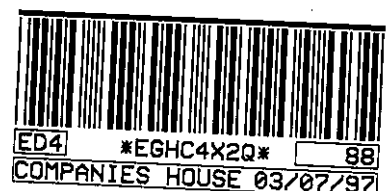


AC. 1150

Welsh Hospitals and Health Services Association

(a company limited by guarantee with no share capital)
for the Year ended 31 December 1996

**Annual Return under order by the Secretary of State for Trade and
Industry pursuant to Regulation 29 of the Insurance Companies
(Accounts and Statements) Regulations 1996**



Welsh Hospitals and Health Services Association

(a company limited by guarantee with no share capital)

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Statement of solvency

Name of company WELSH HOSPITALS AND HEALTH SERVICES ASSOCIATION

Global business/~~UK branch business~~/~~EEA branch business~~

Financial year ended 31 December 1996

Company
registration
number

GL/UK/CM

Period ended
day month year

Units

R9	515135	GL	31	12	96	£000
----	--------	----	----	----	----	------

As at the end of
this financial
yearAs at the end of
the previous
year

Source

Form

Line

Column

1

2

GENERAL BUSINESS

Available assets

Other than long term business assets allocated towards general business required minimum margin	11	3,010	2,537	See instructions 1 and 2
---	----	-------	-------	--------------------------

Required minimum margin

Required minimum margin for general business	12	475	510	12 49
Excess (deficiency) of available assets over the required minimum margin (11-12)	13	2,535	2,027	

LONG TERM BUSINESS

Available assets

Long term business admissible assets	21			10 11
Other than long term business assets allocated towards long term business required minimum margin	22			See instructions 1 and 3
Total mathematical reserves (after distribution of surplus)	23			See instruction 4
Other insurance and non-insurance liabilities	24			See instruction 5
Available assets for long term business required minimum margin (21+22-23-24)	25			

Implicit items admitted under regulation 23(5) of the Insurance Companies Regulations 1994

Future profits	31			
Zillmersing	32			
Hidden reserves	33			

Total of available assets and implicit items (25+31+32+33)	34			
--	----	--	--	--

Required minimum margin

Required minimum margin for long term business	41			60 69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42			
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43			
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44			

CONTINGENT LIABILITIES

Quantifiable contingent liabilities in respect of other than long term business as shown in a supplementary note to Form 15	51			See instruction 6
Quantifiable contingent liabilities in respect of long term business as shown in a supplementary note to Form 14	52			See instruction 6

N. P. Thomas

A. J. Thomas

H. Cochrane

Statement of net assets

Name of company WELSH HOSPITALS AND HEALTH SERVICES ASSOCIATION

Global business/UK branch business/EEA branch business

Financial year ended 31 December 1996

Company
registration
number

GL/UK/CM

Period ended
day month year

Units

	R10	515135	GL	31	12	96	£000
		As at the end of this financial year 1	As at the end of the previous year 2	Source			
				Form	Line	Column	
Long term business - admissible assets	11			13	89	1	
Long term business - liabilities and margins	12			14	59	1	

Other than Long term business - admissible assets	21	3,563	3,026	13	89	1	
Other than Long term business - liabilities	22	553	524	15	69	1	
Net admissible assets (21-22)	23	3,010	2,502				
Other assets allowed to be taken into account in covering the required minimum margin	24	Unpaid amounts (including share premium) on partly paid shares					
	25	Supplementary contributions for a mutual carrying on general business					
Liabilities allowed to be left out of account in covering the required minimum margin	26	Subordinated loan capital					
	27	Cumulative preference share capital					
Available assets (23 to 27)	29	3,010	2,502				

Represented by:

Paid up share capital (other than cumulative preference share capital)	51						
Amounts included in lines 24 to 27 above	52						
Amounts representing the balance of net assets	56	3,010	2,502				
Total (51 to 56) and equal to line 29 above	59	3,010	2,502				

