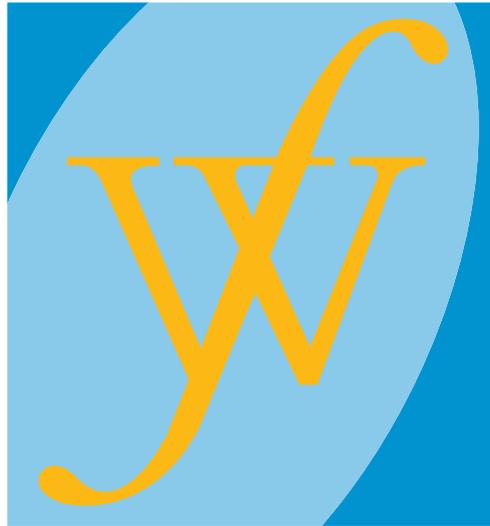


WILTSHIRE



FRIENDLY

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SOCIETY LIMITED

**FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2022



**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**BOARD OF MANAGEMENT AND PROFESSIONAL ADVISERS**

Position	Name		Occupation
Chair	Mrs C J Whitehead ( <i>Regulatory approval received on 8 March 2022 and appointed from 1 April 2022</i> )	**	Marketing Consultant
	R T Harrison ( <i>until 31 March 2022</i> )		Financial Adviser
Vice Chair	D C Bones		Cost & Management Accountant
Non-executive Board Members	M S Gurney ( <i>until 31 March 2023</i> )		Chartered Accountant
	C Gould	**	Sales Director
	Ms H Brown ( <i>until 30 September 2022</i> )	**	Business Development Consultant
	Mrs I Astley Marsh	**	Chief Human Resources Officer
	C J Gough ( <i>from 1 March 2023</i> )	**	Managing Director – Information Technology
	A J Dyer ( <i>from 1 April 2023</i> )	**	Procurement Head, Accountancy qualified
Chief Executive	J S Gratland		Executive Director
Secretary	L Davis		

\*\* Denotes Non-executive Board members who are independent for all or a part of the year, within the meaning ascribed by the Association of Financial Mutuals Corporate Governance Code

Arbitrators	M I Stillwell, W J Pepler, C C Cheshire OBE
Actuary to the Society	<i>S Butters FIA</i> OAC Ltd, 141-142 Fenchurch Street, London, EC3M 6BL
External Auditor	<i>Moore</i> 30 Gay Street, Bath, BA1 2PA
Internal Auditor	<i>Validera Limited (formerly Haines Watts Controls &amp; Assurance Limited)</i> 30 Camp Road, Farnborough, GU14 6EW
Bankers	<i>Lloyds Banking Group</i> 64 Fore Street, Trowbridge, BA14 8EU
Solicitors	<i>Forrester Sylvester Mackett</i> Castle House, Trowbridge, BA14 8AX
Stockbrokers & Investment Advisers	<i>LGT Wealth Management UK LLP</i> 14 Cornhill, London, EC3V 3NR
Compliance Advisers	<i>Mutual Governance Limited</i> Prescot House, 3 High St, Prescot, Liverpool, L34 3LD
Registered Office	Holloway House, Epsom Square, White Horse Business Park, Trowbridge, BA14 0XG
Website	www.wiltshirefriendly.com

Wiltshire Friendly Society Limited is Authorised by the Prudential Regulation Authority and Regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Firm Number 110053

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**BOARD OF MANAGEMENT AND PROFESSIONAL ADVISERS (CONTINUED)**

**Caroline Whitehead – Chair from 1 April 2022**

Non-executive member of the Board since October 2017, is a member of the Investment and Product Steering Committees and chairs the Governance Committee. A communications professional having run her own corporate communications business successfully for 20 years and employing a staff of 15. Financial services experience over the last 35 years working for a variety of organisations including banks and insurance companies. Governor and Trustee for a number of charitable organisations and Chair of Governors of two schools in Somerset. A member of the Association of Financial Mutuals Training and Development Committee.

**Roger Harrison - Chair until 31 March 2022**

Financial Adviser. Non-executive member of the Board since May 2005, Chair of the Governance Committee as well as a member of the Investment and the Product Steering Committees. Partner in Positive Solutions (Financial Services) Ltd since 2003. Adviser, Zurich Financial Services, 1997-2003. Partner in a family owned business in the leisure industry in Cornwall 1987 – 1997 and Architectural Technician 1982-1987. Roger left the Board on 31 March 2022.

**David Bones ACMA – Vice Chair**

Non-executive member of the Board since May 2009, a member of the Investment Committee, Product Steering Committee and chairs the Audit, Risk & Compliance Committee. Cost and Management Accountant. Finance Director and Company Secretary of Lyons Seafoods Ltd 1998-2022, where he also had responsibility for the IT systems of the company. David worked in the brewing industry for Grand Metropolitan (now Diageo) 1979-1989, before spending 10 years in the Branded and Wholesale drinks Industry at Matthew Clark, 1989-1998 where he also became Finance Director.

**Martin Gurney BA (Hons) FCA**

Chartered Accountant. Non-executive member of the Board since December 2005, a member of the Audit, Risk & Compliance Committee and the Product Steering Committee and chairs the Investment Committee. Partner in Haines Watts Chartered Accountants, one of the top 20 of the UK's largest accountancy practices providing accountancy, tax and audit services to a wide variety of businesses and individuals. Martin left the Board on 31 March 2023.

**Chris Gould**

Non-executive member of the Board since 1 October 2021, a member of the Audit, Risk & Compliance Committee and chairs the Product Steering Committee. Head of Storage Channel Sales IBM, UK and Ireland, with over 30 years previous experience working in both the IT and banking sectors in strategic sales leadership and general management roles.

**Henrietta Brown (until 30 September 2022)**

Non-executive member of the Board since 1 October 2021, was a member of the Staffing, Salaries & Nominations Committee, Governance Committee and Product Steering Committee. Previously the Business Development Director with Inspire (Wessex Association of Chamber of Commerce), where she launched and grew their Elite network from a standing start. Over fifteen years' experience in financial services including roles in Bristol & West Building Society and Nat West. Henrietta left the Board on 30 September 2022.

**Joined the Board in 2023**

**Chris Gough**

Non-executive member of the Board since 1 March 2023. A member of the Governance, Product Steering and Staffing, Salaries & Nominations Committees. Managing Director of Mintivo Ltd, responsible for the strategy delivery and financial management of the company which provides managed IT support services. A business mentor at the University of Bath and an entrepreneurship mentor at the University of the West of England.

**Andy Dyer ACMA**

Non-executive member of the Board since 1 April 2023. A member of the Audit, Risk & Compliance, Investment and Staffing, Salaries & Nominations Committees. Currently employed at GreenSquareAccord, a large local Housing Association, as Head of Procurement. Accountancy trained and has previously held a number of senior roles in Finance and Commercial Management positions.

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**BOARD OF MANAGEMENT AND PROFESSIONAL ADVISERS (CONTINUED)**

**SENIOR INDEPENDENT BOARD MEMBER**

**Imogen Astley Marsh**

Non-executive member of the Board from 1 January 2022, Chair of the Staffing, Salaries & Nominations Committee and a member of the Audit, Risk & Compliance Committee. Senior Independent Board Member since 22 April 2022. Currently the Chief Human Resources Officer at Sycurio, a FinTech Private Equity backed company. Over 20 years HR experience with 8 years Board level experience, supporting, challenging and advising on Board level HR decisions. Previously Group HR Director at OneFamily, an Insurance Mutual. The owner of Lemons Consulting Group, providing HR consulting and Executive Coaching, and also a Charity Trustee.

**CHIEF EXECUTIVE**

**Jon Gratland**

Appointed Chief Executive from 1 November 2016. Jon has over three decades of experience in Financial Services, having worked in bank, building society and insurance company environments, latterly in senior sales and operations roles with Eagle Star and AXA. In 2005 he formed Glacier Point Consulting Limited, providing business consultancy services to predominantly financial services clients. Jon had been a consultant to the Society for a number of years, working with the Society Board of Management in developing, and implementing, the Society's strategy.

# WILTSHIRE FRIENDLY SOCIETY LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### CHAIR'S STATEMENT

It's been another tough year, for us and for most businesses operating in the financial services sector. As we emerged from the pandemic we were hit with a war in Ukraine, a hugely uncertain economic landscape and a turbulent political scene. Despite all of this, your Society remains strong and resilient. Our strategy remains unchanged – to remain an independent business with a clear growth strategy as a specialist income protection provider.

#### Sales and Performances

Performance in 2022 was stable and we exceeded our new business sales target. The intermediary market is increasingly more important in delivering our sales growth, delivering 92% of our sales in 2022. Following a recent Strategy progress review, the Board decided to focus our sales efforts on the intermediary market as that is where we see the greatest potential for growth. This also allows us to reduce non-productive costs within the business.

2022, in isolation, was not a good year for our investment portfolio which saw a reduction in value to just over £12 million. This reflects a broader market performance, which has been very unsettled. The Society always seeks to balance risk with potential return investing over the longer term. The portfolio has performed well in the past with this strategy and we expect recovery and better performance in the future.

Our expenses in 2022 were just under 6% higher than in 2021, mainly as a result of the cost of living challenges, but we remain focused on controlling costs proportionate to the size of our business.

You will see that our Free Asset Ratio, which is a good indication of our financial strength and our ability to pay bonuses to our members, has reduced significantly. However, it remains within an acceptable level and we are confident that we can remain independent and fully able to service our members' interests.

#### We listen to our members | We think of our members | We act for our members

The Board considers a Holloway member's bonus an important part of their membership. The 2022 Apportionment and Terminal Bonus have been held at 2021 rates and Bonus has been increased by 0.25%.

The main objective of all Society products is to support our members when they need us most, when they cannot work and lose income due to illness or injury – 95.04% of all claims were paid in 2022 and an average of 96.32% of all claims were paid in the 2020-2022 period. This demonstrates how important that support is to us.

We have also maintained our high level of service and support for our members by working efficiently both from home and in the office. We have added an 'Information Only' service to enable members to amend their membership simply and easily.

#### Our Board and Governance

We made some important changes to the Board in 2022. We welcomed Imogen Astley Marsh as a new Board member and Senior Independent Director and we said goodbye to Henrietta Brown. Martin Gurney left the Board at the end of March 2023 after 17 years and we thank him for his service. We welcomed two new Board members in the early part of 2023, Chris Gough and Andy Dyer, and you can find out more about them in the Financial Statements.

Strong governance remains a key focus for the Society and we believe that the new skills and experience on our Board will help to sustain and drive the Society forward. In 2023 we will further enhance our governance and member service as we respond to Consumer Duty regulations.

#### Looking to the Future

I am certain that we have a strong and realistic strategy for growth and this is supported by a very capable Operations team, Management team and Board who will ensure the appropriate level of governance and control of costs, whilst maintaining our commitment to a high level of customer service.

We have a strong financial base and so we are in a good position to weather the challenges that the future will hold. May I take this opportunity to thank the Board and all our employees for their hard work and commitment during the year.

On behalf of the Board, I would like to thank our members for their continued support and we look forward to supporting you again in the coming year. I hope to see you at our AGM on 27 June 2023.



**Caroline Whitehead**  
Chair

25 April 2023

# WILTSHIRE FRIENDLY SOCIETY LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### REPORT OF THE BOARD OF MANAGEMENT

The Board of Management (“the Board”) has pleasure in presenting its report and the Financial Statements for the year ended 31 December 2022.

#### Principal Activity

The principal activity of the Society throughout 2022 continued to be the provision of income protection insurance based on the “Holloway System”, which protects against the loss of income arising from illness or injury and is intended at the same time to build up a lump sum to be available on retirement. The Society also conducted Group Income Replacement business with employers, and directly to employees and members of sports and leisure clubs, on a pure protection basis. In the opinion of the Board the Society had not carried out any activities outside its powers in the year to 31 December 2022.

#### Society Culture

As a mutual, the Society’s primary aim is to care for its members and to ensure that the business is run in a way that benefits them.

