onefamily
modern family finance

Annual Report and Consolidated Financial Statements 31 December 2024

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Welcome to the 2024 OneFamily annual report

Read on to discover how we've continued to deliver on our commitments to our members and customers through our bold, powerful and straight forward vision – **Inspiring Better Futures.**

- **£90 million capital above requirements ***
- **245% Capital coverage ratio ***
- **93% customer satisfaction**
- **£5.7billion funds under management**
- **Present value of new business premium of £876m**

* In our Non-Profit fund

Strategic report

This Strategic report on pages 6 to 49 incorporates the following sections:

- Chair's review
- Chief Executive's report
- Our strategy
- Group performance highlights
- Chief Finance Officer's report
- Inspiring Better Futures
- Section 172 report on our stakeholders
- Risk management report
- Climate-related financial disclosure

We have tried to use plain English throughout this annual report, however, due to the nature of our business some of the terms are quite technical, hence a glossary is provided on page 157.

Chair's review
Steve Colsell

2024 has been a momentous year both for OneFamily, and the external world. It is a great privilege to serve the Society during this time as the Chair of its Board of Directors. As I reflect on the events of the year, it is clear that our mission to create and protect value for our members remains vital.

As we move forward into the latter half of the decade, it is more obvious than ever that UK families need mutuals like ours to be there for them when it matters.

Changing world outside OneFamily

In part my view is driven by the external events of 2024 and the big trends that I see ahead.

2024 was the "year of elections". The UN has recorded that half of the world's population had the opportunity to go to the polls this year. We have seen a new government elected in the UK, with a strong mandate for change. There are undoubtedly a range of challenges for the new administration to tackle in the years ahead.

The incoming Labour administration has been vocal in its support for the mutual sector. The opportunity to create a further platform for the work our sector does to support families really excites me.

Looking overseas, our work continues in a context of considerable geopolitical volatility. Sadly, we also saw another set of extraordinary weather events across the globe that bring home the increasing impact of our changing climate.

Closer to home, I recognise that economic pressures continue for millions of families. This year we have observed only modest economic growth in the UK. More positively, inflation has reduced through the year, moving closer to the level targeted by the Bank of England. This reduction in inflation has also led to falls in interest rates. Both of these changes should help the financial resilience and well-being of our members.

Our journey in 2024

OneFamily is supporting its members through times of great change in the world, and I believe we have a strong track record in this respect. As we near our fiftieth year, I am proud of the difference we have made to members. In particular we have provided simple and accessible savings and investments products to families throughout our history, most notably the provision of child trust funds. These child trust funds have helped a whole generation of young people save for a better start in their adult life.

Looking to the future we will continue to offer products like these, but to fulfil our potential as a mutual we must do more. This ambition has led to us expanding our provision of protection products. The acquisition of the protection provider Beagle Street late in 2022 was the first milestone in this endeavour. I am pleased to say that we reached another major stage on this path during 2024 with the transfer of Beagle Street business onto our new, modern policy management system. This new system means we can increasingly support our customer needs from one place.

Overall, this expansion of our protection product offering gives us a greater opportunity to support the needs of our members. The investment in broadening our products and improving systems should also help to build the value of OneFamily in the future.

The year has seen other major achievements: we have expanded the number of registrations to our member programme, taken further steps on our technology modernisation, and implemented the second part of the new Consumer Duty. This is regulation from the FCA that sets a fresh threshold of expectations for financial services firms in their dealings with customers. We have welcomed the increased focus on the needs of customers that this development has brought to our industry.

Following the investments made in 2024 OneFamily is in a stronger position to deliver growth and protection of value for our members and to take a leadership role amongst mutuals in the UK.

Jim Islam, our Chief Executive Officer, and Philippa Herz, our Chief Finance Officer, successfully steered the business through these changes and this period of continued external volatility. They describe this more fully in their respective sections of this report.

In late 2024 and early 2025, we saw further changes to our Board. We welcomed Peter O'Donnell and Phil Willcock, two highly experienced individuals from within the protection market, who will help us navigate our course in that area. Finally, in April 2025 we will say goodbye to Sally Williams, who joined us in 2019 and has served the Society superbly as Chair of both our Audit and With-Profits Committees.

I am proud of the way that all our teams have delivered the big achievements I have described, through a time of uncertainty and change. My colleagues across the business have maintained leading customer service levels and offered great products throughout the year. Following the investments made in 2024 OneFamily is in a stronger position to deliver growth and protection of value for our members and to take a leadership role amongst mutuals in the UK.

Steve Colsell
Chair

Chief Executive's report Jim Islam

This is my second report as Chief Executive Officer of OneFamily. My excitement on what we are to accomplish, together with my pride in the team that I lead, remains undiminished one year in.

2024 has been a year of great change and achievement for the Society, and in this section of the annual report I will touch again on the major themes that drive our work, and provide reflections on the steps forward that we made in 2024 alongside our plans for what lies ahead.

As we outline in the Our Strategy section of this annual report, everything that we do at OneFamily is in support of our members, and we use a framework of five major themes to frame and organise this work:

- **Social Inequality** - the gap between rich and poor in our country has widened in recent years.
- **Threadbare Safety Nets** - the protections that we used to rely on from the state for when things went wrong have become frayed.
- **100 Year Life** - Our families are living longer, but we need to ensure that they live these longer lives better.
- **Working Revolution** - Technology is fundamentally changing the world of work, and the jobs that will exist in the future.
- **Electric Only Living** - Addressing the peril of global warming will require changes to how we live in the UK, and raises questions as to how we will finance and effect these changes.

I am passionate about tackling all of these challenges. The immediate focus for OneFamily in 2024 has been to continue our work to address the first theme – continuing to offer simple and accessible investment products. Meanwhile we have been strengthening the technology systems that allow us to deliver against the second – that of building a major protection business.

Business Growth and Transformation

2024 has seen us make great progress in the development of our protection business.

We have migrated the policies from Beagle Street – the life insurance provider we bought at the end of 2022 – onto our new computer system and we wrote greater volumes of new protection business. We occupy leading positions in select protection markets – life insurance sold directly to customers, as well as insurance designed for people over the age of 50. Most protection insurance in the UK is still sold via financial advisers and the next goal of our strategy is to build further into this market. As the year finished, we received confirmation that we had been selected to work with one of the top protection advice companies in the UK. We will continue to operate "Beagle Street" as the trading name for our protection businesses.

The Beagle Street migration was enabled by the new computer system in which we have invested in recent years. Our technology model is opening greater opportunities for members to access their products online, which in turn means that our costs reduce and member value increases. Our technology platform was enhanced further by the implementation of a new customer relationship management system. This will allow us to better anticipate customer needs and allow us to contact existing members with products and services that may interest them at the right time. This has all been enabled by the investments made in the year and historically, and sets OneFamily up very strongly for the future.

In 2024 we took the opportunity to undertake a review of our overall business model which led to some changes within the business. These changes were designed to support our growth plans, and to ensure we can continue to manage our costs and focus our service to members in the areas where we can make the most difference.

In January 2024, the trustees of the Group's two defined benefit pension schemes completed bulk annuity buy-in transactions with the Society. The arrangement provides the schemes' trustees with benefits certainty and offers the Society economic returns, along with cost efficiencies.

Supporting Customers

Supporting our customers in their day to day lives and helping them to plan for the future has remained right at the centre of our business in 2024 and has underpinned the changes we have made. I am delighted to confirm that we achieved nearly 48,000 registrations to our new member benefit programme which provides a range of everyday savings for our members. We continued to deliver very strong levels of customer satisfaction, evidenced by Trustpilot scores of 4.5 and 4.6, for OneFamily and Beagle Street brands respectively, and our customer satisfaction score of 93% for the year.

We maintained our work in advocating to government on behalf of young adults who are unable to access their Child Trust Funds due to incapacity and have seen some positive steps forward.

The deadline for the second part of the FCA's new Consumer Duty fell in the summer of 2024, which related to the application of the new rules to our older products that are no longer on sale. Our teams worked closely on readiness for this. We introduced a range of new measures to support better outcomes, particularly around providing improved information resources for some of our longer-standing customers.

You can find out more detail about our work in support of customers within the Inspiring Better Futures part of this report.

Developing the Team

All of this work is only possible through the collaboration of a strong team. During 2024, I was able both to promote strong talent from within the business to my leadership team and recruited some leading protection and insurance industry individuals, bringing the benefit of external expertise and experience to the business. Throughout 2024, the business has invested time and resources in improving communication and supporting the wellbeing of colleagues. Our employee satisfaction is 70% for the year (2023 72%).

Concluding Thoughts

I reflect with great pride on what OneFamily achieved in 2024.

In 2024 we continued our technology consolidation and we are in a position where we can start to reduce the transformation investments of recent years. This investment has allowed us to re-shape our business to support future growth and taken massive steps on our journey to expand our life insurance product offering. All this will facilitate further support to our members, but also allow us to reach new families who need help in growing their savings and protecting those who matter the most.

Moreover, and as our Chair Steve noted in the opening section of this report, we are really excited by the enthusiasm for the mutual sector that we are seeing from the new government. It is heartening to see how our belief that mutuals have a key role to play in the health and wealth of the UK is shared by the incoming administration. I look ahead with great excitement to 2025, a year in which we will celebrate a half century of supporting our members.

I would like to close my remarks with a heartfelt thank you to the team that has worked tirelessly throughout 2024, as well as to you our members, for your ongoing support.

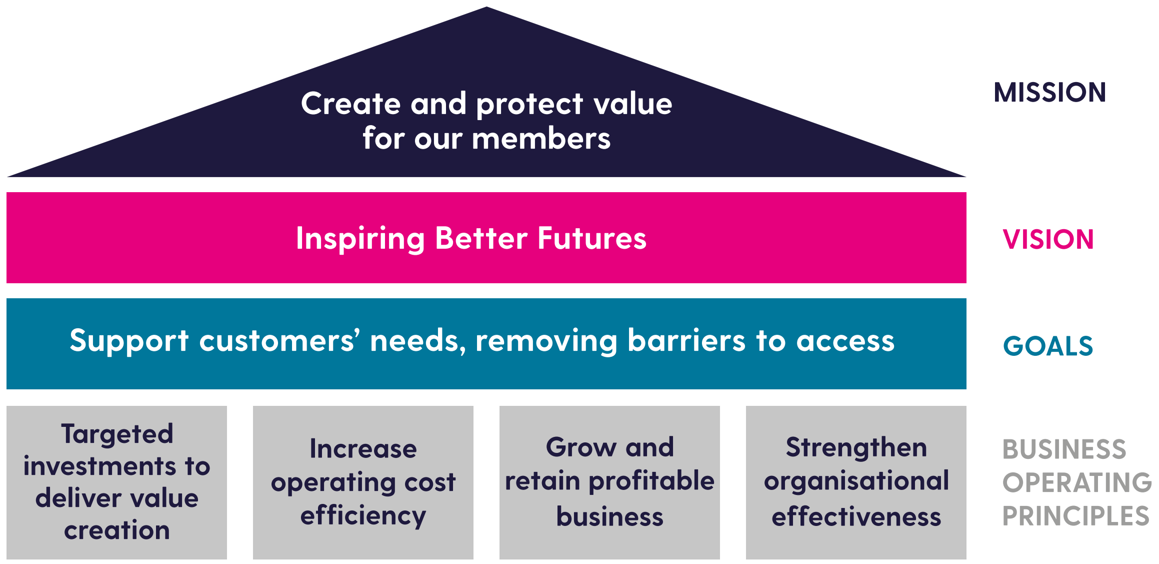
Jim Islam
Chief Executive Officer

Our strategy

Strategic framework

Put simply, our strategy is defined by our purpose as a mutual, to protect and enrich the lives of our members.

The world contains a very different set of challenges to those that existed when the first mutuals emerged in the 18th century, or even to when OneFamily was founded nearly fifty years ago. We see ourselves and our fellow mutuals as playing an essential role; providing and promoting the use of financial products that allow all families to protect themselves and build their financial resources.



The context for our members

We foresee that further changes will take place in our world in the year ahead, and in five particular areas that affect families in the UK.

The five themes are high levels of social inequality, declining social protections, an ageing population, the changing world of work and the difficulties of transitioning to a carbon-free economy. Our vision is to inspire better futures against this challenging backdrop, and our strategy is simply to grow the value and sustainability of OneFamily by selling products and services that help our members tackle these five challenges.

The components of our strategy

Product and market expansion

Our legacy lies in offering simple investment products that help families to access stock market growth; an example of how we have worked to address the social mobility challenge in prior times.

We will continue with this activity, but we also see a great opportunity to expand and tackle another of the big challenges, which is the declining level of welfare provision in the UK. We will play our part in addressing the UK's "protection gap" by empowering families to put their own protections in place via simple and well-priced insurance policies.

Organisation transformation

Sustainability is critical in a changing market. Another strand of the strategy is therefore to modernise the business with the latest technologies, in order to support efficient operation as well as the evolving customer needs that we see in today's market. By challenging and modernising our operational processes and models we can remain fit for the future.

Driving immediate impact

As outlined, we are set up to tackle the five big customer challenges via the products and services we offer. However, we also want to drive immediate and direct social impact into the communities and families that have the deepest challenges.

Our charity partnerships – which operate on both a local and national basis – are the tools to achieve this. Alongside this, we are growing our membership benefits programme, so that members receive value from the Society on a more "day-by-day" basis than is traditional with financial products.

The Inspiring Better Futures section of this report contains more information about our charity partnerships and the member benefit programme.

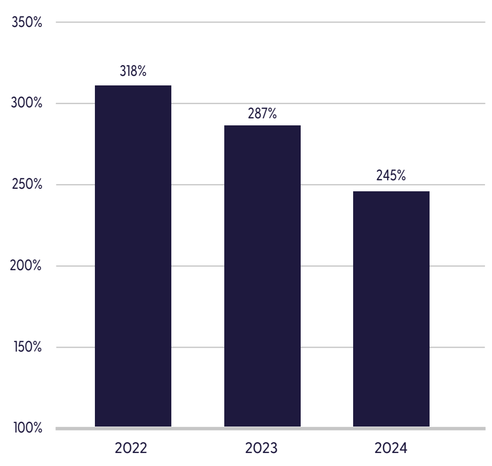
One Team

The final strategy component relates to the team that makes all this happen. Our goal is to invest in and nurture the people across our business, because we recognise that delivery of this bold agenda is demanding.

At the same time, our colleagues inhabit the same challenging world as our members, and we want to equip them with the resilience and skills needed to flourish both within the workplace and in their broader lives.

Group performance highlights

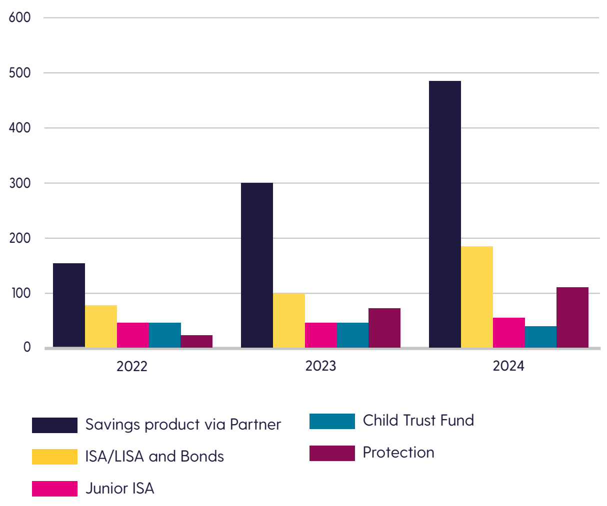
Non-Profit Fund Solvency II Coverage Ratio (Unaudited)



The Society's coverage ratio remains strong and well above regulatory requirements and our risk appetite.

The decrease during the year reflects investment of some of our surplus capital in driving our long-term strategic growth, efficiency initiatives and the buy-in transactions of our two Group defined benefit schemes. In these transactions, the Society has insured the principal liabilities of the schemes so the regulatory solvency includes the assets received (in respect of the premium) and the insurance liabilities and associated regulatory capital, resulting in a decrease in the coverage ratio. The transactions provide certainty to the scheme trustees. The Society expects to benefit in future from additional returns on the assets, which are not reflected in the solvency II ratios.

