial statements of the group have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to insurance companies.

BDO Binder Hamlyn
Chartered Accountants
Registered Auditor



London
24 August 1992

Accounting Policies

a Changes in accounting policies

(i) Claims discounting

The accounting policy for providing for outstanding claims has been changed from a non-discounted basis to a discounted basis for United Kingdom liability classes of business. The change has been dealt with as a prior year adjustment in retained profits in the group and in the revaluation reserve of the parent company in accordance with Statements of Standard Accounting Practice.

(ii) Value of long term insurance business

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

b Accounting and disclosure requirements

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. The accounting policies continue to reflect United Kingdom Statements of Standard Accounting Practice appropriate to an insurance company.

c Basis of consolidation

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

d Subsidiary and associated undertakings

Investments in subsidiary and associated undertakings are stated at net asset value after taking into account the prior year adjustment.

e 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.

f Insurance funds

Unearned premiums represent the proportion of general business premiums written in the year which relate to cover provided thereafter. An allowance is made for deferred acquisition costs according to the class of business. In addition to unearned premiums, when considered necessary, amounts are set aside for unexpired risks to meet future claims on business in force at the end of the year. Outstanding claims are calculated by reference to individual cases and include amounts for claims incurred but not reported, and the balances of the 'open years' accounts for London Market and inwards reinsurance business. United Kingdom liability classes of outstanding claims are provided for on a discounted basis.

g Investment income and return

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

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

h Pensions

United Kingdom pension liabilities are dealt with by payments 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.

During the year Irish legislation required us to review the pension position of our Dublin office based staff. As a result from 1 January 1992 arrangements have been made for these pension benefits to be provided by an Irish based life company. Staff in Northern Ireland are not affected by this legislation and remain in the group scheme.

i Premiums written

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

Accounting Policies

j Reinsurance accepted and London Market operations

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

k Depreciation

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

l Revaluation reserve

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

m Taxation

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

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

n Goodwill

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

Profit and Loss Account

for the year ended 31 December 1991

	Notes	12 months 31.12.1991 £000	10 months 31.12.1990 £000
Income			
From subsidiary undertakings:			
Covenants		100	-
Dividends		400	600
		<u>500</u>	<u>600</u>
Deposit interest		216	229
		<u>716</u>	<u>829</u>
Expenditure			
Charitable distributions	22	225	1,435
Expenses		5	5
		<u>230</u>	<u>1,440</u>
Surplus/(deficit) for the year		486	(611)
Balance brought forward		809	1,420
Balance carried forward		<u>1,295</u>	<u>809</u>


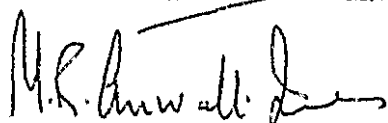
Consolidated Profit and Loss Account

for the year ended 31 December 1991

	Notes	12 months 31.12.1991 £000	10 months 31.12.1990 £000
Investment income on shareholders' funds	6	2,570	2,398
Realised investment gains		1,565	472
General insurance result	2a	(5,720)	(2,180)
Other operations	3	(41)	(99)
Transfer from policyholders' funds of a subsidiary undertaking		—	400
		<u>(1,626)</u>	<u>991</u>
Debenture interest		780	650
(Loss)/profit before exceptional items		<u>(2,406)</u>	<u>341</u>
Exceptional items	4	4,790	—
Profit before taxation		<u>2,384</u>	<u>341</u>
Taxation	7	486	(156)
Profit after taxation		<u>1,898</u>	<u>497</u>
Minority interest		13	8
		<u>1,885</u>	<u>489</u>
Preference dividends of a subsidiary undertaking		306	306
Charitable grants		255	1,435
		<u>561</u>	<u>1,741</u>
Retained profit/(loss) transfer		<u><u>1,324</u></u>	<u><u>(1,252)</u></u>

