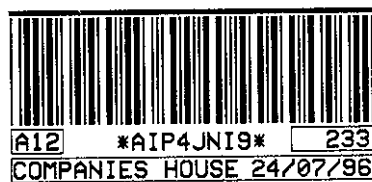


ALLCHURCHES TRUST LIMITED
REPORT AND ACCOUNTS
31 DECEMBER 1995



Report and Accounts 31 December 1995

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Directors

Directors	C. A. McLintock CA (Chairman) The Rt. Hon. the Viscount Churchill MA M. R. Cornwall-Jones MA, ACIS The Very Revd. T. E. Evans K.C.V.O., MA the Dean of St Paul's The Rt. Revd. D. G. Snelgrove TD, MA
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Registered and Head Office	Beaufort House, Brunswick Road, Gloucester, GL1 1JZ Tel : 01452 528533
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Company Registration Number	1043742
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Charity Registration Number	263960
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Auditors	Binder Hamlyn, 20 Old Bailey, London, EC4M 7BH
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Directors' Report

The directors present their report and review together with the audited accounts for the year ended 31 December 1995.

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 in the United Kingdom and overseas and the provision of other financial services. A list of the company's subsidiary and associated undertakings is given on page 30.

Results and review

The income and charitable distributions of the Trust are shown in its profit and loss account on page 6. The retained profit of £529,000 has been transferred to reserves.

The excellent overall results achieved by the trading subsidiaries in 1995 make a further step in a three year cycle of real growth in turnover, pre-tax profits, charitable distributions and, most particularly, capital and free reserves, which doubled during the period. The year also saw a strong advance in general insurance business where premiums grew by 7.8% to £175.4 million. A lower underwriting profit was more than offset by growth in the investment return. These were the main factors contributing to pre-tax profits up by 20% to £17.3 million.

Long term insurance business was operating in very difficult market conditions, premium volumes declined by 9.7% to £15.9 million. The decline reflects a fall in single premium business but sales of new annual premiums were also weak. More encouragingly, however, a positive sales trend developed as the year progressed, and the up-turn has continued into 1996.

The group's capital and free reserves have reached their highest ever levels. Successful investment strategies and favourable stock markets have played an important part in that achievement. The 1992 decision to convert St Andrew Trust from associate to subsidiary status has made an important contribution to the group's strong balance sheet.

Changes in presentation and accounting policies

The financial statements have been prepared in accordance with Schedule 1, Part 1 of the Companies Act 1985 (Insurance Companies Accounts) Regulations 1993 which amends section 255 and Schedule 9A of the Companies Act 1985 which came into effect for periods commencing on or after 23 December 1994. The prior year figures have been restated for changes in accounting policy and to comply with the changes in the presentation of the financial statements introduced by the Regulations. Where changes in accounting policy have been made the effect is explained in note 24 to the accounts.

Tangible assets

Changes in tangible assets are shown in note 12 to the accounts.

Distributions

During the course of the year charitable distributions amounting to £2.1 million were paid by the company. During the last five years a total of £8.8 million has been provided by group companies for church and charitable purposes. It is the company's policy not to make political donations.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group as at the end of the financial year and of the profit or loss for the financial year and which comply with the Companies Act 1985.

Accordingly, the directors confirm that suitable accounting policies have been used and applied consistently; and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31 December 1995. The directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on the going concern basis.

The directors are responsible for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy, at all times, the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent fraud and other irregularities.

Allchurches Trust Limited

Directors

The names of the directors of the company at the date of this report appear on page 2.

In accordance with the articles of association Mr C. A. McLintock and Mr M. R. Cornwall-Jones retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests

The interests of the directors, all of which are beneficial, in the 2.8% First Cumulative Preference shares of Ecclesiastical Insurance Office plc are as follows:

	Interest at 31.12.1995	Interest at 1.1.1995
C. A. McLintock	500	500
The Rt. Hon. the Viscount Churchill	-	-
M. R. Cornwall-Jones	500	500
The Very Revd. T. E. Evans the Dean of St Paul's	2,900	2,900
The Rt. Revd. D. G. Snelgrove	700	700

No director had an interest 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.

Directors' and officers' liability insurance policy

The company has maintained cover for its directors and certain officers, and those of its subsidiary undertakings.

Employees

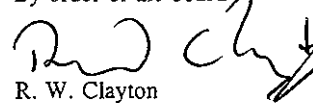
The company itself has no direct employees other than directors.

The group recognises the importance of employee communication and aims to keep employees informed about its affairs through the use of briefing groups, company news letters and the annual publication of financial reports to all employees. Regular meetings are held between management and employees and discussion encouraged. It is the group's policy to give full consideration to applications for employment from disabled persons. Where possible, employment of persons who become disabled is continued and the necessary retraining provided to allow continuing service with the company.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Binder Hamlyn be re-appointed as auditors of the company will be put to the annual general meeting.

By order of the board


R. W. Clayton
Secretary

27 June 1996

Auditors' Report

To the members of Allchurches Trust Limited

We have audited the financial statements on pages 6 to 30 which have been prepared on the basis of the accounting policies set out on pages 15 to 17.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

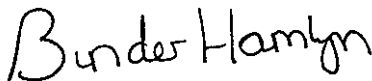
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the affairs of the company and the group as at 31 December 1995 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Binder Hamlyn
Chartered Accountants
Registered Auditors

20 Old Bailey
London
EC4M 7BH

27 June 1996

Financial Statements

PARENT COMPANY PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1995

	1995 £000	1994 £000
Income		
Gift aid from a subsidiary undertaking	2,500	2,000
Deposit interest	127	86
	2,627	2,086
Expenditure		
Charitable grants	2,096	1,711
Administrative expenses	2	4
	2,098	1,715
Profit on ordinary activities before and after tax	529	371
Balance brought forward	2,050	1,679
Balance carried forward	2,579	2,050

All the amounts above are in respect of continuing operations.