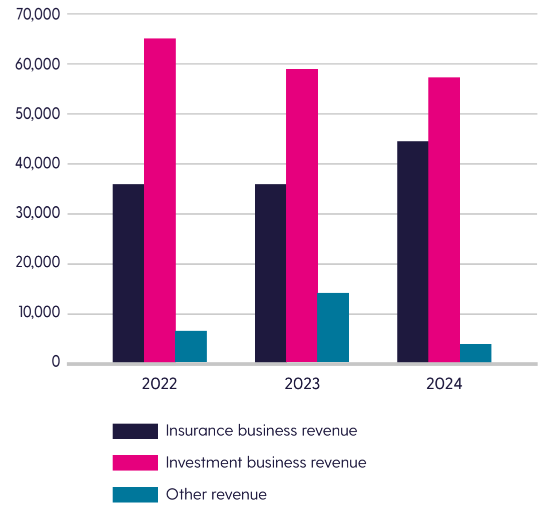
Present Value of New Business Premiums (£m)*



This metric represents the present value of future premiums (for insurance products) and direct debits (for investment products) that we expect to receive from new contracts written during the year; the present value of increased/new direct debits on existing investment policies; and ad-hoc contributions made by customers to investment products during the year.

The increase in protection in 2024 reflects a full year of term and critical illness being written in the Society as well as the year on year growth of these product lines. The increase in ISA/LISA is a result of the growth of our direct-to-customer channels. Attractive interest rates led to the significant increase in sales of cash ISAs by a key partner.

Income (£'000)*



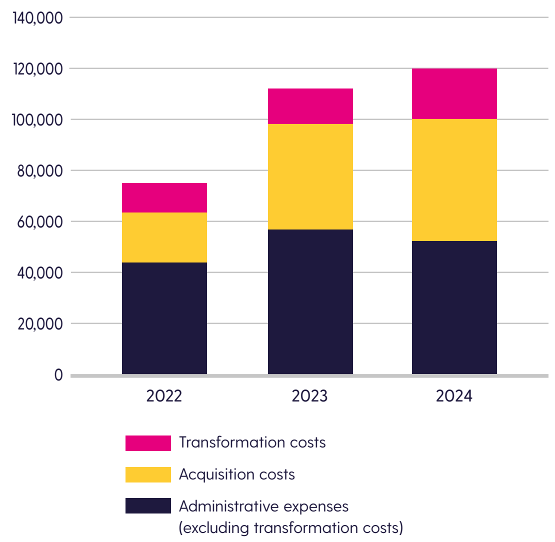
Income reflects the following items which can be found within the notes to the financial statements

- Insurance business revenue reflects Gross written premiums (Note 4).
- Investment business revenue reflects Deposits from policyholders (Note 23) plus Annual management charges (within Note 13) and Annual management rebates (within Note 12).
- Other revenue reflects remaining income in Notes 12 and 13.

The chart reflects how management categorises this revenue by product line rather than the statutory accounting view in the table below. It illustrates the increase in premium income through the growth of term and critical illness business. Investment business revenue reflects the maturing of our large child trust fund book partly offset by new business and market growth.

		2022 £'000	2023 £'000	2024 £'000
Gross written premiums	(Note 4)	36,283	36,617	44,605
Deposits from policyholders	(Note 23)	13,075	12,112	11,156
Other technical income	(Note 12)	978	450	551
Other income	(Note 13)	56,410	61,146	50,536
		106,746	110,325	106,848

Net Operating Expenses (£'000)

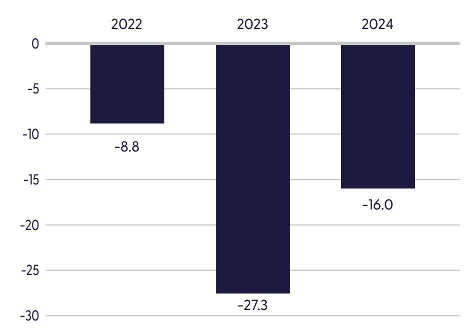


The decrease in administrative expenses reflects action taken during the year to drive efficiencies.

Our investment in our future growth and efficiency is reflected in the transformation costs represented in the chart. We anticipate these transformation costs will reduce in 2025 and decrease further in future years.

Acquisition costs have increased in the year reflecting the growth in sales of protection business and associated increased commission costs.

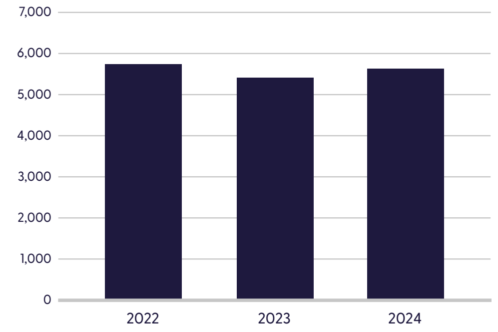
Operating capital generation* (Unaudited) (£'m)



Our business is managed on an economic capital basis rather than UK GAAP. This means that we assess operating capital generation as a measure of how we build value over the long term. This measure comprises capital generated through trading activities (which includes generation of value from writing new business and our management of in-force business) and further elements such as strategic development expenses, business development expenses and the impact of experience variances and assumption changes.

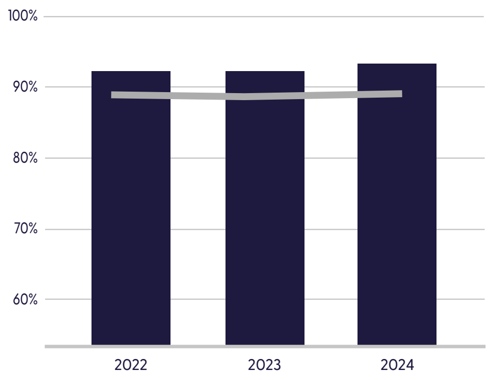
The chart shows how we have been investing in our business over recent years for future growth. During 2024 our trading capital contribution was £32.6m, please see the Chief Finance Officer's report for a full breakdown of movements in 2024.

Customers' Funds Under Management* (Unaudited) (£'000)



The increase in customers' funds under management illustrates the investment into savings products in the year, plus the growth in the value of the underlying assets. These positive factors have more than offset the reduction due to the maturity of Child Trust Fund policies and other elements of business run-off.

Customers' Satisfaction Scores*



Once again, OneFamily continued to maintain its high customer satisfaction scores through a year of transformation to our systems and processes. These figures exclude Beagle Street which maintained an average trust pilot rating of 4.6 through 2024.

*These metrics are known as alternative performance measures (APMs), as they are not defined in accordance with UK GAAP. Please see the glossary for further information.

Chief Finance Officer's report Philippa Herz

Overview

In 2024 we made significant investment in the growth and simplification of our business and some of the results of this are evident in the measures that we are presenting.

- Our 2024 results reflect the continued work on our journey to modernise our systems and build a sustainable base for the future. In 2024 we delivered a solution allowing the expansion of our protection product offerings and also increased sales through independent financial advisers. We also achieved the final operational separation of the Beagle Street business from its previous owner.
- Throughout the year we took steps to help ensure efficient use of our resources, reducing costs in certain areas and focusing new business activities on those most likely to drive future growth.
- During the year, the Society successfully applied to the Prudential Regulation Authority (PRA) for permission to use a volatility adjustment. This adjustment allows the Society to adjust the discount rate used to value its liabilities under Solvency II and, as the long-term business provision is based on Solvency II, it also impacts these financial statements. The volatility adjustment is defined in the glossary.
- In January 2024, the Society undertook a buy-in of the liabilities of the Family Assurance Friendly Society Defined Benefit Pension Scheme and Homeowners Friendly Society Limited Defined Benefit Scheme whereby the Society provides insurance for the principal liabilities of the schemes. As the Society is both insurer and sponsoring employer, accounting standards restrict the recognition of the insurance policy within each Scheme's assets. In addition, the premium income (of £44.4m) into the Society is not recognised. As a result, the Group and Society are recognising a pension deficit of £34.9m, with investments purchased using the 'premium' held in Non-linked financial investments. Buy-outs of the Schemes are planned for 2025 (Homeowners Scheme) and 2026 (Family Assurance Scheme), at which points the Society's accounts will only reflect the insurance contracts. Please see the Statutory result's section below and Note 27 for further details. See the glossary for an explanation of a buy-in and buy-out.
- During 2024, we entered into a financial reinsurance arrangement to provide liquidity to support the growth of our protection business.

OneFamily is a long-term business and in managing the Group's financial health we take a long-term view, consistent with our mutual status. Whilst in the short-term, initiatives such as modernising our platform may lead to in-year losses or a reduction in capital coverage, we continue to focus on remaining financially strong. As a mutual, we receive no external funding, therefore when we need to invest in our business, for growth, efficiency or sustainability, we must use our own funds. We conduct regular scenario testing to provide comfort in our resilience and ability to withstand extreme circumstances.

Financial performance

Please refer to the financial statements on pages 91 to 92, and also alternative performance metrics shown on pages 12 to 14.

Financial strength

As noted above, our insurance business is long-term in nature and it is important that our capital position allows us to withstand turbulent years and also invest in the future. The capital coverage ratio of our non-profit fund (measured under Solvency II) remains high at 245% as at the end of 2024 (compared to 287% at the end of 2023). This continues to be very much above the base level regulatory requirement and reflects investment of some of our surplus capital in driving our long-term strategic growth, efficiency initiatives and the buy-in of our Group pension schemes. The surplus capital in our non-profit fund also continues to be robust in absolute terms at £90.4m (2023: £115m). The movement in capital coverage also reflects the application of a volatility adjustment to the discount rate used for liabilities, following approval by the PRA in the year.

Present Value of New Business Premiums (PVNBP)

This metric represents the present value of future premiums (for insurance products) and direct debits (for investment products) that we expect to receive from new contracts written during the year; the present value of increased/new direct debits on existing investment policies; and ad-hoc contributions made by customers to investment products during the year. This is an alternative performance measure (APM) as it is not defined in accordance with UK GAAP.

2024 saw significant growth across all lines of business compared to the prior year (from £570m to £876m). Key drivers of this growth are detailed below:

- New business premiums relating to protection business increased to £127m in 2024 compared to £64m in 2023. This reflects a full year of term and critical illness business being written in the Society as well as the year-on-year growth of these product lines.
- ISA new business benefited from the work of our Direct-to-Customer sales channels. Our digital customer journeys have proved increasingly effective in supporting our customers in making additional and new investment.
- The savings product sold via a partner is a cash ISA. New investments increased significantly in the year due to attractive rates compared to the wider market.

Income

Income is an alternative performance measure (APM) as it is not defined in accordance with UK GAAP. Its composition can be seen on page 13. 2024 has seen a 22% increase in income from insurance business (representing gross written premiums), this is due to the increase in protection sales noted above.

Investment business revenue has remained largely similar to the prior year, due to annual management charges from ISA products offsetting the reduction seen due to the maturing child trust fund business.

The decrease in other income relates to commission. Prior to September 2023 BGL Direct Life, a subsidiary company, earned commission on sales of term assurance and critical illness cover with the business being written on the balance sheet of a third-party insurer. Now this business is written directly through the Society and commission is no longer earned on new sales.

Net operating expenses

Net operating expenses across the technical account (Society - insurance related) and non-technical account (subsidiary related), increased from £112.0m in 2023 to £120.2m in 2024.
These figures include transformation costs (which have been expensed rather than capitalised) of £19.7m in 2024 and £13.4m in 2023. Excluding these costs, operating expenses increased slightly from £98.6m to £100.4m. The transformation costs represent an investment into the future of the Group and are expected to decrease in 2025 and beyond. We anticipate that the benefits from this transformation programme will drive growth and efficiency across the Group for many years.
Some benefits of these efficiencies are reflected in the decrease in administrative expenses (excluding transformation costs) in the year from £57.1m in 2023 to £53.7m in 2024. As would be expected, given the new business written in the year, acquisition costs, which include commission to intermediaries, have increased from £41.5m to £46.8m.

Statutory result

The 2024 statutory result reflects increased operating expenses from new business acquisition costs and our investment in the programme to transform our business. Our total recognised loss in the year of £15.3m compares to a loss in 2023 of £16.3m.

The statutory result in the year (plus the Statement of Financial Position) has been impacted through the buy-in of liabilities of the two Group pension schemes. Under FRS102 and FRS103 accounting standards, the Society and Group cannot recognise the insurance contract, and therefore neither the premiums paid by the Schemes nor the resulting long-term business provision are recognised. In addition, the buy-in policies written by the Society cannot be recognised as plan assets within the Schemes, resulting in a pension scheme liability within the Statement of Financial Position. Buy-outs of both schemes are expected in 2025 and 2026. At this point, the pension scheme liability for each scheme will be replaced by a technical provision relating to the insurance contracts issued to individual pensioners and deferred pensioners. See the glossary on page 157 for definitions of a buy-in and buy-out.

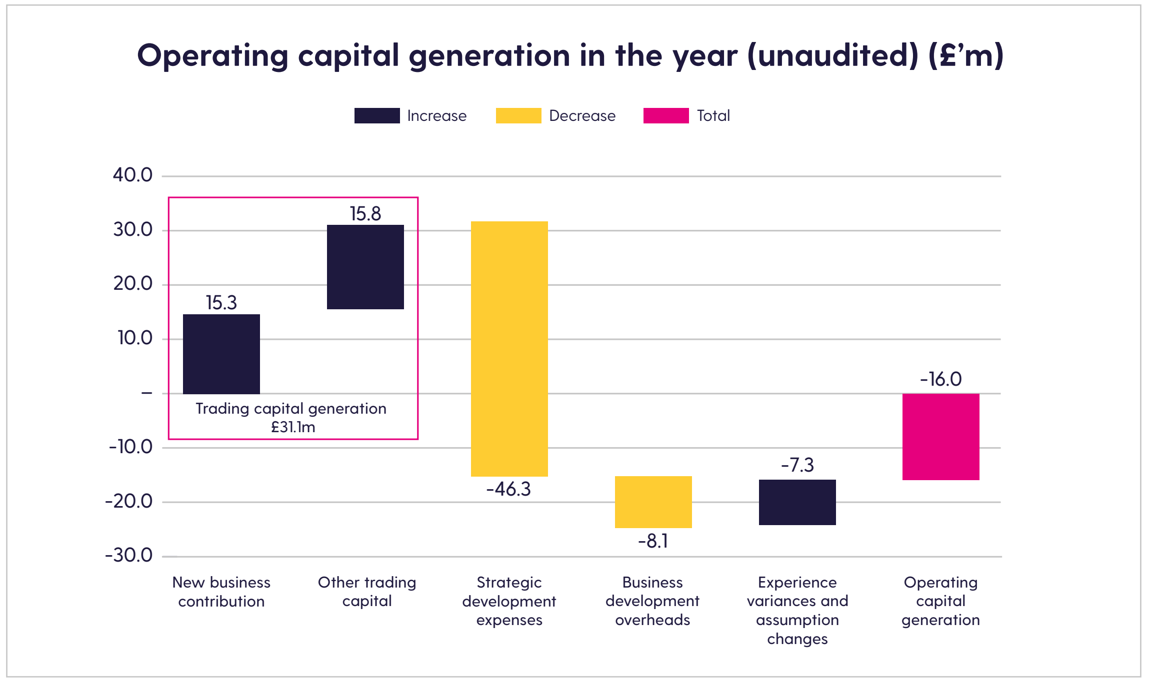
Within these financial statements, prior years results have been restated to reflect the change in accounting policy for the valuation of the Society's investment in Group undertakings. This change only affects the Society's results and reflects a change from cost less impairment to current (fair) value to ensure compliance with the Friendly Societies (Accounts and Related Provisions) Regulations 1994. For further details of the impact of this restatement please see Note 30.