Parent Company Balance Sheet

at 31 December 1991		31.12.1991 £000	31.12.1990 £000
	Notes		
Fixed assets			
Investments:			
Shares in group undertakings	12	29,891	27,721
Value of long term insurance business		6,500	5,000
Current assets	10	1,298	1,938
Creditors			
Amounts falling due within one year	10	53	1,180
Net current assets		1,245	758
Net assets		37,636	33,479
Represented by:			
Reserves	8		
Revaluation reserve		29,841	27,670
Retained profits		1,295	809
Long term insurance business reserve		6,500	5,000
		37,636	33,479



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

Long Term Business Balance Sheet

at 31 December 1991		31.12.1991 £000	31.12.1990 £000
	Notes		
Life fund	14	200,663	165,118
Other liabilities	10	2,006	1,632
		202,669	166,750
Investments	11	190,376	159,820
Fixed assets		913	902
Other assets	10	11,380	6,028
		202,669	166,750

Consolidated Balance Sheet

at 31 December 1991	Notes	31.12.1991 £000	31.12.1990 £000
Reserves			
Revaluation reserve		19,895	18,421
General reserve		6,000	3,000
Retained profits		5,241	4,058
Long term insurance business reserve		6,500	5,000
		<u>37,636</u>	<u>33,479</u>
Minority interests	9	3,342	3,328
Insurance funds	14	84,234	76,193
Other liabilities			
due within one year	10	28,107	31,508
due after more than one year	13	10,550	7,500
		<u>38,657</u>	<u>39,008</u>
Long term insurance accounts (see separate balance sheet page 9)		202,669	166,750
		<u>366,538</u>	<u>318,758</u>
Investments	11	59,091	54,927
Associated undertakings	12	31,489	25,472
Fixed assets		9,077	7,254
Value of long term insurance business		6,500	5,000
Other assets	10	57,712	59,355
Long term insurance accounts (see separate balance sheet page 9)		202,669	166,750
		<u>366,538</u>	<u>318,758</u>

Notes on the Accounts

1 Exchange rates

The principal rates of exchange used for translation are:

United States of America
Canada
Republic of Ireland

31.12.1991	31.12.1990
US\$1.87	US\$1.93
C\$2.17	C\$2.24
IR£1.07	IR£1.09

2 Insurance subsidiaries: underwriting results

(a) General insurance

	12 months 31.12.1991	10 months 31.12.1990
	£000	£000
Gross written premiums	117,781	90,644
Less: Reinsurance	40,537	34,512
Net written premiums	77,244	56,132
Increase in unearned premiums and unexpired risk reserve	2,705	2,809
Net earned premiums	74,539	53,323
Claims incurred	59,565	41,133
Expenses and commission	25,884	18,722
	85,449	59,855
Underwriting result	(10,910)	(6,532)
Investment income on general insurance funds	5,190	4,352
Insurance result	(5,720)	(2,180)

Discounting has been applied to United Kingdom liability classes of direct business at the rate of 6% per annum over the mean terms of between two and five years. The change has been dealt with as a prior year adjustment in retained profits. The effect of discounting is to increase group profit before taxation by £0.1m (£Nil).

(b) Long term insurance

Premiums less reinsurance
Investment return on long term funds

	31,991	23,628
	15,595	11,254
	47,586	34,882
Claims and surrenders	6,420	4,421
Annuities	14,344	10,838
Expenses and commission	3,449	2,562
Taxation	964	803
	25,177	18,624
Excess of income over expenditure	22,409	16,258
Transfer from investment reserve	3,800	300
Transfer to consolidated profit and loss account	-	(400)
Funds at beginning of year	162,028	145,870
Funds at end of year	188,237	162,028

3 Other operations

	12 months 31.12.1991	10 months 31.12.1990
	£000	£000
Unit trust management	(83)	(102)
Underwriting management	51	37
Churches purchasing scheme	(9)	(36)
Mortgage and other financial services	-	2
	(41)	(99)

Group Statement of Source and Application of Funds

for the year ended 31 December 1991 (excluding long term business)