Movement of balance of net assets for solvency
purposes - as per line 56

Balance brought forward at the beginning of the financial year	61	2,502	2,530	10	56	2	
Retained profit/(loss) for the financial year	62	455	(44)	16	59	1	
Movement in asset valuation differences	63	18	16	See instruction 2			
Decrease/(increase) in the provision for adverse changes	64			See instruction 3			
Other movements (particulars to be specified by way of supplementary note)	65	35					
Balance carried forward at the end of the financial year (61 to 65)	69	3,010	2,502				

General business : Calculation of required margin of solvency - first method

Name of company WELSH HOSPITALS AND HEALTH SERVICES ASSOCIATION

Global business/~~UK branch business~~/~~EEA branch business~~/~~Other branch business~~

Financial year ended 31 December 1996

			Company registration number	GL/UK/CM	Period ended			Units
					day	month	year	
			R11	515135	GL	31	12	96
								£000
					This financial year		Previous year	
					1		2	
Gross premiums receivable			11	4,181		3,507		
Premium taxes and levies (included in line 11)			12	110		95		
Sub-total A (11-12)			13	4,071		3,412		
Adjusted Sub-total A if financial year is not a 12 month period to produce an annual figure			14					
Division of Sub-total A (or adjusted Sub-total A if appropriate)	Other than health insurance	Up to and including sterling equivalent of 10M ECU x 18/100	15					
		Excess (if any) over 10M ECU x 16/100	16					
	Health insurance	Up to and including sterling equivalent of 10M ECU x 6/100	17	469		505		
		Excess (if any) over 10M ECU x 16/300	18					
Sub-total B (15+16+17+18)			19	469		505		
Claims paid			21	3,213		3,081		
Claims outstanding carried forward at the end of the financial year	For business accounted for on an underwriting year basis		22					
	For business accounted for on an accident year basis		23	332		291		
Claims outstanding brought forward at the beginning of the financial year	For business accounted for on an underwriting year basis		24					
	For business accounted for on an accident year basis		25	291		305		
Sub-total C (21+22+23-(24+25))			29	3,254		3,067		
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			30					
Sub-total D (29-30)			39	3,254		3,067		
First result Sub-total B x $\frac{\text{Sub-total D}}{\text{Sub-total C}}$ (or, if $\frac{1}{2}$ is a greater fraction, x $\frac{1}{2}$)			41	469		505		

General business : Calculation of required margin of solvency - second method, and statement of required minimum margin

Name of company WELSH HOSPITALS AND HEALTH SERVICES ASSOCIATION

Global business ~~XXXXXXXXXXXXXXXXXXXXXXXXXXXX~~
 UK branch business ~~XXXXXXXXXXXXXXXXXXXX~~

Financial year ended 31 December 1996

Company
registration
number

GLUK/CM

Period ended
day month year

Units

R12	515135	GL	31	12	96	£000
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			This financial year	Previous year	Source		
			1	2	Form	Line	Column
Reference period (No. of financial years) Insert "0" if there is no reference period otherwise insert "3" or "7"	3	11			See instruction 1		
Claims paid in reference period	21	8,296	6,764				
Claims outstanding carried forward at the end of the reference period	For business accounted for on an underwriting year basis	22					
	For business accounted for on an accident year basis	23	332	291			
Claims outstanding brought forward at the beginning of the reference period	For business accounted for on an underwriting year basis	24					
	For business accounted for on an accident year basis	25	131	104			
Sub-total E (21+22+23-(24+25))	29	8,497	6,951				
Sub-total F - Conversion of Sub-total E to annual figure (Multiply by 12 and divide by number of months in reference period)	31	2,832	2,317				
Division of Sub-total F	Other than health insurance	Up to and including sterling equivalent of 7M ECU x 26/100	32				
		Excess (if any) over 7M ECU x 23/100	33				
	Health insurance	Up to and including sterling equivalent of 7M ECU x 26/300	34	475	510		
		Excess (if any) over 7M ECU x 23/300	35				
Sub-total G (32 to 35)	39	475	510				
Second result Sub-total G x $\frac{\text{Sub-total D}}{\text{Sub-total C}}$ (or, if $\frac{1}{2}$ is a greater fraction, x $\frac{1}{2}$)	41	475	510				

First result	42	469	505	11	41
Required margin of solvency (the higher of lines 41 and 42)	43	475	510		