Operating Capital Generation

Operating capital generation is an alternative performance measure (APM) as it is not defined in accordance with UK GAAP. It is a key measure that the Board and management use to manage the business and is based on a view of economic capital for the Group as a whole rather than Solvency II reporting of the Society alone. It represents surplus generated by the group adjusted to remove the impact of financial market movements and certain one-off items.

The chart below illustrates the components of operating capital generation in 2024. Trading capital generation is a key element and monitored closely as we work to increase our profitable sales of protection and investment products. In 2024, the Group generated £31.1m of trading capital compared to £19.9m in 2023.

Offsetting this trading capital are the costs of strategic and business development plus the impact of variances in our experience against the valuation assumptions we have previously made. Being a mutual and receiving no external funding, the costs of developing our business have to be met from our own funds, and therefore in years of heavy investment there is a significant impact on our operating capital.



OneFamily investment fund performance

In 2024, the global economy showed resilience despite challenges. Inflation eased in many regions, thanks to lower energy prices and improved supply chains. Central banks, like the European Central Bank and the Bank of England, began cutting interest rates cautiously as inflation came under control. However, rates remained higher than pre-2020 levels, impacting borrowing and investment decisions. In the UK the base rate reduced from its starting point in the year of 5.25% to 4.75% by the end of the year.

Equity markets saw an improvement across 2024 although UK performance lagged that of some international markets. This growth is evidenced by the 1-year performance across our funds and the resultant annual management charge income. However, there were fluctuations throughout the year.

Market movements impact our customers where their policy is linked to underlying assets, as they will see volatility in the value of their holding. Investing in stocks and shares is typically for the longer term and while investment values can fall as well as rise, over the long-term, stocks and shares have historically grown more than cash accounts.

The performance of our main funds over a one, three and five year timeframe is shown below. Please note that, with the exception of the Family Sovereign Fund, which is a unit-linked fund included within the Statement of financial position of the Society and Group, the funds listed below are collective investment schemes managed by a subsidiary and are not consolidated within the financial statements (see Note 1E). They are only included by way of any investment holding through the Society.

The table below shows the performance of the eight largest funds managed by the Group.

Unit Price Growth*

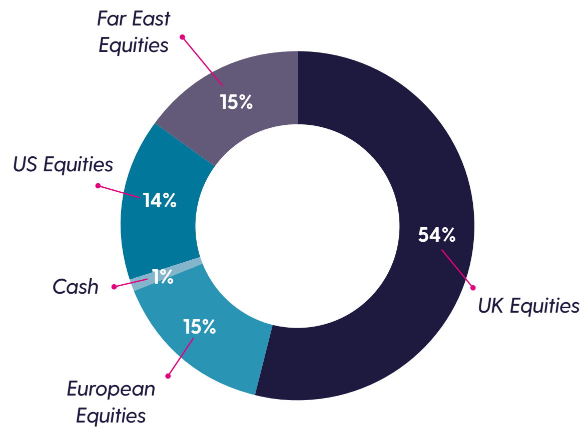
Funds**	One Year	Three Year	Five Year
Family Investments Child Trust Fund	8.36%	10.57%	25.87%
Family Sovereign Fund	8.17%	3.97%	9.54%
OneFamily Stockmarket 100 Trust	7.80%	17.68%	19.24%
Family Balanced International Fund	4.73%	-0.51%	10.57%
Family Charities Ethical Trust	10.02%	19.79%	19.91%
OneFamily Global Equity Fund	19.40%	23.39%	48.14%
OneFamily Global Mixed Investment Fund	6.91%	0.08%	12.10%
Family Asset Trust	9.40%	16.69%	19.78%

* Past performance should not be seen as an indication of future performance. Investors are reminded that the price of units, and the income from them, is not guaranteed and may go down as well as up. Growth shown is cumulative not annualised.

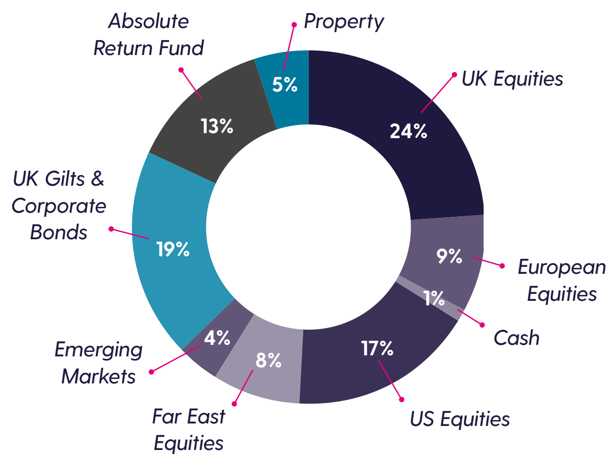
** Funds are valued at bid price. With the exception of the Family Sovereign Fund, which is a unit-linked fund within the Society, all other funds are collective investment schemes managed by a subsidiary company and are not consolidated within these financial statements. They are only included by way of any investment holding through the Society. Please see Note 1E for further details.

Our two largest funds, in which most of our customers are invested, continue to be the Family Investments Child Trust Fund and the Family Sovereign Fund. The composition of these two funds as at 31 December 2024 is shown in the charts on the following page.

Family Investments Child Trust Fund



Family Sovereign Fund



Climate friendly funds and ESG (Environment, Social and Governance) focus

The objectives of the OneFamily Global Equity and OneFamily Global Mixed Investment funds are focussed on being climate-friendly. The former invests 100%, and the latter up to 35%, in climate-friendly company shares. The remainder of the Global Mixed Investment fund is invested in fixed interest investments. The climate-friendly aspect focuses on those companies that are making a difference to our environment through sustainable climate activities.

The companies within the portfolio invested in are selected from the MSCI World Index and exhibit lower carbon emissions. Companies are selected that will help us achieve five climate sustainability targets for our portfolio relative to the MSCI World Index. These relate to carbon intensity; brown revenues; fossil fuel reserves; green revenue and adaptation to climate change. Performance of these funds is therefore considered not only from a financial perspective, but also whether they are delivering in line with the expectations for these five categories. Please refer to the glossary for definition of these targets.

During 2024, these climate friendly funds were available to all ISA and Lifetime ISA policyholders.

Our with-profits fund also has an ESG focus with fixed income assets and equities being ESG centric.

We continue to actively engage with our investment managers to understand their stewardship activities in the ESG arena. Their stewardship activity is monitored through regular meetings and reporting to the Executive Investment Committee. Our main investment manager for unit-linked assets, State Street Global Advisers, works with companies on ESG issues to seek long-term value. Their stewardship programme has three pillars – Thought Leadership; Engagement; and Proxy Voting. They undertake targeted campaigns on various themes and have ongoing engagements with financially material sustainability risks and opportunities. They also vote on management proposals and against directors as needed to hold management accountable and prioritise value creation. Their 2024 campaigns included:

- climate transition plans;
- climate and nature related risks in the food value chain;
- human capital management;
- diversity, equity and inclusion; and
- risks and opportunities related to emerging technologies.

Outlook

We are operating in an uncertain economic and geopolitical environment. As noted in the Net operating expenses section above, we expect the transformation costs incurred over recent years to decrease in 2025 and beyond. The efficiencies delivered through this investment and that we continue to drive through our business, as well as the growth in our new business capabilities we have been investing in, will support us in generating the long-term sustainability of the business.

Philippa Herz.

Philippa Herz
Chief Finance Officer

Inspiring Better Futures

Inspiring Better Futures is at the heart of what we do. Our vision is driven by supporting our members, investing in our colleagues and making a difference in our communities. You can read more about how we brought our vision to life in 2024 below.

Putting our customers and members first

Our mission is to create and protect value for our members. To deliver on this we need to grow and adapt our business, providing products, services and benefits that give peace of mind and promote financial wellbeing.

Growing our protection business

Beagle Street won 'Best Life Insurance Provider' at the 2024 YourMoney.com Personal Finance awards, for the second year running. Welcoming this dedicated life insurance and critical illness provider into the OneFamily Group in 2022 opened more opportunities to help our customers to grow their financial resilience. Our research has found that almost three in ten (28%) young adults with a mortgage don't have life cover to protect them and their families[1], so it's crucial that we provide financially inclusive tools that enable our customers to build a robust safety net.

We also discovered that over a third of those with life insurance said they had found their insurance through an adviser, who could highlight the different options available to them[2]. Beagle Street is to begin offering its products through advisers in 2025, with an easy to access process designed from the ground up that will make life easier for advisers, and enable them to find the right product for their customers.

Supporting our customers' financial wellbeing

Our member benefits invitation roll-out continued in 2024, taking the number of registered members to nearly 48,000. Once signed up, members can gain access to hundreds of savings and offers including shopping, wellbeing, technology, advice and travel. With the cost of living still being felt by many, giving our members the opportunity to save on everyday and larger expenses is another way we can help them boost their financial wellbeing. We'll invite more members to sign up in 2025.

[1] Research conducted by Opinium, on behalf of OneFamily, 14th – 19th February 2024, among a sample of 2,000 UK adults aged between 18-40.
[2] Research conducted by Opinium, on behalf of OneFamily, 14th – 19th February 2024, among a sample of 2,000 UK adults aged between 18-40.

Doing the right thing for our customers

We've been campaigning for over four years for the government to simplify access to child trust fund (CTF) savings for young people who lack mental capacity. In these cases, the child's family should go through the Court of Protection to ask for the money to be released. This is often a stressful, lengthy and costly process, with some people unfairly missing out on money that's legally theirs.

Our Head of PR and Communications, Jo Gilham, represented OneFamily and the financial services industry at a government debate that took place at Westminster in March. The debate was a positive step forwards for the families we're trying to help, with the Minister responsible for CTF access committing to look at how to make the system more accessible. Ed Davey, the Liberal Democrat Leader spoke about the difficulties that families experience with the Court of Protection process and congratulated providers, such as OneFamily, for putting in place a simpler, common-sense solution to help these families to access their child's savings. So far, we've helped over 1,700 of our customers, who would otherwise have had to apply to the Court of Protection, to reach their savings.

Another cause close to our hearts affects our lifetime ISA customers. The lifetime ISA (LISA) can be used by account holders to buy their first home or for retirement, and comes with a 25% government bonus on the money invested. However, if money is withdrawn for anything other than a first home or retirement (from the age of 60) then the account holder must pay a penalty charge of 25%. This means that, as well as losing the bonus, they lose some of their savings too. The rising cost of homes means that the 2017 cap that was put on the cost of the property that could be bought with a LISA - £450,000 – is outdated. If a buyer cannot use their LISA to buy their first home, because it costs more than £450,000, they will have to withdraw their savings and then incur the 25% penalty fee. We think this is unfair, so we've been urging the government to make changes to the LISA penalty and property cap. These simple updates could enable the LISA to be a critical tool in helping the next generation to move out of rented accommodation and into the stability of their own homes. We'll continue to lobby the government on behalf of our customers.

Delivering excellent customer service

Creating a positive experience for our customers forms a core part of our mutual ethos. We invest in our people so they can be the best they can be for our customers, delivering excellent service and providing extra support when it's needed. This is reflected in our customer satisfaction scores.

Some of our focus areas for customer service in 2024:

- We introduced new wording to use in all customer service conversations, to help ensure that we identify vulnerable customers and can provide the right experience and outcomes for them.
- Our efforts to trace our Gone Away customers continued, so we can reacquaint customers with lost policies. The number of Gone Away customers has been steadily reducing as our tracing activity progresses.
- We rolled out Speech Analytics across our customer operations. This allows us to assess the quality and effectiveness of our conversations with customers, and use what we learn to improve customer experience through better colleague coaching, feedback and training.
- We focused heavily on improving customer access to our online portal, and driving digital adoption, by ensuring that our online journeys are simple and easy to use.
- We've been working with our call centre teams to reduce the number of complaints we receive, as well as increasing the percentage of complaints handled in the call centre on a 'first contact resolution' basis.

Supporting access to education

The cost of further education can be a barrier for many young people and their families. We firmly believe access to education – and the career opportunities this opens - should be available to everyone, which is why we created our Young Person's Education Grants in 2019. Customers can apply throughout the year, and the grant can be used to fund laptops, travel costs, equipment and more. We're proud to have awarded over £62,000 to 253 young people in 2024, helping them to invest in a better future. You can read about how our charity partners are championing access to education and employment in the 'Charity Partnerships' section of this report.

Investing in our colleagues

We launched our INVESTED employee value proposition in 2023 to give our colleagues the training, skills, and programmes they need to empower them to be bold in their thinking and to look creatively for new opportunities for the business. We're passionate about creating a collaborative, inclusive and dynamic workplace culture where our people can be themselves and thrive. We know that when a colleague feels safe, seen and part of a community at work, this has a direct and positive impact on productivity, innovation, collaboration, retention and wellbeing.

Here's how we invested in our people in 2024:

Engagement

The results of our WorkL employee engagement survey in November 2023 secured our place on the 'Sunday Times Best Places to Work' list in 2024, for the second year running.

Colleague engagement is hugely important when it comes to shaping our culture and identifying where we can improve. Following analysis of the 2023 survey, in 2024 we ran short, pulse surveys on particular issues: to inform our inclusion and belonging strategy, gauge how well our values had been embedded in the organisation, and to learn how our engagement action plans had impacted information sharing, recognition and wellbeing. Our September WorkL Pulse Survey showed overall improved scores across these three areas. We were particularly pleased the recognition score had increased to 80% (2023: 70%), showing that colleagues feel they're being recognised for their contributions. The score for how well our colleagues feel they can demonstrate our values in their role also increased, with a score of 81% compared to 73% in 2023. The overall score, measured in the full WorkL survey taken in January 2025, showed continued 'good' engagement at 70% (72% in 2023).

Our internal employee forum, Talking Family, is dedicated to offering unbiased representation, assistance, and guidance to all employees. Representatives meet regularly with stakeholders across the business, facilitating effective two-way communication that enhances workplace relationships.

We invested in a new HR system to give colleagues easier access to their information, to introduce a better performance management process and to improve how we report on colleague data.

Equity, Diversity and Inclusion (ED&I)

Our ED&I networks have a clear purpose to celebrate, educate and provide visibility to colleagues of minority groups, acknowledging and celebrating our differences and promoting a safe and inclusive culture for all.

- **LGBTQ+ Network** – To mark LGBTQ+ History Month, a member of the Network wrote a series of educational articles based on the 2024 theme of 'Medicine and LGBTQ+ people's contributions to medicine and healthcare'. They also hosted a lunch for colleagues to celebrate the upcoming Brighton & Hove Pride.
- **Ethnicity and Culture Network (ECN)** – A colleague-led initiative launched in 2024 with the aim to foster an inclusive and supportive environment, and promote ethnic and cultural inclusion. ECN hosted their first Movie Night in September, with all colleagues invited to enjoy a film screening and socialise with people across the business.
- **Neurodiversity Network** – We launched this network in 2024, in conjunction with our partnership with the Group for Autism, Insurance, Investment and Neurodiversity (GAIN). This provides a supportive group for neurodiverse colleagues, as well as those that support, care for or have family members who are neurodiverse.

Our three networks worked together to recognise Global Diversity Awareness Month, and to build a plan for 2025 on how they can support each other to fulfil their purpose.

We've continued to live up to our Disability Confident Employer status. We completed an access audit in our Brighton office, which resulted in the installation of a ramp and automatic doors, improved signage on each floor, provision of an accessible parking bay and further adjustments to improve accessibility. We're aiming to carry out a similar audit in our Swindon office in 2025.

Gender equality and pay

We're proud to be a signatory of the Women in Finance Charter, an initiative that requires us to set targets for gender diversity in senior management and to report on our progress and the steps that we're taking. We're committed to ensuring strong representation of women in senior management roles and throughout the organisation.

We set a target to increase female representation at senior level to at least 35% by the end of 2024.

We're pleased to report that we exceeded this target by the end of December 2024, with females accounting for 42.6% of this group. Our new target is to maintain at least 40% female representation at the senior management level.