	12 months 31.12.1991 £000	10 months 31.12.1990 £000
Source of funds		
Profit before taxation	2,384	341
Profit retained in associated undertakings	(141)	(15)
Depreciation	976	765
Minorities	1	(3)
Adjustments for movements in:		
Exchange rates	145	(1,502)
Insurance funds and outstanding claims	8,041	8,998
Creditors	715	3,378
Debtors	2,275	(9,954)
Total generated from operations	14,396	2,008
Application of funds		
Charitable grants paid	1,443	1,672
Preference dividends paid by subsidiary undertaking	306	306
Tax paid	1,688	931
	3,437	2,909
Funds available for investment	10,959	(901)
Changes in investment and liquid funds		
Fixed interest securities	(177)	(1,593)
Ordinary stocks and shares	(2,927)	(1,944)
Properties	360	(646)
Other investments	3,370	(130)
Fixed assets	2,799	3,605
Acquisition of interest in associated undertakings	8,227	490
Cash at bank and in hand	(693)	(683)
	10,959	(901)

Notes on the Accounts

6 Investment income and return

	Long Term Business				General Business	
	Mutual		Non Mutual			
	12 months 31.12.91 £000	10 months 31.12.90 £000	12 months 31.12.91 £000	10 months 31.12.90 £000	12 months 31.12.91 £000	10 months 31.12.90 £000
Investment income	7,613	5,543	8,140	5,610	6,680	5,781
Associated undertakings	—	—	—	—	1,459	1,217
Realised investment gains/(losses)	313	284	(170)	44	1,565	472
	<u>7,926</u>	<u>5,827</u>	<u>7,970</u>	<u>5,654</u>	<u>9,704</u>	<u>7,470</u>
Less expenses	242	195	59	32	379	248
	<u>7,684</u>	<u>5,632</u>	<u>7,911</u>	<u>5,622</u>	<u>9,325</u>	<u>7,222</u>
Allocated to:						
Consolidated revenue accounts	7,684	5,632	7,911	5,622	5,190	4,352
Consolidated profit and loss account						
Investment income	—	—	—	—	2,570	2,398
Realised investment gains	—	—	—	—	1,565	472
	<u>7,684</u>	<u>5,632</u>	<u>7,911</u>	<u>5,622</u>	<u>9,325</u>	<u>7,222</u>

7 Taxation

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

	Long Term Business				General Business	
	Mutual		Non Mutual			
	12 months 31.12.91 £000	10 months 31.12.90 £000	12 months 31.12.91 £000	10 months 31.12.90 £000	12 months 31.12.91 £000	10 months 31.12.90 £000
UK corporation tax	230	693	200	65	29	(184)
Overseas taxation	16	17	—	—	237	283
	<u>246</u>	<u>710</u>	<u>200</u>	<u>65</u>	<u>266</u>	<u>99</u>
Less relief for overseas taxation	8	11	—	—	5	—
	<u>238</u>	<u>699</u>	<u>200</u>	<u>65</u>	<u>261</u>	<u>99</u>
Tax credit on franked investment income and share of associated undertakings' taxation	469	—	57	39	206	95
Deferred taxation	—	—	—	—	75	(350)
	<u>707</u>	<u>699</u>	<u>257</u>	<u>104</u>	<u>542</u>	<u>(156)</u>
Prior years	—	—	—	—	(56)	—
	<u>707</u>	<u>699</u>	<u>257</u>	<u>104</u>	<u>486</u>	<u>(156)</u>

The long term funds are charged to tax on the bases applicable to life assurance and annuity business. General business corporation tax is a charge of £29,000 at 30.5% (34.1%) for subsidiary undertakings. The charge to tax for tax credit on franked investment income and share of associated undertakings' tax is after making a deduction for the balance of the year's trading loss. Deferred tax amounting to £275,000 (£350,000) is carried forward as an asset after adjusting for a charge in the year of £75,000.

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 £11.4m (£8.3m) would arise. Of this £6.8m (£6.9m) would relate to the shareholders' funds, £4.6m (£1.4m) to the long term funds.