Financial Statements

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1995

	Notes	1995	1994 <i>Restated</i>
TECHNICAL ACCOUNT - GENERAL BUSINESS		£000	£000
Earned premiums, net of reinsurance			
Gross written premiums written	2(a)	175,407	162,672
Outward reinsurance premiums		<u>65,734</u>	<u>60,054</u>
Net written premiums		<u>109,673</u>	<u>102,618</u>
 Change in the gross provision for unearned premiums		 1,702	 4,273
Change in the provision for unearned premiums, reinsurers' share		<u>(297)</u>	<u>1,585</u>
Change in the net provision for unearned premiums		<u>1,999</u>	<u>2,688</u>
 Earned premiums, net of reinsurance		 107,674	 99,930
 Claims paid			
- gross amount		78,564	68,718
- reinsurers' share		<u>24,306</u>	<u>17,619</u>
		<u>54,258</u>	<u>51,099</u>
 Change in provision for claims			
- gross amount		22,902	12,182
- reinsurers' share		<u>(652)</u>	<u>588</u>
		<u>23,554</u>	<u>11,594</u>
 Claims incurred, net of reinsurance		77,812	62,693
Net operating expenses	4	28,794	29,291
Change in the equalisation provision		<u>-</u>	<u>3,000</u>
Total technical charges		<u>106,606</u>	<u>94,984</u>
 Balance on the technical account for general business		 <u>1,068</u>	 <u>4,946</u>

All the amounts above are in respect of continuing operations.

Financial Statements

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1995

	Notes	1995 £000	1994 <i>Restated</i> £000
TECHNICAL ACCOUNT - LONG TERM BUSINESS			
Earned premiums, net of reinsurance			
Gross premiums written	2(b)	15,929	17,636
Outward reinsurance premiums		259	302
		15,670	17,334
Investment income	3	20,948	17,118
Unrealised gains on investments		24,836	-
Total technical income		61,454	34,452
Claims paid			
- gross amount		32,080	29,105
- reinsurers' share		2,264	591
		29,816	28,514
Change in provision for claims			
- gross amount		443	178
- reinsurers' share		6	(16)
		437	194
Claims incurred, net of reinsurance		30,253	28,708
Change in other technical provisions			
Long term business provisions			
- gross amount		(1,913)	(4,187)
- reinsurers' share		(1,547)	81
		(366)	(4,268)
Technical provision for linked business		3,641	1,604
Change in other technical provisions, net of reinsurance		3,275	(2,664)
Bonuses and rebates, net of reinsurance		6,006	4,497
Net operating expenses	4	2,868	3,129
Investment expenses and charges		472	443
Unrealised losses on investments		-	17,307
Tax attributable to the long term business	8	770	741
Transfer to/(from) the fund for future appropriations		17,805	(15,309)
		27,921	10,808
Total technical changes		61,449	36,852
Balance on the technical account for long term business		5	(2,400)

All the amounts above are in respect of continuing operations.

Financial Statements

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1995

	Notes	1995	1994 <i>Restated</i>
NON-TECHNICAL ACCOUNT		£000	£000
Balance on the general business technical account		1,068	4,946
Balance on the long term business technical account		5	(2,400)
Tax attributable to shareholders' long term business profits		2	-
		<u>1,075</u>	<u>2,546</u>
Investment income	3	19,201	13,646
Investment expenses and charges	3	(1,229)	(972)
Other operations		315	324
Other charges including value adjustments	3	<u>(2,041)</u>	<u>(1,107)</u>
Profit on ordinary activities before tax		17,321	14,437
Tax on profit on ordinary activities	8	<u>4,176</u>	<u>3,234</u>
Profit on ordinary activities after tax		13,145	11,203
Minority interests	16	<u>2,219</u>	<u>1,669</u>
Profit for the financial year		10,926	9,534
Charitable grants		<u>2,106</u>	<u>1,711</u>
Retained profit for the financial year		<u>8,820</u>	<u>7,823</u>

Non-equity interests included in minority interests and dividends are disclosed in note 16 to the accounts.

All the amounts above are in respect of continuing operations.

Financial Statements

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 1995

	1,995	1994
		<i>Restated</i>
	£000	£000
Profit for the financial year	10,926	9,534
Discount on acquisition of shares in a subsidiary undertaking	2	43
Unrealised surplus/(deficit) on revaluation of investments	17,809	(14,158)
Realised investment gains of investment trust subsidiary	2,259	3,300
Revaluation of long term insurance business	-	1,000
Currency translation differences	590	(982)
Other movements	(103)	(74)
Total recognised gains and losses for the financial year	<u>31,483</u>	<u>(1,337)</u>

The effect of the changes in accounting policy are shown in note 24 to the accounts.

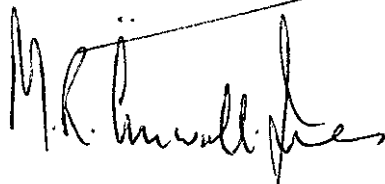
Financial Statements

PARENT COMPANY BALANCE SHEET

at 31 December 1995

	Notes	1995	1994 <i>Restated</i>
		£000	£000
Fixed assets			
Investments:			
Shares in group undertakings		97,621	69,017
Current assets			
Cash at bank		2,534	2,006
Creditors			
Amounts falling due within one year : accruals		5	6
Net current assets		2,529	2,000
Net assets		100,150	71,017
Reserves	14		
Revaluation and other reserves		97,571	68,967
Retained profits		2,579	2,050
		100,150	71,017

The financial statements on pages 6 to 30 were approved by the board of directors on 27 June 1996 and signed on their behalf by