Gender Pay Gap

You can find our 2024 Gender Pay Gap Report on our website www.onefamily.com/company-information. This is a government initiative that requires companies of a certain size to report on the difference between the average and median pay of all men and women in a workforce, and is expressed as a percentage of men's earnings. It thereby encourages organisations to promote the right practices and culture in the workplace.

Women continue to make up a significant part of our workforce at 45% (2023: 47%). Across the organisation our mean gender pay gap is 14.12%, which is a sizeable improvement on last year (2023: 18.0%). However, we are aware that the median pay gap adverse trend to 15.41% (2023: 13.4%) is influenced by a greater proportion of male colleagues in our Upper Pay Quartile, and a large proportion of women in our Lower Pay Quartile. We will continue to support and develop our female population to reduce this disparity.

Gender diversity plays a key role in our corporate objectives. We aim to attract, engage and retain talented women at all levels, with an emphasis on increasing the proportion of female colleagues holding senior manager positions. We're doing this by recruiting in a gender-neutral way, supporting women through key stages in their lives and offering female talent programmes to help our female colleagues gain the confidence to progress.

Wellbeing

We created Wellbeing Champion roles to promote and deliver wellbeing initiatives across the business. This included delivering a Menopause Awareness session, as well as building awareness of the benefits, tools and support available to support our people with their health and wellbeing.

Our continued investment in the wellbeing of all colleagues led us to introduce two new policies to provide support at key life stages. Our new fertility policy supports colleagues going through fertility challenges and treatments, giving them the flexibility to attend appointments. Our new menopause policy recognises the impact the menopause can have, and ensures those affected will receive the understanding and adjustments they need.

Development

We continued our leadership development programme (STRIDE), specifically for women, as part of our commitment to support female representation at a senior level. Four female managers and leaders attended the 2024 programme, equipping them with the tools and skills to help them achieve their leadership potential.

Twelve colleagues were selected to participate in an Aspiring Manager Programme to deepen their understanding of workforce planning, navigating and managing change, and coaching and feedback. Another group of colleagues attended a Leadership Development programme through our partnership with The Oakridge Centre, where they built their leadership capabilities across three themes – 'leading me', 'leading others', and 'leading the business'.

77 colleagues progressed their career through promotions and secondments in 2024, with 16 secondments being made into permanent roles.

Celebrating success

We want to celebrate and recognise colleagues who embrace our values and display the behaviours that support our vision and purpose. Our 2024 Values Awards saw 127 individual colleague nominations and 25 team nominations, with winners attending a celebration event to reward their achievements.

Supporting our communities

2024 has been a year of ambitious growth for our business. But our mutual ethos remains at the heart of what we do, reflected in our drive to make a difference in our communities. Through local and national charity partnerships, volunteering and fundraising, we provide financial and practical support to those that need it most.

Charity partnerships

We formed our charity partnerships to make a meaningful contribution to causes aligned with our values. This doesn't just amount to funding. It also means getting involved in other ways too – whether that's giving our time, providing office space or fundraising. Here's how we brought our partnerships to life in 2024:

RedSTART, our national charity partner, take access to financial education very seriously. Their Change the Game programme is teaching primary school children from disadvantaged areas about money, with the aim to build strong evidence of the positive impact of early and ongoing financial education. Their findings will be used to inform public policy, and ultimately provide a scalable blueprint for the government to follow in primary schools.

How we supported RedSTART's mission in 2024:

- We welcomed year six pupils from St Mary's School into our Brighton office, helping to run a workshop about key money principles, including budgeting and saving. Our Chief Finance Officer, Philippa Herz, ran a financial education game where the children risked their money to 'beat the dealer'.
- A group from OneFamily took part in a second session with St Mary's in November, this time with year five pupils. The children took part in different activities, including how to evaluate purchases they might need vs those they want. There was also a discussion about 'Buy Now, Pay Later' schemes, where the children had to work out how much extra they'd pay if they paid in instalments, and think about why they might consider it or not consider it.
- Two colleagues headed to Northgate primary school, where they ran a fun activity about prioritisation and decision-making when buying goods.

RED START

"We are squandering the potential of millions of children year after year because we don't equip them with the everyday life skills around money they need in adulthood. In doing so, we perpetuate a pernicious cycle of disadvantage.

That cycle needs to be broken. Now.

The impact that organisations like OneFamily have on our programme, whether through funding our work or volunteering at our workshops in schools, is huge. We are beginning to see statistically significant positive results from the largest randomised control study ever carried out on the impact of primary school financial education. Indeed, two of our 92 member schools have had Ofsted inspections and reports in the last six months that have recognised the positive contribution that the programme is making."

Sarah Marks, RedSTART Chief Executive

spear brighton

Spear Brighton Trust run an award-winning coaching programme to help young people aged between 16 and 24 get into work or education. Their vision is to support up to 90 young people from disadvantaged backgrounds in Brighton each year to build a better future. 75% of the people they work with find work or education, and are still there a year after completing the programme.

How we worked with Spear in 2024:

- We ran mock interviews at our Brighton office several times throughout the year, where our colleagues helped Spear candidates practice their interview skills to prepare for the real thing. These sessions are designed to build confidence and set the young people up for career success.
- Several colleagues delivered presentations about their personal career paths, providing Spear candidates with the opportunity to ask questions and gain valuable insight into different job roles.
- Spear Brighton presented at our 2024 Annual General Meeting, telling our members and the board about the vital work it does to support young people's futures.

CLOCK TOWER SANCTUARY
Supporting young homeless people in Brighton & Hove

The Clock Tower Sanctuary provide the only drop-in day centre in Brighton for 16-to-25 year olds experiencing homelessness. The charity gives a warm welcome and a safe place for young people in need of support, as well as freshly cooked meals, laundry facilities, weekly activities and more.

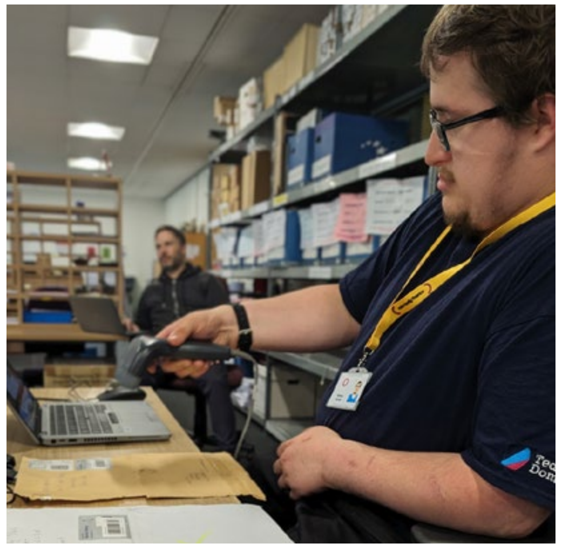
How we actioned our partnership in 2024:

- Three colleagues laced up their walking boots for the charity's annual Hike Against Homelessness. The 12 mile hike along the scenic South Downs raises vital funds to support young people and break the cycle of homelessness.
- The Clock Tower Sanctuary's Big City Sleepout offers a glimpse into the experience of young people sleeping rough, as well as raising awareness and funds. Four colleagues took part in December, braving the cold, wet conditions overnight to support the charity.
- We welcomed the team into our Brighton office, providing them with a large space to run their staff training days and Youth Voice Groups throughout the year.

Team Domenica support young people with learning disabilities to gain paid employment and reach their full potential. The Brighton-based charity create brighter futures for their candidates through improving their confidence, independence, wellbeing and employability skills.

In 2024 we continued to grow our partnership to provide meaningful support where it was needed most:

- We welcomed two candidates into our Brighton office, offering them vital work experience as part of Team Domenica's Supported Employment Programme.
- Our annual donation supported training across the charity's three cafes, where their candidates learn a variety of skills to succeed in their future careers.



- Members of our marketing team spent the day distributing flyers to businesses in Brighton to promote the charity's inclusive swimming challenge, and one of our colleagues took part in the event to raise vital funds to support their work.

IntoUniversity supports students facing disadvantage to overcome barriers to education and realise their ambitions. The charity has a measurable impact on its students - 61% of IntoUniversity 2023 school leavers progressed to Higher Education, compared to 28% of students from similar backgrounds nationally. IntoUniversity Brighton worked with 1,431 young people in the academic year 2023/24.

Here's how we've been supporting IntoUniversity:

- Five colleagues mentored a young person in the 2023/24 academic year, supporting their mentees with developing their post-school career and education options.
- We provided our Brighton office space for 23 students to attend a Careers in FOCUS Celebration, which took place in June. This programme introduces young people to the world of work and enables them to develop and practice a range of employability skills.

Volunteering

The drive to make a positive difference runs all the way through our organisation, from the range of charities our Board members support to the local causes our colleagues give their time to.

In 2024, we clocked up 221 volunteering sessions.

Some of our highlights include:

- Working with Phoenix Enterprises, a Swindon-based charity improving the lives of vulnerable adults through building their employability skills. We ran three volunteering sessions with Phoenix, with many of our Swindon colleagues helping to assemble and pack boxes, as well as connecting with the diverse range of people supported by the charity.
- Getting our hands dirty to nurture much loved outdoor spaces. Martlets hospice provides care and respite to people with a terminal illness, as well as their families. Our volunteers got to work – rain or shine - in their beautiful garden, weeding flower beds, repairing compost bins and much more. Another group spent the day sprucing up the Stanmer community gardens, which provides a safe space for vulnerable adults and volunteers to do gardening and arts and crafts projects. We put in several days of hard physical labour at Raystede Centre for Animal Welfare, clearing weeds and building much-needed furniture for the charity.

- Our colleagues also packed sexual health kits with Terrence Higgins Trust, tackled a list of cleaning jobs at Gateway Women's Centre and sorted donations at Julia's House children's hospice and Pelican Parcels.

We donated £2,500 each to Pelican Parcels, Brighton Unemployed Centre Families Project and Hastings Kelp Project, whose aims include improving people's lives, as well as boosting the local environment. We awarded a further £5,000 each to the Swindon Christmas Toy Appeal and Alternative Angels, helping them to provide support and hope to the most vulnerable members of their communities.

Colleague fundraising is matched by OneFamily up to the amount of £500, helping them to donate as much as possible to the causes they care about. We contributed over £10,000 in charity matching in 2024, to groups supporting foodbanks, refugees, hospices, people affected by cancer and more.

We continued to support The ICMIF Foundation's Insurance Innovation Challenge Fund, overseen by The United Nations Development Programme. Its aim is to promote innovative mutual insurance schemes to better protect the most vulnerable in developing countries, with a particular focus on fighting rural poverty and increasing gender equality.

Donations and fundraising

Having sponsored the Shaun by the Sea art trail for Martlets hospice in 2023, we were pleased to have the opportunity to design our very own Shaun the Sheep sculpture in exchange for a £10,000 donation. Artist, Danni Smith, brought the sculpture named 'Pebble' to life with her Brighton-themed design, which she painted at our West Street Headquarters.

Our environment

We're committed to continually improving our office operations, and we regularly review our practices.

Please see page 42 of the Climate-related financial disclosure report for how we have made improvements to reduce carbon emissions in our main premises in West Street, Brighton.

Across all offices we have centralised recycling points to encourage and enable efficient recycling, and we purchase products made from recycled materials wherever possible. We've replaced all our computers with energy efficient laptops, and will continue to replace aging office equipment with energy efficient products.

We also aim to minimise our environmental impact through our employee benefits. The car salary sacrifice scheme we run enables our colleagues to purchase electric vehicles, and we also run a cycle to work scheme. We moved to a Worksave Pension Plan and set the default investment fund to the Legal & General Future World Multi-Asset Fund, which has a sustainable focus on ESG at the heart of the investment approach.

To ensure we're able to deliver on our Inspiring Better Futures vision for years to come, we must remain committed to growing our business. 2025 will see us celebrating 50 years of inspiring better futures. From starting out in a one room London office in 1974, with the intention of creating a 'new and dynamic friendly society' to supporting over 1.5 million customers and members in 2024. As we move into our 50th year, creating and protecting value for our members, investing in our colleagues and giving back to our communities remains at the heart of what we do.

Section 172 report on our stakeholders

When making decisions, the directors recognise that the long-term success of our business is dependent on the way the Group interacts with a large number of stakeholders

Whilst the Group continues to report under the Friendly Societies Act, it has elected to present a Section 172 statement as set out in the Companies Act 2006.

When discharging their duties and making decisions, section 172 of the Companies Act 2006 requires directors to have regard, amongst other matters, to the:

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

The Board depends on a range of different resources to succeed and needs to work with and listen to the views of its various stakeholders to achieve this.

The six stakeholder groups in the table below have been identified as key to us successfully delivering our strategy.

OneFamily interacts with each of these groups of stakeholders in a different way. It is essential that the Board and management of OneFamily reflect on the views of these stakeholders, considering what further actions can be taken to align stakeholder concerns with OneFamily's strategy.

Our members and customers

What they care about	Where to find more about our actions and engagement through the year
Good service and customer led engagement	Chair's review
Clear, fair and transparent products that meet their needs, offer value for money and are easy to access and manage	CEO's report
Financial security and particularly protection of loved ones in the event of illness or death of a family member	Our Strategy
Good investment performance outcomes	CFO's report
Clear strategy	Inspiring Better Futures
Environmental and social issues	Corporate governance report
Creation and protection of value	Directors' remuneration report
How the organisation is governed and that rewards for directors are not disproportionate	
Member benefits	

Our Colleagues

What they care about	Where to find more about our actions and engagement through the year
• Having the means to serve customers well	CEO's report
• Personal growth and career development	Our strategy
• Positive working culture & knowing their voice is heard	Inspiring Better Futures
• Environmental and social issues	Directors' remuneration report
• Ensuring Health and Safety is taken seriously, including mental health & wellbeing	
• The cost of living	
• Getting a fair deal and fair treatment	
• OneFamily's strategy and purpose	
• Supporting our local communities and charities	
• Equity, Diversity and Inclusion	

The Regulators

What they care about	Where to find more about our actions and engagement through the year
• That the Group has a sustainable long-term business model and remains solvent	CEO's report
• That the Group delivers good customer outcomes and is operated in line with regulations	Our strategy
• That the Group is operationally resilient and sustainable	CFO's report
• That the Group is proactive and seeks to understand and work to comply with evolving regulation	Risk management report
• That the Group acts as a good custodian of member capital	Corporate governance report
• That the Group is applying tax legislation appropriately both as a business and for policyholders	
• That the correct level of tax is paid to HMRC	
• Good governance and culture	

Third party partners and suppliers

What they care about	Where to find more about our actions and engagement through the year
• Collaborative, long-term relationships	CEO's report
Partners:	Our strategy
• Partnering for mutual success	
• Delivery to agreed service level agreements	
• Ring-fenced data	
• Dedicated partnership support	
• Developing trusted partner relationships	
Suppliers:	
• Being paid on time	

The wider community

What they care about	Where to find more about our actions and engagement through the year
• Local people and places	Inspiring Better Futures
• Support of people in need	
• Access to education and training	
• Support finding people employment opportunities	

Those impacted by our influence on the environment

What they care about	Where to find more about our actions and engagement through the year
• The OneFamily Group's impact on the environment	Inspiring Better Futures
• The provision of ESG funds for customer investment	Climate related financial disclosure
• The identification and measurement of financial risks associated with climate change	Corporate Governance Report - Our role as an institutional investor

During 2024, the Board and its sub-committees focussed on a number of matters with material or strategic importance to the Group. Examples of key items are listed below along with the considerations made and how stakeholders were reflected in these discussions.