Notes on the Accounts

4 Exceptional items

Exceptional items comprise:

Realised profits arising from the part disposal and repurchase of holdings in an associated undertaking
Policyholders Protection Board levy

12 months 31.12.1991 £000	10 months 31.12.1990 £000
5,044	-
(254)	-
<u>4,790</u>	<u>-</u>

5 Segmental analysis

(a) Class of business

Turnover

General business
Long term business

12 months 31.12.1991 £000	10 months 31.12.1990 £000
117,781	90,644
32,284	25,806
<u>150,065</u>	<u>116,450</u>

Profit/(loss) before taxation

General business
Long term business
Other business
Associated undertakings
Exceptional items

(3,209)	(193)
-	400
528	134
275	-
4,790	-
<u>2,384</u>	<u>341</u>

Net assets

General business
Long term business
Other business
Associated undertakings
Central financing
Minority interests

33,697	36,206
7,191	4,361
2,815	2,240
3,275	-
(6,000)	(6,000)
(3,342)	(3,328)
<u>37,636</u>	<u>33,479</u>

The net assets and results of St. Andrew Trust plc, an associated undertaking, have been allocated between general and long term business.

(b) Geographical turnover

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

Turnover

United Kingdom
Canada
Other overseas

141,669	105,208
6,704	9,498
1,692	1,744
<u>150,065</u>	<u>116,450</u>

Profit/(loss) before taxation

United Kingdom
Canada
Other overseas

1,036	(555)
1,092	1,128
256	(232)
<u>2,384</u>	<u>341</u>

Net assets

United Kingdom
Canada
Other overseas

31,101	29,076
6,329	4,460
206	(57)
<u>37,636</u>	<u>33,479</u>

Notes on the Accounts

8 Reserves

	31.12.1991		31.12.1990	
	Group £000	Parent £000	Group £000	Parent £000
Retained profits				
As previously reported	2,768	809	4,418	1,420
Prior year adjustment	1,290	-	1,290	-
As restated at 1 January 1991	4,058	809	5,708	1,420
Foreign exchange losses	(7)	-	(398)	-
Goodwill in associated undertaking written off	(134)	-	-	-
Profit and loss account transfer	1,324	486	(1,252)	(611)
Balance 31 December 1991	5,241	1,295	4,058	809
General reserve				
Balance 31 December 1991	6,000	-	6,000	-
Revaluation reserve				
As previously reported	18,421	26,380	32,186	41,184
Prior year adjustment	-	1,290	-	1,290
As restated at 1 January 1991	18,421	27,670	32,186	42,474
Foreign exchange gains/(losses)	153	-	(1,104)	-
Surplus/(deficit) arising from revaluation of investments	1,321	2,171	(12,661)	(14,804)
Balance 31 December 1991	19,895	29,841	18,421	27,670
Long term insurance business reserve				
As previously reported	-	-	-	-
Prior year adjustment	5,000	5,000	4,800	4,800
As restated at 1 January 1991	5,000	5,000	4,800	4,800
Movement in year	1,500	1,500	200	200
Balance 31 December 1991	6,500	6,500	5,000	5,000
Total reserves	37,636	37,636	33,479	33,479

9 Minority interest

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

	31.12.1991 £000	31.12.1990 £000
Ecclesiastical Insurance Office plc		
2.8% First Cumulative Preference shares of £1 each	210	210
10% Redeemable Second Cumulative Preference shares of £1 each	3,000	3,000
Ecclesiastical Underwriting Management Limited		
Ordinary shares of £1 each	132	118
	3,342	3,328

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.