The Society’s ‘Purpose’ is therefore defined as:

- We LISTEN to our Members
- We THINK of our Members
- We ACT for our Members

The Society Values are the principles believed to be important to the business and come from the Society’s Purpose.

They are relevant to its employees, members and external customers – the Society stakeholders.

The Society’s Values are defined as:

Value	What does it mean to our Stakeholders?
<b>Reliable</b>	We do what we say we will, when we say we will.
<b>Adaptable</b>	We are flexible to the situation, informed by our Rules.
<b>Fair</b>	We do the right thing.
<b>Transparent</b>	We will explain our actions.
<b>Trusted</b>	We treat people with honesty and respect.

These ‘Values’ are what makes the Society different and defines it to the outside world. They are the foundations for how the Society goes about its work, they impact the policies and procedures used every day and must be common to all of its employees and the Board.

#### Business Review

Contribution income reduced to **£1,420,000** (2021:- £1,479,000). Performance has remained stable and, whilst the Society exceeded its 2022 new business sales target, that new income is not yet enough to offset the declining Holloway membership. This remains a key challenge for the Society to address. The retention of existing business within those new target markets remains excellent, hence we remain satisfied with the progress made by the end of 2022 and with the strategic direction being taken in developing and promoting the existing product range and the distribution channels used to sell those products.

Sickness benefit paid during the year decreased to **£539,000** (2021:- £608,000). This reduction had not been at the expense of claims admission where the Society paid **95.04%** of all claims received during the year and which brought the average of claims paid during the last 3 years to **96.32%**. This once again has illustrated the true value of the Society’s income protection. The reasons for the non-payment of claims during the year were due to members not meeting standard policy terms and conditions.

#### Society Membership

During the year the net reduction in total memberships was 223 (2021:- 257). This was due primarily to a decrease in Holloway memberships, as members reached retirement or no longer had a need for the plan. The Society is committed and focussed on a growth strategy that will offset this attrition and grow the membership through non-Holloway products.

# WILTSHIRE FRIENDLY SOCIETY LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

#### Investments

Total investment income increased during the year to **£453,000** (2021:- £438,000), and the income return on invested funds, including that from property, was approximately **3.46%** (2021:- 2.76%).

During the year, the Society made a net loss of **£529,000** in investment trading (2021: £17,000 net loss). The value of investments held at the end of the year included overall unrealised loss amounting to **£1,821,000** (2021:- overall unrealised gain £347,000).

2022 has been a very tough year for the UK economy as a whole. The Society has felt that impact too on its investment portfolio, shown by the loss above. That said, the Society remains financially strong, and expects that the financial markets will recover in the future. The Society has therefore maintained an investment strategy which balances risk with potential return, investing over the longer term, and its portfolio is strategically positioned and managed to minimise the effects of market fluctuation and to take advantage of opportunities as they arise.

A key income contribution to the portfolio comes from the Society's investment properties. During the year, all suites in Holloway House continued to be let on a 5-year contract. Market Street was let for the full year under the existing 15 year lease. Rental income for the buildings during the year amounted to **£93,000** (2021:- £87,000).

The Investment Committee monitored an Environmental, Social Governance (ESG) assessment, applied to its investment portfolio throughout 2022. That illustrated how the portfolio fairs against an ESG assessment of sustainable investments and then monitors how that ESG assessment changes as invested companies develop their sustainability approach. The ESG assessment is not at the expense of the main portfolio's investment objective, which remains to achieve a balance of maximising income whilst pursuing prudent investment strategies and ensuring protection of the Society's capital.

#### Operating Expenses

Controlling expenses remains a key focus. During the year the Society's total expenses were **£1,121,000** (2021:- £1,059,000). Development expenses amounted to **£15,000** (2021:- £10,000). The Society's underlying core expenses, excluding development and business acquisition, increased to **£730,000** (2021:- £689,000), an increase of 6.0%.

#### Holloway Members' Funds

The value of Holloway Members' funds at 31 December 2022 was **£6,156,000** (2021: £6,471,000).

#### Apportionment and Bonus

On the advice of the Actuary to the Society, the Board maintained the rate of Apportionment to **£2.00** per unit of sickness cover in respect of pre-2013 memberships and in respect of New Holloway memberships, effected since 2013, 4.5% of premiums paid during the year. The Apportionment for pre-2013 commuted members was maintained at **£18.00** per unit of non-sickness cover. The Apportionment rate for commuted members who joined after 2012 was set at 100% of premiums paid during the year.

The rate of Bonus was increased to **2.75%** for balances below £5,000 and **3%** for balances of £5,000 and above. Terminal Bonus has also been held at the 2021 level of 10% for members who retired or commuted their membership during the year and for those who will do so during 2023.

This demonstrated the additional value of Society membership and is a key focus of the Board in implementing its strategy to the benefit of Holloway members.

The allocation of Apportionment and Bonus will be set at the following rates:

		2022	2021
<b>Members under the age of 65 or if their membership terms so permit below their State Pension Age and eligible to claim sickness benefit</b>			
Apportionment in respect of pre 2013 Holloway memberships - per standard cost unit of cover held (allocated at 50% in respect of reduced cost units and 25% in respect of low cost units)		<b>£2.00</b>	£2.00
Apportionment to post 2012 New Holloway memberships – as a percentage of contributions paid		<b>4.5%</b>	4.5%
Rates of Bonus	Balances below £5,000	<b>2.75%</b>	2.50%
	Balances £5,000 and above	<b>3.00%</b>	2.75%

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)**

**Commutated Members over the age of 60 ineligible to claim sickness benefit and former Life & Endowment Members**

Apportionment per unit held:-	Pre 2013 Commuted Members – per unit held Post 2012 Commuted Members – as a percentage of contributions paid Former Life & Endowment Members
Rates of Bonus:-	Balances below £5,000 Balances £5,000 and above

2022	2021
<b>£18.00</b>	£18.00
<b>100%</b>	100%
<b>Nil</b>	Nil
<b>2.75%</b>	2.50%
<b>3.00%</b>	2.75%

Under current HM Revenue & Customs practice, Apportionment and Bonus are allocated and accumulate within members' funds with no direct taxation cost to individual members. The investment income recorded within these statements and from which the Society declares the bonuses is net of any underlying taxation charges and thus, so far as tax is payable, it is suffered by the Society as a whole.

**Terminal Bonus**

The Board also followed the recommendations of the Actuary to the Society when considering the Terminal Bonus to be allocated to members on retirement, commutation or death. The rate of Terminal Bonus will be maintained at 10% for membership maturities that occur during 2023.

**Society prospects for the future**

The Society's principal activities, together with the strategic focus and future direction are explained in the Strategic Report in these Financial Statements. The Board assesses the future viability of the Society over a 5-year period based on the implementation and success of the Strategic Plan. The 3-year rolling Strategic Plan was last approved by the Board in March 2023. The Board assessed the Society was financially strong and had the resource and capability to maintain its current operations with regard to the nature of its business, size and complexity. The Board believes the Society will continue to operate for the foreseeable future, has recurring income and can meet its liabilities. A going concern basis has been used in the preparation of these Financial Statements.

**Going Concern Assessment**

The Society completed its annual Going Concern Assessment, following a review by the Actuary to the Society in April 2023. The key risks, that are expected to have the biggest impact on the Society's status as a going concern, are noted and assessed below:

Risk	Assessment
Further reductions in asset values.	Much higher gilt yields have led to a significant reduction in the value of the Society's assets, which is not fully reflected in reduced liabilities.
High inflation impacting the Society's expenses and a reduction in new business/increase in lapses.	There remains an expectation that the current record level of inflation is only temporary, and that CPI will return to the Bank of England target level in the next couple of years. This short term uplift in inflation has been allowed for in the Society's regulatory valuation at 31 December 2022.
Expenses	It remains important that expenses are kept under control as the business contracts.
A sharp reduction in investment and interest income.	Investment income has increased, reflecting the property being fully let and higher yields.
An increase in longer term mental health and other claims arising from the pandemic across all policies which may lengthen the average recovery period.	This remains an area of uncertainty.
An increase in lapses across all products due to the cost of living crisis.	There has been no evidence of this as yet, but it remains an area of uncertainty.

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)**

The Board also carried out additional monitoring in the following areas:

- Solvency over a future 5-year period as part of its financial forecasting;
- Stress testing as part of the Individual Capital Assessment;
- Liquidity impact on cashflow;
- Counterparty exposure, mitigated via the Investment Policy Statement;
- Operational resilience, the ability for employees to work from home and maintain member services.

The solvency and liquidity of the Society remain strong as indicated by the Board Key Performance Indicators, which are detailed on page 12. Our Auditors have also reviewed this work and their conclusions are contained in the Independent Auditor's Report on pages 23-25.

The Board concludes that its assessment provides confidence that the Society continues to have the capability and 'headroom' within its solvency to continue as a going concern over 2023 and beyond.

**Statement of Solvency**

At 31 December 2022, the Society had the required margin of solvency as prescribed in the Regulations made under Section 48(2) of the Friendly Societies Act 1992 for each class of relevant business.

# WILTSHIRE FRIENDLY SOCIETY LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### STRATEGIC REPORT

#### Strategic Focus and Future Direction

The Society has built a strong financial base through the sale of Holloway Income Protection plans direct to its members.

Whilst the need for this product type still exists, customer appetite has been impacted and reduced by the development of dedicated income protection plans. This reduction in sales opportunity to an established market, combined with policy attrition, impacts the sustainability of the Holloway plan as the sole source of income for the Society in the future. It is in the future interest of its members for the Society to use its resource and capability to increase income through new sales initiatives.

The Board remains extremely aware of the need to continually review the ongoing sustainability of the Society and to ensure that its strategy is aligned to that need and ultimately those of its members.

The world of financial services remains ever changing – the needs of customers and the way they want to work with their insurer; the commercial requirements of suppliers and distributors and the regulations that govern the way we operate. We must also not forget the importance of looking after and developing the people that keep the Society running - its employees.

The Society's rolling Strategic Plan articulates the business model and gives clear direction on how to develop the Society for the future. It is reviewed at least annually by the Board, and is developed and controlled by the Senior Management Team, to ensure it focuses on required priorities and developments in light of planned, and forced, external and internal changes.

We have concluded that to be successful in this changing financial world the Society must:

- focus on what it knows;
- play to its specialism;
- spread the word through targeted marketing.

The Society's strategy focuses on remaining independent, protecting its core Holloway membership base and acknowledging and adapting to changes within its market place.

Close control and monitoring of the success of the Strategic Plan initiatives and costs, together with associated impact on Society capital, continues to identify any requirement or opportunity to develop, amend or implement alternative plans to protect members interests.

At a Board Strategy review meeting at the start of 2023, having evaluated the 2022 sales results, a decision was made to cease direct sales distribution of all products as soon as was practicable.

When the Society added the Sales & Business Development role to the structure in December 2019 it had high hopes of it being a success, selling direct across the product range and developing and bringing in new intermediary business. The Board has given the role 3 years to show its potential, and has concluded that the continued cost is not sustainable for a sales role that should ultimately cover its own cost and generate profitable income into the Society. That role has been made redundant in 2023.

The Society will focus on being a product provider, distributing through intermediaries. Future growth and sustainability will come through driving increased revenue from existing and new income protection initiatives, both in terms of the Society's products and intermediary distribution market.

In terms of future product development, it is very clear in the Strategic Plan that the Society must stay true to, and focus on, what it does best – income protection provision. The Society therefore promotes itself to the outside world as a 'Specialist Income Protection Provider' and seeks to find innovative ways to develop and enhance its product proposition. Niche markets are sought out and it is then the Society's flexibility in product development, together with an understanding of risk and underwriting capability, which enables it to actively pursue these new business opportunities.

The Society offers insurance to sports players and sports clubs, using the experiences gained in selling professional rugby plans. We now have plans available at professional, semi professional and amateur levels for selected sports.

The Society is firmly established in the Group market, having specific products for employer funded and employee funded options, or a combination of both. This is a unique offering in the Group Income Protection market.

The intermediary market had already become increasingly more important in delivering the Society sales growth and business written through non-direct distribution channels amounted to 92% of the total in 2022 (2021:- 89%). This supports the decision above to focus on intermediary distribution only.

