

WILTSHIRE



FRIENDLY

SOCIETY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

WILTSHIRE FRIENDLY SOCIETY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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WILTSHIRE FRIENDLY SOCIETY LIMITED

NOTICE OF ANNUAL GENERAL MEETING 2017

Notice is hereby given that the Annual General Meeting of Wiltshire Friendly Society Limited will be held at Holloway House, Epsom Square, White Horse Business Park, Trowbridge, BA14 0XG, on 13 June 2017 at 10.00 am, to confirm the Minutes of the Annual General Meeting held on 15 June 2016 and for the following purposes:

1. To receive and, if approved, adopt the Annual Report and Accounts for the year ended 31 December 2016.
2. To approve the Board Remuneration Report for the year ended 31 December 2016⁺.
3. To re-elect members of the Board of Management as listed below.

Name	Occupation	Board Member Since
Roger Harrison *	<i>Financial Adviser</i>	05/2005
Martin Gurney *	<i>Chartered Accountant</i>	12/2005

Board Members marked * are subject to annual re-election.

4. To re-appoint Moore Stephens as Auditor.
5. To appoint the Arbitrators to serve for the coming year:
Mr M I Stillwell
Mr P R Hudson
Mr C C Cheshire OBE
6. To consider and, if agreed, re-appoint the Rules Committee in accordance with Society Rule 44.1.
7. To transact any other business not requiring notice of motion.

⁺ The Board Remuneration Report: You are asked to approve the Board of Management Remuneration Report by way of an advisory vote. This is not a legal requirement, but your Board considers it to be best practice for members to be able to express a view on this matter. The report can be found on page 32 of these statements.

The Society's Financial Statements for the year ended 31 December 2016, which includes the Board Report, the Auditor's Report and the Directors' Remuneration Report, can be found on the Society's website at www.wiltshirefriendly.com. Members may also request paper copies.

By Order of the Board of Management



Lee Davis
Secretary

Holloway House
Epsom Square
White Horse Business Park
Trowbridge
BA14 0XG

18 May 2017

Please see the map on page 36 for directions to Holloway House.

WILTSHIRE FRIENDLY SOCIETY LIMITED
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BOARD OF MANAGEMENT AND PROFESSIONAL ADVISERS

Position	Name		Occupation
Chairman	R T Harrison		<i>Financial Adviser</i>
Vice Chairman	D C Bones	**	<i>Cost & Management Accountant</i>
Non-executive Directors	H J Long		<i>Chartered Surveyor</i>
	M S Gurney		<i>Chartered Accountant</i>
	Mrs M A Pedder	**	<i>Human Resources Specialist</i>
	L S Paul	**	<i>Gas Central Heating Specialist</i>
Chief Executive	J S Gratland <i>(from 01/11/2016)</i>		<i>Executive Director</i>
	J D Sanders <i>(until 31/10/2016)</i>		<i>Executive Director</i>
Secretary	L Davis		

(** Denotes non-executive Board members who are independent within the meaning ascribed by the UK Corporate Governance Code annotated for Mutual Insurers)

Arbitrators	M I Stillwell, P R Hudson, C C Cheshire OBE
Actuarial Function Holder & With Profits Actuary <i>(Actuary to the Society from 01/07/16)</i>	<i>D J Lechmere FIA</i> OAC PLC 141-142 Fenchurch Street, London, EC3M 6BL
External Auditor	<i>Moore Stephens</i> 30 Gay Street, Bath, BA1 2PA
Internal Auditor <i>(until 21/03/16)</i>	<i>Gateway Assure Limited</i> MCH House, Bailey Drive, Gillingham Business Park, Gillingham, ME8 0PZ
Internal Auditor <i>(from 06/10/16)</i>	<i>HW Controls & 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 Vestra LLP</i> 14 Cornhill, London, EC3V 3NR
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

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THE BOARD OF MANAGEMENT

Roger Harrison – Chairman

Financial Adviser. Non-executive member of the Board since May 2005, a member of the Investment Committee. 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 is a keen cyclist.

David Bones ACMA – Vice Chairman

Cost and Management Accountant. Non-executive member of the Board since May 2009, a member of the Investment Committee and chairs the Audit and Risk Committee. Finance Director and Company Secretary of Lyons Seafoods Ltd. since 1998, where he also has 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 Mathew 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 and Risk 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.

Julian Long FRICS

Chartered Surveyor. Non-executive member of the Board since January 1998, a member of the Audit and Risk and of the Staffing, Salaries and Nominations Committees. A Fellow of The Royal Institution of Chartered Surveyors. Recently retired senior Valuation Surveyor with a national firm of Chartered Surveyors and active member of several local charitable organisations.

Leonard Paul

A member of the Society since 1998. Non-executive Board member since July 2012. Member of the Rules and Staffing, Salaries and Nominations Committees. Was Western Regional Sales Manager with a leading boiler manufacturer until setting up own business in 1998 operating in the gas central heating and service industry.

SENIOR INDEPENDENT BOARD MEMBER

Margaret Pedder MCIPD

Human Resources Specialist. Non-executive member of the Board since May 2009, chair of the Staffing, Salaries and Nominations Committee and a member of the Audit and Risk Committee. Human Resources professional since 1990 and, since 2003, Director of iAupro consultancy providing HR contract services to corporate clients and charities. Trustee and chair of the Army Families Federation, a registered charity that acts as the “voice of the army families” to all who make decisions that impact on army family life.

CHIEF EXECUTIVE

Jon Gratland (from 01/11/2016)

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 has been a consultant to the Society for a number of years, more recently working with the Society Board of Management in developing, and implementing, the Society's strategy.

John Sanders (until 31/10/2016)

Chief Executive since January 2003 and Executive Board member since November 2007. He joined the Society in June 1998 as Accounts and Compliance Manager. Following service in the Royal Navy as a marine engineer, John worked in the electronic manufacturing industry until 1998, specialising in production management and cost accounting. Company Secretary & Production Manager Audio & Design (Recording) Limited 1986 – 1993.

WILTSHIRE FRIENDLY SOCIETY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

CHAIRMAN'S STATEMENT

I am pleased to present my fourth annual statement to you as Chairman.

Strategy

This year has been exciting in terms of planned development and change at the Society.