Minimum guarantee fund	44	176	189		
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Required minimum margin (the higher of lines 43 and 44)	49	475	510		
---	----	-----	-----	--	--

Analysis of admissible assets

Name of company WELSH HOSPITALS AND HEALTH SERVICES ASSOCIATION

Global business ~~UK branch business~~ ~~EEA branch business~~ ~~Other branch business~~ ~~XXX~~

Financial year ended 31 December 1996

Category of assets Total other than long term business assets

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
				day	month	year			
		R13	515135	GL	31	12	96	£000	1
Investments						As at the end of this financial year 1	As at the end of the previous year 2		
Land and buildings						11	70	61	
Investments in group undertakings and participating interests	UK insurance dependants	Shares	21						
		Debt securities issued by, and loans to, dependants	22						
	Other insurance dependants	Shares	23						
		Debt securities issued by, and loans to, dependants	24						
	Non-insurance dependants	Shares	25						
		Debt securities issued by, and loans to, dependants	26						
	Other group undertakings and participating interests	Shares	27						
		Debt securities issued by, and loans to, group undertakings	28						
		Participating interests	29						
		Debt securities issued by, and loans to, undertakings in which the company has a participating interest	30						
Total sheet 1 (11 to 30)						39	70	61	

Analysis of admissible assets

Name of company WELSH HOSPITALS AND HEALTH SERVICES ASSOCIATION

Global business/~~UK branch business~~/~~EEA branch business~~

Financial year ended 31 December 1996

Category of assets TOTAL OTHER THAN LONG TERM BUSINESS ASSETS.

Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		day	month	year			
R13	515135	GL	31	12	96	£000	1

Investments (continued)

Deposits with ceding undertakings

Assets held to cover linked liabilities

As at the end of
this financial
year
1As at the end of
the previous
year
2

Other financial investments	Equity shares		41	449	503	
	Other shares and other variable yield securities		42			
	Holdings in collective investment schemes		43	322	208	
	Rights under derivative contracts		44			
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45	319	328
			Other	46		
		Variable interest	Approved securities	47		
			Other	48		
	Participation in investment pools		49			
	Loans secured by mortgages		50			
	Other loans	Loans to public or local authorities and nationalised industries or undertakings		51		
		Loans secured by policies of insurance issued by the company		52		
		Other		53		
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		54		
		Withdrawal subject to a time restriction of more than one month		55		
	Other		56	26	7	
	Deposits with ceding undertakings		57			
	Assets held to match linked liabilities	Index linked		58		
		Property linked		59		
	Reinsurers' share of technical provisions	Provision for unearned premiums		60		
Claims outstanding		61				
Provision for unexpired risks		62				
Other		63				
Total sheet 2 (41 to 63)			69	1,116	1,046	

Analysis of admissible assets

Name of company WELSH HOSPITALS AND HEALTH SERVICES ASSOCIATION

Global business/~~UK branch business~~/~~EEA branch business~~

Financial year ended 31 December 1996

Financial year ended		31 December 1996		Company registration number	GL/UK/CM	Period ended			Units	Category of assets
Category of assets	TOTAL OTHER THAN LONG TERM BUSINESS ASSETS	R13	515135	GL	31	day	month	year	£000	1
						As at the end of				

ASSETS				As at the end of this financial year 1	As at the end of the previous year 2	
Debtors						
Other assets						
Debtors arising out of direct insurance operations				71	334	319
Policyholders						
Intermediaries				72		
Salvage and subrogation recoveries				73		
Debtors arising out of reinsurance operations				74		
Due from ceding insurers and intermediaries under reinsurance business accepted						
Due from reinsurers and intermediaries under reinsurance contracts ceded				75		
Other debtors				76		
Due from dependants						
Due in 12 months or less after the end of the financial year						
Due more than 12 months after the end of the financial year				77		
Other				78		
Due in 12 months or less after the end of the financial year						
Due more than 12 months after the end of the financial year				79		
Tangible assets				80	35	33
Cash at bank and in hand				81	1,650	1,300
Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities						
Cash in hand				82	342	250
Other assets (particulars to be specified by way of supplementary note)				83		
Prepayments and accrued income				84		
Accrued interest and rent						
Deferred acquisition costs				85		
Other prepayments and accrued income				86	16	17
Deductions (under regulations 57(2)(b) and 57(3) of the Insurance Companies Regulations 1994) from the aggregate value of assets				87		
Total sheet 3 (71 to 86 less 87)				88	2,377	1,919
Grand total of admissible assets (39+69+88)				89	3,563	3,026