## WILTSHIRE FRIENDLY SOCIETY LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### STRATEGIC REPORT (CONTINUED)

The Society has strengthened its operational infrastructure through recruitment and employee development, focused on the ability to deliver the required service to members and intermediaries. Employee development will continue to be achieved through formal, structured training and development planning which is in place for all employees. This both refreshes their existing knowledge and develops new knowledge and skills that enables them to provide temporary cover in other roles when the business requires.

The Society has widened its member service by adding an 'Information Only' option for members in 2022. The service offers members a simple and effective way to discuss any required membership variations. Members are presented with options and clear information, so that they can then make an informed decision on whether to vary their membership.

The Society is investigating how 'Information Only' might be applied to individual product sales in the future.

The oversight of the Strategic Plan implementation rests with the Society's Board. The Board composition remained appropriate in terms of the qualification, skill and experience required to plan, review and create the best possible chance to deliver the Strategic Plan effectively. The current Board structure is explained later under The Board of Management on page 13.

The Board assessed that the Society remained financially strong during 2022. This is illustrated by the Free Asset Ratio of 11.9%, in the Key Performance Indicator (KPI) report that follows. Although not required to do so, the Board chose to carry out solvency assessment processes beyond those required by regulation.

Furthermore, the Board has also chosen to retain the services of an Appropriate Actuary on a continuous basis, rather than simply to employ those services only to carry out the triennial valuation and to provide the annual certification as now required by regulation.

In summary the Society, through its Board, aimed in 2022 to maintain financial strength and to develop and grow through planned sales initiatives, to establish a long-term independent existence and to add additional value that will continue to benefit Society members.

#### **Risk Management**

Risk management is an embedded process within the Society, from strategic through to operational levels. The Board takes an active approach to the control of risk and to the identification, mitigation and management of the principal risks of the Society.

The Society's Risk Register provides an overview of the fundamental and significant risks facing the Society. It is regularly reviewed to keep pace with changing external and internal influences.

The impact of risk crystallisation is understood through formal evaluation of the Risk Register linked to the Individual Capital Assessment, which is overseen by the Audit, Risk & Compliance Committee. The Audit, Risk & Compliance Committee regularly reports its findings and recommendation for mitigating action to the Board, both on a rolling basis and a contingent basis in the event risk(s) crystallise.

The Board takes responsibility for risk management process, review and mitigation and seeks to ensure as far as possible that the Society would take the appropriate action before the risk crystallises.

The Society is exposed to a number of key risks, namely:

- insurance risk;
- financial risk;
- market risks; and
- business risks.

These are explained in more detail in Note 3, Risk Management and Control on pages 33-37 of these Financial Statements.

## WILTSHIRE FRIENDLY SOCIETY LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### STRATEGIC REPORT (CONTINUED)

#### Key Performance Indicators (“KPIs”)

The Board has developed a number of KPIs that are regularly reported and analysed, enabling timely decision making and action required to address underperformance.

The principal KPIs are set out below together with the Society performance for year ended 31 December 2022. More detail of the Society's performance can be found in the other sections of these statements.

	2022	2021	2020
	£000	£000	£000
<b>Premium Income</b>			
New Premium Income	69	31	45
Established Member Premium Income	1,351	1,448	1,497
<b>Total Premium Income</b>	1,420	1,479	1,542

#### Expenses

Core Operating Expenses	730	689	685
Ratio of Operating Expenses to Premium Income	51.43%	46.58%	44.40%
Total Investment Expenses	86	86	90
Total Selling Expenses	290	274	274
Total Business Development	15	10	16
<b>Total Expenses</b>	1,121	1,059	1,065

#### Benefit Claims

Ratio of Benefit Claims to Total Premium Income	37.96%	41.11%	39.99%
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#### Assets

Total Assets	13,545	16,195	16,107
Admissible Assets (i)	13,356	16,088	15,997
Free Assets (ii)	1,592	3,878	4,254
Free Asset Ratio (as a percentage of admissible assets)	11.9%	24.1%	26.6%

(i) Admissible assets represent the value of the Society's assets after adjustments to reflect those assets which the Society is not permitted by legislation to include within its statutory solvency calculations.

(ii) Free assets are a measure of the Society's solvency; most Societies aim to maintain a Free Asset Ratio of between 10% and 25%, and therefore the Society is at the lower end of this range.

The Free Asset Ratio has decreased this year, due primarily to an increase in the expense reserve.

	2022	2021	2020
<b>Membership</b>			
Number of Lives Insured	2,560	2,748	2,940
Number of Policies	3,695	3,918	4,172

# WILTSHIRE FRIENDLY SOCIETY LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### CORPORATE GOVERNANCE

#### The Board of Management (“the Board”)

The agreed Board composition comprises of the Chair, who is Non-executive, together with five other Non-executive Board members. The Board determines the strategic direction of the Society and is responsible for the oversight of the Society’s systems of corporate governance.

The Board is committed to diversity of its construction, in terms of both experience and gender. The Non-executive Board members have a mix of skills and experience in key business functions appropriate to the Society’s current and future business requirements. As at 31 December 2022, two members of the Board are female, the Chair and Senior Independent Board Member.

The Chief Executive attends all Board meetings on an ex officio basis. The Senior Management Team also attends all Board meetings in an executive capacity.

The Board has full access to all information that it may require and Non-executive Board members may avail themselves of such independent specialist advice, at the Society’s expense, as they deem necessary for the performance of their duties.

The size of the Board is prescribed, within specified limits, by the Society’s Rules (“the Rules”) and Non-executive Board members who are below the age of 70, at the date of the relevant AGM, are elected in accordance with those rules. All Non-executive Board members are required to retire by rotation on a triennial cycle and may offer themselves for re-election if eligible. In accordance with the Association of Financial Mutuals Corporate Governance Code (“AFM CGC” / “the Code”), all Non-executive Board members who have served for more than nine years are subject to annual re-election. The Society’s Rules do not prescribe an upper age limit for Non-executive Board members. Non-executive Board members who are over the normal retirement age of 70 prescribed by legislation, are not eligible for co-option. They may be appointed, subject to the Act and the Rules, by Board resolution. They are subject to annual election by Society members.

The Society provides appropriate training to Non-executive Board members at appointment and on an ongoing basis.

An annual process is in place to appraise Board performance, to include the role of the Chair specifically, and to assess and identify specific development needs and requirements of individual Non-executive Board members.

The Board also has a process in place to regularly assess the Chief Executive’s performance, including meetings without the presence of the Chief Executive and the Senior Management Team.

In conjunction with the appraisal of its individual members, the Board also reviews its composition and appropriateness in meeting its functional requirements. This review either confirms the suitability of the Board composition or identifies required changes.

#### Succession Plan and Board Restructure

The Board Succession Plan takes account of the requirements of the Society’s governance in conjunction with the Code, together with Non-executive Board member tenure and their future intentions. It then ensures that the Board composition will continue to remain suitable into the future.

The implementation of that Succession Plan in 2022 resulted in a number of changes to the Board, as noted elsewhere in these Financial Statements, summarised below:

- Roger Harrison retired as the Society Chair on 31 March 2022 and was replaced by Mrs Caroline Whitehead who was an existing Non-executive Board member.
- Ms Henrietta Brown left the Board on 30 September 2022.
- The Board size temporarily reduced to Chair and four Non-executive Board members, until the planned recruitment of two new Non-executive Board members could be completed in early 2023, in conjunction with Martin Gurney leaving the Board on 31 March 2023. The Board then returned to its normal size and composition.

Following the Board composition changes in 2022, and those planned for 2023, as noted above, the Board assessed its composition as suitable in meeting its functional requirements.

# WILTSHIRE FRIENDLY SOCIETY LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### CORPORATE GOVERNANCE (CONTINUED)

#### Independence of Board members including the Chair

The AFM CGC sets out how a Non-executive member of the Board can be considered independent. The criteria are that a Non-executive Board member should not:-

1. have been an employee of the Society within the last 5 years;
2. have had a material business relationship with the Society within the last 3 years either directly or indirectly;
3. receive any additional remuneration, over and above normal fees and expenses, such as share options or profit related remuneration;
4. have served on the Board for more than 9 years.

In addition the Board should consider whether Non-executive Board members are independent in character and judgement and whether there are any other circumstances that might, or could, affect his or her views.

Having considered and given due regard to the criteria stated above, the Board is satisfied its members can be considered independent in respect of criteria 1 to 3, and the general requirements stated. At the date of these statements two members of the Board were not deemed independent but only by virtue of their length of service. These were Messrs Bones and Gurney. Mr Bones is subject to annual re-election. Mr Gurney retired from the Board on 31 March 2023.

The Board has, as noted previously, implemented its Board Succession Plan to ensure that the Board is refreshed and there is an appropriate mix of tenure and experience on the Board.

The Board changes meant that, at the end of 2022, there were three independent Non-executive Board members which represented 60% of the Board which the Board noted as being acceptable and more than the Code requirement. It should be noted that with the planned changes to the Board in 2023, the independence ratio will increase to 80%.

#### Senior Independent Board Member

The Code also recommends that a Non-executive Board member, who meets the criteria of independence, should be appointed to the post of Senior Independent Board member. This post carries with it the responsibility to listen to the views of Society members and to develop a balanced understanding of any issues or concerns that they may have, or should have, and to communicate these to the Board for consideration and action.

Mrs Whitehead was the Senior Independent Board Member on 1 January 2022, though she relinquished the role following her appointment to Society Chair. Mrs Astley Marsh was appointed as Senior Independent Board Member with effect from 22 April 2022 and members who wish to contact her can use the contact details to be found in the "Who's Who" section on the back page.

#### Board Committees

In order to effectively discharge its duties the Board has delegated some of its functions to a number of Board Committees. All Non-executive Board members are required to serve on at least one Board Committee. Appointment to a particular Committee considers the specialist skills of individual Non-executive Board members. The full Board meets at least six times per year and each Board Committee at least twice. Strategic development and business planning is dealt with by the full Board at a meeting called specifically for that purpose.

The Society does not have a separate standing Nominations Committee but the remit of the Staffing, Salaries & Nominations Committee includes oversight of the appointment of appropriately qualified individual Non-executive Board members as the need arises.

#### Audit, Risk & Compliance Committee

As at 31 December 2022, the Committee was chaired by Mr Bones and comprised three other Non-executive Board members who were Mr Gurney, Mrs Astley Marsh and Mr Gould.

The Board Chair, the Chief Executive and the Senior Management Team also attended meetings in an advisory capacity only.

The Society's skills mix assessment has determined that membership of this Committee should include at least one member of the accountancy profession. At the end of 2022 there were two with relevant experience of audit and corporate finance.

The Committee meets twice per year and its principal function is to oversee the Society's internal and external audit functions and its risk assessment and mitigation procedures and programmes. It also agrees the Society's internal audit strategy and the associated rolling audit programme. The Committee meets with Auditors to discuss and receive their reports and is responsible for ensuring that those audits are performed in a thorough and objective manner. Procedures exist whereby the Committee also meets with Auditors at least once per year without the presence of the Chief Executive or Senior Management Team.

## WILTSHIRE FRIENDLY SOCIETY LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### CORPORATE GOVERNANCE (CONTINUED)

The Society's External Auditor is Moore. The Committee assesses the effectiveness of the Auditor on an annual basis and makes recommendation to the Board as to re-appointment. The Auditor provides no other non-audit services to the Society.

#### Investment Committee

As at 31 December 2022, the Committee was chaired by Mr Gurney and comprised the Chief Executive and two other Non-executive Board members who were Mrs Whitehead and Mr Bones.

Mr Karn served on this Committee until his retirement as Chair of the Society in June 2013 and continues as a consultant to the Committee but not as a Non-executive Board member. Mrs Barrell also attends in an advisory capacity.

The Society's skills mix assessment has determined that membership of this Committee should include members of the accountancy profession and professionals with skills in investment advice and economics.

The Terms of Reference of this Committee includes provision for emergency action by any two members in the event of deteriorating market conditions requiring urgent action. Meetings are attended by the Society's Investment Advisers.