I am pleased to confirm the appointment of a new Chief Executive, Jon Gratland, who formally took over the role from John Sanders in November. Jon has been working with the Society over the last few years, helping us to develop our strategy and he now will be responsible for fully implementing the work that has previously been initiated.

Our strategy is clear: protect the solid foundations that we have established through our individual Holloway membership and build on this by using our expertise in income protection product development, accessing new markets such as the group employer market and the rugby market. The Society's Strategic Report will explain this in more detail.

A key part of our strategy is also about making more people aware of the Society and what the Society has to offer. We have therefore been developing a refreshing new website and will enter the world of social media, all of which will be operational as you read this report.

Technology will also play an increasing and larger role in how the Society operates and works with you as members and you will see this develop through 2017.

Our overall objectives, however, remain the same, to increase sales and membership and build a sustainable future for the Society in an ever changing financial world.

Society performance

Society performance in 2016 has been stable.

Our new business strategy is starting to take effect, new premium income was increased by 18% during 2016 with overall premium income again holding steady at £1,663,000. Membership numbers have slightly decreased, as expected, due to natural member exits during the year (retirements, maturities and surrenders). The new business strategy continues to be committed to counteracting this net reduction in member numbers.

Total operating expenses have increased during the year, the underlying core expenses increasing mainly from strategic and business development activities, which includes the increased cost of realigning the Operational Team and replacing the Chief Executive. These were anticipated costs that needed to be incurred to move the Society forward.

The Society's appointed discretionary investment manager, LGT Vestra, have performed very well again this year returning an investment income return of 3.66%. The financial markets have experienced a number of unprecedented events in 2016, the US election and Brexit most notably, and LGTVestra has worked within the Society's investment strategy mandate to manage these challenges. It is worthy of note that the value of investments held at the end of the year included overall unrealised gains amounting to £518,000, this is mainly due to the prevailing market conditions at the end of the year. The Society's portfolio remains strategically positioned and managed to minimise the effects of market fluctuation, ready to take advantage of opportunities that will be created by further European and Global investment market change in 2017.

On the recommendation of the Actuary to the Society, Bonus and Terminal Bonus rates have been maintained for 2016, with Apportionment reduced for pre 2013 Holloway memberships only (page 8). Acknowledging the challenges the Society has faced operationally, and in the current financial climate, the Board feels that these rates still represent good value to our members.

At the close of 2016 the Society again maintained a very good level of solvency, with 16.6% of free assets as a percentage of admissible assets. Whilst this is a reduction on previous years this still confirms that we maintain a financially strong position. The Board of Management keeps an active assessment of Society solvency, through the monitoring of Key Performance Indicators, to ensure the Society's assets are being well managed on behalf of our members.

Society Culture

The Society continues to take great pride in the quality of service provided to our members and intermediary partners and this stems from the culture that exists within the Society. This is reported later in the Report of the Board of Management.

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. That level of care is extended also to external customers. The Society has therefore put in place a set of 'Values' recognised as relevant to its employees, members and customers, detailed on page 7. These 'Values' are what makes the Society different and are the foundations for how the Society goes about its work.

WILTSHIRE FRIENDLY SOCIETY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

CHAIRMAN'S STATEMENT (CONTINUED)

This year we have completed the development of our Operational Team which is now at full capacity, designed to maintain and improve, where possible, our customer service. The resource and capability is also in place to support the increased membership that will come from the sales strategy.

As a provider of Income Protection, affording benefit to our members who cannot work due to illness or injury, our claims acceptance rate is a true benchmark of value to those members. I am therefore very proud to report that during 2016 the Society paid 96.74% of all claims received. This figure remains above industry standards and is a further indication of our commitment to our members at a time when they need us most.

The Board is very aware of the importance of Treating Customers Fairly (TCF) and to this end we maintain a wide and developing range of key performance and risk indicators and these are reviewed on a continuing basis in order to improve our products, services and customer experience.

Regulatory Developments

New regulation that came into force on 1 July 2016 has reduced the level of formally required reporting. The Board of Management has, however, chosen to carry out solvency maintenance processes beyond those required by regulation, continuing the annual valuation process to ensure it has the up to date position each year from which to review and monitor capital.

The Board of Management has also chosen to retain the services of its former Actuarial Function Holder on a continuous basis, rather than simply to employ those services only to carry out the triennial valuation and provide the annual certification as now required by regulation.

Board of Management

The Board remains unchanged since last year. We regularly review the Board composition, and assess the skills within the Board members, then deciding whether or not there are any changes or developments required.

Further information about the Board of Management can be found on pages 3 and 4.

Looking Ahead

This has been a pivotal year in setting up the Society for the future. The Society remains financially strong and the implementation of strategy, under a new Chief Executive, means we are able to meet the challenges of growing the Society whilst maintaining the high level of customer service that our members expect from us.

Thanks and Acknowledgements

I would like to extend my thanks to all Society employees; they are committed and work very hard to make the Society run effectively and efficiently.

I would also like to thank my fellow Board members for their support, expertise, and commitment to developing the Society for the future.

There is a special vote of thanks to John Sanders, who stepped down as Chief Executive after 13 years, and leaves the Society well placed to move forward. I am very pleased to say that John will remain in the business this year managing a number of projects that are key to the Society's future development.

Lastly, on behalf of the Board, I would like to thank our members for their loyalty to the Society and we look forward to continuing with the high level of service that our members depend on.

Yours sincerely



Roger Harrison
Chairman

18 May 2017

WILTSHIRE FRIENDLY SOCIETY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016.

Principal Activity

The principal activity of the Society throughout 2016 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 on a pure protection basis. In the opinion of the Board the Society has not carried out any activities outside its powers in the year to 31 December 2016.

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. That level of care is extended also to external customers and members of the future.

The Society has put in place a set of ‘Values’ recognised as relevant to its employees, members and customers. These ‘Values’ are the principles believed to be important to the business and come from the Society’s purpose.

The Society’s ‘Values’ are defined as:

- Mutual:
 - Focused and committed to mutuality as both valid and valuable in the future.
 - Our decision making is driven by our members’ best interests.
 - A business model promoted to the external market.
- Inclusive:
 - Believing in ‘income protection’ as bringing financial and emotional value to members.
 - Open to all.
 - Fair claims are paid.
- Supportive:
 - We act fairly.
 - Providing practical support for our employees and members.
 - We will make the tough decision when it’s right, being supportive in the outcome.