Reconciliation to asset values determined in accordance with the shareholder accounts rules

Total admissible assets (as per line 89 above)	91	3,563	3,026
Total assets in excess of the admissibility limits of Schedule 12 of the Insurance Companies Regulations 1994, (as valued in accordance with those Regulations before applying admissibility limits)	92	268	286
Solvency margin deduction for insurance dependants	93		
Other differences in the valuation of assets (other than for assets not valued above)	94		
Assets of a type not valued above, (as valued in accordance with the shareholder accounts rules)	95		
Total assets determined in accordance with the shareholder accounts rules (91 to 95)	99	3,831	3,312
Amounts included in line 89 attributable to debts due from related companies, other than those under contracts of insurance or reinsurance	100		

Liabilities (other than long term business)

Name of company

WELSH HOSPITALS AND HEALTH SERVICES ASSOCIATION

Global business/~~UK branch business~~/~~EEA branch business~~/~~XX branch business~~

Financial year ended 31 December 1996

		Company registration number	GL/UK/CM	Period ended			Units
				day	month	year	
		R15	515135	GL	31	12	96
							£000
				As at the end of this financial year 1		As at the end of the previous year 2	
Technical provisions (gross amount)	Provision for unearned premiums		11				
	Claims outstanding		12	332			291
	Provision for unexpired risks		13				
	Equalisation provisions	Credit business	14				
		Other than credit business	15				
	Other		16				
Total (11 to 16)		19	332				291
Provisions for other risks and charges	Taxation		21				2
	Other		22				
Deposits received from reinsurers		31					
Creditors	Arising out of insurance operations	Direct business	41	117			117
		Reinsurance accepted	42				
		Reinsurance ceded	43				
	Debenture loans	Secured	44				
		Unsecured	45				
	Amounts owed to credit institutions		46				
	Other creditors	Taxation	47	50			39
		Recommended dividend	48				
		Other	49	54			75
Accruals and deferred income		51					
Total (19 to 51)		59	553			524	
Provision for adverse changes (calculated in accordance with regulation 61 of the Insurance Companies Regulations 1994)		61					
Cumulative preference share capital		62					
Subordinated loan capital		63					
Total (59 to 63)		69	553			524	
Amounts included in line 69 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		71					

Profit and loss account (non-technical account)

Name of company WELSH HOSPITALS AND HEALTH SERVICES ASSOCIATION

Global business/UK branch business/EEA branch business/XXX

Financial year ended 31 December 1996

		Company registration number	GLUKCM	Period ended			Units
				day	month	year	
R16		515135	GL	31	12	96	£000
		This financial year		Previous year		Source	
		1		2		Form	Line
						Column	
Transfer (to)/from the general business technical account	From Form 20	11	300	(183)		20	59
	Equalisation provisions	12					
Transfer from the long term business revenue account		13				40	26
Investment income	Income	14	144	144			
	Value re-adjustments on investments	15	19				
	Gains on the realisation of investments	16					
Investment charges	Investment management charges, including interest	17	7	8			
	Value re-adjustments on investments	18					
	Loss on the realisation of investments	19					
Allocated investment return transferred to the general business technical account		20				20	51
Other income and charges (particulars to be specified by way of supplementary note)		21	27	28			
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	483	(18)			
Tax on profit or loss on ordinary activities		31	28	26			
Profit or loss on ordinary activities after tax (29-31)		39	455	(44)			
Extraordinary profit or loss (particulars to be specified by way of supplementary note)		41					
Tax on extraordinary profit or loss		42					
Other taxes not shown under the preceding items		43					
Profit or loss for the financial year (39+41-(42-43))		49	455	(44)			
Dividends (paid and proposed)		51					
Profit or loss retained for the financial year (49-51)		59	455	(44)			