C.A. McLintock


C. A. McLINTOCK *Chairman*

M. R. CORNWALL-JONES *Director*

Financial Statements

CONSOLIDATED BALANCE SHEET

at 31 December 1995

	Notes	1995	1994
		£000	<i>Restated</i> £000
ASSETS			
Investments	9		
Land and buildings		13,633	14,098
Investments in participating interests		5,468	4,903
Other financial investments		<u>514,426</u>	<u>428,227</u>
		<u>533,527</u>	<u>447,228</u>
Assets held to cover linked liabilities	10	13,138	9,497
Reinsurers' share of technical provisions			
Provision for unearned premiums		20,203	20,393
Long term business provision	17	1,621	3,164
Claims outstanding		<u>52,945</u>	<u>53,327</u>
		<u>74,769</u>	<u>76,884</u>
Debtors			
Debtors arising out of direct insurance operations	11	36,784	34,853
Debtors arising out of reinsurance operations		15,640	13,101
Other debtors		<u>3,478</u>	<u>3,361</u>
		<u>55,902</u>	<u>51,315</u>
Other assets			
Tangible assets	12	2,972	2,888
Cash at bank and in hand		<u>55,557</u>	<u>51,746</u>
		<u>58,529</u>	<u>54,634</u>
Prepayments and accrued income			
Accrued interest and rent		4,370	3,935
Deferred acquisition costs		10,852	10,660
Value of long term insurance business	13	6,000	6,000
Other prepayments and accrued income		<u>1,407</u>	<u>1,703</u>
		<u>22,629</u>	<u>22,298</u>
Total assets		<u><u>758,494</u></u>	<u><u>661,856</u></u>

Financial Statements

CONSOLIDATED BALANCE SHEET

at 31 December 1995

	Notes	1995	1994 <i>Restated</i>
LIABILITIES		£000	£000
Reserves	14		
Revaluation and other reserves		56,440	36,317
Long term business reserve		6,000	6,000
General reserve		10,000	10,000
Profit and loss account		27,710	18,700
		<u>100,150</u>	<u>71,017</u>
 Minority interests	16	 68,707	 48,413
 Fund for future appropriations	17	 54,749	 36,944
 Technical provisions			
Provision for unearned premiums		66,529	64,717
Long term business provision	17,18	220,139	216,042
Claims outstanding		166,634	143,197
Equalisation provision		6,000	6,000
		<u>459,302</u>	<u>429,956</u>
 Technical provisions for linked liabilities	17	 13,138	 9,497
 Provisions for other risks and charges	19	 32	 31
 Deposits received from reinsurers		 625	 400
 Creditors			
Creditors arising out of direct insurance operations		6,300	7,176
Creditors arising out of reinsurance and operations		11,742	12,490
Other creditors including taxation and social security	20	42,155	43,037
		<u>60,197</u>	<u>62,703</u>
 Accruals and deferred income		 1,594	 2,895
 Total liabilities		 <u>758,494</u>	 <u>661,856</u>

Financial Statements

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 1995 (excluding long term insurance business)

	Notes	1995	1994
		£000	Restated £000
Net cash inflow from operating activities	21(a)	34,794	31,792
Servicing of finance			
Charitable grants paid		(2,106)	(1,710)
Dividends paid to minority shareholders		(2,042)	(1,606)
Lease purchase interest paid		(100)	(103)
Loan interest paid		(3,035)	(1,719)
Net cash outflow from servicing of finance		(7,283)	(5,138)
Taxation		(3,293)	(2,437)
Investing activities			
Purchases of liquid investments		(88,534)	(68,641)
Sales of liquid investments		47,460	43,055
Purchases of tangible fixed assets		(754)	(587)
Sales of tangible fixed assets		29	8
Reduction in minority interests		(4)	(77)
Net cash outflow from investing activities		(41,803)	(26,242)
Net cash outflow before financing		(17,585)	(2,025)
Financing activities			
Issue of 8.625% Irredeemable Non-Cumulative Preference shares		15,000	-
Increase in borrowings		300	12,100
Capital element of lease purchase rental payments		(260)	(247)
Net cash inflow from financing	21(c)	15,040	11,853
(Decrease)/increase in cash and cash equivalents	21(b)	(2,545)	9,828

Accounting Policies

Changes in presentation and accounting policies

The financial statements have been prepared in accordance with Section 255A and Schedule 9A to the Companies Act 1985, as amended by the Companies Act 1985 (Insurance Companies Accounts) Regulations 1993, and the guidance on accounting for insurance business issued by the Association of British Insurers. The financial statements of the parent company have been prepared in accordance with Section 226 of, and Schedule 4 to, the Companies Act 1985. Both the group and the parent company financial statements have been prepared in accordance with applicable accounting standards and the Statement of Recommended Practice - Accounting by Charities.

In implementing the requirements of the new Schedule 9A and the guidance on accounting the group has modified several of its accounting policies. Certain comparative figures have been restated to reflect these changes. The principal changes are:

- (a) Premiums and claims on London market and certain inwards reinsurance business are now recorded in the year in which they are written and paid respectively. In previous years they were recorded in the year of closing. The prior year figures have been restated.
- (b) Income from investments and interest on short term deposits is accounted for on an accruals basis. In previous years it was credited in the year in which it was received. The prior year figures have been restated.
- (c) Realised and unrealised gains in respect of long term business policyholder investments are now accounted for in the long term business technical account. Previously, realised and unrealised gains in respect of long term business non-linked policyholder investments were taken to revaluation reserves, with transfers to the long term business revenue account being determined by the directors. The prior year figures have been restated.

Basis of consolidation

The assets, liabilities and results of subsidiary undertakings are included in the consolidated accounts on the basis of accounts made up to 31 December. In the parent company balance sheet investments in subsidiary undertakings are stated at net asset value. Investments in associated undertakings are included at directors' valuation.

Foreign exchange

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 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 and losses which arise from normal trading activities are taken to distributable reserves.

General business technical account

Premiums

The annual basis of accounting has been adopted except for London market and certain inwards reinsurance business. Under the annual basis of accounting, written premiums, gross of commission payable to intermediaries, comprise the premiums on contracts entered into in a financial year, regardless of whether such amounts may relate in whole or in part to a later financial year.