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 processes used every day and must be common to all employees and the Board.

Business Review

The Society continues to write new business through non direct distribution channels and to pursue new distribution relationships which will lead to future new business both in respect of individual Holloway memberships and group memberships. Business written through non direct distribution channels amounted to **71%** of the total (2015:- 51%). During the year new contribution income written was **£125,000** (2015:- £106,000). The development of new distribution channels is slower than hoped for, but we remain satisfied with progress to date and with the strategic direction being taken. Contribution income reduced slightly to **£1,663,000** (2015:- £1,673,000).

Sickness benefit paid during the year increased to **£962,000** (2015:- £851,000). During the year the Society paid **96.74%** of all claims received which brings the average of claims paid during the last 3 years to 97.78%. The principal reasons for non payment of claim during the year were:- excluded medical condition, no loss of income during incapacity, no proof of incapacity, false information and non-disclosure of medical facts at contract commencement.

On the advice of the Actuary to the Society, the Board has reduced the rate of Apportionment to £3.00 per unit of sickness cover (2015:- £4.00 per unit) in respect of pre 2013 memberships. In respect of New Holloway memberships effected since 2013, the rate of Apportionment is 5% of contributions paid during the year (2015: 5% of contributions paid). The Apportionment for commuted members has been maintained at £18.00 per unit of non-sickness cover (2015:- £18.00 per unit).

The rate of Bonus has been maintained at 2.5% for balances below £5,000 (2015:- 2.5%) and 2.75% for balances of £5,000 and above (2015:- 2.75%). Terminal Bonus has also been held at the 2015 level of 10% for members who retire or commute their membership during the year and for those who do so during 2017.

Society Membership

During the year the net reduction in total memberships was 137 (2015:- 133).

Investments

Total investment income increased slightly during the year to **£585,000** (2015:- £579,000), and the income return on invested funds, including that from property, was approximately **3.66%** (2015:- 3.59%).

WILTSHIRE FRIENDLY SOCIETY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

During the year the Society made a net loss of £46,000 in investment trading (2015: £176,000 net gain). The value of investments held at the end of the year included overall unrealised gains amounting to £518,000 (2015:- overall unrealised loss £242,000), which was mainly due to the prevailing market conditions at the end of the year. The Society's portfolio is strategically positioned and managed to minimise the effects of market fluctuation and to take advantage of opportunities as they present.

During the year available suites in Holloway House continued to be let and rental income during the year amounted to **£77,000**, (2015:- £82,000). Suite 1 is let on a rolling basis at 3 months' notice and which will be renewed during 2017; Suite 2 was renewed during the year on a certain term until September 2017 and Suite 4 was let on a 5 year basis which expired in July 2016 at which time the tenants vacated. Activities to market Suite 4 are in hand.

The Investment Committee continues to strive to achieve a balance of maximising income whilst pursuing prudent investment strategies and ensuring protection of the Society's capital.

Operating Expenses

During the year the Society's total expenses were **£1,218,000** (2015:- £1,179,000). Development expenses amounted to **£48,000** (2015:- £42,000). The Society's underlying core expenses, excluding development and business acquisition, increased to £787,000 (2015:- £695,000), an increase of 13.3% arising from strategic and business development costs to include operational structure change and Chief Executive succession planning.

Holloway Members' Funds

The value of Holloway Members' funds at 31 December 2016 was **£7,755,000** (2015:- £8,111,000).

Apportionment and Bonus

We follow the recommendations of the Actuary to the Society and declare that the allocation of Apportionment and Bonus will be set at the following rates:

		2016	2015
Members under the age of 65 or if their membership terms so permit below their State Pension Age and eligible to claim sickness benefit			
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)		£3.00	£4.00
Apportionment to post 2013 New Holloway memberships – as a percentage of contributions paid		5%	5%
Rates of Bonus	Balances below £5,000	2.50%	2.50%
	Balances £5,000 and above	2.75%	2.75%
Commutated Members over the age of 60 ineligible to claim sickness benefit and former Life & Endowment Members			
Apportionment per unit held:-	Commutated Members	£18.00	£18.00
	Former Life & Endowment Members	Nil	Nil
Rates of Bonus:-	Balances below £5,000	2.50%	2.50%
	Balances £5,000 and above	2.75%	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 follows 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 is maintained at 10% for 2017.

Rules Committee

The Rules Committee was appointed under Society Rule 44.1 at the AGM held on 15 June 2016. The Board intends to seek re-approval of the appointment at the forthcoming Annual General Meeting.

Statement of Solvency

At 31 December 2016, 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 2016

STRATEGIC REPORT

Principal Activities

The Society has built a strong financial base through the sale of Holloway Income Protection plans direct to its members and this remains its core function. These plans have the joint benefit of income replacement insurance with the potential to accumulate an investment value in the plan over time.

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 leverage its resource and capability to increase income through new sales initiatives.

Strategic Focus and Future Direction

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

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

Future growth and sustainability will come through driving revenue increase from new income protection initiatives, both in terms of the Society's products and distribution markets.

Niche markets have been identified, and products developed, to target income protection cover to specific new customers, namely Professional Rugby Players and small to medium sized businesses. It is the Society's flexibility in product development, together with an understanding of risk and underwriting capability that enables it to actively pursue these new business opportunities.

The Society has a rolling Strategic Plan that articulates the business model. It is reviewed at least annually by the Board, and evaluated quarterly by a Board delegated operational committee, to ensure it focuses on required priorities and developments in light of planned and forced external and internal changes.

Additional development has been made this year in the administrative resource needed to deliver the business model, building the required operational infrastructure required to support the success of the sales initiatives. Formal, structured, induction programmes exist to ensure new employees are fully operational within their probationary periods. A structured training and development plan is in place for existing employees, both refreshing their existing knowledge and also developing new knowledge and skill that enables them to provide temporary cover in other roles when the business requires.

Sales resource has also been developed this year, re-aligning roles to meet the differing product and distribution needs.

The Society's Board composition remains appropriate in terms of the qualification, skill and experience required to plan, review and offer the best possible chance to deliver the Strategic Plan effectively.

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 to develop, amend or implement alternative plans to protect members interests.

The Board assesses that the Society remains financially strong. This is illustrated by the Free Asset Ratio of 16.6%, in the KPI report below. Although not required to do so, the Board chooses to carry out solvency maintenance processes beyond those required by regulation.