General business : Technical account (excluding equalisation provisions)

Name of company WELSH HOSPITALS AND HEALTH SERVICES ASSOCIATION

Global business/~~UK branch business~~/~~EEA branch business~~

Financial year ended 31 December 1996

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class/ summary	
				day	month	year			
		R20	51535	GL	31	12	96	£000 Summary	
Items to be shown net of reinsurance				This financial year		Previous year		Source	
				1		2		Form	Line
This year's underwriting (accident year accounting)	Earned premium	11	4,182		3,507		21 . 19 . 5		
	Claims incurred	12	3,213		3,081		22 . 17 . 4		
	Claims management costs	13					22 . 18 . 4		
	Adjustment for discounting	14					22 . 52 . 4		
	Increase in provision for unexpired risks	15	41		(14)		22 . 19 . 4		
	Other technical income or charges (particulars to be specified by way of supplementary note)	16							
	Net operating expenses	17	628		623		22 . 42 . 4		
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	300		(183)				
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21					21 . 11 . 5		
	Claims incurred	22					22 . 13 . 4		
	Claims management costs	23					22 . 14 . 4		
	Adjustment for discounting	24					22 . 51 . 4		
	Other technical income or charges (particulars to be specified by way of supplementary note)	25							
	Net operating expenses	26					22 . 41 . 4		
	Balance (21-22-23+24+25-26)	29							
Balance from underwriting year accounting		39					24 . 69 . 99-99		
Balance of all years' underwriting (19+29+39)		49	300		(183)				
Allocated investment return		51							
Transfer to non-technical account (49+51)		59	300		(183)				

Welsh Hospitals and Health Services Association

Global business/UKxbusiness/FAxbusinessxx

Financial year ended 31 December 1996

Financial year ended	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	F37	51535	GL	31	12	96	£000
	Business group A (property)	Business group B (business interruption)	Business group C (marine and aviation)	Business group D (nuclear)	Business group E (non-proportional treaty)	All business groups	Credit insurance business
	1	2	3	4	5	6	7
Calculation of the maximum provision							
11							
12							
13							
Total net premiums written in the previous 4 years							
Net premiums written in the current year							
Maximum provision							

[illegible]

Returns under Insurance Companies Legislation

Equalisation provisions technical account : Accident year accounting

Name of company WELSH HOSPITALS AND HEALTH SERVICES ASSOCIATION

Global business/UKS/branch/business/FEA/branch/businessX

Financial year ended 31 December 1996

		Company registration number		GL/UK/CM		Period ended		Units	
						day	month	year	
F38		515135		GL		31	12	96	£000
		Business group B (business interruption)		Business group C (marine and aviation)		Business group D (nuclear)		Business group E (non-proportional treaty)	
		1		2		3		4	
Other than credit business									
Net premiums earned		11							
Claims incurred net of reinsurance		12							
Trigger claims value		13							
Abnormal loss		19							
Trigger claims ratio		72.5%		72.5%		95%		25%	
								100%	

Credit business

Net premiums earned	21
Claims incurred net of reinsurance	22
Claims management costs	23
Net operating expenditure	24
Technical surplus/(deficit) (21-22-23-24)	29

Equalisation provisions technical account : Underwriting year accounting

Name of company WELSH HOSPITALS AND HEALTH SERVICES ASSOCIATION

Global business ~~WELSH HOSPITALS AND HEALTH SERVICES ASSOCIATION~~

Financial year ended 31 December 1996

		Company registration number		GL/UK/CM		Period ended			Units		
						day month year					
		F39		515135		GL		31 12 96		£000	
		Business group A (property)		Business group B (business interruption)		Business group C (marine and aviation)		Business group D (nuclear)		Business group E (non-proportional treaty)	
Other than credit business		1		2		3		4		5	
Net premiums written		11									
Claims net of reinsurance		12									
Trigger claims value		13									
Abnormal loss		19									
Trigger claims ratio		72.5%		72.5%		95%		25%		100%	