The fund basis of accounting has been applied to London Market and certain inwards reinsurance business because the nature of the business is such that an underwriting result cannot be established with sufficient accuracy using the annual basis. Under the fund basis of accounting, written premiums comprise premiums receivable in respect of contracts commencing in the financial year. The excess of premiums written over claims and expenses paid in respect of business commencing in an underwriting year is carried forward as a technical provision as part of outstanding claims. A profit is not recognised until the end of the first or second year following the underwriting year of account to which that business relates. Any anticipated underwriting losses are recognised as soon as they are foreseen.

Premiums written include adjustments to premiums written in prior periods and estimates for pipeline premiums and are shown net of insurance premium taxes. Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or inwards reinsurance business.

Unearned premiums

For business accounted on the annual basis, the provision for unearned premiums comprises the amount representing that part of gross premiums written which is estimated to be earned in the following or subsequent financial years, computed separately for each insurance contract using the daily pro rata method and taking into account the risk profile of the contracts.

Accounting Policies (continued)

Unexpired risks

Provision for unexpired risks is made where anticipated claims and administrative expenses are expected to exceed unearned premiums, after taking account of future investment income. Unexpired risks are assessed separately for each class of business. Surpluses and deficits are offset where business classes are considered to be managed together.

Claims

Full provision for outstanding claims is made on an individual basis for the estimated cost of claims notified but not settled by the balance sheet date after taking into account handling costs, anticipated inflation, salvage and other recoveries and settlement trends. A provision for claims incurred but not reported is established on statistical methods. Any differences between provisions and subsequent settlements are dealt with in the technical accounts of later years. A claims equalisation reserve has been set up to offset any technical deficit or above average claims ratio arising in any class of business.

Deferred acquisition costs

Commission and management costs which vary with, and are primarily related to, the acquisition of new insurance contracts and the renewal of existing insurance contracts are deferred to the extent that they are attributable to premiums unearned at the balance sheet date.

Long term business technical account

Premiums

Premiums and consideration for annuities are credited when they become due. Reinsurance premiums are charged when they become payable.

Claims

Maturity claims and annuities are charged against revenue when they become payable. Surrenders are accounted for when paid or, if earlier, on the date when the policy ceases to be included within the calculation of the long term business provision for linked liabilities. Death claims and all other claims are accounted for when notified. Claims payable include related internal and external claims handling costs. Reinsurance recoveries are accounted for in the same period as the related claim.

Deferred acquisition costs

The costs of acquiring new insurance contracts and the renewal of existing insurance contracts which are incurred during a financial year but which relate to a subsequent financial year, are deferred to the extent that they are recoverable out of future revenue margins.

Bonuses

Reversionary bonuses are recognised in the long term business technical account when declared and terminal bonuses when paid.

Long term business provision

The long term business provision is determined by the company's Appointed Actuary following his annual investigation of the long term business. Initially it is calculated to comply with the reporting requirements under the Insurance Companies Act 1982, principally using the net premium valuation method. This statutory solvency basis of valuation is then adjusted by eliminating the undistributed surplus determined by that valuation together with certain reserves advised under insurance companies regulations and general contingency reserves. It is then further reduced to reflect the impact of acquisition costs incurred which will be recovered out of future premium margins. This has been determined by means of a Zillmer adjustment applied to the net premium valuation basis. This adjusted basis is referred to as the modified statutory solvency basis. The consequent long term business provision is grossed up for the impact of reinsurance.

Accounting Policies (continued)

Allocation of surpluses and fund for future appropriations.

Surpluses arising on with-profits funds and funds which include participating business are determined by actuarial valuation of the assets and liabilities relating to these funds. These surpluses are appropriated by the directors, for the purpose of preparing the financial statements, to participating policyholders by way of bonuses and to shareholders' interests by way of transfers to the non-technical account from the long term business technical account. The balance of these funds, the allocation of which between policyholders and shareholders has not been determined at the end of the financial year, is carried forward in the fund for future appropriations. The transfer of shareholders' profit included in the non-technical account is grossed up at the full rate of corporation tax.

Investments

Listed investments are included in the balance sheet at mid-market value, and unlisted investments at directors' valuation. Mortgages and loans are valued at amortised cost.

Investment properties were valued at 31 December 1995 on an open market existing use basis by independent chartered surveyors. Owner occupied properties were valued at 31 December 1994 at market value based on vacant possession. In accordance with SSAP 19, which requires a departure from the Companies Act 1985, no depreciation is provided in respect of freehold investment properties not occupied by the group. The directors consider that depreciation of these investment properties would not give a true and fair view.

Investment income and expenses

Investment income includes dividends, interest, rents, gains and losses on the realisation of investments and related expenses. Dividends are included on the date that shares become quoted ex-dividend and are grossed up for applicable tax credits. Interest, rents and expenses are accounted for on an accruals basis. Realised gains and losses on investments represent net sales proceeds less cost. General business investment income and expenses are dealt with through the non-technical account. Long term business investment income and expenses are dealt with through the long term business technical account.

Unrealised investment gains and losses

Unrealised gains and losses on investments are calculated as the difference between market value and original cost. General business unrealised gains and losses are dealt with through the revaluation reserve. Long term business unrealised gains and losses are dealt with through the long term business technical account.

Deferred taxation

Deferred taxation is provided at appropriate rates of corporation tax in respect of timing differences where there is a reasonable probability that such taxation will become payable. Allowance is made in the long term business provision and technical provision for linked liabilities for deferred taxation at appropriate discounted rates in respect of the unrealised gains on investments, unrelieved management expenses and other timing differences.

Tangible assets

Tangible assets are capitalised and depreciated on a straight line basis over their estimated useful lives. The periods used are as follows:

Computer equipment	5 years
Motor vehicles	length of lease
Fixtures, fittings, and office equipment	5 years
Owner occupied investment properties	50 years or length of lease, if shorter

Value of long term insurance business

This item represents the amount which the directors consider to be a prudent valuation of the group's long term insurance business. The same amount is credited to the long term insurance business reserve.

Pensions

Pension costs are charged so as to spread the long-term cost over the expected service lives of employees.

Leasing commitments

Assets obtained under lease purchase contracts are capitalised as tangible fixed assets and are depreciated over the period of the lease. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The interest element of the lease payments is charged to the profit and loss account over the period of the lease.