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

In summary the Society, through its Board, aims to maintain financial strength and develop and grow through planned sales initiatives, establishing a long term independent existence and adding additional value that will benefit the members of the Society.

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 on the following page together with the Society performance for year ended 31 December 2016. More detail of the Society's performance can be found in the other sections of these statements.

WILTSHIRE FRIENDLY SOCIETY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

STRATEGIC REPORT (CONTINUED)

	2016	2015	2014
		Restated	Restated
	£000	£000	£000
Premium Income			
New Premium Income	125	106	86
Established Member Premium Income	1,538	1,567	1,587
Total Premium Income	1,663	1,673	1,673

Expenses

Core Operating Expenses	787	695	717
Ratio of Operating Expenses to Premium Income	47.35%	41.58%	42.92%
Investment Expenses	86	76	78
Selling Expenses	297	366	360
Business Development	48	42	22
Total Expenses	1,218	1,179	1,177

Benefit Claims

Ratio of Benefit Claims to Premium Income	57.84%	50.88%	42.14%
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Assets

Total Assets	16,327	16,502	17,070
Admissible Assets (i)	16,216	16,315	16,935
Free Assets (ii)	2,695	3,214	3,801
Free Asset Ratio (as a percentage of admissible assets)	16.6%	19.7%	22.4%

- (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 in the middle of this range.

The Free Asset Ratio has decreased this year, not unexpectedly, due primarily to:

- The cost of claims paid has increased this year across all product lines; and
- Employee costs have been incurred in relation to operational restructure and Chief Executive succession planning.

These exceptional costs have led to an increase in the overall reserving requirement for the Society.

Membership

	2016	2015	2014
Number of Lives Insured	3,375	3,572	3,606
Number of Policies	4,776	4,913	5,046

WILTSHIRE FRIENDLY SOCIETY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

CORPORATE GOVERNANCE

The Board of Management (“the Board”) comprises of the Chairman, who is non-executive, together with five other nonexecutives. 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 Board members have a mix of skills and experience in key business functions appropriate to the Society’s current and future business requirements. One of the non-executive directors is a Society member. The Senior Independent Board Member is female.

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 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 members who are below the age of 70 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 UK Corporate Governance Code annotated for Mutual Insurers (“the ACGC” / “the Code”), all 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 Board members. Board members who are over the age of 70 are not eligible for co-option and are subject to annual re-election by Society members.

In order to effectively discharge its duties the Board has delegated some of its functions to three Board Committees. All Board members are required to serve on at least one Committee. Appointment to a particular Committee takes into account the specialist skills of individual Board members. The full Board of Management 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 and Nominations Committee includes oversight of the appointment of appropriately qualified individual Board members as the need arises.

The Society provides appropriate training to 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 Chairman specifically, and to assess and identify specific development needs and requirements of individual Board members.

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. At the end of 2016, Board composition is assessed as suitable in meeting its functional requirements.

The Board also has a process in place to regularly assess the Chief Executive’s performance, including meetings without the presence of executives or management.

Audit & Risk Committee

The Committee, which meets at least twice per year, is headed by Mr Bones and in addition comprises of three other non-executive Board members, currently Mr Gurney, Mr Long and Mrs Pedder. The Chief Executive also attends 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 present there are two with relevant current experience of audit and corporate finance.

The principal function of the Committee is to oversee the Society’s internal and external audit functions and its risk assessment and mitigation procedures and programmes. The Committee 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 executives or operational employees present.

The Society’s Auditor is Moore Stephens. They have performed the external audit function since 2012, this being the date of the last tender. Mr Burnett has acted as Senior Statutory Actuary for all of that period and more than 10 years in total. 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.

WILTSHIRE FRIENDLY SOCIETY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

CORPORATE GOVERNANCE (CONTINUED)

Investment Committee

The Committee, which meets at least twice per year, is headed by Mr Gurney and in addition comprises of the Chief Executive and two other non-executive Board members, currently, Mr Harrison and Mr Bones. Mr Karn served on this Committee until his retirement as Chairman of the Society in June 2013 and continues as a consultant to the Committee but as a non-Board member. 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 professional investment advisers.

The 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 managers. In setting the strategy the Committee seeks advice from specialist investment advisers and the Actuary to the Society who is also the With Profits Actuary.

Staffing, Salaries & Nominations Committee

The Committee, which meets twice per year, is headed by Mrs Pedder and in addition comprises two other non-executives, currently Mr Long and Mr Paul. The Board Chairman and the Chief Executive also attend meetings but in an advisory capacity only. Mrs Pedder is a Human Resources specialist and the Board is satisfied that this Committee has the necessary skills. The ACGC as applicable to smaller firms requires two members of this Committee to be independent within the meaning ascribed by the Code. Mrs Pedder and Mr Paul meet the criteria for independence and the Board considers this to be acceptable.

The 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 Board members.

Operational Committees

There are three operational Committees, which include members of the Board together with operational employees, to oversee functions delegated under the Rules to operational employees.

The operational Committees have respective responsibility for general oversight of underwriting, oversight of the fair treatment of members, steering the development of the business and its products.

Board Attendance Record

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

Board Member	2016		2015	
	Meetings Attended	Relevant Meetings	Meetings Attended	Relevant Meetings
Roger Harrison	11	12	10	11
Julian Long	9	10	10	11
Martin Gurney	10	10	10	11
Margaret Pedder	10	10	8	11
David Bones	8	10	9	11
Leonard Paul	8	8	9	9
Jon Gratland <i>(from 01/11/16)</i>	4	4	-	-
John Sanders <i>(until 31/10/16)</i>	8	8	13	13

The Society's Governance & Compliance Manager, Lee Davis, Finance & Commercial Manager, Sarah Barrell, and IT Services & Data Manager, Edward Smith, also attend and participate in all Board and Board Committee meetings to ensure that there is an acceptable balance of executive presence at meetings.

The Society's former Chief Executive, John Sanders, attends meetings as required on a consultancy basis.

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

WILTSHIRE FRIENDLY SOCIETY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

CORPORATE GOVERNANCE (CONTINUED)

The UK Corporate Governance Code

The Society continues to work in accordance with the UK Corporate Governance Code annotated for Mutual Insurers. The Code applies to both large and small companies, with some exemptions applying to small companies. The Society falls within the latter classification and so is exempt from some of the principles which apply only to larger companies.