Matters discussed	How stakeholders and other factors were considered
Modernisation programme	Throughout the year the Board received regular updates on progress of the Group's modernisation programme, which encompasses a range of improvements within the Group including, for example, the replacement of legacy policy administration platforms, improvements to IT infrastructure and implementation of a new customer relationship management system. Following the successful migration of the first wave of products in 2023 to a new policy administration platform, the Board maintained oversight of the next wave which related to the Beagle Street business. They received details behind the delays experienced and the resulting impact on customers and, colleagues They continued to be updated with business readiness prior to the migration of the Beagle Street book in November 2024 and continue to monitor benefits realisation from the programme.
Protection proposition	During the year several Board deep dives were held into the protection proposition, covering aspects ranging from the customer journey on the new customer facing platform (which went live in November 2024), to the protection adviser landscape and the FCA's Pure Protection Market Study into the sale of pure protection insurance products. In addition, the Board considered the proposal to enter into a financial reinsurance arrangement with Munich Re to provide greater liquidity. Its considerations involved the impact on future customers and members through the impact on pricing of Beagle Street protection products. The Risk sub-committee considered the pricing and underwriting controls framework for the expanded protection business.

Matters discussed	How stakeholders and other factors were considered
Commercial Sustainability and Operating model	To help ensure the continued commercial sustainability of OneFamily, during the year the Board considered various proposals to enhance the operational effectiveness of the Group. These related to a variety of aspects such as outsourcing, closure of OneFamily's lifetime mortgage advice business, supplier rationalisation and operating model changes including some redundancies and the closure of the Leeds office. Throughout the Board's considerations, the impact on affected stakeholders was assessed as part of the decision making process.
Consumer Duty	As noted in the CEO report on page 8, the deadline for the implementation of the second part of the FCA's Consumer Duty was in the Summer of 2024. The Member, Customer & Culture Sub-Committee continued to receive regular reporting on progress against plans for this second stage of implementation as well as regular reporting on aspects already embedded and recommended approval and actions to the Board.
Operational Resilience	The Risk Sub-Committee received updates throughout 2024 on the Operational Resilience programme (designing and testing our processes so as to be able to meet customer needs in a range of operational scenarios). It also approved reporting to the PRA and reviewed the resulting feedback, making recommendations to the Board with a view to the organisation meeting regulatory requirements for operational resilience by 31 March 2025
Culture	Following the expansion of its remit to include culture in 2023, the Member, Customer & Culture Committee started to receive information on the impact of the Employee Value Proposition and the INVESTED platform which had been introduced in 2023. This included consideration of attrition and training within sales teams. In addition, the Sub-Committee reviewed the percentage target for women within senior management roles and increased this to be 40%.

Risk management report

Effective risk management is essential in enabling us to create and protect value for members. The Board-approved risk culture, strategy, appetite and risk management framework articulates the approach to taking and managing current and emerging risks.

The Board reviews and sets a risk appetite at least annually, in the context of the current business and economic conditions. This covers capital, liquidity, market, insurance, ESG (environmental, social and governance) and operational risk.

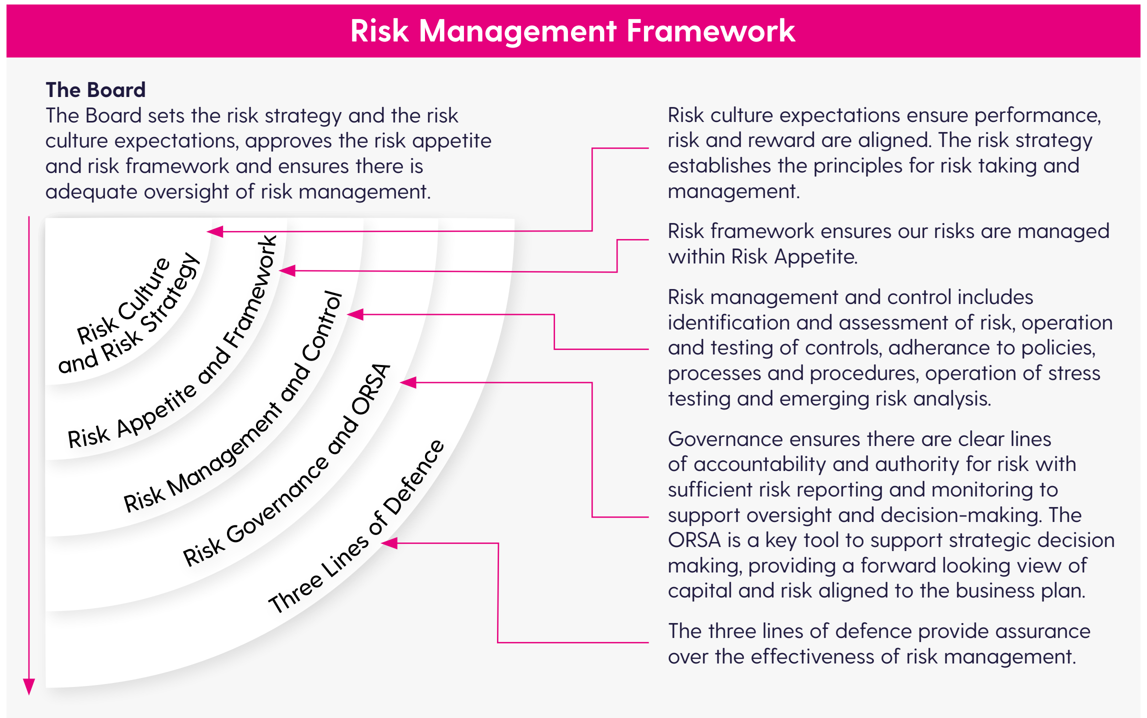
The table of principal risks and uncertainties, trends, and how these are managed, are set out in the section below.

Risk management framework

OneFamily's risk management framework is the foundation for the delivery of effective risk management and control. It seeks to ensure that risks are identified, assessed, controlled, monitored, managed within the approved risk appetite and reported through established governance routes in line with delegated authorities. The risk culture and strategy set the foundation; to take rewarded risks that are understood and consistent with our purpose and business strategy while helping to ensure that we remain compliant with all regulatory and legislative requirements, as well as our values.

The Board sets the risk culture expectations, which promote a culture of openness and transparency in decision making, balancing performance with principles to do what's right for all our stakeholders. The Remuneration Sub-Committee measures performance and guides remuneration with reference to cultural factors such as adherence to risk and control requirements and adequacy of governance and conduct risk.

The Board has ultimate accountability for risk management and receives recommendations from the Risk Sub-Committee. The Risk Sub-Committee



also monitors the impact of regulatory change and receives reports on regulatory compliance. The internal control framework is overseen by the Risk Sub-Committee and receives reports on its operation and evidence of its effectiveness.

The Own Risk and Solvency Assessment (ORSA) is an ongoing assessment of the risks to which OneFamily is exposed and an evaluation of the sufficiency of capital resources and risk mitigation strategies to support delivery of the business strategy over the plan horizon. It is overseen by the Risk Sub-Committee and recommended to the Board for approval annually.

OneFamily operates a three lines of defence model for risk management. The first line comprises management and colleagues in the business and shared functions who are responsible for identifying, managing and reporting risks in their areas.

The second line is the Risk and Compliance teams who advise, challenge, monitor and support the first line on taking risks and dealing with risk exposures. The second line produces independent reports on its opinions for the Board and Executive team providing close challenge and oversight of business plans, strategic initiatives, regulatory compliance and business operations.

The third line is the Internal Audit team which provides reasonable assurance as to the effectiveness of control frameworks operated by both first and second lines of defence.

A number of management committees fulfil important roles in supporting the challenge and oversight of risk matters. These include:

- **The Executive Committee** – which oversees the work of other management committees and ensures appropriate prioritisation of activities. This includes a Growth, Efficiency and Mandatory (GEM) project change review and recommendation process.
- **The Capital Management and Reporting Committee** – covering matters relating to capital management, ORSA, financial reporting and the actuarial key function.
- **The Conduct Risk and Culture Committee** – covering matters relating to conduct risk including compliance with the Consumer Duty, culture, financial crime and data protection.
- **The Executive Operational Resilience Group** – covering the oversight of the operational resilience strategy and associated risks relating to third parties, technology, cyber security, people, process, climate and premises.
- **The Executive Investment Committee** – covering matters relating to the development of investment strategy and the management of investments in line with the investment strategy and risk appetite.
- **The Product and Pricing Committee** - covering matters relating to pricing and product changes relating to existing products and also to pricing and product terms for new products prior to launch.

Principal risks and uncertainties

Our current principal risks and uncertainties, with their corresponding actions to manage and mitigate these risks, are summarised in the following table.

Recent years have seen shifting geopolitical tensions, economic uncertainty and continued cost of living challenges. These have in large part shaped the economic environment impacting consumer behaviour and volatility in investment values. Technological changes impact our operational environment impacting information security and operational resilience. Management and mitigation of these risks inform our outlook over the business planning period. The risks arising from climate change are diverse, interconnected with other sustainability issues and present both risks and opportunities. The framework to assess and address the risks arising from climate change continue to be embedded and enhanced within our governance and risk framework. This is covered further in the Climate-related financial disclosure section.

During 2025 we will be increasing our insurance, credit and liquidity risk exposures as we grow our protection business. We continue to monitor the potential impact on our principal risks and uncertainties and take mitigating action accordingly.

Risk	Impact	Management and mitigation	Outlook[3]	Change from last year
Strategic Risk: **Risk of not delivering a sustainable operation caused by failing to achieve operating cost efficiency or effectively manage the change agenda**	• Our financial position could be impacted if our operations require more resources or more costly resources than anticipated, for example, due to changed regulatory expectations, increase in desired service standards, lower level of adoption of automated servicing or higher complaints. • The delivery of efficiencies and strategic benefits from change programmes could be adversely affected by insufficient resource and capabilities as well as ineffective scheduling, oversight, business case, prioritisation or over optimistic assumptions.	• Strategic programme in place to remove complexity and deliver efficiencies. • Continued investigation and delivery of options to reduce cost and drive efficiency. • Resourcing provided to meet our modernisation programme.		• Actions taken to optimise the business for growth have included cost reduction measures including withdrawal from some lines of business. • Continued delivery of efficiencies through stabilisation of the first phase of modernisation. • Delivery of full separation and integration of the Beagle Street operating platform into OneFamily.
Strategic Risk: **Risk new business and fund retention initiatives fail to produce an adequate return on capital**	• Cost of living challenges may reduce customers' ability to save and/or maintain insurance premiums. There is the potential for this to be offset by demand from a growing need to address the "protection gap". • While we operate in customer markets where there is strong demand, we face risks of failure to maintain competitive positions and risks associated with the business models and decision-making of third-party distributors. • Investment market volatility and actual or anticipated falls in asset values may undermine customers' confidence in stockmarket based investment products – although inflation concerns may increase the appeal of real investments for those with long-term time horizons.	• Product development, in particular in the protection space, means we can play a fuller role as a mutual life insurer in supporting better social outcomes by protecting more customers, supported by own and acquired capabilities and the capabilities of the modernised platform. • Broadening distribution channels and increasing the quality of distribution. • Regular challenge of business cases for new product and distribution initiatives including product profitability. • Increasing direct sales efficiency in our chosen growth markets		• Delivery of the second phase of modernisation which delivered the platform to drive profitable growth in the protection space. • The risk profile has continued to move further towards insurance risk.

[3] **Trends:** Stable Increasing Reducing

Risk	Impact	Management and mitigation	Out-look[3]	Change from last year
Operational Risk: **Cyber & Operational Resilience**	• **Cyber:** Third parties and other unauthorised users may attempt to gain access to our systems for misuse of customer and OneFamily data, or to disrupt the business using malware and viruses. This could lead to corrupted or lost data, business interruption, compliance breaches, regulatory fines and reputational damage. Continued uncertainty with the Ukraine and Middle East conflicts increases the risk of cyber-attacks targeting the UK Financial Services sector. • **Operational Resilience:** We are exposed to the risk of causing intolerable levels of disruption to our customers and stakeholders if we cannot maintain the availability of our important business services within impact tolerance levels when faced with major IT, operational or third party disruptions. • **Third Parties and Outsourcing:** We have a number of material relationships with outsourcers and third parties. Whilst these providers complete processing or specialist work, we remain fully responsible for the oversight, management and performance of the outsourced activity. We may be unable to meet our customer obligations following the failure of, or a significant degradation in, service received	• **Cyber:** Investment in line with the Cyber Strategy to reduce exposure to vulnerabilities and strengthen controls, with the modernisation programme planned to make a significant contribution. Ongoing pro-active monitoring, prevention and testing including testing of cyber security awareness are key parts of our training programme. Continued review of our arrangements to help ensure that cyber investment remains appropriate to mitigate the continued and changing nature of cyber risk. • **Operational Resilience:** Ongoing programme in place to maintain and enhance Operational Resilience with stress testing and resilience gap closure. • **Third Parties and Outsourcing:** Continuous programme of review and due diligence over the key third parties to identify and manage potential weaknesses including resilience, continuity and cyber risk. Reviews of contingency plans for planned and stressed exits of third parties.	Stable	• **Cyber:** Continued investment in cyber capability to ensure skills, training, monitoring and incident response preparedness keep pace with the evolving threat landscape. The second phase of modernisation and separation of Beagle Street from its former owner's infrastructure further de-risked our cyber exposures. Progress made on closing legacy vulnerabilities. • **Operational Resilience:** Further testing, contingency planning and the implementation of immutable backup technology has been undertaken to help mitigate the impact of potential site, network, key business partner and prolonged systems outages. • **Third Parties and Outsourcing:** Our material suppliers across Beagle Street and OneFamily were consolidated into a single management process. The approach has been enhanced to include capture of third party usage of artificial intelligence and ESG posture. We have continued operational resilience related stress testing with our material third parties.

[3] **Trends:** Stable Increasing Reducing

Risk	Impact	Management and mitigation	Out-look[3]	Change from last year
Operational Risk: **People risk**	• Delivery of the OneFamily strategy and business plan is dependent on attracting and retaining a talented, diverse and engaged workforce with the specialist skills and capabilities required to drive an increasingly digital business with the envisioned levels of new product and proposition development. • The economic outlook may impact our colleagues and in turn, productivity, wellbeing and retention. • The sustained competition in the labour market increases the risk of loss of key personnel. • The modernisation programme, growth strategy and other business initiatives have the potential to create periods of uncertainty for our people.	• Ensuring our Employee Value Proposition aligns with what motivates and attracts colleagues. Focusing on development, wellbeing, articulation of career pathways and establishing strong talent pipelines. • Operating model focuses on increasing productivity, creativity, and engagement aligned to the growth agenda. This is measured through engagement surveys and supported by wellbeing and health support measures and frequent CEO communication. • Clear prioritisation of support for colleagues throughout the modernisation and strategic change programmes. • Aggregate management of the impact of the business plan on colleague capacity is considered carefully in strategic decision-making with line management alert to signs of stress.	Increasing	• We made a number of executive changes during the year in support of the capabilities needed for the growth strategy and to strengthen our risk management capabilities. • There has been an increased and clear focus on the growth strategy with actions taken to move away from activities that do not support growth. Some of these actions are likely to increase people risk in the short term. • Strengthening of colleague support through the employee value proposition which includes a focus on equity, diversity and inclusion.