Goodwill

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

Notes to the Accounts

1 Exchange rates

The principal rates of exchange used for translation are:

	1995	1994
United States of America	US\$1.55	US\$1.56
Canada	C\$2.12	C\$2.19
Republic of Ireland	IR£0.97	IR£1.01

2 Segmental analysis

(a) General business premiums

	1995		1994	
			<i>Restated</i>	
Class of business	Gross £000	Net £000	Gross £000	Net £000
Direct:				
Accident	2,980	2,840	2,959	2,822
Motor	15,844	14,784	13,826	12,860
Property	112,443	62,655	112,375	62,951
Liability	16,154	15,046	13,220	12,083
	<u>147,421</u>	<u>95,325</u>	<u>142,380</u>	<u>90,716</u>
Reinsurance accepted and London market	<u>27,986</u>	<u>14,348</u>	<u>20,292</u>	<u>11,902</u>
Total	<u>175,407</u>	<u>109,673</u>	<u>162,672</u>	<u>102,618</u>

Geographical analysis - on the basis of location of office

United Kingdom	154,633	98,548	148,401	94,863
Canada	17,358	8,781	11,282	5,708
Other overseas	<u>3,416</u>	<u>2,344</u>	<u>2,989</u>	<u>2,047</u>
Total	<u>175,407</u>	<u>109,673</u>	<u>162,672</u>	<u>102,618</u>

(b) Long term business premiums

Geographical analysis - on the basis of location of office

United Kingdom	<u>15,929</u>	<u>15,670</u>	<u>17,636</u>	<u>17,334</u>
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Notes to the Accounts

2 Segmental analysis (continued)

The analysis of long term business premiums written before reinsurance is :	1995	1994
	£000	£000
Life insurance business		
- Single premiums	5	621
- Regular premiums	7,098	6,435
Annuity business		
- Single premiums	3,523	5,136
- Regular premiums	1	7
Pension business		
Non-linked contracts		
- Single premiums	360	285
- Regular premiums	2,009	2,248
Linked contracts		
- Single premiums	386	518
- Regular premiums	2,412	2,221
PHI business	133	162
Endowment certain business	2	3
	<u>15,929</u>	<u>17,636</u>

Gross new annualised regular premiums

Life insurance	506	568
Pensions	<u>433</u>	<u>641</u>
	<u>939</u>	<u>1,209</u>

Periodic payments include recurrent single premiums designated as likely to result in regular premium payments at the time such contracts are written. Thereafter only increases in premiums originally designated as such are treated as new business.

(c) Profit before taxation

		<i>Restated</i>
United Kingdom	14,623	13,284
Canada	2,066	1,094
Other overseas	<u>632</u>	<u>59</u>
	<u>17,321</u>	<u>14,437</u>

(d) Net assets

		<i>Restated</i>
United Kingdom	88,508	62,817
Canada	10,562	7,696
Other overseas	<u>1,080</u>	<u>473</u>
	<u>100,150</u>	<u>70,986</u>

Notes to the Accounts

2 Segmental analysis (continued)

(e) Balance sheet analysis 1995

	General business	Long term business			Elim- inations	Total
		Linked contracts	Non- linked contracts	Fund for future appropriations		
	£000	£000	£000	£000	£000	£000
Investments	280,266	-	205,555	54,749	(7,043)	533,527
Assets held to cover linked liabilities	-	13,138	-	-	-	13,138
Reinsurers' share of technical provisions	73,137	-	1,632	-	-	74,769
Other assets	121,447	-	15,613	-	-	137,060
	<u>474,850</u>	<u>13,138</u>	<u>222,800</u>	<u>54,749</u>	<u>(7,043)</u>	<u>758,494</u>
Reserves	100,150	-	-	-	-	100,150
Fund for future appropriations	-	-	-	54,749	-	54,749
Technical provisions	237,655	13,138	221,647	-	-	472,440
Other liabilities	137,045	-	1,153	-	(7,043)	131,155
	<u>474,850</u>	<u>13,138</u>	<u>222,800</u>	<u>54,749</u>	<u>(7,043)</u>	<u>758,494</u>

1994 Restated

	General business	Long term business			Elim- inations	Total
		Linked contracts	Non- linked contracts	Fund for future appropriations		
	£000	£000	£000	£000	£000	£000
Investments	212,957	-	203,387	36,944	(6,060)	447,228
Assets held to cover linked liabilities	-	9,497	-	-	-	9,497
Reinsurers' share of technical provisions	73,716	-	3,168	-	-	76,884
Other assets	117,881	-	12,766	-	(2,400)	128,247
	<u>404,554</u>	<u>9,497</u>	<u>219,321</u>	<u>36,944</u>	<u>(8,460)</u>	<u>661,856</u>
Reserves	71,017	-	-	-	-	71,017
Fund for future appropriations	-	-	-	36,944	-	36,944
Technical provisions	212,850	9,497	217,106	-	-	439,453
Other liabilities	120,687	-	2,215	-	(8,460)	114,442
	<u>404,554</u>	<u>9,497</u>	<u>219,321</u>	<u>36,944</u>	<u>(8,460)</u>	<u>661,856</u>

Eliminations shown for 1995 relate to the long term business investment holdings in St Andrew Trust plc and those shown for 1994 also include inter-fund debtors and creditors.

Notes to the Accounts

3 Investment activity account

	1995		1994 <i>Restated</i>	
	General business £000	Long term business £000	General business £000	Long term business £000
Investment income:				
- land and buildings	691	996	828	947
- listed investments	13,045	10,399	9,195	8,916
- other investments	4,199	6,542	2,775	6,478
- group undertakings	315	209	324	197
Gains on the realisation of investments	1,266	2,802	848	580
	19,516	20,948	13,970	17,118
Investment management expenses, including interest	(1,229)	(472)	(972)	(443)
	18,287	20,476	12,998	16,675
Debenture interest	(780)	-	(780)	-
Corporate business loan interest	(1,261)	-	(327)	-
Unrealised gains/(losses) on investments	19,968	24,836	(10,891)	(17,307)
Total investment return	36,214	45,312	1,000	(632)

Unrealised investment gains not relating to long term business are dealt with in the revaluation reserve.