Like all Mutual Insurers the Society must voluntarily comply with the Code, or explain why it does not. The Board believes that the Society complied with each provision of the Code throughout the year except as stated below.

Independence of Board members including the Chairman

The ACGC sets out how a non-executive member of the Board can be considered independent. The criteria are that a 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-executives 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 three members of the Board are not deemed independent but only by virtue of their length of service. These are Messrs Long, Gurney and Harrison who are subject to annual re-election.

The Board strongly believes that, in the context of this Society and its Board, length of service does not adversely affect the views or actual independence of long serving non-executive Board members. Nor does it believe that it adversely affects their ability to continue to act in the best interests of the Society's members. Furthermore it is considered to be of positive benefit to members and to the Society as a whole that Board members who have long experience of the Society and its operations continue to serve, if necessary beyond the 9 years recommended by the ACGC, provided they continue to demonstrate independence of view.

However, the Board believes there should be a reasonable ratio of newer to longer serving non-executives, which at 31 December 2016 was 50% (2015:- 50%). In the opinion of the Board, the ratio at the end of 2016 remains acceptable and complies with the Code.

Senior Independent Board Member

The ACGC also recommends that a 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 Pedder has been appointed to this role and members who wish to do so may get in touch with her using the contact details to be found in the "Who's Who" section on page 34.

WILTSHIRE FRIENDLY SOCIETY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT AS TO DISCLOSURE TO AUDITORS

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

- so far as the Board member is aware, there is no information relevant to the audit of the Society's financial statements for the year ending 31 December 2016 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.

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.

RE-APPOINTMENT OF AUDITORS

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

By Order of the Board of Management



Jon Gratland
Chief Executive

18 May 2017

WILTSHIRE FRIENDLY SOCIETY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
WILTSHIRE FRIENDLY SOCIETY LIMITED

We have audited the financial statements of Wiltshire Friendly Society Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, Statement of Financial Position and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standards 102 and 103 'The Financial Reporting Standards applicable in the UK and Republic of Ireland'.

This report is made solely for 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 resume responsibility to anyone other than the Society's members as a body, for our audit work, for this report or other opinions we have formed.

Respective responsibilities of Board of Management and auditor

As explained more fully in the Board of Management Responsibilities Statement set out on page 14, the Board of Directors is responsible for preparing financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Boards (APB's) Ethical Standards for Auditors.

Our assessment of risks of material misstatement

We identified the following risks that we believe to have had the greatest impact on our audit strategy and scope.

- The operation and effectiveness of the Society's Member's system during the year.
- The valuation and ownership of the Society's investments at the year end and the recording of transactions throughout the year.
- The valuation of the Society's long term business provision.
- The long term viability of the Society given the movement of member numbers and regulatory attitudes.
- The application of revenue recognition accounting.
- The risk of fraud arising from management override of controls.
- The Society's compliance with applicable regulations.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purpose of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced.

We also determine a lower level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole. We determined materiality for the Society to be £45,000, which is approximately 1.5% of the incoming resources; for misstatements that only affect statement of financial position classification a higher amount of £300,000 is used, which is approximately 2% of gross assets. We use these measures to ensure the level of uncorrected misstatements does not materially impact the Society's solvency calculations.

On the basis of our risk assessments, together with our assessment of the overall control environment, our judgement is that performance materiality should be 75% of materiality, namely £33,750, and £225,000 for misstatements that only affect statement of financial position classification. Our approach is designed to have a reasonable probability of ensuring that the total of uncorrected and undetected audit differences does not exceed our materiality of £45,000 and £300,000 for the financial statements as a whole.

WILTSHIRE FRIENDLY SOCIETY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
WILTSHIRE FRIENDLY SOCIETY LIMITED (CONTINUED)

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Society's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the Financial Statements.

In addition, we read all of the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

The way in which we scoped our response to the risks identified above was as follows:

- In order to address risk around the operation of the Society's Members system during the year we have tested the operation of the controls over membership records and claims paid to members.
- In order to address risk around ownership of the Society's investments held at the period end, we confirmed the holdings to independent third party confirmations provided by the Society's Custodian.
- In order to address the risk around the valuation of the Society's investment we obtained from independent third parties confirmations of the prices for the purpose of subscription or redemption of interest in the underlying investments in investee funds as at 31 December 2016 and vouched these on a sample basis.
- In order to address the risk associated with the recording of investment transactions through the year ended 31 December 2016 we have tested a sample of transactions to independent documentation.
- In order to address the risk around the valuation of the long term business provision we have engaged an independent Actuarial firm as our expert to assess the work of the Society's Actuarial function and the reasonableness of estimation techniques applied.
- In order to address the risk of revenue recognition we have considered the accounting policies applied by the Society and have performed cut off testing to ensure the income has been recognised in the correct period.
- We have performed analytical procedures and carried out journal entry testing in order to identify and test the risk of fraud arising from management override of controls as well as assessing any estimates for any management bias.
- In order to address the risk of long term viability we have interviewed management and reviewed their plans and forecasts in light of past performance and in anticipated regulatory attitudes.
- In order to address the risk over the Society's compliance with its regulatory environment we updated our understanding of the regulatory requirements and reviewed the Society's correspondence with its regulators and statutory filings.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Society's affairs as at 31 December 2016 and of the income and expenditure of the Society for the year then ended; and
- have been properly prepared in accordance with the Friendly Societies Act 1992.

Opinion on other matters prescribed by the Friendly Societies Act 1992

In our opinion the Report of the Board of Management has been prepared in accordance with the Friendly Societies Act 1992 and the regulations made under it, and the information given therein is consistent with the financial statements for the financial year.

Opinion on Corporate Governance Statement

In accordance with our instructions from the Society we review whether the Corporate Governance Statement reflects the Society's compliance with the 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

WILTSHIRE FRIENDLY SOCIETY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
WILTSHIRE FRIENDLY SOCIETY LIMITED (CONTINUED)

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Board of Management's Statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

Under the Friendly Societies Act 1992, we are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations and access to documents that we require for our audit.