Risk	Impact	Management and mitigation	Out-look[3]	Change from last year
Operational Risk: **Operational process (including compliance) failure**	• Through our day-to-day operations, we are exposed to the potential for operational errors emerging or persisting, causing rework, backlogs and unplanned cost. • We operate in a highly regulated environment which is experiencing a period of significant change, reflecting regulatory initiatives of Consumer Duty, Solvency II reforms, Operational Resilience and Climate Change. • Our regulatory footprint is also impacted by developments in the business such as the modernisation programme, acquisitions, potential restructuring of legal entities and funds and the development of new products, propositions and distribution arrangements.	• Operational Risk & Control Management Framework includes the tools and processes necessary to identify, measure, manage, monitor and report on the operational risks. • Modernisation programme includes a number of initiatives designed to increase operational efficiency and reduce error levels. • Ongoing risk assessment of the impact of modernisation on the risk profile, including areas of potential compliance risk form part of programme governance. • Regulatory monitoring reviews, regulatory change tracking and integration of new regulatory requirements within our change management processes helps ensure we remain compliant over time. • Second line reviews of major projects, acquisitions and product developments.		• Implementation of the second wave of modernisation, reduces the complexity of the technical infrastructure and removes a significant third party from the management of the protection business. • The continued development of the new technology platform will require continued focus to stabilise the processing environment. • Implementation of Consumer Duty Phase 2 and progress on Operational Resilience and Climate Change. • Continued delivery of our strategy will result in new processes which could increase operational risk.
Market Risk: **Risk of adverse fluctuations in values of, or income from, assets or in interest or exchange rates**	• Equity risk is our largest source of market risk. • Falls in gilt yields will also have an adverse impact due to the nature of insurance liabilities. • We anticipate a continued abatement interest rates, although the higher costs of running the business become baked in. • We might, however, expect more significant impacts from the effects of high inflation on asset valuations and the challenges faced by our customers in meeting large rises in the cost of living.	• Monitoring market status and impact on solvency coverage ratios. • Assessment of potential short and long-term implications of market movements. • Investment Strategy defined in line with the Prudent Person Principle. • Further emphasis on asset and liability matching (ALM), including through changes to the investment manager for non-linked funds.		• Geopolitical risk remains elevated with possible policy change from the new US administration and continued conflict in Ukraine and the Middle East. • The Group's absolute exposure to equity risk has reduced as a result of the run-off of the CTF portfolio.

[3] Trends: Stable Increasing Reducing

Risk	Impact	Management and mitigation	Out-look[3]	Change from last year
Insurance Risk: **Risk of loss due to adverse deviation of claim payments from those expected when pricing products and setting the technical provisions**	• We have long-term liabilities which are sensitive to adverse variations in lapse, surrender, mortality, morbidity and longevity experience as well as the risks related to expenses and reinsurance terms.	• Regular experience investigations to determine and respond to trends. • Use of capital management techniques that could be employed to manage insurance risk, e.g. mass lapse reinsurance. • Review of the reinsurance approach to test commercial and risk outcomes against alternative strategies. • Pricing capability involves the setting of assumptions for long-term trends in factors such as mortality, lapse rates, expenses, interest rates and credit defaults. • Increased focus and investment in underwriting and pricing systems and controls.		• The continued growth in protection business is expected to increase the exposure to mortality and lapse risk. • New reinsurance arrangements for protection products operating at improved margins.
Conduct Risk: **Risk that our behaviour or actions result in detriment or unfair outcomes for our customers**	• We are exposed to the risk that we fail to deliver fair outcomes for our customers leading to adverse customer experience and potential customer detriment. This could also lead to reputational damage and/or financial losses.	• Our ethics, values and corporate culture, organisation structure and control functions put the customer at the heart of the business, with additional consideration for those customers deemed to be vulnerable. • Oversight and challenge of conduct risk exposures through the Conduct Risk and Culture Committee and escalation to the Risk Sub-Committee and Member Customer and Culture Committee. • Product Management Framework whereby the design and review processes help ensure customer needs and conduct risk are considered throughout the product lifecycle.		• Consumer Duty phase II, relating to books of business not open to new customers completed in 2024.

Risk	Impact	Management and mitigation	Outlook[3]	Change from last year
Strategic Risk: **Risk of failing to appropriately prepare for and manage the risks and opportunities of climate change and other ESG risks**	• We are exposed to the risk of failing to adequately respond to Environmental, Social and Governance (ESG) risks and deliver on our vision and purpose. This includes for example, failing to develop, adapt, promote and manage products or manage invested assets which meet customer and stakeholder expectations for ESG over time. This includes the wider reputational risk of not being seen to do the right thing. • In addition, we are also exposed to risks related to climate change as a result of both the transition to a low carbon economy and/or the physical impact of more extreme weather patterns on the value of our current and future investment holdings, our operation and customer sentiment towards our products. • We are seeing increased intervention from governments and regulators to mitigate this risk. This in turn creates a risk that we fail to keep pace with new legislation and regulation by not developing or modifying propositions or adhering to disclosure requirements.	• Our Inspiring Better Futures vision defines the strategy and approach to ESG related risks, see Inspiring Better Futures section for further details. • Approach to managing financial risk resulting from Climate Change (as part of the risk management framework) covers opportunities, governance, strategy, risk management and metrics. (See Climate-related financial disclosure section). • Close monitoring of regulatory developments and adaption of our approach accordingly. • Continuing engagement with our third party investment managers on their progress in monitoring climate change impacts.	Stable	• See Inspiring Better Futures section. • Further work conducted with our third party investment managers to develop management information will support future response to this risk.

[3] Trends: Stable Increasing Reducing

Risk	Impact	Management and mitigation	Outlook[3]	Change from last year
Liquidity Risk: **Risk of not having sufficient financial resources to meet obligations as they fall due or of only being able to secure them at excessive cost.**	• A lack of available funds could impact the ability to meet obligations to counterparties and stakeholders. • This could include obligations such as maturities, claims, withdrawals, expenses, third party suppliers, reinsurers and payroll. • Loss of value due to selling financial assets below fair value.	• Continuous monitoring of cash flow requirements and availability of liquid funds across key transactions in the business. • Setting investment strategies with consideration to the level of liquid and readily marketable assets, to allow for timely adjustments to match expected liabilities, if required. • Holding an appropriate liquidity buffer. • Maintaining a liquidity recovery plan.	Increasing	• In line with the strategy to grow protection business, there is an expectation that there will be an increase in demands for liquidity to support advance intermediary commission payments, given the timing difference between when commissions are paid and when profits emerge from the business written. • In recognition of the above, a Financial Reinsurance arrangement was put in place during 2024 to manage this liquidity demand. • The strategic programme to remove complexity and deliver efficiencies has reduced some future cash outflow demands.

Emerging risks

Emerging risks are assessed and reviewed annually, with reference to internal and external sources. If a risk emerges which might materially impact the Group's execution of the business plan, these are brought into the ORSA process for risk mitigation and management actions.

Climate-related financial disclosure

As a UK financial services mutual our environmental footprint is small in comparison to many other businesses.

We aim to play our part in tackling the climate crisis we all face by doing the right thing – sustainably and responsibly – to reduce our carbon footprint.

Although we are not currently subject to mandatory climate disclosure requirements, we support the aims of the Taskforce on Climate-related Financial Disclosures (TCFD). To this end our disclosures are informed by TCFD.

Pillar 1 – Governance

The Board retains ultimate accountability for climate-related risks and opportunities. In 2024 the Board approved the climate risk appetite, the climate analysis within the Own Risk and Solvency Assessment, and the climate related disclosures as part of the 2024 Annual Report and Consolidated Financial Statements. The Board approved the business plan and the strategic aims for greater integration of climate considerations into our own funds and customer funds, together with activity aimed at reducing our scope 1 and scope 2 emissions.

The Risk Sub-Committee of the Board oversees the risk management processes to review the climate change exposures and actions. This covers both the OneFamily activities to reduce our carbon footprint, and also our investment and supply chain exposures and climate scenario analysis. Climate analysis is an integral part of the Own Risk and Solvency Assessment which gives a forward-looking view of the impact of financial risk on our risk profile.

The Audit Sub-Committee oversees financial reporting procedures and recommends for approval by the Board the Annual Report and Consolidated Financial Statements, which includes this climate change section.

The Remuneration Sub-Committee oversees the implementation of the OneFamily remuneration policy, and this includes approval of the design and targets for performance related pay, which includes climate objectives.

Our Chief Executive Officer, supported by the Executive team, is accountable for the development and execution of our strategy, including the management of climate-related risks and opportunities. As part of the Senior Managers & Certification Regime, the Chief Executive has allocated accountability for climate change risk management to the Chief Risk Officer (CRO) and the Chief Finance Officer (CFO).

Pillar 2 – Strategy

Identification of climate related risks and opportunities

Our approach is focussed on the key climate-related risks and as they relate to our business. These are monitored across multiple time horizons:

- **Short-term is zero to 5 years** – Our capital projection methodology is based on a 5-year horizon and is used to manage performance and expectations. These projections incorporate climate change mitigation measures. Our responsiveness to changes in regulation, litigation and customer sentiment are all appropriate to the short as well as the medium and long-term horizons.
- **Medium-term is 5 to 10 years** – Some of our products include medium to long-term savings and include our bond products which have fixed durations of up to 10 years.
- **Long-term is 10 to 30 years** – Some of our products, such as our life products, have a duration beyond 10 years. Given the business plan, it is expected that our product mix beyond a 10-year horizon will see a higher proportion of climate friendly funds, relative to legacy funds.

Potential materiality impacts are rated as low, medium and high in terms of impact to capital. Where the risk is quantifiable in relation to potential loss of capital or lost income, a threshold of £1m is used. In addition, considerations are made in relation to risks to reputation, customer, and operational continuity.

Risk Category	Potential Materiality	Risk potential Impact[4]
Strategic	Low/Medium	Transition: Shift in customer sentiment, demand, availability, and expectations for “greener” products that we may not be able to fulfil, or perceptions of “green washing” which could impact future sales income, increase lapse rates, and reduce available capital. **Short to Long-Term** Changes to government policy in relation to the speed and scale of implementation of carbon taxes and green investment incentives may drive customer sentiment and the availability or attractiveness of more climate friendly investments. **Short to Long-Term**
Market	Medium	Transition: Risk of losses resulting from the adjustment to a carbon-neutral economy and costs of reducing emissions e.g. automotive industries converting to electric, power generators converting to renewables. The losses could impact our own capital and the value of customers funds. **Short to Medium-Term**
	Medium	Physical: Risk of losses resulting from the direct effects of climate change, in particular for impacted sectors, e.g. infrastructure, energy, utilities, agriculture, forestry, automotive. The losses could impact our own capital and the value of customers funds. **Medium to Long-Term**
Regulatory	Low	Transition: The pace and volume of new climate-related regulation could pose compliance and operational challenges that may increase operational costs. Potential carbon taxation developments could significantly impact the valuation of assets and impact capital. **Short to Medium-Term**
Operational	Low	Physical: Operational risk losses for example from failures of interdependent power and transport networks, and water supply impacts from sewer flooding or heavy rainfall and drought. The loss of operational resilience could increase operational costs and create adverse customer service impact. **Medium to Long-Term**

[4] Refer to Pillar 3 section for definitions of Physical and Transition risk impacts

Risk Category	Potential Materiality	Risk potential Impact[4]
Litigation	Low	Transition: Increase in volume and nature of litigation cases with a climate focus which have a direct or indirect impact on OneFamily. **Short to Long-Term**
Insurance	Low	Physical: Risks to health/mortality from higher temperatures, reduced air quality, vector borne pathogens, increased incidence of infectious diseases and poor water quality. This risk could increase our liabilities and our capital requirements. **Medium to Long-Term**

In addition to the risks identified above, there are opportunities which present themselves through the drive to adapt to climate change.

Opportunity Category	Potential Materiality	Opportunity Potential Impact
Strategic	Low/Medium	Transition: Enhanced business profitability as a result of new propositions, or modification of existing ones to meet the growing demand for savings products, which address customer demand and expectations for combating climate change. **Short to Medium-Term**
Market	Medium	Transition and Physical Enhanced returns from investments aligned with the transition to a low carbon economy, and less exposure to extreme and more frequent physical climate events. **Short to Long-Term**
Operational	Low	Physical: Enhanced operational availability, lower costs and travel from flexible working arrangements and greater resource and energy efficiency. **Short to Medium-Term**
Insurance	Low	Physical: Mortality rates could reduce in the event of a successful transition to a low carbon economy. This would reduce lapse, mortality, and morbidity risks, in turn lowering our liabilities and capital requirements. **Medium to Long-Term**

Impact of climate risks and opportunities

Investments, products and services

Our climate friendly funds, where we write the majority of our new investment business, are supportive of the pathway towards Net Zero[5] and seek to align to the 1.5°C Paris Agreement target. These funds aim for performance over time to trend toward Net Zero through a strategy of mitigation and adaptation. The mitigation strategy decreases exposure to carbon emissions and increases exposure to alternative and green energy companies, while the adaptation strategy increases exposure to companies that are pro-actively minimising their exposure to the current or expected impacts of climate change. We continue to see a reduction in the size of our highest carbon emitting funds, which support the legacy child trust fund (CTF) book up to 2029. For our own funds we aim to reduce carbon intensity over time and anticipate that the further corporate and fund restructuring to be delivered through our modernisation programme will provide opportunities for further climate alignment over the medium term.

As described in the corporate governance section of this report, we actively engage with and influence our investment managers to drive better climate stewardship. During 2024 our main investment manager's, (State Street Global Advisor) asset stewardship programme included campaigns relating to climate and nature related risks in the food value chain and climate transition. These campaigns covered 63% of the companies in the majority of our customers investment funds an increase from 45% in 2023.

We have previously carried out research into customer and member views using online surveys, interviews and focus groups. This research informs our business planning, product development and priorities. Our plans reflect the key messages of our customer and member research in seeking to enhance our recycling, reduction of water pollution and investment in renewable energy.

Operations

We are aiming for our own operations to be Net Zero by 2050. We have made progress in reducing scope 1 and scope 2 emissions from our own operations (see the Operational Emissions section under Metrics and Targets for further information). In 2024 we reduced our scope 1 emissions to zero for our primary location. Our change to a fully renewable electricity supply contract in Q3 2024 for our primary location will see a reduction in our scope 2 emissions over 2025. We are participants in phase 3 of the energy savings opportunity scheme (ESOS). This scheme is run by the UK Environment Agency and identifies cost-effective opportunities to reduce energy and carbon emissions. Our business plan includes a multi-year operational resilience programme which incorporates an ongoing programme of scenario analysis for extreme but plausible events, including those which could arise from physical climate events. This includes disaster recovery testing, loss of main premises, and the resilience of the supply chain.

Supply chain

In accordance with our Third Party Supplier and Outsourcing Policy, a supply chain due diligence and annual review is in place which includes considerations for environmental and climate matters. Over 2024 the proportion of our key supplier inventory who have carbon reduction targets increased from 37.5% to 59.5%. During 2024, the Operational Resilience programme undertook stress testing activity to assesses material operational continuity risks arising from our supply chain. The learnings from the assessments were used to identify and implement improvements and contingencies which aim to reduce these risks.

Climate scenario analysis

Our scenario methodology and scope is informed by The Bank of England's 2021 Climate Biennial Exploratory Scenario (CBES), which is itself based upon a subset of the Network for Greening the Financial System (NGFS) climate scenarios. Climate scenario analysis is a key tool which allows us to better understand the impact of the physical and transition risks in future possible scenarios. Our approach is to assess, over a 30-year horizon the impact of three climate scenarios. Two of the scenarios tested (an orderly "Early Action" scenario and a disorderly "Late Action" scenario) were consistent with a lower than 2°C warming potential, while a third "No Action" scenario was consistent with a 3.3°C warming potential. We recognise that there are inherent limitations of any long-term scenarios whilst following the CBES approach.

[5] Net zero refers to achieving a balance between the amount of greenhouse gas emissions produced and the amount removed from the atmosphere.

The key findings from the scenario exercise were:

- The "No Action" and "Late Action" scenarios, which explore transition risk to a greater degree, are more onerous than the "Early Action" scenario, given the higher costs in transitioning over a shorter period, and more significant shifts in business models. The Early Action has a more gradual impact, with the benefits of moving towards Net Zero more quickly than in the "Late Action" scenario. OneFamily demonstrates resilience to each of the scenarios with a 1% loss of the non-profit non-linked fund in the "Early Action" scenario, 2% for the "Late Action" scenario and 4% for the "No Additional Action" scenario. The outcomes of the scenario are supportive of the strategy to target lower carbon emissions of the investments supporting Own Funds.
- The funds supporting the CTF business have exposure to the "Early Action" and "No Action" scenarios and are projected to lose between 3-4% in value. However, as these funds are expected to run-off before 2030 the overall impact is not significant. Actions are being considered as part of fund and legal entity rationalisation to reduce the carbon emissions within the portfolio ahead of 2030.
- The climate friendly funds have the lowest impact of our customer funds across all scenarios.