4 Expenses

	1995		1994 <i>Restated</i>	
	General business £000	Long term business £000	General business £000	Long term business £000
Net operating expenses :				
Acquisition costs	36,080	1,195	35,464	1,268
Change in deferred acquisition costs	(303)	139	(442)	149
Administrative expenses	11,878	1,592	10,943	1,745
Reinsurance commissions and profit participation	(18,861)	(58)	(16,674)	(33)
	28,794	2,868	29,291	3,129

The group has incurred the following amounts in respect of:

Depreciation :				
- property	258	19	531	8
- owned assets	465	80	310	35
- leased assets	50	-	158	45
Auditors' remuneration :				
- UK	106	25	104	27
- overseas	17	-	15	-
- fees for non-audit services	31	-	30	-

Notes to the Accounts

5 Employee information

The average weekly number of employees, including executive directors, during the year by geographical location was :

	1995		1994	
	General business	Long term business	General business	Long term business
	No.	No.	No.	No.
United Kingdom	649	48	625	49
Canada	43	-	36	-
Republic of Ireland	13	-	13	-
	<u>705</u>	<u>48</u>	<u>674</u>	<u>49</u>
	£000	£000	£000	£000
Wages and salaries	11,742	973	10,780	956
Social security costs	887	88	840	94
Other pension costs	<u>2,090</u>	<u>189</u>	<u>2,017</u>	<u>191</u>
	<u>14,719</u>	<u>1,250</u>	<u>13,637</u>	<u>1,241</u>

6 Directors' emoluments

1995
£

1994
£

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

The aggregate emoluments of the directors in respect of services as non-executive directors of subsidiary undertakings were:

41,000 42,750

The chairman received no emoluments.

Highest paid director's fees

29,500 29,500

Other directors, excluding pension contributions

No. No.

Up to £5,000

2 2

£5,001 to £10,000

1 1

7 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 1995. 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 by the group.

The most recent actuarial valuation showed that the market value of the scheme's assets was £40,407,000 and that the actuarial value of the assets was sufficient to cover 103.9% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contribution of the group to the fund will remain at 20% of pensionable salary plus additional amounts in accordance with recommendations by the Appointed Actuary. The scheme is registered with the Registry of Pension Schemes. Canadian pension liabilities are dealt with by payment to a Canadian Trustee Fund. Republic of Ireland pension liabilities are dealt with by payment to an Irish life office. The total funding cost for the year was £2,289,000 (£2,217,000). Of this £2,227,000 (£2,184,000) related to the UK scheme.

Notes to the Accounts

8 Taxation

	Long term business technical account		Non-technical account	
	1995	1994 <i>Restated</i>	1995	1994 <i>Restated</i>
	£000	£000	£000	£000
UK Corporation tax	98	165	3,348	2,566
Tax on franked investment income	671	513	1,028	788
Overseas tax	26	7	28	6
Prior year adjustment	(25)	56	(316)	(134)
Share of associated undertaking's tax	-	-	86	8
Tax attributable to shareholders' long term business profits	-	-	2	-
	<u>770</u>	<u>741</u>	<u>4,176</u>	<u>3,234</u>

The comparative figure for UK corporation tax shown in the non-technical account has been restated to reflect tax relief claimed on charitable grants at 33%. 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 £3,348,000 (£2,566,000) at 33% (33%).

9 Investments at current value

	1995			1994 <i>Restated</i>		
	General business £000	Long term business £000	Total £000	General business £000	Long term business £000	Total £000
Freehold land and buildings						
- occupied by the group	3,104	1,191	4,295	3,104	1,191	4,295
- other	1,494	7,844	9,338	1,558	8,245	9,803
	<u>4,598</u>	<u>9,035</u>	<u>13,633</u>	<u>4,662</u>	<u>9,436</u>	<u>14,098</u>
Other financial investments						
Shares and other variable yield securities and units in unit trusts:						
- UK stock exchange listed	115,240	108,605	223,845	94,701	90,425	185,126
- other listed	36,558	11,561	48,119	26,823	8,885	35,708
- unlisted	44	-	44	1,019	-	1,019
	<u>151,842</u>	<u>120,166</u>	<u>272,008</u>	<u>122,543</u>	<u>99,310</u>	<u>221,853</u>
Debt and other fixed income securities:						
- UK stock exchange listed	84,451	52,143	136,594	52,397	49,861	102,258
- other listed	20,574	1,946	22,520	16,577	2,542	19,119
- unlisted	450	450	900	-	-	-
Loans secured by mortgages	12,763	68,871	81,634	11,763	72,302	84,065
Other loans	119	651	770	112	820	932
	<u>118,357</u>	<u>124,061</u>	<u>242,418</u>	<u>80,849</u>	<u>125,525</u>	<u>206,374</u>
Total	<u>270,199</u>	<u>244,227</u>	<u>514,426</u>	<u>203,392</u>	<u>224,835</u>	<u>428,227</u>

The value of the group's investments at historical cost is £399,971,000 (£355,317,000).

Notes to the Accounts

10 Assets held to cover linked liabilities

	1995		1994	
	Current value £000	Historical cost £000	Current value £000	Historical cost £000
Assets held to cover linked liabilities	<u>13,138</u>	<u>10,862</u>	<u>9,497</u>	<u>8,503</u>

11 Debtors

Group debtors arising out of direct insurance operations

1995

1994

Restated

	General business £000	Long term business £000	Total £000	General business £000	Long term business £000	Total £000
Policyholders	10,899	1,805	12,704	10,392	1,991	12,383
Intermediaries	<u>24,080</u>	<u>-</u>	<u>24,080</u>	<u>22,470</u>	<u>-</u>	<u>22,470</u>
	<u>34,979</u>	<u>1,805</u>	<u>36,784</u>	<u>32,862</u>	<u>1,991</u>	<u>34,853</u>

12 Tangible assets

£000

Cost:

At 1 January

9,503

Additions

1,299

Disposals

(621)

At 31 December

10,181

Depreciation :

At 1 January

6,615

Additions

980

Disposals

(386)

At 31 December

7,209

Net book value 31 December

General business

2,439

Long term business

533

2,972

Net book value 1 January

General business

2,357

Long term business

531

2,888

Tangible assets include computer equipment, motor vehicles and office equipment.