The Committee meets at least twice per year and its principal function of the Committee is to set the strategy for the investment of members' funds and reserve funds and to set benchmarks for, and to oversee, the activities of appointed external Investment Advisers. In setting the strategy the Committee seeks advice from specialist Investment Advisers and the Actuary to the Society.

#### Staffing, Salaries & Nominations Committee

As at 31 December 2022, the Committee was chaired by Mrs Astley Marsh and in addition comprised one other Non-executive Board member, Mr Gurney. Ms Brown was a member of this Committee until she left the Board on 30 September 2022 and was replaced by Mr Gough with effect from 1 March 2023.

The Board Chair, the Chief Executive and Mrs Barrell also attend meetings in an advisory capacity only.

Mrs Astley Marsh is a Human Resources specialist and the Board is satisfied that this Committee has the necessary skills required. The AFM CGC, as applicable to smaller firms, requires two members of this Committee to be independent within the meaning referred to in the Code. In 2022, Mrs Astley Marsh and Ms Brown met the criteria for independence during the year, until Ms Brown left the Society. Mr Gough joins the Committee in 2023 and will be independent.

The Committee meets twice per year and its principal function of the Committee is to review the Society's human resource requirements, to review remuneration and to make recommendation to the full Board for ratification. When required, the Committee will oversee the nomination and appointment of new Non-executive Board members.

Monitoring employee performance and welfare is also an important function of this Committee and therefore, at each meeting, an update is provided by the executive on each individual employee and the team as a whole. This informs both future employee development and support and succession planning.

#### Product Steering Committee

As at 31 December 2022, the Committee was chaired by Mr Gould and in addition comprised the Chief Executive and three other Non-executive Board members who were Mr Bones, Mr Gurney and Mrs Whitehead. Ms Brown was a member until she left the Board on 30 September 2022.

Mrs Barrell also attends in an advisory capacity.

The Society's skills mix assessment has determined that membership of this Committee should include at least one member of the accountancy profession and one member with sales and marketing experience.

The Committee meets four times a year and its principal function of the Committee is to consider, set and report to the Board on the Society's sales and marketing strategy and outcomes in line with the Society's corporate strategic objectives. It also considers and reports to the Board on risks inherent within the Society's sales and marketing strategy, together with the oversight of the Society's sales and marketing activities.

## WILTSHIRE FRIENDLY SOCIETY LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### CORPORATE GOVERNANCE (CONTINUED)

#### Governance Committee

As at 31 December 2022, the Committee was chaired by Mrs Whitehead and in addition comprised the Chief Executive. Ms Brown attended this Committee until she left the Board on 30 September 2022. She was replaced by Mr Gough with effect from 1 March 2023.

Mr Davis also attends in his role as Governance & Compliance Manager.

The Committee meets twice a year and considers, documents and reports to the Board on the Society's Governance Framework, in line with the Society's corporate strategic objectives. It also considers and reports to the Board on risks inherent within the Society's Governance Framework and oversees the Society's Governance activities. It also forms, reviews and assesses the Society's Conduct Risk policy.

#### Consumer Duty Committee

In response to the regulatory introduction of Consumer Duty legislation, the Board has formed a Committee to oversee the delivery of the implementation plan that will enable compliance with the Duty. This Committee became operational in March 2023.

#### Operational Committees

There are additional operational Committees, which include members of the Senior Management Team, the Chief Executive together with employees from the Operational Team, having responsibility for, for example, general oversight of Benefit Claims underwriting.

#### Board Attendance Record

Attendance during the year, at Board and Board Committee meetings by individual Non-executive Board members is as shown below.

Board Member	2022		2021	
	Meetings Attended	Relevant Meetings	Meetings Attended	Relevant Meetings
Caroline Whitehead	20	20	16	16
Roger Harrison <i>(until 31/03/22)</i>	5	5	22	22
Martin Gurney	19	19	18	18
David Bones	16	17	18	18
Chris Gould	13	15	3	5
Henrietta Brown <i>(until 30/09/22)</i>	7	12	5	5
Imogen Astley Marsh	10	12	-	-
Jon Gratland	21	21	22	22

The Society's Senior Management Team, which comprises of the Governance & Compliance Manager, Lee Davis, Chief Operating Officer, Sarah Barrell, and IT Services & Data Manager, Edward Smith, also attend and participate in all Board and designated Board Committee meetings to ensure that there is an acceptable balance of executive presence at meetings.

The Society's former Chair, Roger Karn, attends all Investment Committee meetings on a consultancy basis.

#### Climate Change – The impact on the Society

The Society continued the implementation of its Environmental, Social and Governance (ESG) Plan during 2022.

The Board will review the progress of the 2022 actions, and agree the ESG development priorities for 2023, in early 2023. Progress reports will be shared with members through the Society website and in specific communications.

This ESG Plan will further evolve over the coming years as the Society seeks to incorporate this important initiative in its development.

It recognised that climate change will impact on a number of key areas, such as Product, Risk Profile and Business Strategy and the Society will continue to work with the Actuary to the Society to assess climate change impact or risk, via the annual Individual Capital Assessment, and on its financial strength in the next five years as part of the Financial Forecast.

# WILTSHIRE FRIENDLY SOCIETY LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### CORPORATE GOVERNANCE (CONTINUED)

A key element of the risk assessment was also considering the sustainability requirements in respect to the Investment Portfolio. The Society is mindful of the climate change risks impacting its investment portfolio, hence has worked closely with its Investment Adviser to assess the impact. The Investment Adviser has a Sustainability Rating Methodology which the Society applied to the individual holdings within its investment portfolio. The ESG scores were individually calculated based on a number of underlying factors:

Environmental	Social	Governance
<ul style="list-style-type: none"> <li>Carbon emissions exposure, management and risks</li> <li>Product and/or service carbon footprint</li> <li>Biodiversity and land use risks</li> <li>Water stress risks and management</li> <li>Pollution and waste management</li> <li>Environmental controversies</li> </ul>	<ul style="list-style-type: none"> <li>Health and safety risks</li> <li>Human capital development, management and risks</li> <li>Labour management risks and management</li> <li>Human rights risks</li> <li>Product safety management</li> <li>Human rights, customer and labour controversies</li> </ul>	<ul style="list-style-type: none"> <li>Anticompetitive practices issues</li> <li>Ethics and fraud management</li> <li>Corruption and instability management</li> <li>Tax transparency</li> <li>Board level risks</li> <li>Ownership and control risks</li> <li>Corporate behaviour and ethics</li> <li>Remuneration</li> <li>Governance controversies</li> </ul>

These factors generate an overall ESG rating for each investment from 1 (laggard) to 10 (leader). The assessment also incorporates a calculation of the impact generated by the activity and revenue of a company, utilising data from two providers, ISS (one of the world's leading providers of corporate governance and responsible investment tools and services) and Ethical Screening (a UK based ethical and sustainable research provider). The assessment of impact is made by reviewing the positive and negative revenue alignment to individual UN Sustainable Development Goals (SDGs), outlined below. There are 17 SDGs and 169 sub-goals, as illustrated here:



This quantitative assessment has a qualitative overlay to generate a final sustainability rating. The Investment Committee agreed an acceptable overall sustainability rating for its investment portfolio and monitors and assesses that formally on a half yearly basis when it meets with the Investment Adviser.

The Society's Strategic Plan has a Key Strategic Activity defined as:

#### Environmental, Social and Governance Responsibility

We will endeavour to improve the Society's positive, sustainable, responsible impact on its workplace, members, community and the environment.

#### Climate Change – The impact of the Society on the Environment

There are a number of aspects of the Society's operation that impacts on the environment and these are defined in the Environmental component of the ESG plan – by way of example; the Society has two properties, has 12 people on payroll as at 31 December 2022, has tenants operating within its properties and also works with a number of suppliers.

The ESG plan priorities agreed for 2022, focussed on CO<sub>2</sub>. The Society assessed its carbon footprint and sought to understand and agree ways it could reduce its carbon emissions to its initial target of carbon neutral. The Society has worked with an external firm, Positive Planet, in carrying out that assessment and understanding the options available to it in addressing its carbon footprint.

# WILTSHIRE FRIENDLY SOCIETY LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### CORPORATE GOVERNANCE (CONTINUED)

#### The Society's Carbon Footprint

This top-level analysis shows which of the three scopes the Societies emissions are coming from. The total emissions are also shown (emissions are reported in kgCO<sub>2</sub>e).

#### GHG Emissions



Scope 1	Scope 3							
DIRECT EMISSIONS	INDIRECT EMISSIONS							
 Company facilities  Company vehicles	 Investments	 Franchises	 Leased assets	 End of life treatment of sold products	 Use of sold products	 Processing of sold products	 Transport & distribution	
REPORTING COMPANY	DOWNSTREAM ACTIVITIES							

Scope 2	Scope 3							
INDIRECT EMISSIONS	INDIRECT EMISSIONS							
 Purchased electricity, steam, heating & cooling for own use	 Purchased goods & services	 Capital goods	 Fuel & energy related	 Transport & distribution	 Operational waste	 Business travel	 Employee commuting	 Leased assets
UPSTREAM ACTIVITIES	UPSTREAM ACTIVITIES							

#### Scope 1

**Direct Emissions** - come from things such as our buildings and facilities = 83 kgCO<sub>2</sub>e.

#### Scope 2

**Indirect Emissions** - made up from purchased electricity and steam, heating & cooling for our own use = 4,066 kgCO<sub>2</sub>e.

#### Scope 3

**Indirect Emissions** – upstream activities include employee commuting, business travel, transportation from suppliers and all goods & services your business purchased. Downstream activities include deliveries to customers, our customers use of and disposal of our products = 63,877 kgCO<sub>2</sub>e

**Total Emissions - 68,026 kgCO<sub>2</sub>e**

The actions to address the Society's carbon footprint will be worked on, and communicated, later in the year.

#### Climate Change – The impact on Financial Statements

In conjunction with the risk assessments completed by the Actuary to the Society, and advice provided by its Investment Adviser, there was no indication that the Society's assets may be impaired or have their useful life impacted by climate change.

There was also no current impact on the long term business planning arising from assumptions impacted by climate change.

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**CORPORATE GOVERNANCE (CONTINUED)**

**The Corporate Governance Code**

The Society, as a member of the Association of Financial Mutuals (AFM), has chosen to adhere to the AFM Corporate Governance Code (AFM CGC).

The AFM CGC sets out a series of principles of good corporate governance that the Society could implement within its business, where practical and appropriate to do so. Those principles of best practice were adopted on an “apply and explain” basis. The following table sets out the extent to which the Society had applied these principles.