Pillar 3 - Risk management framework

In line with risk management guidance from the Task Force on Climate Disclosure (TCFD) and the joint FCA and PRA Climate Financial Risk Forum (CFRF) we consider climate change as a cross-cutting risk which impacts a number of our risk categories.

We also include climate change risk in our annual emerging/horizon risk review.

Climate change is integrated into the Risk Management Governance Framework and reporting. These can be seen in the Risk Management section of this Annual Report. The Risk Management section addresses our risk appetite setting, risk identification, risk measurement, risk management and risk reporting.

Pillar 4 - Metrics and targets

We use a series of metrics to manage, monitor and report our alignment with targets on climate change mitigation and the associated potential financial impact on our business. Whilst recognising the limitations of the metrics and tools used we believe they are still valuable in supporting our climate-related governance, strategy and risk management:

Metric Category	Metrics	Target	Progress To Date
Operational Carbon Footprint	Tonnes of Carbon dioxide equivalent emissions (tCO2e)	• Net zero by 2050 • 60% reduction in direct emissions from controlled or owned premises by 2030 • 50% reduction in emissions from purchased electricity by 2030	• 57% reduction in direct emissions since 2020 and achieved zero emissions from controlled or owned premises in 2024 • 37% reduction in emissions from market based scope 2 emissions since 2020
Customer Linked Investment Funds Portfolio Climate Goals	Weighted Average Carbon Intensity (WACI) Brown Revenue Green Revenue Fossil Fuel Reserves Climate Adaptation Score	• On a continuous basis • WACI to be 60-80% lower than the benchmark[6] • Brown Revenue[7] to be 90% lower than benchmark • Green Revenue[8] to be 300% or greater than benchmark • Fossil fuel reserves[9] to be 90% lower than benchmark • Climate Adaptation[10] score to be better than target	At the end of 2024: • WACI 60% lower than target • Brown Revenues 90% lower than target • Green Revenue is 302% versus a target of 300% • Fossil fuel reserves 90% less than target • Climate Adaptation score 0.25 vs 0.25 target

Whilst being broadly guided by the TCFD and the CFRF, we are working with our investment managers to fully operationalise metrics with up to date data to track the historic and projected performance of our portfolios in relation to carbon intensity.

[6] Average of the Morgan Stanley All World Index
[7] Brown revenue (S&P Trucost) defined as the proportion of revenues derived from activities related to the extraction of fossil fuels, or power generation using fossil fuel-based energy sources.
[8] Green revenue (FTSE Russell) measures revenue exposure in the transition to the green economy.
[9] Fossil Fuel Reserves: (S&P Trucost) are defined as total GHG emissions from proven and probable fossil fuel reserves expressed in million tons CO_2
[10] Adaptation Score (ISS ESG) is a measure of a company's position and actions on climate change, higher is better.

Greenhouse gas emissions data

Operational Emissions[11]

We have reported on the emission sources as required under Streamlined Energy & Carbon Reporting (SECR) framework. The Greenhouse Gas (GHG) emissions data is reported in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard 'Operational Control' method, and emissions factors for fuels and electricity are published at https://bit.ly/UKG_GHG/ The table below shows the details of the emissions arising from our operations. In accordance with the SECR, we have established our base year against the 2020 recorded emissions.

Streamlined Energy and Carbon Reporting (SECR) data

Emissions[1]	Category	2024	2023	2022	2021	2020[4] (Baseline)	% Change 2024 vs Baseline
Scope 1 GHG Emissions (tCO2e)	Natural Gas	0	55	134	294	169	-100%
Scope 2 GHG Emissions (tCO2e)	Market based	144	173	128	0	227	-37%
	Location based	177	173	158	161	227	-22%
Scope 3 GHG Emissions (tCO2e)	Electricity Transmission	16	15	15	13	20	-18%
	Transport – Grey Fleet	27	21	21	10	21	26%
	Transport – Taxi Journeys	0	0	0.01	0	0	0%
	Homeworking	294	222	412	469	426	-31%
Total - Scope 1 and 2		**144**	**228**	**292**	**456**	**397**	**-64%**
Total - Scope 1 , 2 and 3		**481**	**485**	**740**	**948**	**863**	**-44%**
Carbon Intensity	tCO2/fte	0.67	0.67	1.38	1.95	1.91	**-65%**
	tCO2/£mincome	3.18	4.40	7.02	8.69	8.14	**-46%**
Energy Consumption KWh		1,058,887	1,220,692	2,190,000	2,387,000	1,813,000	-33%

Paper use	Total (t)	58.9	89.3
	Per Policy (g)	41.2	49.6
Waste	Total (t)	24.5	23.6
	Per FTE	0.03	0.03
Water consumption	Total (m3)	3278	3278
	Per FTE	4.5	4.5

[11] We have followed the requirements of the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard (revised edition) using emissions factors from the UK government-produced 2021 conversion factor guidance. Reporting covers the financial year 2023 and reflects emissions from the leased, owned, and controlled assets for which we are directly responsible. The Swindon and Peterborough offices are not in scope due to the full service nature of the premises where OneFamily have no control or responsibility.

For scope 1 we recorded zero emissions for the first time since 2020, this was driven by the removal of gas based heating in our West Street building. Our scope 2 emissions benefitted from the introduction of a renewable electricity contract in Q3 2024, which we expect to demonstrate a significant reduction in scope 2 emissions during 2025. The Homeworking emissions have shown an increase based on changes in working patterns resulting in a higher ratio of staff working from home over 2024 compared to 2023.

Paper usage fell by 34% during 2024, driven by more customers opting to engage with us digitally through our online portal and changes in policy volumes through run-off.

In line with SECR, we have calculated our base year against the 2020 recorded emissions.

In line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard, we continue to be engaged in a process aimed at reducing our energy and greenhouse gases, in response to our continued focus to reduce our environmental impact and align ourselves to increased customers' expectations and corporate legislation.

The following improvements were undertaken to reduce our carbon emissions in our business:

- Securing a renewable electricity supply contract.
- Embedding digital adoption with our customers through the modernisation of our technology platform which reduces paper usage.
- Continue to replace ageing office equipment with energy efficient products e.g. Photocopiers, printers, laptops, printers and monitors.
- Continued implementation of the Energy Saving Opportunity Scheme (ESOS).

Some of the key measures we plan to take to further reduce our carbon footprint include:

- Continuing to source 100% of our electricity from renewable sources.
- Take further opportunities to increase digital option as further phases of our technology modernisation programme complete.
- Providing guidance and support to colleagues to help reduce their own carbon footprints, such as encouraging a move to LEDs, encouraging colleagues to switch to renewable energy tariffs for their home energy and investing in more energy efficient technology for colleagues that work from home by using green criteria in our technology replacement processes.

Corporate Governance

Corporate governance on pages 51 to 79 incorporates the following sections:

Board of Directors

Non-Executive Directors

Steve Colsell Chair

Steve became Chair with effect from the Society's Annual General Meeting in June 2022, having been appointed to the Board in July 2016. He is Chair of the Nominations Sub-Committee and is also a member of the Remuneration Sub-Committee.

Steve is a qualified actuary whose financial services career has spanned banking, insurance and mortgage lending, notably with Zurich Insurance plc, Lloyds Banking Group plc and Kensington Group Limited. He has also held non-executive directorships at Starling Bank where he was Chair of the Risk Committee, St James' Place and esure Insurance Limited.

Steve holds a non-executive director role with Pepper Money Group.

Alison Davies Non-Executive Director

Alison was appointed to the Board in March 2023. She is Chair of the Member, Customer & Culture Sub-Committee and is a member of the Risk, Remuneration, and Nominations Sub-Committees.

Alison's financial services career spans more than 30 years in both the retail and mutual sectors. She has extensive knowledge of financial technology and digital and corporate strategy. Most recently Alison was Head of Digital at Skipton Building Society where she was influential in steering its digital strategy and developing the online customer experience. Prior to this Alison had executive positions at first direct and HSBC.

Alison is a member of the Board of Governors and Chair of the People Committee at York St John University, and is a strategic adviser for a Fin Tech start up business. She has been an active ambassador for a range of charities helping to improve the lives of children and young people.

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Non-Executive Directors (continued)

Melanie Hind Non-Executive Director

Melanie was appointed to the Board in September 2022. She is Chair of the Risk Sub-Committee and is also a member of the Audit, Remuneration, With-Profits and Nominations Sub-Committees. She will become Chair of the With Profits Sub-Committee from 1 May 2025.

Melanie is a Chartered Accountant and former partner in PwC whose extensive business experience includes strategy and change leadership, financial risk and capital management, corporate and regulatory reporting, and stakeholder management. She previously held senior roles at BDO International as Head of Assurance Quality, at the Financial Reporting Council as an executive director, and as Chief Risk Officer at Friends Life Group.

Melanie is an audit non-executive for KPMG UK's audit practice, a non-executive director and Audit Committee and People & Remuneration Committee Chair with Talbot Underwriting Limited, and an independent trustee and Honorary Treasurer for the Disasters Emergency Committee which brings together 15 leading UK aid charities to raise funds quickly and efficiently at times of crisis overseas.

Graham Lindsay Non-Executive Director and Vice Chair

Graham was appointed to the Board in July 2016 becoming Vice Chair from 1 January 2020 and Senior Independent Director in May 2020.

He is Chair of the Remuneration Sub-Committee, and is also a member of the Risk, Audit, Member, Customer & Culture and Nominations Sub-Committees. He is also Chair of Trustees for OneFamily's closed staff retirement benefits schemes.

Over a 40-year career with Lloyds Banking Group plc, Graham held a number of senior executive roles including as Managing Director of the Lloyds branch network and Group Director for Corporate Responsibility. He has also held board positions at the Institute of Financial Services and the Chartered Banker Professional Standards Board and is a Fellow of the Institute of Banking and Finance.

Graham is a non-executive director of Vanquis Bank where he chairs the Remuneration Sub-Committee. In addition, he is Emeritus Trustee of the Brain Tumour Charity and Trustee and Chair of the Risk, HR and Governance Sub-Committee at Break, a charity which strives to make life better for young people on the edge of care, in care and leaving care.

Peter O'Donnell Non-Executive Director

Peter was appointed to the Board in November 2024. He will become Chair of the Audit Sub-Committee from 1 May 2025 and is a member of the Nominations, Audit and Risk Sub-Committees.

Peter is a Chartered Management Accountant with a financial services career spanning more than 35 years that includes Aviva, Royal Sun Alliance, Prudential and Unum. Peter has comprehensive experience of the UK and International markets. His extensive experience, his background in leading business growth and his understanding of the insurance and financial services sector is an asset to OneFamily as we expand into new markets.

Peter is a Non-Executive Director at Nottingham Building Society and Queen Victoria Hospital Foundation Trust.

Phil Willcock Non-Executive Director

Phil was appointed to the Board in January 2025. He is a member of the Nominations Sub-Committees.

As an experienced Chief Executive Officer in businesses across the UK, Europe and Asia, Phil brings with him an extensive knowledge of the financial services industry. Most recently, Phil was the CEO of AIG Life Ltd in the UK, where he led the sale of the business to Aviva Plc.

Phil is Chair and Non-Executive Director at Athora Re.

Sally Williams Non-Executive Director

Sally was appointed to the Board in January 2019. She is Chair of the Audit and With-Profits Sub-Committees and is also a member of the Risk, Nominations and Member, Customer & Culture Sub-Committees. Sally will retire from OneFamily on 30 April 2025.

Sally is a Chartered Accountant who held a number of senior roles at PwC in both their audit and risk management teams over a 15-year period. She has extensive risk, compliance and governance experience, having held senior positions at Marsh, National Australia Bank and Aviva.

Sally holds non-executive director roles with Lancashire Holdings Limited, where she chairs the Audit Committee and Close Brothers Group plc. Sally is also a trustee and Chair of the Audit and Risk Committee of Ovarian Cancer Action, a charity that funds research into new treatments to help make ovarian cancer a survivable disease.

Executive Directors

Jim Islam Chief Executive Officer

Jim was appointed as Chief Executive Officer (CEO) of OneFamily in December 2023, having previously held the role of Chief Finance Officer since joining the Board in January 2020.

A qualified actuary, Jim has over 24 years' leadership experience at board level in the insurance, investment management, savings and pensions sectors.

Jim has developed the business's new growth strategy and cultivated the additional capabilities needed to deliver this. He has led on OneFamily's modernisation programme and progressed the commercial culture within the organisation, which has included the acquisition of Beagle Street.

Before joining OneFamily, Jim held senior finance and general management roles at Lloyd's of London and Legal & General, including Divisional CEO, CFO, Chief Operating Officer (COO) and Board Director roles. Within these organisations - covering the UK, France and global businesses - Jim transformed financial, capital and operating performance.

Jim is the non-executive chair of the People's Partnership, the provider of The People's Pension, and is a trustee of the RNLI, the charity that saves lives at sea. A leader on Diversity and Inclusion, Jim is an active LGBTQ+ Ally.

Philippa Herz Chief Finance Officer

Philippa has over 30 years of insurance company leadership - and a wealth of Board level experience. She has been Chief Finance Officer (CFO) of OneFamily since December 2023, having previously held the role of Chief Risk Officer from July 2016. In her current role, Philippa is responsible for OneFamily's Finance, Actuarial and Investment functions.

Prior to joining OneFamily, Philippa was Group Enterprise Risk Director at Bupa, working to implement risk management frameworks across the global group and deliver reporting to the Group Board covering both insurance and healthcare provision businesses. She has also previously held leadership positions at Friends Life and Legal & General, as well as roles in the Actuarial and Regulatory consultancy practices of PwC.

Philippa is a qualified actuary and has a degree in Economics & Statistics from UCL. She is an active leader of diversity and inclusion within the organisation and a mentor to several colleagues. Outside of work she volunteers as a mentor for sixth form students from disadvantaged backgrounds and serves as Safeguarding Governor of her local primary school.

Corporate governance report

Compliance with AFM Governance Code

OneFamily is committed to high standards of corporate governance. We report against the Corporate Governance Code for Mutual Insurers ('the Code') issued by the Association of Mutuals ('AFM'), whilst also continuing to adopt relevant best practice from the 2018 UK Corporate Governance Code. We will continue to adopt relevant best practice from the 2024 UK Corporate Governance from its effective date of 1 January 2025.

Under the AFM's Code we are required to explain in our annual report how we have applied its six high-level principles in the way that is most appropriate for our organisation, and how this has contributed to better governance.

The six principles are set out below, followed by a summary of how we have applied each of them.

1. Purpose and Leadership

An effective board promotes the purpose of an organisation, and ensures that its values, strategy and culture align with that purpose.

How we have applied this principle

The Board is responsible for setting our strategy, which establishes the objectives we intend to follow in order to deliver our purpose and vision as a mutual organisation in the best interests of our members and stakeholders. The Executive team is responsible for implementing the agreed strategy and reporting progress against strategic objectives to the Board.

Our mission ('To create and protect value for members'), vision ('Inspiring Better Futures') and strategic objectives are communicated to all employees and feature prominently in internal communications.

Through the Remuneration Sub-Committee, the Board ensures that strategic objectives are reflected in objectives and incentive scheme targets for our Executive team and senior managers.

Strategic objectives are reflected in business plans and annual budgets. Regular reports provide the information that the Board needs in order to monitor performance against those plans; whilst the Board's annual strategy day, with interim checkpoints during the year, enable any changes to the agreed strategy to be made at the appropriate time.

The Member, Customer & Culture Sub-Committee provides oversight of culture across the organisation.

2. Board Composition

Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the organisation.

How we have applied this principle

All non-executive directors and the Chief Executive Officer (CEO) have an annual performance review which is carried out by the Chair. The CEO reviews the performance of the Chief Finance Officer. The Chair's performance is reviewed by the Senior Independent Director who seeks feedback on their performance from the wider Board. Each director also completes a self-evaluation questionnaire and an evaluation questionnaire on each of the other directors, with results collated anonymously for discussion with the Chair and identification of any development needs.