Notes to the Accounts

13 Value of long term insurance business		1995	1994	
		£000	£000	
Balance at 1 January 1995		6,000	5,000	
Increase during the year		-	1,000	
Balance at 31 December 1995		6,000	6,000	
14 Reserves		1995	1994	
			Restated	
	Group	Parent	Group	Parent
	£000	£000	£000	£000
(a) Revaluation and other reserves				
As previously reported	37,676	69,435	48,833	73,531
Prior year adjustment	(1,359)	(468)	(1,571)	(1,145)
Balance 1 January 1995 as restated	36,317	68,967	47,262	72,386
Currency translation differences	156	-	(56)	-
Other movements	(101)	-	(31)	-
Surplus/(deficit) arising from revaluation of securities	17,809	28,604	(14,158)	(3,419)
Realised investment gains of investment trust subsidiary	2,259	-	3,300	-
Balance 31 December 1995	56,440	97,571	36,317	68,967
(b) Long term insurance business reserve				
Balance 1 January 1995	6,000	-	5,000	-
Movement in year	-	-	1,000	-
Balance 31 December 1995	6,000	-	6,000	-
(c) General reserve				
Balance 1 January 1995	10,000	-	10,000	-
Transfer from retained profits	-	-	-	-
Balance 31 December 1995	10,000	-	10,000	-
(d) Retained profits				
As previously reported	17,809	2,050	11,377	1,679
Prior year adjustment	891	-	426	-
Balance 1 January 1995 as restated	18,700	2,050	11,803	1,679
Currency translation differences	434	-	(926)	-
Issue costs	(244)	-	-	-
Profit for the financial year	8,820	529	7,823	371
Balance 31 December 1995	27,710	2,579	18,700	2,050
Total capital and reserves	100,150	100,150	71,017	71,017

Notes to the Accounts

15 Reconciliation of movements in group shareholders' funds

	1995	1994
		<i>Restated</i>
	£000	£000
Profit for the financial year	10,926	9,534
Other recognised gains and losses	20,557	(10,871)
	31,483	(1,337)
Charitable grants	(2,106)	(1,711)
Issue costs	(244)	-
Net movement in shareholders' funds	29,133	(3,048)
Opening shareholders' funds	71,485	75,210
Restatement	(468)	(1,145)
Closing shareholders' funds	100,150	71,017

16 Minority interests

Minority interests comprise of preference and ordinary share capital and attributable profits in subsidiary undertakings.

	Profit and Loss Account		Balance Sheet	
	1995	1994	1995	1994
		<i>Restated</i>		<i>Restated</i>
	£000	£000	£000	£000
Equity interests				
St Andrew Trust plc				
Ordinary shares of £1 each	1,539	1,346	50,164	44,864
Non-equity interests				
Ecclesiastical Insurance Office plc				
2.8% First Cumulative Preference shares of £1 each	6	6	211	211
10% Redeemable Second Cumulative Preference shares of £1 each	300	300	3,000	3,000
8.625% Irredeemable Non Cumulative Preference shares of £1 each	362	-	15,000	-
St Andrew Trust plc				
5.25% Cumulative Preference stock (now 3.675% plus tax credit)	12	17	332	338
	680	323	18,543	3,549
	2,219	1,669	68,707	48,413

Ecclesiastical Insurance Office plc has the right to redeem all or any of the 10% Redeemable Second Cumulative Preference shares at par together with a premium as follows.

Year of Redemption	Premium
1996 to 1997	7 1/2 per cent
1998 to 2002	5 per cent
2003 to 2007	2 1/2 per cent
2008 to 2012	Nil

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

Notes to the Accounts

17 Technical provisions, net of reinsurance

Long term business	Long term business fund £000	Revaluation reserve £000	Long term business provision £000	Claims outstanding £000	Technical provision for linked liabilities £000	Fund for future appropriations £000
As previously reported	223,305	32,273	-	1,060	-	-
Prior year adjustments	1,234	(2)	-	-	-	-
Reallocation of long term business fund	(224,539)	-	212,871	-	9,497	2,171
Deferred acquisition costs, net of tax	-	-	7	-	-	2,502
Reallocation of revaluation reserves	-	(32,271)	-	-	-	32,271
Balance at 1 January 1995 as restated	-	-	212,878	1,060	9,497	36,944
Movement in year	-	-	(366)	437	3,641	-
Bonus allocations	-	-	6,006	-	-	-
Transfer to fund for future appropriations	-	-	-	-	-	17,805
Balance at 31 December 1995	-	-	218,518	1,497	13,138	54,749

18 Long term business provision

The long term business provision has been calculated, by the Appointed Actuary of the company using the following underlying principal assumptions.

(a) Rates of interest		%
Assurances:		
Life		2.5 - 4.0
Pensions		3.5
Annuities:		
With profit	- deferred	2.5 - 5.5
Without profit	- deferred	5.75 - 6.5
	- vested	6.0 - 7.0
(b) Mortality tables		
Assurances		A67 - 70
Deferred annuities	- pensions	PA (90)
	- school fees	no mortality
Vested annuities	- pensions	PA (90)
	- other	a (90)

The mortality tables used have various deductions from age depending upon the type of business being valued. Further allowances were made for additional mortality resulting from AIDS where appropriate. The amount charged for bonuses and rebates in the long term business technical account relates entirely to reversionary and terminal bonuses paid and payable for the year, £6,006,000 (£4,497,000) of which has been included in the long term business provision.