Principle	Applied	How Applied
<p><b>1. Purpose and leadership:</b>                      An effective board promotes the purpose of an organisation, and ensure that its values, strategy and culture align with that purpose</p>	Yes	<p>The Society’s rolling 3-year Strategic Plan sets out the purpose, future focus and direction of the Society. It was actively reviewed and managed by the Board of Management (“Board”) and the Senior Management Team. Progress was shared with employees, through team meetings, and with members through these Financial Statements.</p> <p>The Society’s culture was implemented internally and externally through its defined Values, adopted by the Board and all its employees.</p> <p>The Purpose Statement and Values are noted in these Financial Statements.</p> <p>Behaviours were also defined, aligned, and measured for Non-executive Board members and employees as part of the annual appraisal process.</p> <p>The Governance Framework is the Society’s implementation and control structure.</p>
<p><b>2. Board composition:</b>                      Effective board composition requires an effective chair and balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the organisation.</p>	Yes	<p>The Society had a Board of Management (“Board”) comprising of a Chair, five Non-executive Board members and the Chief Executive on an ex officio basis. This number was considered appropriate for the size of the Society.</p> <p>Board and Committee purpose was clearly defined with respective Terms of References.</p> <p>Each member of the Board brought their own experience and specialism which also added value to the support they could offer on operational matters.</p> <p>Board diversity was achieved, and maintained, as part of the Board Succession Plan. The Board membership was refreshed in early 2022, which increased its independence, as recorded in these Financial Statements. The Society Chair also changed from April 2022.</p> <p>A Board Diversity Policy was an element within the Non-executive Board member recruitment.</p> <p>Individual performance and skills were evaluated through an annual appraisal process.</p> <p>The Board implemented an external Board Effectiveness Review in 2021 and the results were considered and acted upon in 2022.</p>

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**CORPORATE GOVERNANCE (CONTINUED)**

Principle	Applied	How Applied
<p><b>3. Director responsibilities:</b>  A Board, and any sub-committees, should have a clear understanding of its accountability and terms of reference. The board and Non-executive Directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision making and independent challenge.</p>	Yes	<p>The Society had a clear Board and Committee structure, responsibilities were defined by the respective Terms of Reference.</p> <p>Non-executive Board members had clear accountabilities from their contracts and the Chair and Chief Executive had their responsibilities specifically defined.</p> <p>The ownership and development of the Society Environmental, Social and Governance ("ESG") Plan, to include the specific response to climate change, rested with the Board and the Chief Executive.</p> <p>The Board has formed a new Committee to progress the implementation required to meet regulatory Consumer Duty compliance.</p> <p>There were agreed Key Performance Indicators and specific management reports that provided timely information to the Board of Management ("Board"). The quality and integrity of that information was internally reviewed by the Board and externally through External Audit.</p> <p>The Company Secretary kept the Board informed of internal and external policy and procedures that impacted on their roles.</p> <p>Board review, challenge and decision making was specifically noted in the Board and Committee meeting minutes.</p>
<p><b>4. Opportunity and risk:</b>  A board should promote the long-term success of the organisation by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.</p>	Yes	<p>The Strategic Plan guided the Society's long-term focus and viability, and within that, development opportunities were identified and subsequently evaluated for implementation.</p> <p>The Board meets twice yearly to monitor and review the progress of the Strategic Plan implementation and responds and acts accordingly on its findings.</p> <p>Sales initiatives were driven by the Product Steering Committee. Product development was structured and controlled through the Product Oversight and Governance Policy which drew Fair Value Assessment through key criteria analysis, market analysis and stakeholder input.</p> <p>Risk management was the responsibility of the Audit, Risk &amp; Compliance Committee. There was a Risk Management Policy and Risk Register, established on a three lines of defence basis, which was actively reviewed and developed to identify changing and emerging risks and to manage and mitigate them where possible.</p> <p>ESG was previously identified as an emerging risk, with it being noted in the Strategic Plan and as a new Key Strategic Activity to ensure it was both planned and progressed.</p>
<p><b>5. Remuneration:</b>  A board should promote executive remuneration structures aligned to the long term sustainable success of an organisation, taking into account pay and conditions elsewhere in the organisation.</p>	Yes	<p>The Board of Management controlled remuneration through the Staffing, Salaries &amp; Nominations Committee.</p> <p>The Committee reviewed employee salary to ensure it was both fair and appropriate in the market to recruit and then retain employees.</p> <p>The Society is small and had considered it was not appropriate to undertake gender pay-gap reporting specifically.</p> <p>Non-executive Board member and Chief Executive remuneration was made clear to members annually in these Financial Statements.</p>

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**CORPORATE GOVERNANCE (CONTINUED)**

Principle	Applied	How Applied
<p><b>6. Stakeholder relationships and engagement:</b>                      The board is responsible for overseeing meaningful engagement with material stakeholders, including the workforce and customers and members, and have regard to that discussion when taking decisions. The board has a responsibility to foster good stakeholder relationships based on the organisations purpose.</p>	<p>Yes</p>	<p>The Strategic Plan directed the Society and progress was shared with stakeholders through these Financial Statements and targeted communications specific to the stakeholder group.</p> <p>There was clear commitment to engage with key customers; who were the members and intermediaries that made up and contributed to the Society business.</p> <p>The website was used to communicate the ongoing impact of the pandemic to Society members and stakeholders in 2022. This was supplemented by enhanced electronic communication, and full connectivity remained in place whilst remote working.</p> <p>The Senior Independent Board Member initiated member forums to discuss member topical subjects and to identify what membership value meant to the members themselves.</p> <p>Defined operational and sales roles were dedicated to providing communication and service. The Society also talked to its members through the website and social media.</p> <p>Suppliers were managed against their respective Terms of Engagement.</p> <p>The Board of Management (“Board”) was kept informed of engagement and performance through the respective Board and Committee meetings.</p> <p>The Board collectively, and Non-executive Board members individually, sought to engage with employees through their staff meetings and one to one interaction was made possible by the small size of the Society.</p> <p>One area that the Society is committed to develop, is its engagement in the local community and environment.</p> <p>The ESG Plan continues to develop. There were specific deliverables in 2022 to include the Climate Change related carbon footprint assessment and associated actions.</p> <p>Individual Capital Assessment and Financial Forecaster considerations and Sustainability Assessment of the Investment Portfolio, using the Investment Adviser assessment model as detailed in these Financial Statements continue. The Board has agreed the 2023 ESG plan priorities for implementation.</p>

**STATEMENT AS TO DISCLOSURE TO AUDITORS**

As at the date of this report each member of the Board of Management confirmed that:

- so far as the Non-executive Board member is aware, there is no information relevant to the audit of the Society’s Financial Statements for the year ending 31 December 2022 of which the Auditor is unaware;
- he/she has taken all steps that he/she ought to have taken in his/her duty as a Director to make himself/herself aware of any relevant audit information and to establish that the Society’s Auditor is aware of that information.

## WILTSHIRE FRIENDLY SOCIETY LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### STATEMENT OF THE BOARD OF MANAGEMENT RESPONSIBILITIES

Society Rules and law require the Board of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society and of its results for that period. In preparing those financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to material departures being explained;
- prepare the accounts on a going concern basis unless it is inappropriate to presume the Society will continue in business.

The Board of Management is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### S172(1) DIRECTOR'S DUTIES STATEMENT

The Board of Management ("Board") has considered the requirements of the Companies Act Section 172, which requires all directors of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decisions in the long term;
- b) the interests of the Company's employees;
- c) the need to foster the Company's business relationships with suppliers, customers and others;
- d) the impact of the Company's operations on the community and the environment;
- e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly as between members of the Company.

The Non-executive Board members and Chief Executive fulfil their duties through a strong governance framework and approach.

The future of the Society is directed by a rolling 3-year Strategic Plan and progress towards that can be found in the Strategic Report on pages 10 to 12. This plan was formed, and is updated, by the Board and the Senior Management Team.

Members of the Board engage with employees through their staff meetings and Board and Committee meetings, which gives the opportunity to provide both strategic update and understand and discuss operational matters. The Board also regularly communicate, on an individual basis, with members of the Senior Management Team. Employee interests are formally monitored and discussed at the Staffing, Salaries & Nominations Committee twice yearly.

The Society's key customers are its members and the intermediaries who place business. The Strategic Report on pages 10 to 12 explains more about how those relationships are provided for. The Society also has a number of suppliers with whom it regularly interacts, with those relationships managed against defined Terms of Engagement.

Establishing and maintaining the right culture is a fundamental focus within the Society. As outlined on page 6, the Society has a 'Purpose Statement' and set of 'Values' recognised as relevant to its employees, members and other customers. These 'Values' are the principles believed to be important to the business and come from the Society's Purpose. They are what makes the Society different and defines it to the outside world. They are the foundations for how the Society goes about its work, they impact the processes used every day and must be common to all employees and the Board.

The Society has developed an Environmental, Social and Governance Plan, to include the specific responses to climate change and sustainability challenges, which will continue to be developed and implemented.

The Board monitors and manages operational and strategic performance and risk through agreed written reports and Key Performance Indicators (KPIs). The principal Society KPIs are shown on page 12, and risk management is explained in more detail in Note 3, Risk Management and Control, on pages 33 to 37 of these Financial Statements.

#### RE-APPOINTMENT OF AUDITORS

A resolution to re-appoint the Auditor, Moore, will be proposed at the forthcoming Annual General Meeting.

**By Order of the Board of Management**



**Jon Gratland**  
Chief Executive

**25 April 2023**

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**  
**Independent Auditor's Report to the Members of Wiltshire Friendly Society Ltd**

### **Our Opinion**

We have audited the financial statements of the Society for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 103 Insurance Contracts (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the Society's financial statements:

- give a true and fair view of the state of the Society's affairs as of 31 December 2022 and of the Society's deficit for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- have been prepared in accordance with the Friendly Societies Act 1992.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Friendly Societies Act 1992**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

### **Opinion on Corporate Governance Statements**

In accordance with our instructions from the Society, we review whether the Corporate Governance Statement reflects the Society's compliance with those provisions of the Annotated UK Corporate Governance Code specified by the Association of Financial Mutuals. We have nothing to report in respect of this review.

# WILTSHIRE FRIENDLY SOCIETY LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### Independent Auditor's Report to the Members of Wiltshire Friendly Society Ltd (Continued)

#### Matters on which we are required to report by exception:

In the light of the knowledge and understanding of the Society and its environment obtained in the course of the audit, we have not identified material misstatements in:

- The strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Friendly Societies Act 1992 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### Respective responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### Extent to which the audit was capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Company.

Our approach was as follows:

- agreement of the financial statement disclosures to underlying supporting documentation.
- our responses to significant audit risks (technical provisions and management override of controls) are intended to sufficiently address the risk of fraudulent manipulation. In particular we engaged an independent external actuary as auditor's expert to review the assumptions and methodology applied by the Society in the valuation of long-term business provisions to check the methods utilised are appropriate.
- enquiries of management.
- review of minutes of board meetings throughout the period.
- obtaining an understanding of the legal and regulatory framework applicable to the Society's operations.
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.
- review of correspondence with the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA).

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**Independent Auditor's Report to the Members of Wiltshire Friendly Society Ltd (Continued)**

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report:**

This report is made solely to the Society's members, as a body, in accordance with the Friendly Societies Act 1992. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.



**M Powell**  
**Senior Statutory Auditor**

**For and on behalf of Moore**  
**Chartered Accountants and Statutory Auditor**

**26 May 2023**

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022	2021
		£000	£000
<b>Technical Account: Long-Term Business</b>			
Net Earned Premium Income	4a	1,420	1,479
Investment income	4b	453	438
Other technical income		5	7
<b>Total technical income</b>		<b>1,878</b>	<b>1,924</b>
Gross benefits and claims		(539)	(628)
Claims ceded to reinsurers		0	20
Net benefits and claims		(539)	(608)
Change in long-term business liabilities (reserves)		864	535
Bonuses, rebates & other disbursements	6	(301)	(295)
Net operating expenses	7	(1,069)	(1,006)
Direct Investment expenses and charges	7	(52)	(53)
Unrealised (losses)/gains on investments		(1,821)	347
Realised (losses)/gains on investments		(529)	(17)
Transfer from/to the Fund for Future Appropriations	10	1,569	(827)
<b>Total claims bonuses and expenses</b>		<b>(1,878)</b>	<b>(1,924)</b>
<b>Balance on the Technical Account: Long-Term Business and Total Comprehensive Income</b>		<b>-</b>	<b>-</b>

The above results relate wholly to continuing activities.

The Society has not presented a Statement of Changes in Equity as there are no equity holders in the Society as the Society is a mutual organisation.

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2022**

	Notes	2022	2021
		£000	£000
<b>ASSETS</b>			
<b>Investments</b>			
Land and buildings	8	1,050	1,050
Other financial investments	8	12,021	14,792
		<b>13,071</b>	<b>15,842</b>
<b>Debtors</b>			
Arising out of direct insurance operations		2	4
<b>Other assets</b>			
Tangible & Intangible Fixed Assets	9	59	81
Cash at bank and in hand		250	100
<b>Prepayments and accrued income</b>			
Accrued interest and rent		112	103
Deferred acquisition costs		19	19
Other prepayments		31	28
		<b>13,545</b>	<b>16,195</b>
<b>LIABILITIES</b>			
<b>Members funds</b>			
<b>Fund for future appropriation</b>	10	<b>5,194</b>	<b>6,763</b>
<b>Technical provisions</b>			
Long-term business provision	11	1,861	2,725
Claims outstanding		35	19
<b>Creditors</b>			
Arising out of direct insurance operations	12	103	30
Other creditors including taxation and social security	12	93	84
<b>Accruals and deferred income</b>			
	12	<b>103</b>	<b>103</b>
		<b>13,545</b>	<b>16,195</b>
<b>Total liabilities</b>			

These Financial Statements were approved by the Board of Management on 25 April 2023 and were signed on its behalf by:-



**Caroline Whitehead**  
Chair



**Jon Gratland**  
Chief Executive



**Lee Davis**  
Company Secretary

# WILTSHIRE FRIENDLY SOCIETY LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard (FRS) 102 and Financial Reporting Standard 103 as issued by the Financial Reporting Council and the Friendly Societies (Accounts and Related Provisions) Regulations 1994 (“the Regulations”).