M P Burnett
Senior Statutory Auditor

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

19 May 2017

WILTSHIRE FRIENDLY SOCIETY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016	2015
			Restated
		£000	£000
TECHNICAL ACCOUNT - LONG-TERM BUSINESS			
Net earned premium income	4	1,663	1,673
Investment income		585	579
Unrealised gains on investments		518	-
Realised gains on investments		-	176
Change in long-term business liabilities		230	-
Other technical income		6	19
Total technical income		3,002	2,447
Gross benefits and claims		(965)	(851)
Claims ceded to reinsurers		3	2
Net benefits and claims		(962)	(851)
Change in long-term business liabilities		-	(321)
Bonuses, rebates & other disbursements	6	(375)	(416)
Net operating expenses	7	(1,156)	(1,125)
Investment expenses and charges	7	(62)	(54)
Realised losses on investments		(46)	-
Unrealised losses on investments		-	(242)
Tax attributable to the long-term business		-	-
Allocated investment return transferred to the non-technical account		-	-
Transfer (to)/from the Fund for Future Appropriations	10	(401)	562
Total claims bonuses and expenses		(3,002)	(2,447)
Balance on the Technical Account: Long-Term Business		-	-

The above results relate wholly to continuing activities.

The Society had no recognised gains or losses other than those included in the movements on the Technical Account and therefore no separate statement of recognised gains and losses has been presented.

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 2016

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016

	Notes	2016	2015
			Restated
ASSETS		£000	£000
Investments			
Land and buildings	8	1,020	1,343
Other financial investments	8	14,950	14,780
		15,970	16,123
Debtors			
Arising out of direct insurance operations		34	5
Other debtors		-	1
Other assets			
Tangible & intangible assets	9	89	110
Cash at bank and in hand		34	80
Prepayments and accrued income			
Accrued interest and rent		132	123
Deferred acquisition costs		40	39
Other prepayments		28	21
		16,327	16,502
LIABILITIES			
Members funds	11	7,755	8,111
Fund for future appropriation	10	5,207	4,806
Technical provisions			
Long-term business provision	11	3,156	3,386
Claims outstanding		32	18
Creditors			
Arising out of direct insurance operations	12	38	21
Amounts owed to credit institutions		-	-
Other creditors including taxation and social security	12	78	89
Accruals and deferred income	12	61	71
		16,327	16,502

These Financial Statements were approved by the Board of Management on 18 May 2017 and were signed on its behalf by:-



Roger Harrison
Chairman



Jon Gratland
Chief Executive

WILTSHIRE FRIENDLY SOCIETY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 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 the historical cost 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.

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 discounted 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 when the policy liability is set up, the contribution is due for payment and payment is received. 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 2016

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 Sourcebook for Insurers. 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. This makes sufficient provision for future expenses of fulfilling the long-term contracts and includes a provision for existing reversionary bonuses and current reversionary bonuses declared as a result of the valuation. Future reversionary bonuses are implicitly provided for by use of valuation rates of interest below those expected. No provision is made for terminal bonuses, which can be varied at any time depending on investment conditions. These liabilities are calculated using historic Society experience and include reserves for claims which have occurred but not 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 of Management 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 the 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

Motor Vehicles

4 years

Computer Hardware and Office Machines

3 years

Bespoke and Specialist Computer Software

4 years

WILTSHIRE FRIENDLY SOCIETY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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 participating contract liabilities is based on assumptions reflecting the best estimate at the time. The valuation of non-participating insurance contracts is based on prudent assumptions; a separate calculation is also performed to assess the non-participating value of in-force business which is based on best estimate assumptions allowing for a margin of risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflects management's best current estimate of future cash flows.

The assumptions used for mortality, morbidity and longevity are based on standard industry or reinsurers' 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. Allowance for one-off occurrences or changes in legislation, policy conditions or portfolio mix are also made in arriving at the estimated ultimate cost of claims in order that it represents the most likely outcome, taking account of all the uncertainties involved. 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.

Prior Year Adjustment

During the year it was identified that the long term business reserve was understated in respect to 2015 and 2014 due to an error in one of the assumptions in the calculations. An adjustment has been made and the figures have now been amended to correctly reflect the position, refer to note 10 for the financial impact.

2) Capital Management

The Society's key capital management objectives are:

- a) To ensure the Society's strategy can be implemented and is sustainable;
- b) To ensure the Society's financial strength and to support the risks it takes on as part of its business;
- c) To give confidence to policyholders and other stakeholders who have relationships with the Society; and
- d) To comply with capital requirements imposed by its UK regulator, the Prudential Regulatory Authority ("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 2016 the Society's available capital is more than five 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. The Board intends to maintain surplus capital in excess of the Regulatory Capital Requirement ("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 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

2) Capital Management (Continued)

The Capital Statement set out below, illustrates the financial strength of the Society's life business at 31 December 2016. 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 **£603,000** (2015: £582,000).

	2016	2015
		Restated
	£000	£000
Fund for future appropriation	5,207	4,806
Regulatory adjustments: Assets	(110)	(187)
Liabilities	(1,799)	(823)
Total available capital resources	3,298	3,796
Deduct regulatory capital requirement	603	582
Free Capital	2,695	3,214
Total available capital at 1 January 2016	3,796	4,388
Effect of economic experience	(176)	(569)
Difference in Admissibility Limits	77	(53)
Changes in valuation assumptions	(63)	(63)
Effect of resilience requirements	(155)	(45)
Effect of claims in payment	8	(302)
New business and other factors	(189)	440
Total available capital resources	3,298	3,796

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 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

2) Capital Management (Continued)

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

Potential Movement In Available Capital

Variable

An increase in the morbidity rate of 10%

A decrease in the morbidity rate of 10%

A increase in the value of invested assets of 10%

A decrease in the value of invested assets of 10%

2016
£000
1,377
(1,046)
1,581
(1,581)

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 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

3) Risk Management and Control

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 principle 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 ICA overseen by the Audit & Risk Committee. The Audit & Risk Committee regularly reports its findings and recommendation for migrating action to the Board, both on a rolling basis and a contingent basis in the event risk(s) crystallise.

The Board ultimately 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.

Insurance Risk

Insurance Risk is the combination of risks that the Society is exposed to by issuing long term insurance contracts. These risks arise from the uncertainties of morbidity, both inception and recovery rates, mortality where relevant to the Society's contracts, the level of expenses and the rate of closure of contracts. The Society has systems in place to monitor and control, as far as practicable, the risks set out here.