Notes on the Accounts

10 Other assets and liabilities

	31.12.1991			31.12.1990		
	Long Term £000	Consol- idated £000	Parent Company £000	Long Term £000	Consol- idated £000	Parent Company £000
Current assets						
Agents and other insurance debts	1,547	36,489	-	302	38,044	-
Other debtors, including taxation	1,213	4,022	100	2,549	3,669	-
Group balances	28	-	-	64	-	6
Cash at bank and in hand	8,592	17,201	1,198	3,113	17,642	1,932
	<u>11,380</u>	<u>57,712</u>	<u>1,298</u>	<u>6,028</u>	<u>59,355</u>	<u>1,938</u>

In the consolidated balance sheet other debtors include deferred taxation of £275,000 (£350,000) due after more than one year.

Creditors: amounts falling due within one year

Outstanding claims	773	-	-	718	-	-
Due to other insurance companies	72	24,793	-	33	24,766	-
Other creditors, including taxation	985	3,270	2	128	3,900	1,180
Proposed dividend	-	7	-	-	7	-
Group balances	-	-	51	-	-	-
Bank overdraft	176	37	-	753	2,835	-
	<u>2,006</u>	<u>28,107</u>	<u>53</u>	<u>1,632</u>	<u>31,508</u>	<u>1,180</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 year end interest rates.

	31.12.1991		31.12.1990	
	Long Term £000	General £000	Long Term £000	General £000
British Government and British Government guaranteed securities	21,600	10,667	20,436	11,578
United Kingdom municipal, county and public boards securities	700	282	890	272
Government, provincial and municipal securities other than United Kingdom	2,843	6,100	2,630	4,841
Debentures and loan stocks	22,834	9,912	20,808	8,312
Preference shares	1,802	1,448	1,815	1,655
Ordinary stocks and shares	72,352	22,287	60,952	24,057
Other investments, including mortgages and loans	57,856	6,553	41,813	2,945
Freehold and leasehold properties	10,389	1,842	10,476	1,267
	<u>190,376</u>	<u>59,091</u>	<u>159,820</u>	<u>54,927</u>

12 Subsidiary and associated undertakings

Shares in subsidiary undertakings are shown at net asset value in the parent company balance sheet after taking into account the prior year adjustment.

Shares in the associated undertakings are shown at net asset value in the consolidated balance sheet.

13 Debenture stock and loans

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.

Bank loans totalling £4,550,000 (£1,500,000) are secured against the assets of a subsidiary undertaking.

Notes on the Accounts

18 Loans to directors and officers

No loans or quasi loans were made to directors or connected persons during the year. One person who was an officer of the group during the year ended 31 December 1991 had a loan outstanding at that date amounting to £2,220 (£3,552).

19 Directors' interests

The interest 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 31.12.1991	Interest at 31.12.1990
C. Alan McLintock	500	500
M.R. Cornwall-Jones	500	500
The Very Revd. T.E. Evans <i>the Dean of St. Paul's</i>	2,900	2,900
The Rt. Revd. D. G. Snelgrove <i>the Lord Bishop of Hull</i>	700	700

No director was interested in any other shares or debentures of the group.

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

20 Directors' emoluments

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

	12 months 31.12.1991 £	12 months 31.12.1990 £
Directors who are also directors of Ecclesiastical Insurance Office plc received emoluments from that company of:	41,250	29,808
Individual emoluments (excluding pension contributions) were:		
Chairman and highest paid director	18,500	13,409
Other directors, by scale:	No.	No.
Up to £5,000	—	2
£5,001 to £10,000	1	1
£10,001 to £15,000	—	1
£15,001 to £20,000	1	—

21 Auditors' remuneration

The remuneration of the auditors of the group amounted to £101,828 (£93,189).

22 Charitable distributions

Charitable distributions amounting to £1,403,000 were paid during the year, of which £1,178,000 was provided for in the accounts of the previous year. Charitable distributions are now accounted for on a paid basis.

23 Post balance sheet event

In January 1992 the group sold Rei Investments Ltd, a subsidiary undertaking registered in the Republic of Ireland, for the sum of IR£585,000.

24 Approval of accounts

The accounts on pages 5 to 19 were approved by the directors and signed on 24 August 1992.