In accordance with FRS 103 on Insurance Contracts, the Society has applied existing accounting practices for insurance contracts, modified as appropriate to comply with applicable standards.

The financial statements have been prepared on a fair value basis, except for the revaluation of certain properties and financial instruments.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies selected for use by the Society. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

After making enquiries, the Directors have a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. The Society therefore continues to adopt the going concern basis in preparing its financial statements (see the Going Concern Assessment on page 8 for further explanation).

#### **Contributions to the Sickness Fund (Premiums)**

In accordance with the provisions of the Friendly Societies Act 1992 contribution income is not recoverable at law. Therefore regular contributions are accounted for when due for payment but are excluded if the related membership (policy) is greater than 3 months in arrears, after which period the Society’s Rules prescribe that a member is ineligible to claim sickness benefit. New business contributions are recognised in the accounting year to which they relate. Any pre-paid contributions are carried forward to the next year. Reinsurance premiums payable are accounted for when due for payment.

#### **Investment Income**

Income from investments is included in the Technical Account: Long-Term Business, net of any taxation deducted at source. Account is taken of dividend income when received or at the time the related investment is quoted on an “ex-dividend” basis. Income from other interest bearing investments is included on an accruals basis.

#### **Claims and Benefits**

Claims payable on maturity are recognised when the claim becomes due for payment. Claims payable on death are accounted for on notification but with effect from the date of death. Surrenders are accounted for at the earlier of the payment date or when the policy ceases to be included within the long-term business provision. Where claims are payable and the contract remains in force, the claim or instalment is accounted for when due for payment.

#### **Realised and Unrealised Gains and Losses**

Realised gains and losses, being the difference between the net sale proceeds and the valuation at the previous Balance Sheet date or at the cost of acquisition if acquired later, are included within investment income or investment expenses in the Technical Account: Long-Term Business. Unrealised gains and losses are also reported in the Technical Account: Long-Term Business.

#### **Acquisition Costs**

In respect of insurance contracts, acquisition costs comprise of all direct and indirect costs incurred in writing new contracts and are charged in current and future accounting periods in line with margins in matching revenues. For new contracts sold through intermediaries, commission costs are amortised over the first twelve months of the contract in line with the current margins. Amortisation of intermediary commission costs are reflected in the balance sheet as deferred acquisition costs. Commission paid to the Society’s employed advisers is charged at the time of payment. All deferred acquisition costs are tested for recoverability at each reporting date. The carrying values are adjusted to recoverable amounts and any resulting impairment losses are charged to the Statement of Comprehensive Income.

#### **Apportionment and Bonuses**

Apportionment and Bonuses are recognised in the Technical Account: Long-Term Business when declared. Terminal Bonus is recognised when paid or when eligibility to claim sickness benefit under a policy is commuted.

#### **Pension Scheme Arrangements**

The Society operates a defined contribution scheme, the assets of which are held separately from those of the Society in independently administered funds. Contributions to the scheme are charged as an expense in the period to which they relate.

# WILTSHIRE FRIENDLY SOCIETY LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Fund for Future Appropriation**

The fund for future appropriation represents amounts which have yet to be allocated to members. Transfers to and from the fund reflect the excess or deficiency of revenues (including premiums and investment gains and losses) over expenses (including claims) in each accounting period.

#### **Long-Term Business Provision**

The long-term business provision is determined by the Board on the advice of the Actuary to the Society as part of the annual actuarial valuation of the Society's long-term business. The provision is initially determined in accordance with the requirements of the Prudential Regulatory Authority ("the PRA") Rulebook: Non-Solvency II Firms. In accordance with normal insurance practice, certain reserves required for the statutory valuation returns are not required to be included in these accounts that are designed to present a true and fair view. This adjusted basis is referred to as the modified statutory solvency basis. These liabilities are calculated using historic Society experience and include reserves for claims which have occurred but not been reported, a reserve for unexpired risks and a reserve for claims already in payment.

#### **Quoted Fixed Interest and Equity Investments**

Income from investments is included in the Technical Account: Long-Term Business, net of any taxation deducted at source. Account is taken of dividend income when received or at the time the related investment is quoted on an "ex-dividend" basis. Income from other interest bearing investments is included on an accruals basis.

Investments are stated within these statements at their closing year-end mid-market values, net of any accrued income.

#### **Investment Property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An external independent valuer, having appropriate recognised professional qualifications and current experience of the location and type of property being valued, values the Society's investment property from time to time when the Board deem it prudent to do so. Fair values are based on market values. Market values are the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing.

#### **Tangible Fixed Assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less their estimated residual value, of each asset on a straight line basis over its estimated useful life. All proprietary software of whatever cost and small equipment costing below a de-minimus level, which is currently £500, are written off in the year of purchase. The Society's Strategic Plan anticipates capital expenditure to improve systems to ensure that they are consistent with that Plan. The Board believes it to be more appropriate to write off such expenditure over four years. Assets are depreciated on the following bases:-

##### **Fixtures and Fittings**

10 years

##### **Office Fittings and Equipment**

10 years & 5 years

##### **Computer Hardware and Office Machines**

3 years

##### **Bespoke and Specialist Computer Software**

4 years

#### **General Information**

The Society is a Friendly Society incorporated in the United Kingdom under the Friendly Societies Act. The address of the registered office is given on the back page of these Financial Statements. The nature of the Society's operations and its principal activities are set out in the Strategic Report on pages 10 to 12.

# WILTSHIRE FRIENDLY SOCIETY LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1) Critical Accounting Judgements and Estimates

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

##### Fair Value of Financial Assets

Market observable inputs are used wherever possible. In the absence of an active market, estimation of fair value is achieved by using valuation techniques such as recent arm's length transactions, discounted cash flow analysis and option pricing models. For discounted cash flow analysis, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. This valuation will also take into account the marketability of the assets being valued.

##### Long-Term Business Provision

The valuation of insurance contracts is based on policy data held on the Society's administration systems and prudent assumptions set using internal and external data as inputs to actuarial valuation models.

The assumptions used for mortality and morbidity are based on standard industry tables, adjusted where appropriate to reflect the Society's own experience.

The assumptions used for investment returns, expenses, lapse and surrender rates are based on current market yields, product characteristics, and relevant claims experience.

The assumptions used for discount rates are based on current market risk rates, adjusted for the Society's own risk exposure.

Due to the long-term nature of these obligations, the estimates are subject to significant uncertainty.

The main assumption underlying these techniques is that past claims development experience is used to project ultimate claims costs. To the extent that the ultimate cost is different from the estimate, where experience is better or worse than that assumed, the surplus or deficit will be credited or charged to gross benefits and claims within the Statement of Comprehensive Income in future years.

#### 2) Capital Management

The Society's key capital management objectives are to:

- a) ensure the Society's strategy can be implemented and is sustainable;
- b) ensure the Society's financial strength and to support the risks it takes on as part of its business;
- c) give confidence to members and other stakeholders who have relationships with the Society; and
- d) comply with capital requirements imposed by its UK regulator, the PRA.

These objectives are reviewed at least annually, and benchmarks are set by which to judge the adequacy of the Society's capital. The capital position is monitored against those benchmarks to ensure that sufficient capital is available to the Society.

The Society is required by PRA Rules to hold a minimum amount of capital. In practice the Society's business generates a Regulatory Capital Requirement ("RCR") in excess of the minimum amount. At the end of 2022 the Society's available capital is more than four times the RCR. The Society also carries out an Individual Capital Assessment ("ICA") which is a better measure of the capital required to support the business as it covers a wider range of risks and provides a more realistic assessment basis. The Board intends to maintain surplus capital in excess of the RCR and the Society's ICA to meet the PRA's total capital requirements and to maintain appropriate additional margins over this to absorb changes in future capital requirements.

The Society complied with all externally imposed capital requirements to which it was subject throughout the reporting period.

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**2) Capital Management (Continued)**

The Capital Statement set out below, illustrates the financial strength of the Society's life business at 31 December 2022. This statement shows an analysis of the available capital resources calculated on a regulatory basis for the Society. It also shows the margins over and above the regulatory requirements and the overall surplus capital within the fund under these bases.

The total regulatory capital requirement for the Society at the year end was **£522,000** (2021: £546,000).

	2022	2021
	£000	£000
<b>Capital Statement Table</b>		
<b>Fund for future appropriation</b>	<b>5,194</b>	6,762
Regulatory adjustments: Assets	(190)	(108)
Liabilities	<b>(2,890)</b>	(2,230)
<b>Total available capital resources</b>	<b>2,114</b>	4,424
Deduct regulatory capital requirement	<b>(522)</b>	(546)
<b>Free capital</b>	<b>1,592</b>	3,878
<b>Total available capital at 1 January</b>	<b>4,425</b>	4,786
Effect of economic experience	<b>(1,833)</b>	862
Difference in Admissibility Limits	<b>(82)</b>	2
Changes in valuation assumptions	<b>667</b>	314
Effect of resilience requirements	<b>(90)</b>	(110)
Effect of claims in payment	<b>207</b>	177
New business and other factors	<b>(1,180)</b>	(1,606)
<b>Total available capital resources</b>	<b>2,114</b>	4,425

**Capital Resource Sensitivities**

The value of long-term insurance contract liabilities is sensitive to changes in market conditions and in the demographic assumptions used in the calculation such as morbidity and persistency.

Market Conditions – Assumptions are made about future investment returns and interest rates when valuing the liabilities, based on current market conditions. These also have an effect on the value placed on the assets held to support liabilities. An adverse change in market conditions may therefore reduce the level of the available capital resources.

Demographic Assumptions – Changes in the mortality, morbidity, expense or persistency experienced by the Society may result in the need to change the assumptions used to value the liabilities. This may increase or reduce the value placed on the liabilities.

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**2) Capital Management (Continued)**

The table below demonstrates the sensitivity of available capital to movement in key assumptions.

<b>Potential Movement In Available Capital</b>	<b>2022</b>
<b>Variable</b>	<b>£000</b>
An increase in the morbidity rate of 10%	<b>868</b>
An increase in the value of invested assets of 10%	<b>1,259</b>
A decrease in the value of invested assets of 10%	<b>(1,259)</b>

**Measurement and Monitoring of Capital**

The capital position of the Society is reviewed periodically by the Board and an ICA is carried out annually. The objectives are reviewed and actions taken where necessary to ensure the adequacy of the Society's capital position.

In the event sufficient capital is not available, actions would be taken to free additional capital by altering the asset mix of investments, or through reduction in the amount of risk being accepted thereby reducing the capital requirement. Possible future management actions would be to amend the investment strategy, reduce business volumes, reduce discretionary expenditure or reduce the level of future distributions. No management actions have been assumed in the sensitivities set out above.

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**3) Risk Management and Control**

The key risks that the Society is exposed to, and the way the Society manages them, is set out as follows:

Insurance Risk

Insurance risk is the risk that arises from uncertainties as to the occurrence, amount and timing of insurance liabilities. The insurance risks to which the Society is exposed arise from morbidity, expense variances and lapse rates. Systems are in place to measure, monitor and mitigate exposure to all of these risks.