The Society maintains systems and procedures to assess applications for new contracts and requests by existing members to amend their contracts and to ensure appropriate contractual terms are agreed. Similarly systems and procedures are in place to assess the validity and veracity of claims. Where appropriate to both new business and claims, external agencies are used in the assessment of applications and claims.

As part of the Society's Strategy, new business initiatives are subject to a stringent product development and risk assessment process. The Board will review and approve all new business initiatives before the product can be launched.

The Society does not re-insure individual contracts but does maintain such treaties in respect of its group insurance business.

Financial Risk (Market, Credit & Liquidity)

- Market Risk is the risk of losses due to changes in the value of investment assets or the income from those assets.
- Credit Risk is the risk of loss due to default by debtors, re-insurers and market counterparties of the Society in meeting their financial obligations.
- Liquidity Risk is the risk that the Society is unable to meet its own commitments to pay its liabilities when they become due.

The Society's Investment Committee oversees investment activity, monitors investment managers and ensures that the investment policy and asset allocations are maintained in accordance with its terms of reference set by the Board from time to time.

The Society has appointed experienced and competent discretionary investment managers 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 interest of members in the context of investment of their funds.

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 bonus for Holloway members.
- Inability to maintain sickness benefit.
- Reduction in member's capital.

WILTSHIRE FRIENDLY SOCIETY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

	Notes	2016	2015
			Restated
4) Gross Premiums Written		£000	£000
Contributions to the Holloway sickness fund		1,663	1,673
		1,663	1,673
5) Change in Long-Term Business Provision			
Change in technical provision		(230)	321
Balance at the beginning of the year		3,386	3,065
	See Note 11b	3,156	3,386
6) Members' Apportionment and Bonuses			
Apportionment - allocated during the year	See Note 11a	132	171
Bonus - allocated during the year	See Note 11a	202	209
Terminal Bonus - paid on retirement or allocated to commuting members	See Note 11a	41	36
		375	416

WILTSHIRE FRIENDLY SOCIETY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

	2016	2015
	£000	£000
7) Net Operating Expenses		
General office and administration	84	68
Administrative staff costs	553	494
Membership services	27	32
Own occupation property costs	33	33
Finance	9	9
Professional fees	110	104
Depreciation and equipment disposals	40	47
Recurring operational expenses	856	787
Direct cost of business acquisition	230	249
Direct cost of investment activities	62	54
Total recurring expenses	1,148	1,090
Product development costs	48	42
Business strategic development costs	22	47
Total exceptional costs	70	89
Total operating expenses	1,218	1,179

Operating expenses are allocated as follows:-

Administrative expenses	787	695
Direct and indirect cost of investment activities	86	76
Direct and indirect cost of business acquisition & strategic development	297	366
Product development	48	42
	1,218	1,179

WILTSHIRE FRIENDLY SOCIETY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

7) Net Operating Expenses (continued)

Total salary, pension & NIC costs in the year were as follows:-

Sales employees (including commission)

Other employees

2016	2015
£000	£000
54	56
553	494
607	550

External Audit fees in the year were as follows:-

Audit fees

Fees for non audit work

18	22
0	0
18	22

8) Investments

	Land & Buildings	Fixed Interest	Shares & Unit Trusts	Held as Cash	Totals
	£000	£000	£000	£000	£000
Valuation at the beginning of the year	1,343	9,527	5,022	231	16,123
Additions to property	-	-	-	-	-
Net movements on invested funds	-	(102)	(442)	(81)	(625)
Gains/(losses) on disposals & redemptions	-	78	(130)	6	(46)
Unrealised gains/(losses) on revaluation	(323)	396	445	-	518
Valuation at the end of the year	1,020	9,899	4,895	156	15,970
Historical Cost	1,711	9,586	4,831	156	16,285

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 let. All other units are let on medium, short and rolling leasehold bases. The property is included at its open market value of **£670,000** (2015:- £903,000) after a write down provision of **£778,000** (2015:- 557,000).

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 **£350,000** (2015:- £440,000).

Both properties were valued during December 2016, on a desk top valuation basis, by Silvia Bonnani FRICS of Jones Lang LaSalle Limited and the Board has modified the valuation of both properties in line with the revised valuations.

WILTSHIRE FRIENDLY SOCIETY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

9) Tangible & Intangible Fixed Assets	Fixtures & Fittings	Equipment	Intangible Assets	Totals
Cost at the beginning of the year	159	118	281	558
Additions	-	10	10	20
Disposals	-	-	-	-
Cost at the end of the year	159	128	291	578
Depreciation at the beginning of the year	107	94	247	448
Charge for the year	16	6	19	41
Eliminated on disposals	-	-	-	-
Depreciation at the end of the year	123	100	266	489
Net book value at the end of the year	36	28	25	89
Net book value at the beginning of the year	52	24	34	110

	2016	2015
10) Fund for Future Appropriation	£000	£000
Balance bought forward as previously stated	-	5,546
Prior year adjustment	-	(178)
Balance bought forward as restated	4,806	5,368
Transfer (to)/from the Technical Account - Long Term Business	401	(562)
Balance at the end of the year	5,207	4,806

WILTSHIRE FRIENDLY SOCIETY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

11) Technical Provisions	Notes	2016	2015
11a) Holloway Business		£000	£000
Apportionment	See Note 6	132	171
Bonus	See Note 6	202	209
Terminal Bonus	See Note 6	41	36
		375	416
Deaths, retirements and surrenders		(724)	(724)
Forfeitures and lapses		(7)	(21)
		(356)	(329)
Balance at the beginning of the year		8,111	8,440
Balance at the end of the year		7,755	8,111

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	2016	2015
		Restated
The components of the long-term business provision are as follows:	£000	£000
Reserve for:- Holloway sickness benefit	1,815	1,720
Group sickness benefit	140	138
Claims in payment	1,201	1,528
Balance at the end of the year	3,156	3,386

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:	2016	2015
	£000	£000
Insurance activities	38	21
Non-insurance activities	78	89
Other provisions and accruals	61	71
	177	181

WILTSHIRE FRIENDLY SOCIETY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

13) Transactions with Board Members

During the year one Board member was also a member of the Society. Additionally 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:- HW Controls & Assurance Limited of Farnborough the total sum of **£10,404** (2015: Nil) 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:- HW Chartered Accountants of Trowbridge, the total sum of **£2,777** (2015: £2,592) 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.