Credit business

Net premiums written	21
Claims net of reinsurance	22
Claims management costs	23
Net operating expenditure	24
Technical surplus/(deficit) (21-22-23-24)	29

SUPPLEMENTARY NOTES : FORM 9

Note

Code

Modification to the Return

0901 This return has been prepared in accordance with the Insurance Companies (Accounts and Statements) Regulations 1996 as modified by an Order dated 6 January 1997 issued by the Secretary of State with the consent of the Company. The modification(s) provided by that Order are as follows:-

(807) The form(s) [20-36 apart from the form 20 summary form] and their accompanying supplementary notes are not required to be prepared or submitted with the return.

0902 N/A

SUPPLEMENTARY NOTES : FORM 10

Note Code		£'000
1001	See 1002.	
1002	Net admissible assets brought forward as previously stated 31.12.95	2,502
	Increase due to change in accounting policy to value investments at market value.	35
	Revised opening net admissible assets brought forward 31.12.95	<u>2,537</u>
1003	N/A	<u><u>2,537</u></u>

SUPPLEMENTARY NOTES: FORM 11 AND 12

Note Code

1101 N/A

1102 N/A

1201 N/A

1201 N/A

SUPPLEMENTARY NOTES: FORM 13

Note Code		1996 £'000	1995 £'000
1301	Aggregate value of investments which are:-		
	Unlisted	Nil	Nil
	Listed investments not readily realisable	Nil	Nil
	Beneficial interests in collective investment schemes	Nil	Nil
	Reversionary interests or remainder in property	Nil	Nil
1302	N/A		
1303	N/A		
1304	N/A		
1305	The WHA investment portfolio is managed on a discretionary basis by BWD Rensburg and consists of treasury stock, Blue Chip equities and unit trusts/mutual funds.		
	Whilst no specific investment limits are set by the company each Investment is subject to detailed scrutiny by WHA management in relation to counterparty exposure and to ensure it is in line with the moderate risk policy in relation to investment.		
	During the period individual investments in equities and unit trusts/mutual funds have not exceeded £50,000 each whilst individual treasury stock investments have not exceeded £100,000 each.		
1306	None		
1307	None		

SUPPLEMENTARY NOTES : FORM 15

Note Code

1501	<p>No provision for adverse changes is considered necessary due to the following factors:-</p> <ul style="list-style-type: none">- The company does not have any derivative contracts.- Welsh Hospitals and Health Services Association own and occupy the building from which the company conducts its business.- The majority of assets of the company are held in the form of readily realisable investments held at market value and cash.- The value of these assets has not historically been subject to significant volatility and no future volatility is foreseen.
1502	None
1503	N/A

SUPPLEMENTARY NOTES: FORM 16

**Note
Code**

1601	N/A		
1602	Other income and charges comprise the following	£'000	£'000
	Other income		
		19	19
	- Rents receivable		
	- Deposit account interest	8	9
	- Other	-	-
		<u>27</u>	<u>28</u>
		<u>27</u>	<u>28</u>

SUPPLEMENTARY NOTES: FORM 17

Note
Code

1700

Analysis of derivative contracts

Welsh Hospitals and Health Services Association has not entered into any derivative contracts in this or the previous year and as such no Form 17 and supplementary notes are submitted.

SUPPLEMENTARY NOTES: FORM 20

Note Code

2001	N/A
2002	- Gross premiums written relate entirely to UK business.
2003	- N/A
2004	Financial insurance/reinsurance - No contracts of insurance have been excluded from Schedule 2 (form 20) as a result of FRS5 and FRAG 35/94.
2005	- N/A

STATEMENT ON REGULATIONS 19 to 21, 23, 24 and 26 OF THE INSURANCE COMPANIES (ACCOUNT AND STATEMENTS) REGULATIONS 1996

SCHEDULE 19 - The company has no major treaty reinsurer.

SCHEDULE 20 - The company has no major facultative reinsurer.

SCHEDULE 21 - The company has no general business reinsurance cedents.

SCHEDULE 23 - The company has not entered into any derivative contracts.

SCHEDULE 24 - The company does not have any issued share capital and therefore has no shareholder controllers.