The Society's technical provisions and maturity profile as at 31 December 2022 are as follows:

Technical Provisions as at 31 December 2022	Within 1 Year	1-5 Years	5-10 Years	Over 10 Years	Total
	£000	£000	£000	£000	£000
Long-Term Business Provision	57	212	607	985	1,861
Outstanding claims	35	-	-	-	35
<b>Total</b>	<b>92</b>	<b>212</b>	<b>607</b>	<b>985</b>	<b>1,896</b>

The table below shows the technical provisions as at 31 December 2021:

Technical Provisions as at 31 December 2021	Within 1 Year	1-5 Years	5-10 Years	Over 10 Years	Total
	£000	£000	£000	£000	£000
Long-Term Business Provision	75	387	598	1,665	2,725
Outstanding claims	19	-	-	-	19
<b>Total</b>	<b>94</b>	<b>387</b>	<b>598</b>	<b>1,665</b>	<b>2,744</b>

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**3) Risk Management and Control (Continued)**

Details of the assumptions used to calculate the technical provisions are set out in Note 1. The impact on the policy reserves to key assumptions are shown below:

Assumptions	2022		2021	
	Change in Technical Provisions (£000)	Impact %	Change in Technical Provisions (£000)	Impact %
Reduction in Risk-free rates by 0.5%	<b>94</b>	<b>5.0</b>	193	7.0
Increase in mortality by 10%	<b>(5)</b>	<b>(0.3)</b>	(11)	(0.4)
Increase in sickness rates by 10%	<b>868</b>	<b>45.7</b>	1,316	48.0
Increase in expenses by 10%	<b>609</b>	<b>32.1</b>	925	33.7

A change in valuation interest rate would lead to a change in asset values so the impact on the available capital would be reduced.

Financial Risk

The Society is exposed to a range of market risks through its financial assets and liabilities. Financial Risk comprises Market Risk and its sub-risks, together with Credit Risk and Liquidity Risk. The Board is responsible for reviewing the risks faced by the Society and approving the required level of capital to be held against each risk element.

The assets held in the insurance funds as at 31 December 2022 split by duration were as follows:

Assets as at 31 December 2022	No Maturity	Within 1 Year	1-5 Years	5-10 Years	Over 10 Years	Total
	£000	£000	£000	£000	£000	£000
Land & Buildings	1,050	-	-	-	-	1,050
Equity Investments	4,172	-	-	-	-	4,172
Fixed Interest Securities	223	400	180	3,034	3,534	7,371
Cash & Other	82	792	78	-	-	952
<b>Total</b>	<b>5,527</b>	<b>1,192</b>	<b>258</b>	<b>3,034</b>	<b>3,534</b>	<b>13,545</b>

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**3) Risk Management and Control (Continued)**

The assets held in the insurance funds as at 31 December 2021 split by duration were as follows:

Assets as at 31 December 2021	No Maturity	Within 1 Year	1-5 Years	5-10 Years	Over 10 Years	Total
	£000	£000	£000	£000	£000	£000
Land & Buildings	1,050	-	-	-	-	1,050
Equity Investments	6,129	-	-	-	-	6,129
Fixed Interest Securities	-	332	3,822	2,678	1,658	8,490
Cash & Other	123	230	173	-	-	526
<b>Total</b>	<b>7,302</b>	<b>562</b>	<b>3,995</b>	<b>2,678</b>	<b>1,658</b>	<b>16,195</b>

Market Risk

Market risk is the risk that as a result of market movements the Society may be exposed to fluctuations in the value of its assets, the amount of its liabilities, or the income from its assets. Sources of general market risk include movements in interest rates, equity prices and property prices. The Investment Strategy is kept under regular review by the Investment Committee. The Investment Committee oversees investment activity, monitors the Society's Investment Advisers and ensures that the investment policy and asset allocations are maintained in accordance with the Terms of Reference set by the Board from time to time.

The Society has appointed experienced and competent discretionary Investment Advisers to manage the risks set out above whilst also optimising investment performance within the prudent strategy and protocols laid down by the Society.

The Actuary to the Society advises on all aspects of the capital consequences of given investment strategy and the prudent interests of members in the context of the investment of their funds.

Market risk can be further broken down into the following risks:

i) Equity Price Risk

Holdings in equities are by their nature subject to market movement. In order to mitigate this risk, the Society employs LGT Wealth Management UK LLP as an external Investment Adviser and sets investment guidelines within which they operate.

As at 31 December 2022, the Society held £4.172m (2021: £6.129m) of individual equities. A 10% reduction in this value would lead to a 19.7% decrease (2021: 13.8% decrease) in the Society's available capital.

ii) Property Price Risk

As for equity, property holdings are by their nature subject to market movement. In order to mitigate this risk the Society employs Carter Jonas LLP to manage its portfolio of properties.

As at 31 December 2022, the Society held £1.050m (2021: £1.050m) of properties. A 25% reduction in this value would lead to a 12.4% decrease (2021: 5.9% decrease) in the Society's available capital.

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**3) Risk Management and Control (Continued)**

iii) Interest Rate Risk

Interest rate risk exists for all assets and liabilities which are sensitive to changes in the term structure of interest rates or interest rate volatility. Due to the nature of the Society's products, the available capital may be impacted by these interest rate movements.

Asset-liability matching is performed to broadly match expected liability cash flows on a realistic basis in each fund. However, this can never be exact due to the uncertainties involved. A 10% increase in interest rates (i.e. from 3.6% to 3.96%) would lead to a 10.2% decrease (2021: 1.7% decrease) in the Society's surplus capital.

iv) Exchange Rate Risk

The Society has a number of directly held equity investments in foreign currencies which present a minor exchange rate risk. The Society's holdings shown by currencies are listed below:

Equity market values by currency	2022	2021
	<b>£000</b>	£000
US Dollar	<b>681</b>	1,239
Euro	<b>72</b>	116
Pound Sterling	<b>3,366</b>	4,774
Swiss Franc	<b>53</b>	0
<b>Total</b>	<b>4,172</b>	6,129

v) Credit Spread Risk

Credit spread risk is the risk of loss due to default by debtors, reinsurers and market counterparties of the Society in meeting their financial obligations.

As at 31 December 2022 the Society held £7.371m (2021: £8.490) of listed fixed interest securities.

These are analysed by credit rating below:

Credit Rating	2022	2021
	<b>£000</b>	£000
AAA	<b>206</b>	337
AA	<b>1,991</b>	2,730
A	<b>895</b>	874
BBB	<b>4,004</b>	4,228
Below BBB	<b>275</b>	321
<b>Total</b>	<b>7,371</b>	8,490

vi) Liquidity Risk

Liquidity risk is the risk that the Society is unable to meet its own commitments to pay its liabilities when they become due. The Investment Committee oversees liquidity management and cash flow requirements to ensure that sufficient liquidity is available to operate the Society and meet members' claims.

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**3) Risk Management and Control (Continued)**

Business Risks and Mitigation

The following have been identified by the Board as the significant underlying risks to the Society, together with the mitigating actions in place:

- Failure to deliver targeted results of the rolling Strategic Plan within the agreed timescales – where the Board cannot determine, or foresee, delivery of targeted results, options as to the future direction of the Society will be considered, evaluated and implemented.
- Cost over-run, unplanned costs rise as a proportion against premium income – development costs are monitored and evaluated against results for each strategic initiative, which can be reviewed or ended at any time to limit negative impact of profitability.
- Financial strength weakens – monitoring of free capital is in place as part of corporate governance and oversight.
- New business stream has adverse claims experience, impacting profitability – reinsurance has been taken to share exposure and provide further professional risk assessment structures.
- Reduction in Society membership – strategy in place to diversify and take on new members in differing markets.

In the event any, or all, of the above crystallise there would be an adverse effect on the Society's objectives and an impact on members, however the Board is confident that its risk strategies will mitigate inherent risk to satisfactory levels. These risks to members can be summarised as follows:

- Reduction in Apportionment, Bonus and Terminal Bonus for Holloway members.
- Inability to maintain sickness benefit.
- Reduction in member's capital.

**4a) Gross Premiums Written**

Notes	2022	2021
	£000	£000
Contributions to the Holloway sickness fund	1,535	1,589
Contributions ceded to the Reinsurer	(115)	(110)
	<b>1,420</b>	<b>1,479</b>

**4b) Investment Income**

Rental Income	93	87
Interest received on Cash Deposits	3	0
Dividend Income	357	351
	<b>453</b>	<b>438</b>

**5) Change in Long-Term Business Provision**

Change in technical provision	(864)	(535)
<b>Balance at the beginning of the year</b>	<b>2,725</b>	<b>3,260</b>
See Note 11b	<b>1,861</b>	<b>2,725</b>

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**6) Members' Apportionment and Bonuses**

	Notes	2022	2021
		£000	£000
Apportionment - allocated during the year	See Note 11a	<b>83</b>	90
Bonus - allocated during the year	See Note 11a	<b>176</b>	170
Terminal Bonus - paid on retirement or allocated to commuting members	See Note 11a	<b>42</b>	35
		<b>301</b>	295

**7) Net Operating Expenses**

General office and administration	<b>84</b>	80
Administrative employee costs	<b>662</b>	623
Membership services	<b>17</b>	9
Own occupation property costs	<b>38</b>	31
Finance	<b>10</b>	10
Professional fees	<b>90</b>	95
Depreciation and equipment disposals	<b>36</b>	32
<b>Recurring operational expenses</b>	<b>937</b>	880
Direct cost of business acquisition	<b>117</b>	116
Direct cost of investment activities	<b>52</b>	53
<b>Total recurring expenses</b>	<b>1,106</b>	1,049
Product development costs	<b>15</b>	10
<b>Total exceptional expenses</b>	<b>15</b>	10
<b>Total operating expenses</b>	<b>1,121</b>	1,059

**Operating expenses are allocated as follows:-**

Administrative expenses	<b>730</b>	689
Direct and indirect cost of investment activities	<b>86</b>	86
Direct and indirect cost of business acquisition & strategic development	<b>290</b>	274
Product development	<b>15</b>	10
	<b>1,121</b>	1,059

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**7) Net Operating Expenses (Continued)**

	2022	2021
	£000	£000
<b>Total salary, pension &amp; NIC costs in the year were as follows:-</b>		
Sales employees (including commission)	38	35
Other employees	662	623
	700	658
<b>External Audit fees in the year were as follows:-</b>		
Audit fees	22	21
Fees for non audit work	0	0
	22	21

**8) Investments**

	Land & Buildings	Fixed Interest	Shares & Unit Trusts	Held as Cash	Totals
	£000	£000	£000	£000	£000
<b>Valuation at the beginning of the year</b>	1,050	8,490	6,129	173	15,842
Net movements on invested funds	-	279	(1,004)	304	(421)
Gains/(losses) on disposals & redemptions	-	(21)	(508)	-	(529)
Unrealised gains/(losses) on revaluation	-	(1,377)	(444)	-	(1,821)
<b>Valuation at the end of the year</b>	1,050	7,371	4,173	477	13,071
<b>Historical Cost</b>	1,711	8,577	3,993	477	14,758

Holloway House is held on a long leasehold basis. Part of the office accommodation is occupied by the Society, and for valuation purposes is treated as being partially let. As at the end of 2022, all units were fully let. The property is included at its open market value of **£750,000** (2021:- £750,000) after a write down provision of **£709,000** (2021:- £709,000).

The Society's freehold property, 7 Market Street was purchased in 1980 and is let on a 15 year lease, from October 2008, to Coventry Building Society. It is included above at its open market value of **£300,000** (2021:- £300,000).

Both properties were valued as at 31 December 2020, on a Red Book desk top valuation basis, by Amy Percy MRICS (Senior Surveyor) of Carter Jonas.

**Fair Value Measurement**

Fair value is the amount for which an asset could be exchanged between willing parties in an arm's length transaction. Fair values are generally determined at prices quoted in an active market (Level 1). Where such information is not available it may be possible to apply calculation techniques making use of market observable data for all significant inputs (Level 2). Where inputs are not based on observable market data, fair value is classified as Level 3.