Heating & Plumbing Services:- LSP Gas Services of Trowbridge, the total sum of **£237** (2015:- £890) was paid in respect of heating engineering services. Mr Paul is the proprietor of the business.

Membership of the Society:- Mr Paul is a member of the Society and pays regular premiums at normal rates. He is eligible for all benefits of Society membership.

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 David Lechmere FIA, a Consultant Actuary of OAC plc (OAC). Due to a change in regulation, from 01/07/16 the Society no longer needs to appoint an Actuarial Function Holder or a With-Profits Actuary, however there remains a need to appoint an Actuary to carry out the required valuation and provide certification thereof. Mr Lechmere has performed both functions in the year. The Society has requested him to furnish it with the particulars required under Section 77 of the Friendly Societies Act 1992. Mr Lechmere has confirmed that neither he or any member of his family, nor any of OAC's principals, partners or directors, were members of the Society, nor have 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 **£73,091** (2015:- £66,083) 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:

Executive Director & Senior Management
 Administrative employees
 Field sales employees

2016	2015
5	4
6	6
2	2
13	12

Employee costs during the year during were:

Salaries and commissions
 Employers' national insurance
 Pension costs

2016	2015
£000	£000
520	461
44	41
43	48
607	550

WILTSHIRE FRIENDLY SOCIETY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

16) Board Remuneration Report

Board Member	Fees	Attendance	Salary & Bonus	Pension	Allowances	2016	2015
R T Harrison	15,074	9,090	-	-	736	24,900	21,786
D C Bones	9,829	2,649	-	-	-	12,478	12,831
H J Long	5,451	1,281	-	-	-	6,732	6,829
M S Gurney	5,451	3,805	-	-	-	9,256	8,631
Mrs M A Pedder	5,451	5,422	-	-	653	11,526	11,093
L S Paul	5,451	1,489	-	-	-	6,940	7,032
R C Needham <i>(left 31/10/2015)</i>	-	-	-	-	-	-	6,535
Total fees Non-executive Board Members	46,707	23,736	-	-	1,389	71,832	74,737

J Gratland CEO <i>(from 01/11/17)</i>	-	-	18,333	-	-	18,333	-
J D Sanders CEO <i>(until 31/10/16)</i>	-	-	59,880	13,202	7,839	80,921	91,755
Total CEO	-	-	78,213	13,202	7,839	99,254	91,755

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 12 of these statements. Included within the fees above are amounts in respect of additional Board meetings and, in particular, attendance at other operational meetings where a Board member's individual skills and qualifications are relevant, and of benefit to the operational matters being discussed. The total amount of payments during the year in respect of attendance at meetings beyond the minimum commitment and at operational meetings was **£23,736** (2015: £24,613). 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; travelling and payments in lieu of a company provided motor vehicle and a contribution towards the cost of private medical insurance in respect of the Chief Executive.

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 2016

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, contact us by email or letter, or if convenient you are welcome to come to Holloway House. Contact details are as follows and you will find a “Who’s Who” on page 34.

By telephone:

Main switchboard	01225 752120
Member services	01225 756783
Application enquiries	01225 756794
Claims	01225 756783

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 or come in person to:

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

Our website:

www.wiltshirefriendly.com

Member Introduction Scheme

If you would like to recommend a friend, colleague or relative for Society membership we are offering a high street voucher worth £50 for each introduction that leads to a new membership (terms and conditions apply).

Please contact Jon Cummings Email jon.cummings@wiltshirefriendly.com or telephone 01225 756785

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

Telephone:	0800 0 234 567
Email:	complaint.info@financial-ombudsman.org.uk
Website:	www.financial-ombudsman.org.uk

WILTSHIRE FRIENDLY SOCIETY LIMITED

WHO'S WHO AT WILTSHIRE FRIENDLY (MAY 2017)

OPERATIONS EMPLOYEES

Operations Supervisor

Helen Lingard

Supervision of operational staff. Group sales office contact.
direct telephone number 01225 756782
email helen.lingard@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

Assistant Administrator

Tanya Gleed

Support administration in respect of member services, new memberships and cover increases for existing members.
direct telephone number 01225 756785
email tanya.gleed@wiltshirefriendly.com

Senior Benefit Claims Administrator

Deborah Chivers

Supervision of claims for income replacement benefit and claims in progress.
direct telephone number 01225 756789
email debbie@wiltshirefriendly.com

Claims & Member Relations Administrator

Nikki Bould

Processing claims for income replacement benefit and administration of claims in progress and benefit payments. General membership enquiries, contribution difficulties and arrears, retirements and membership terminations. Member relations contact.
direct telephone number 01225 756783
email nikki.bould@wiltshirefriendly.com

Accountant

Jules Barnes

Financial accounting and supplier accounts payable.
direct telephone number 01225 756788
email julie.barnes@wiltshirefriendly.com

SALES & ADVICE TEAM

Senior Society Adviser

Alan Godfrey

Advice and guidance on Society products for prospective and existing members.
mobile 07720 181696, out of office contact – Jon Cummings
email alan.godfrey@wiltshirefriendly.com

Sales Consultant

Josh Padfield

Advice and guidance on Society Group and Professional Rugby products for prospective and existing members.
direct telephone number 01225 756784
email josh.padfield@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

Project Manager

John Sanders

Managing the delivery of key strategic and operational projects.
direct telephone number 01225 756780
email john.sanders@wiltshirefriendly.com

Finance & Commercial Manager

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.
direct telephone number 01225 756790
email edward.smith@wiltshirefriendly.com

Senior Independent Board Member

Margaret Pedder

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.
office contact – Nikki Bould
direct telephone number 01225 756783
email margaret.pedder@wiltshirefriendly.com

WILTSHIRE FRIENDLY SOCIETY LIMITED
HOLLOWAY HOUSE LOCATION MAP

If you would like to attend the AGM on **Tuesday 13 June 2017** at **10:00am** at **Holloway House, Epsom Square, White Horse Business Park, Trowbridge, BA14 0XG**, here is a map to help you find us.



WILTSHIRE



FRIENDLY

SOCIETY LIMITED

INCOME REPLACEMENT INSURANCE SINCE 1887

Holloway House Epsom Square
White Horse Business Park
Trowbridge Wiltshire BA14 0XG
Tel: 01225 752120
info@wiltshirefriendly.com