SCHEDULE 26 - The company has not ceded any business.

WELSH HOSPITALS AND HEALTH SERVICES ASSOCIATION
(A company limited by guarantee with no share capital)

Certificate by the Executive Committee Members required by Regulation 27 of the Insurance Companies (Accounts and Statements) Regulations 1996.

We certify that in our opinion:

- (a) in relation to the part of the return comprising forms 9 to 17, 20, 37 to 39, the statements required by regulations 19 to 21, 23, 24 and 26 of the Insurance Companies (Accounts and Statements) Regulations 1996 ("the Regulations") and the supplementary notes that:
 - (i) the return has been prepared in accordance with the Regulation as modified by an order dated 6 January 1997 issued under section 68 of the Insurance Companies Act 1982;
 - (ii) proper accounting records have been maintained and adequate information has been obtained by the company; and
 - (iii) an appropriate system of control has been established and maintained by the company over its transactions and records;
- (b) reasonable enquiries have been made by the company for the purpose of determining whether any person and any body corporate are connected for the purposes of regulations 19, 20 and 21 above;
- (c) in respect of the company's business which is not excluded by regulation 32 of the Insurance Companies Regulations 1994, the assets held throughout the financial year in question enabled the company to comply with regulations 27 to 31 (matching and localisation) of those Regulations;
- (d) the company has maintained the required margin of solvency throughout the financial year in question;
- (e) we are satisfied that:
 - (i) the systems of control established and maintained by the company in respect of its business complied, at the end of the financial year in question, and it is reasonable to believe that those systems continued to so comply subsequently and will continue to so comply in the future, with the following published guidance:

Systems of control over investments (Prudential Note 1994/6);
Systems of control over general business claims provisions (Prudential Note 1995/1); and

- (ii) the return has been prepared in accordance with the following published guidance:

Asset valuation rules (Prudential Note 1995/1 - revised April 1996);
The preparation of annual returns to the DTI (Prudential Note 1996/3).

N.R. Ahmed)

J. O'Sullivan)

H. Corbett)

Executive Committee Members

Chief Executive

16 May 1997

WELSH HOSPITALS AND HEALTH SERVICES ASSOCIATION
(A company limited by guarantee with no share capital)

Report of the auditors to the directors pursuant to Regulation 29 of the Insurance Companies (Accounts & Statements) Regulations 1996

Global business

Financial year ended 31 December 1996

We have audited the documents prepared by the company pursuant to Section 17 of the Insurance Companies Act 1982 ("the Act") which are required to be audited by regulation 29 of the Insurance Companies (Accounts and Statements) Regulations 1996 ("the Regulations"). These comprise Forms 9 to 13, 15 to 17 and 20, 37 to 39, the supplementary notes on pages 15 to 22, and statements furnished pursuant to regulations 19, 20, 21 and 23 on page 23, certificate signed in accordance with regulation 28(a) on pages 24 to 25. In the case of the certificate, our audit did not extend to paragraph (a) in relation to information provided under regulations 24 and 26.

Respective responsibilities of the company and its auditors

The company is responsible for the preparation of returns under the provisions of the Act and the Regulations. The requirements of the Regulations have been modified by Order issued by the Secretary of State on 6 January 1997. It is our responsibility to form an independent opinion, based on our audit, on those parts of the returns which are subject to audit by virtue of regulation 29 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 documents specified by regulation 29. It also includes an assessment of the significant estimates and judgements made by the company in the preparation of the documents specified by regulation 29.

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 documents specified by regulation 29 are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated whether the documents had been prepared in the manner specified by the Regulations as modified and fairly stated the information provided on the basis required.

Opinion

In our opinion:

- (a) The Forms, statements and supplementary notes have been properly prepared in accordance with the provisions of the Regulations as modified, and
- (b) according to the information and explanations received by us:
 - (i) the certificate has been properly prepared in accordance with the provisions of the Regulations; and
 - (ii) it was not unreasonable for the persons giving the certificate to have made the statements herein.



Coopers & Lybrand

Chartered Accountants and Registered Auditors

Cardiff, 16 May 1997