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**8) Investments (Continued)**

**Fair Value Measurement (Continued)**

	2022			2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	£000	£000	£000	£000	£000	£000
Land and Buildings	-	-	1,050	-	-	1,050
Shares and Unit Trusts	4,172	-	-	6,129	-	-
Fixed Interest Securities	7,371	-	-	8,490	-	-
Cash and Other	952	-	-	526	-	-

**9) Tangible & Intangible Fixed Assets**

	Fixtures & Fittings	Equipment	Intangible Assets	Totals
	£000	£000	£000	£000
<b>Cost at the beginning of the year</b>	<b>16</b>	<b>120</b>	<b>119</b>	<b>255</b>
Additions	0	0	13	13
Disposals	0	0	(29)	(29)
<b>Cost at the end of the year</b>	<b>16</b>	<b>120</b>	<b>103</b>	<b>239</b>
<b>Depreciation at the beginning of the year</b>	<b>8</b>	<b>108</b>	<b>58</b>	<b>174</b>
Charge for the year	1	5	29	35
Eliminated on disposals	0	0	(29)	(29)
<b>Depreciation at the end of the year</b>	<b>9</b>	<b>113</b>	<b>58</b>	<b>180</b>
<b>Net book value at the end of the year</b>	<b>7</b>	<b>7</b>	<b>45</b>	<b>59</b>
<b>Net book value at the beginning of the year</b>	<b>8</b>	<b>16</b>	<b>56</b>	<b>80</b>

**10) Fund for Future Appropriation**

**Balance bought forward**

Transfer (to)/from the Technical Account: Long-Term Business

**Balance at the end of the year**

2022	2021
£000	£000
<b>6,762</b>	5,936
<b>(1,568)</b>	827
<b>5,194</b>	6,763

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

11) Technical Provisions	Notes	2022	2021
		£000	£000
<b>11a) Holloway Business</b>			
Apportionment	See Note 6	83	90
Bonus	See Note 6	176	170
Terminal Bonus	See Note 6	42	35
		<b>301</b>	295
Deaths, retirements and surrenders		(611)	(506)
Forfeitures and lapses		(5)	(7)
		<b>(315)</b>	(218)
<b>Balance at the beginning of the year</b>		<b>6,471</b>	6,689
<b>Balance at the end of the year</b>		<b>6,156</b>	6,471

The provision in respect of Holloway business reflects sums that are in the ownership of the Society's Holloway members.

**11b) Long-Term Business Provision**

The components of the long-term business provision are as follows:

	2022	2021
	£000	£000
Reserve for:- Holloway sickness benefit	1,256	1,942
Group sickness benefit	249	198
Reinsurance share of Group sickness benefit provision	(32)	(10)
Claims in payment	388	595
<b>Balance at the end of the year</b>	<b>1,861</b>	2,725

The long-term business provision represents the expected future liabilities that will arise on existing contracts. It is the anticipated excess of future sickness claims over future contributions attributable to sickness. It is calculated by the Actuary to the Society.

**12) Creditors – amounts falling due within one year arising from:**

	2022	2021
	£000	£000
Insurance activities	103	30
Non-insurance activities	93	84
Other provisions and accruals	102	103
	<b>298</b>	217

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**13) Transactions with Board Members**

Payments were made to businesses connected or related to Board members. All transactions were on normal commercial terms. These were as follows:-

Internal Audit Services:- Haines Watts Controls & Assurance Limited of Farnborough the total sum of **£3,193** (2021: £17,852) was paid in respect of internal audit services. Mr Gurney is a partner within another office of the same federation. He has no direct, indirect or financial involvement in the services being provided.

Payroll Services:- Haines Watts Chartered Accountants of Trowbridge, the total sum of **£1,690** (2021: £1,971) was paid in respect of payroll bureau services. Mr Gurney was formerly a partner within that practice, and is now a partner within another office of the same federation. He has no direct, indirect or financial involvement in the services being provided.

All transactions involving Board members and reported above are at an arm's length.

**14) Actuary to the Society**

The Actuary to the Society is Sally Butters FIA, a Consultant Actuary of OAC Ltd (OAC). Due to a change in regulation, from 1 July 2016 the Society no longer needed to appoint an Actuarial Function Holder or a With-Profits Actuary, however there remained a need to appoint an Actuary to carry out the required valuation and provide certification thereof. Mrs Butters has performed both functions in the year. The Society requested her to furnish it with the particulars required under Section 77 of the Friendly Societies Act 1992. Mrs Butters has confirmed that neither she or any member of her family, nor any of OAC's principals, partners or directors, were members of the Society, nor had they any financial or pecuniary interests in the Society, with the exception of fees for professional services, paid or accrued during the year, to OAC.

During the year fees were accrued or paid to OAC were **£68,017** (2021:- £45,639) for Actuarial services and other related consultancy and regulatory compliance work.

**15) Operational Employees**

The average number of employees during the year, including executive directors were:

Chief Executive & Senior Management Team

Administrative employees

Sales employees

	2022	2021
	<b>4</b>	4
	<b>8</b>	8
	<b>1</b>	1
	<b>13</b>	13

Employee costs during the year during were:

Salaries and commissions

Employers' National Insurance

Pension costs

	2022	2021
	<b>£000</b>	£000
	<b>594</b>	560
	<b>55</b>	48
	<b>51</b>	50
	<b>700</b>	658

**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**16) Board Remuneration Report**

Non-executive Board Member	Fees	Attendance	Salary & Bonus	Pension	Allowances	2022	2021
Mrs C J Whitehead	13,807	7,680	-	217	-	<b>21,704</b>	12,846
R T Harrison <i>(until Mar 2022)</i>	4,068	1,191	-	158	170	<b>5,587</b>	22,010
D C Bones	10,835	3,406	-	-	-	<b>14,241</b>	14,358
M S Gurney	6,410	3,718	-	304	-	<b>10,432</b>	10,913
Mrs J I Astley Marsh	6,410	4,017	-	265	785	<b>11,477</b>	-
C P Gould	6,278	3,237	-	286	466	<b>10,267</b>	2,100
Ms H J K Brown <i>(until Sept 2022)</i>	4,413	1,024	-	174	-	<b>5,611</b>	2,468
Mrs M A Pedder <i>(until Dec 2021)</i>	-	-	-	-	-	-	10,721
L S Paul <i>(until June 2021)</i>	-	-	-	-	-	-	3,652
<b>Total fees</b> Non-executive Board Members	<b>52,221</b>	<b>24,273</b>	<b>-</b>	<b>1,404</b>	<b>1,421</b>	<b>79,319</b>	79,068
J Gratland CEO	-	-	122,303	12,425	-	<b>134,728</b>	131,949
<b>Key Management Personnel</b>	<b>52,221</b>	<b>24,273</b>	<b>122,303</b>	<b>13,829</b>	<b>1,421</b>	<b>214,047</b>	211,017

Fees payable to Non-executive Board members are based upon the number of full and Board Committee meetings attended during the year, with a minimum commitment to 8 meetings per year. Details of attendance at those meetings can be found in the Corporate Governance Report page 16 of these statements. Included within the fees above are amounts in respect of additional Board meetings and, in particular, support to other operational matters where a Non-executive Board member's individual skills and qualifications are relevant and of benefit to the operational matters being discussed – this also reduces the requirement to use outsourced services which could incur a higher cost. The total amount of payments during the year in respect of attendance at meetings beyond the minimum commitment and at operational meetings was **£24,273** (2021: £24,136). This is included within the amounts stated above.

Allowances referred to above are paid as salary and comprise of travelling expenses paid to Non-executive Board members who are not travelling within the local area to attend meetings.

The Board is satisfied that its remuneration policies continue to be suitable and sufficient to attract and retain executive and Non-executive Board members with relevant skills at appropriate levels.

## WILTSHIRE FRIENDLY SOCIETY LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### USEFUL INFORMATION FOR MEMBERS AND PROSPECTIVE MEMBERS

#### How To Contact Us

If you would like more information about the Society, a claim, an application for new or increased insurance cover or your membership in general, please contact us. You may telephone us or contact us by email or letter. Contact details are as follows and you will find a “Who’s Who” on the back page.

#### By telephone:

Main switchboard	01225 752120
Member services	01225 756785
Application enquiries	01225 756794
Claims	01225 756796

#### By email:

General email address	info@wiltshirefriendly.com
Members services	member@wiltshirefriendly.com
Application enquiries	applications@wiltshirefriendly.com
Claims	claims@wiltshirefriendly.com

#### Or you can write to us at:

Wiltshire Friendly Society Limited  
Holloway House  
Epsom Square  
White Horse Business Park  
Trowbridge  
Wiltshire  
BA14 0XG

**Our website:** [www.wiltshirefriendly.com](http://www.wiltshirefriendly.com)

#### Our Service To You

We aim to provide you with the very best service possible. However, if we have fallen short in any way please do let us know. We want to know about, and to have the opportunity to understand, any concerns you may have and to correct any shortcoming.

#### How To Complain

If you wish to complain about any aspect of your membership or the service you have received from us, in the first instance please let us know by any of the means shown above. If you choose to do so by letter, please address it to the Governance & Compliance Manager. We will provide you with a copy of our complaints procedure. We will investigate and try to resolve your complaint. If you are not satisfied with the outcome you can complain to:

The Financial Ombudsman Service  
Exchange Tower  
London E14 9SR

<b>Online:</b>	<a href="http://www.financial-ombudsman.org.uk/contact-us/complain-online">www.financial-ombudsman.org.uk/contact-us/complain-online</a>
<b>Telephone:</b>	0800 0 234 567
<b>Email:</b>	<a href="mailto:complaint.info@financial-ombudsman.org.uk">complaint.info@financial-ombudsman.org.uk</a>
<b>Website:</b>	<a href="http://www.financial-ombudsman.org.uk">www.financial-ombudsman.org.uk</a>



**WILTSHIRE FRIENDLY SOCIETY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**  
**WHO'S WHO AT WILTSHIRE FRIENDLY (MAY 2023)**

**OPERATIONAL EMPLOYEES**

**Operations Manager**

**Linda Jones**

*Management of operations. Member Relations contact.*

direct telephone number 01225 756782

email linda.jones@wiltshirefriendly.com

**Operations Supervisor**

**Niamh Garvey**

*Supervision of operational employees.*

direct telephone number 01225 756789

email niamh.garvey@wiltshirefriendly.com

**Senior Claims Administrator**

**Claire Robinson**

*Processing claims for income replacement benefit and administration of claims in progress and benefit payments.*

direct telephone number 01225 756783

email claire.robinson@wiltshirefriendly.com

**Finance Manager**

**Jules Barnes**

*Financial accounting and supplier accounts payable.*

direct telephone number 01225 756788

email jules.barnes@wiltshirefriendly.com

**Senior Operations Administrator**

**Jon Cummings**

*Oversight of processing of applications for new memberships and cover increases for existing members.*

direct telephone number 01225 756794

email jon.cummings@wiltshirefriendly.com

**Society Administrator**

**Nicola Bailey**

*Support administration in respect of member services, including membership terminations, partial withdrawals and premium collections.*

direct telephone number 01225 756785

email nicola.bailey@wiltshirefriendly.com

**Sales & Service Administrator**

**Clair Carpenter**

*Provision of member sales and services support.*

direct telephone number 01225 756784

email clair.carpenter@wiltshirefriendly.com

**OTHER EMPLOYEES**

**Chief Executive**

**Jon Gratland**

*General management and oversight of the Society's operations.*

direct telephone number 01225 756786

email jon.gratland@wiltshirefriendly.com

**Governance & Compliance Manager**

**Lee Davis**

*Head of governance and regulatory compliance oversight.*

direct telephone number 01225 756791

email lee.davis@wiltshirefriendly.com

**Senior Independent Board Member**

**Imogen Astley Marsh**

*Non-executive Board member responsible for considering and responding to the views of Society members and a point of contact that allows them direct access to the Board.*

email imogen.astleymarsh@wiltshirefriendly.com

**Chief Operating Officer**

**Sarah Barrell**

*Head of operational employees, financial accounting and management of membership accounts.*

direct telephone number 01225 756792

email sarah.barrell@wiltshirefriendly.com

**IT Services & Data Manager**

**Edward Smith**

*Information technology and communication systems, website structure & maintenance and oversight of data management policies.*

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