Notes on the Accounts

14 Insurance funds

Insurance funds shown in the balance sheet as follows:

	31.12.1991 £000	31.12.1990 £000
General insurance		
Unearned premium	32,259	27,636
Outstanding claims	57,994	52,759
Deferred acquisition costs	(6,019)	(5,215)
Unexpired risk reserve	—	1,013
	<u>84,234</u>	<u>76,193</u>
Long term insurance		
Mutual funds	93,680	82,722
Non mutual funds	94,557	79,306
	<u>188,237</u>	<u>162,028</u>
Investment reserves	12,426	3,090
	<u>200,663</u>	<u>165,118</u>

15 Lease commitments

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

	31.12.1991		31.12.1990	
	Premises £000	Equipment £000	Premises £000	Equipment £000
Expiring within 1 year	—	—	11	52
Between 1 and 5 years	—	11	—	—
Over 5 years	911	—	771	—
	<u>911</u>	<u>11</u>	<u>782</u>	<u>52</u>

16 Capital commitments

At 31 December 1991 outstanding contracts for capital expenditure amounted to £0.1m (£2.1m). Capital expenditure authorised by the directors but not contracted for was £Nil (£3.1m).

17 Pensions

The group's main scheme is a defined benefit scheme for UK employees. The assets of the scheme are held separately from those of the group by the Ecclesiastical Insurance Office plc Staff Retirement Benefit Fund. Pension costs for this scheme are determined, on the basis of triennial valuations, by a qualified actuary who is an employee of the group, using the aggregate method. The most recent valuation was at 31 August 1989. The assumptions which have the greatest effect on the valuation results are those related to the rate of return on investment 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.

The scheme was registered with the newly formed Registry of Pension Schemes during 1991.

During the year Irish legislation required us to review the pension position of our Dublin office based staff. As a result from 1 January 1992 arrangements have been made for these pension benefits to be provided by an Irish based life company. Staff in Northern Ireland are not affected by this legislation and remain in the group scheme.

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

The total funding cost for the year was £1,801,000 (£1,378,000). Of this £1,770,000 (£1,350,000) related to the UK scheme.

Subsidiary and Associated Undertakings

Subsidiary undertakings	Share capital	Holding of shares by:	
		Parent	Subsidiary
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 three other wholly-owned subsidiary undertakings whose assets and contribution to group income are not significant.

Associated undertakings

Incorporated in Scotland:

St. Andrew Trust plc	Ordinary shares	40.3%
	5.25% (now 3.675% plus tax credit)	
	Cumulative Preference stock	15.5%

Incorporated in the United States of America:

Chatham Holdings Inc.	Common stock	25%
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250,000 6% Non-Cumulative Redeemable Preference shares in Allchurches Mortgage Company Limited are held by Ecclesiastical Insurance Office plc.

Subsidiary and associated undertakings are engaged in investment, insurance and financial services or other insurance related business.

Notice of Meeting

NOTICE is hereby given that the Annual General Meeting will be held at The Chapter House, St. Paul's Churchyard, London EC4M 7BU on 16 October 1992 at 2.15 p.m. to transact the following business of the company:

1. To consider the accounts and reports of the directors and auditors for the year ended 31 December 1991.
2. To re-elect directors.
3. As Special Business, to consider and if thought fit, approve the following as an ordinary Resolution:

THAT pursuant to Article 3 of the Articles of Association of the Company admit as members of the Company:

The Rt. Revd. P. J. Ball, *the Lord Bishop of Gloucester*
The Rt. Revd. and Rt. Hon. D. M. Hope, *the Lord Bishop of London*
The Rt. Revd. J. Waine, *the Lord Bishop of Chelmsford*
The Rt. Revd. R. F. Cartwright
Dr. D. M. M. Carey
P. J. C. Mawer, Esq.
P. B. Mitford-Slade, Esq.
J. I. H. Owen, Esq.
J. E. Shelley, Esq.

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

By order of the board

J. E. WILLISCROFT
Secretary

Gloucester
24 August 1992

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.

Old Market Printers, Gloucester