Notes to the Accounts

19 Provisions for other risks and charges

The provision shown in the accounts relates to deferred taxation of a subsidiary company, St Andrew Trust plc, in respect of short term timing differences. 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 £18.7m (£11.9m) would arise. No provision has been made in respect of these unrealised investment gains.

20 Other creditors including taxation and social security

	1995	1994
	£000	Restated £000
Amounts falling due within one year:		
Other creditors	4,433	5,649
Taxation	3,895	3,894
Bank overdraft	30	58
	<u>8,358</u>	<u>9,601</u>
Amounts falling due after more than one year:		
Debenture stock	6,000	6,000
Corporate business loans	27,000	26,700
Lease purchase contracts	797	736
	<u>33,797</u>	<u>33,436</u>
Total	<u>42,155</u>	<u>43,037</u>
Included in other creditors are obligations under lease purchase contracts due:		
In 1 year or less	364	339
Between 2 and 5 years	797	736
	<u>1,161</u>	<u>1,075</u>

The £6,000,000 13% Debenture stock 2018 is secured on the assets of Ecclesiastical Insurance Group plc. 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. The corporate business loans are secured on the assets of Allchurches Mortgage Company Limited and Ecclesiastical Insurance Group plc's holdings of Ordinary shares and 9.5% Redeemable Third Non-Cumulative Preference shares in Ecclesiastical Insurance Office plc and are repayable:

	1995	1994
	£000	£000
Between 1 and 2 years	5,000	-
Between 2 and 5 years	12,000	16,700
Over 5 years	10,000	10,000
	<u>27,000</u>	<u>26,700</u>

21 Notes to the cash flow statement

(a) Reconciliation of profit on ordinary activities before tax to net cash inflow from operating activities.

	1995	1994
	£000	Restated £000
Profit on ordinary activities before tax	17,321	14,437
Depreciation charges	1,090	1,453
Realised investment gains	(1,267)	(848)
(Profit)/loss on sale of tangible fixed assets	(5)	616
Increase in insurance funds and net outstanding claims	25,384	21,408
Tax credit on franked investment income	(1,020)	(1,063)
Movements in debtors less creditors	(9,172)	(8,579)
(Profit)/loss retained in associated undertakings	(536)	146
Transfer (from)/to long term business	(5)	2,400
Lease purchase interest payable	100	103
Loan interest payable	2,904	1,719
	<u>34,794</u>	<u>31,792</u>

Notes to the Accounts

21 Notes to the cash flow statement (continued)	1995	1994
(b) Analysis of changes in cash and cash equivalents during the year.	£000	£000
Balance 1 January 1995	50,060	40,016
Net cash (outflow)/inflow	(2,545)	9,828
Movements on exchange	787	216
Balance 31 December 1995	<u>48,302</u>	<u>50,060</u>

(c) Analysis of changes in financing during the year

Loans and lease contracts		
Balance 1 January 1995	33,542	21,516
Cash inflow from financing	15,040	11,853
Inception of lease contracts	318	173
Balance 31 December 1995	<u>48,900</u>	<u>33,542</u>

22 Operating Leases	1995		1994	
Annual commitments and payments under non-cancellable operating leases were as follows:	Premises	Equipment	Premises	Equipment
	£000	£000	£000	£000
Commitments				
Expiring:				
Within 1 year	16	-	7	28
Between 2 and 5 years	152	447	165	-
Over 5 years	880	-	868	-
	<u>1,048</u>	<u>447</u>	<u>1,040</u>	<u>28</u>
Payments	<u>1,023</u>	<u>10</u>	<u>687</u>	<u>47</u>

23 Capital commitments

At 31 December 1995 there were no outstanding contracts for capital expenditure (£Nil) or capital expenditure authorised by the directors but not contracted for (£Nil).

24 The effect of changes in accounting policies.

The effect of the change to accounting for investment income on an accruals rather than a receipts basis is an increase in the previously reported profits for the comparative period of £465,000. The cumulative effect is an increase in retained profits of £891,000. The effect of the change in the financial year is to increase reported profits by £186,000.

As a result of the change in accounting policy for investment income, together with changes to the valuation bases of mortgages, loans and owner occupied property, the revaluation reserve previously reported at 31 December 1994 is, on restatement, reduced by £1,359,000. The effect on the movement in the year is an increase by £212,000.

Subsidiary and Associated Undertakings

25 Subsidiary undertakings	Share capital	Holdings of shares by:	
		Parent	Subsidiaries
Incorporated in Great Britain, registered and operating in England, engaged in investment, insurance and financial services or other insurance related business:			
Ecclesiastical Insurance Group plc	Ordinary shares	100%	
Allchurches Mortgage Company Limited	Ordinary shares 6% Non-Cumulative Redeemable Preference shares	100%	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		100%
Ecclesiastical Insurance Office plc	Ordinary shares 2.8% First Cumulative Preference shares 9.5% Redeemable Third Non- Cumulative Preference shares		100% 15.4% 100%
Allchurches Life Assurance Limited	Ordinary shares		100%
Blaisdon Properties Limited	Deferred shares Ordinary shares		100% 100%
Eccint Limited	Ordinary shares		100%
Incorporated in Great Britain and registered in Scotland, engaged in investment trust business:			
St Andrew Trust plc	Ordinary shares 5 1/4% Cumulative Preference stock (now 3.675% plus tax credit)		58.6% 49.7%
Of the 58.6% holding of Ordinary shares in St Andrew Trust plc, 5.8% is held by the mutual life fund of Ecclesiastical Insurance Office plc. There are also three other wholly owned subsidiary undertakings whose assets and contributions to group income are not significant.			
Associated undertakings			
Incorporated in Great Britain and registered in England, engaged in insurance business:			
Wright Underwriting Group Limited	Ordinary shares		25%
Incorporated in the United States of America, engaged in insurance business:			
Chatham Holdings Inc.	Common stock		30.7%

All the subsidiaries listed are included within the consolidated financial statements.

26 Post balance sheet event

On 23 May 1996 the group increased its shareholding in Chatham Holdings Inc. to 66% at a cost of £5m.