The Chair, supported by the Company Secretary, leads an annual evaluation of the Board and its sub-committees, including the composition of the Board. The evaluation is normally facilitated externally every three years with the latest review carried out in the first quarter of 2024 in respect of 2023 by Board Alchemy. The review concluded there was a good understanding of the purpose and role of the Board and its sub-committees, supported by good underlying processes and meetings well chaired in an inclusive way. Non-executives are well prepared and provide good challenge, with the Executive responding openly and without defensiveness. The key recommendations related to developing relationships and greater involvement of non-board executives. The Board has also carried out an internal evaluation of its effectiveness and that of its sub-committees in 2024. Actions are in hand to further build relationships between Board members, to increase opportunity for the Executive to have greater involvement with the Board and to optimise the level and scope of information received by the Board and its sub-committees.

A skills and competencies matrix is maintained for members of the Board. This is updated annually and when there are changes to Board composition. This helps develop our Board succession planning and helps identify areas to be included in training and development sessions for the Board and its sub-committees.

The Board has a diversity policy which requires appointments to the Board to complement and expand the skills, knowledge and experience of the Board as a whole. It also requires that when identifying suitable candidates for appointment, that the Nominations Sub-Committee will consider candidates against objective criteria with due regard for the benefits of diversity on the Board. Since the last report, female representation decreased from 4/7th to 4/9th following the appointments of Peter O'Donnell and Phil Willcock.

Directors are required to disclose details of other significant appointments before joining the Board. Any subsequent proposed changes must also be approved by the Board. This helps ensure that directors have sufficient time available to carry out their duties.

The Nominations Sub-Committee oversees Board composition and succession planning for the Board and the Executive team. During 2024, the Nominations Sub-Committee oversaw the appointments of Peter O'Donnell and Phil Willcock, taking into account factors such as the candidates' suitability for the role against objective criteria, board composition and diversity.

3. Directors

The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision making and independent challenge.

How we have applied this principle

Role descriptions are in place for each director reflecting their respective responsibilities, including designated positions held under the Senior Managers Certification Regime. There is a clear demarcation between the responsibilities of the CEO and the Chair. The CEO's delegated authority levels are also clearly documented.

Induction programmes for new directors help ensure that there is clear understanding of responsibilities under S172 of the Companies Act, which the Society voluntarily elects to follow.

Directors are required to disclose details of any factors that could lead to an actual or perceived conflict of interests before joining the Board. Any subsequent changes must also be notified, with an annual attestation required from each director of the disclosures recorded in the register of interests.

Conflicts of interest is a standing agenda item at each Board and sub-committee meeting,

The Board has its own Terms of Reference and Schedule of Matters Reserved to the Board. These documents are kept under regular review and updated as required.

Terms of reference are also in place for each of the Board's sub-committees and are subject to annual review with any recommended changes submitted for Board approval.

Processes for managing the timely flow of decision-making information to the Board are in place, facilitated by forward agenda plans maintained by the secretariat function. A comprehensive management information summary is provided ahead of each Board meeting. This includes key information about the Society's capital position, capital generation from trading activities, business performance measures, and progress against strategic objectives.

4. Opportunity and Risk

A board should promote the long-term sustainable success of the organisation by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.

How we have applied this principle

The Board has a clearly articulated and communicated strategy of optimising the business for sustainability through a diversified product range and increased operational efficiency, whilst managing the organisation within our risk appetite.

The Board regularly reviews progress against strategic plans. This is supported by key metrics to enable early identification of any emerging issues.

Further information on how we apply this principle is included in the Risk management report on page 33 and the overview of the Risk Sub-Committee on page 59.

5. Remuneration

A board should promote executive remuneration structures aligned to the long-term sustainable success of an organisation, taking into account pay and conditions elsewhere in the organisation.

How we have applied this principle

Information on how we apply this principle is included in the Directors' remuneration report on page 71, and the overview of the Remuneration Sub-Committee on page 59.

6. Stakeholders

Directors should foster effective stakeholder relationships aligned to the organisation's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

How we have applied this principle

Information on how we apply this principle is included in the Inspiring Better Futures report on page 20, and the Section 172 report on our stakeholders on page 29.

Attendance at board meetings

The table on page 64 shows the number of Board and standing sub-committee meetings held in 2024 and directors' attendance at those meetings.

Independence of non-executive directors

Other than the Chair, by virtue of him holding this office only, all the current non-executive directors are considered to be independent of OneFamily at the date of this report. The Chair was considered independent on appointment.

All directors are subject to annual re-election.

Board performance monitoring and evaluation

Each year the Board sets business objectives for OneFamily as part of its rolling five-year plan, which are based on the objectives outlined in the report on Our strategy on page 11. The Board monitors performance against these objectives at regular intervals.

Board of directors

During 2024, and up to the date of signing this Annual Report and Consolidated Financial Statements, the Board comprised:

Non-executive directors

Steve Colsell (Chair)
Alison Davies
Melanie Hind
Graham Lindsay (Vice Chair and Senior Independent Director)
Peter O'Donnell (from 1 November 2024)
Phil Willcock (from 1 January 2025)
Sally Williams

Executive directors

Jim Islam (Chief Executive Officer)
Philippa Herz (Chief Finance Officer)

Secretary

Josie Green

Sub-Committees

The Board operates the following standing sub-committees (membership shown at the date of approval of the Annual Report and Consolidated Financial Statements). Further details of the duties of the Sub-Committee are contained in the terms of reference which can be viewed at www.onefamily.com.

Nominations Sub-Committee

Steve Colsell (Chair)

Alison Davies

Melanie Hind

Graham Lindsay

Peter O'Donnell (from 3 April 2025)

Phil Willcock (from 3 April 2025)

Sally Williams

The Nominations Sub-Committee comprises all non-executive directors, with the CEO normally in attendance at meetings at the discretion of the Chair.

The purpose of the Sub-Committee is to regularly review the structure, size and composition of the membership of the Board and to examine the skills, knowledge, experience, diversity, independence and effectiveness of the Board.
Details of the duties of the Nominations Sub-Committee are contained in the terms of reference which can be viewed at www.onefamily.com/assets/consumer/downloads/company-information/nominations-committee-terms-of-reference.pdf.

During 2024 the Sub-Committee oversaw the process to appoint Peter O'Donnell and Phil Willcock, following a robust assessment process, including independent search and selection, and in line with succession plans, including for the Audit Sub-Committee Chair. In addition, the Sub-Committee commenced consideration of succession planning for the Chair and Senior Independent Director.

Remuneration Sub-Committee

Graham Lindsay (Chair)
Steve Colsell
Alison Davies
Melanie Hind

The primary purpose of the Remuneration Sub-Committee is to recommend to the Board and oversee the implementation of the OneFamily remuneration policy.

Details of the duties of the Remuneration Sub-Committee are contained in the terms of reference which can be viewed at www.onefamily.com/assets/consumer/downloads/company-information/remuneration-committee-terms-of-reference.pdf.

Areas of consideration of the Sub-Committee during 2024 included:

- Review of the business wide-remuneration policy.
- Approval of the design and targets for performance-related pay schemes operated by OneFamily and approval of the total annual payments made under such schemes.
- Consideration of industry benchmarks and recommendation to the Board in relation to the Chair and Non-Executive Director fees, and executive Director (including CEO) remuneration.

Details of the directors' remuneration can be found in the Directors' remuneration report on pages 71 to 79. The Chief Risk Officer (CRO) has appropriate input into the setting of the remuneration policy and remuneration decisions other than their own.

Risk Sub-Committee

Melanie Hind (Chair)
Alison Davies
Graham Lindsay
Peter O'Donnell (from 11 December 2024)
Sally Williams

The members of the Risk Sub-Committee have been selected with the aim of providing a wide range of financial and commercial expertise. In addition, by invitation, all meetings are attended by the CEO, CFO and CRO.

Details of the duties of the Risk Sub-Committee are contained in the terms of reference which can be viewed at www.onefamily.com/assets/consumer/downloads/company-information/risk-committee-terms-of-reference.pdf.

Areas of consideration of the Sub-Committee during 2024 included:

- Review and approval of OneFamily's risk management framework including risk assessment of significant strategic initiatives.

- Recommendation of OneFamily's overall risk appetite, strategy and related policies.
- Recommendation of the Own Risk and Solvency Assessment (ORSA) process.
- Recommendation of the development of recovery & resolution and operational resilience plans, including information security and oversight of third parties and outsourcing risk.
- Oversight of the identification, management and monitoring of strategic, financial, operational and conduct risks, as well as climate-related and reputational risks.
- Review of activities under the modernisation programme from a risk management perspective.
- Review of the Material Controls Framework under the 2024 UK Corporate Governance Code guidance which comes into force from 1 January 2026.

The Sub-Committee continually reviews its activities in the light of changes to OneFamily's strategy and changing UK regulation.

Audit Sub-Committee

Sally Williams (Chair)
Melanie Hind
Graham Lindsay
Peter O'Donnell (from 11 December 2024)

The Board is satisfied that the Audit Sub-Committee members have the appropriate range of financial expertise, as well as competence relevant to the sector in which the Group operates, to challenge management appropriately. The qualifications and experience of each member of the Sub-Committee are included in their biographies on pages 51 to 54.

Details of the duties of the Audit Sub-Committee are contained in the terms of reference which can be viewed at www.onefamily.com/assets/consumer/downloads/company-information/audit-committee-terms-of-reference.pdf.

Significant areas of judgement and estimation, in relation to the financial statements, considered by the Sub-Committee in the year

Area of focus	Audit Sub-Committee action in year	Outcomes
Annual report and consolidated financial statements	The Sub-Committee reviewed the Annual Report and Financial Statements, after reviewing processes for their production and challenging assumptions underlying the models and valuations which underpin them. This review included considering the appropriateness of alternative performance measures shown in the Group performance highlights section of the Annual Report. The Sub-Committee reviewed and challenged significant areas of judgement such as the valuation of the long-term business provision (see below), asset impairment assessments, and the valuation of Level 3 assets and accounting policies. The Sub-Committee reviewed the presentation and disclosure in respect of the pension scheme buy-in liability and the defined benefit pension scheme reporting under FRS102. The Sub-Committee also considered the change in accounting policy relating to the valuation of the Society's investment in Group undertakings and the resulting restatement of prior years' results. The Sub-Committee reviewed and challenged the going concern assessment and the long-term viability statement prepared by management.	The Sub-Committee advised the Board that it considers that: - Taken as a whole, the 2024 Annual Report and Consolidated Financial Statements are fair, balanced and understandable and provides the information for members to assess OneFamily's position and performance, business model and strategy - they concur with the going concern and long-term viability statements included in the financial statements
Valuation of the long-term business provision for insurance business and for the new pension scheme buy-in liability	The Sub-Committee reviewed and challenged the methodology and assumptions proposed by management for both demographic and economic assumptions. Particular focus was applied to key areas where judgement had been applied such as prudence margins and expense assumptions. In respect of the pension scheme buy-in liability, the Sub-Committee reviewed the development of governance over the modelling process as well as the methodology and design decisions. The Sub-Committee considered the valuation methodology and oversight of the process for valuing the pension scheme buy-in liability in management and regulatory reporting, acknowledging that financial reporting standards do not permit it to be recognised within these Financial Statements until such time as the liabilities are fully bought out. The Sub-Committee also considered related observations from the external auditors.	The methodology and assumptions papers were recommended to the Board for approval.

Area of focus	Audit Sub-Committee action in year	Outcomes
Effectiveness of internal control systems supporting the financial statements	The Sub-Committee received regular reports regarding the operational effectiveness of the internal financial control systems from both the second line of defence (Compliance) and the third line (Internal Audit). These included progress reports on the mitigation of previously recognised issues. In addition, the Sub-Committee received from the Head of Internal Audit an annual overall assessment, which found the adequacy of OneFamily's general risk management framework and internal control environment to be satisfactory.	In conjunction with the Risk Sub-Committee, the Audit Sub-Committee was satisfied that the internal financial control systems are appropriately designed and effective.

Other areas of consideration of the Sub-Committee during 2024 included:

- Monitoring the integrity of the annual regulatory return, including the Solvency and Financial Condition Report.
- Review and challenge of the Client Assets risk framework and the findings of the external audit of Client Assets, approval of Client Assets policies and monitoring progress of the resolution of any audit findings.
- Review, challenge and approval of the whistleblowing policy and receipt of any related reporting.

Internal audit

The Sub-Committee is responsible for monitoring the effectiveness of the internal audit function. The Head of Internal Audit presented the annual internal audit strategy and plan to the Sub-Committee for review, discussion and approval. The Sub-Committee was satisfied that the internal audit function had appropriate resources and budget to fulfil its mandate. During the year, the Sub-Committee received reports from the Head of Internal Audit summarising the status of the internal audit plan, findings from internal audits and status of actions taken by management to implement recommendations arising. The Sub-Committee reviewed and approved the Internal Audit Charter and the related Internal Quality Assurance Improvement Programme. The Chair of the Sub-Committee undertook an annual review of the effectiveness of the internal audit function and its activities. The Sub-Committee considered the report and concluded that the internal audit function had operated effectively, has appropriate standing within the Group and that the Head of Internal Audit has the appropriate reporting lines to maintain independence.

External audit

The Sub-Committee considered the appropriateness of the annual external audit plan, including materiality and the proposed testing of key judgements, such as reserving, prior to approving this. The Sub-Committee reviewed and discussed reports from the external auditors on the progress and findings of the external audit process.

Following the 2023 year-end audit, the Sub-Committee considered the effectiveness of the external audit following a review of the audit process. Opportunities to enhance the effectiveness of the audit process were discussed during the year with the auditors and these were incorporated into the 2024 year-end process. Overall, the Sub-Committee concluded that the external audit was effective.

Deloitte was appointed as auditor to OneFamily in 2022. A resolution to appoint Deloitte as auditor for 2024 was approved by members at the 2024 Annual General Meeting and a resolution for their re-appointment for 2025 will be presented at the meeting in June.

UK legislation defines OneFamily, being an insurance group, as a public interest entity. As such there are detailed restrictions of non-audit services that may be provided by external auditors both by type of service and the overall value.

The Sub-Committee approves any change to the external auditor services policy and reviews this at least annually and monitors adherences to the policy. The Sub-Committee is responsible for reviewing and monitoring the external auditor's independence and objectivity and considered this at the year end. The Sub-Committee concluded that Deloitte remain independent.

With-Profits Sub-Committee

Sally Williams (Chair)
Steve Ferrari (to 10 February 2025)
Melanie Hind
Feryal Nadeem (from 25 February 2025)

The Sub-Committee comprises at least three members, a majority of whom will be independent non-executive directors. Meetings are attended, by invitation, by the CEO, CFO and CRO, and the With-Profits Actuary.

Details of the duties of the With-Profits Sub-Committee are contained in the terms of reference which can be viewed at www.onefamily.com/assets/consumer/downloads/company-information/with-profits-committee-terms-of-reference.pdf.

Areas of consideration of the Sub-Committee during 2024 included:

- Overseeing OneFamily's with-profits business in accordance with the relevant Principles and Practices of Financial Management (PPFMs), as well as Prudential Regulation Authority (PRA) rules.
- Review of bonus declarations and considering whether surrender and paid-up values granted reflect the fair treatment of with-profits policyholders.
- Considering the impact on policyholders as WP2 policies run off and the sunset clause approaches.
- Annual review of the investment strategy.
- Oversight of the appointment of a new With-Profits Actuary.
- Review of communications to customers in respect of final bonuses to consider whether improvements can be made.
- Review of expense recharges to the fund and approval of a correction to these charges.
- Review and approval of the annual report to policyholders.

Member, Customer & Culture Sub-Committee

Alison Davies
Graham Lindsay
Philippa Herz
Jim Islam
Sally Williams

Details of the duties of the Member, Customer & Culture Sub-Committee are contained in the terms of reference which can be viewed at www.onefamily.com/assets/consumer/downloads/company-information/member-committee-terms-of-reference.pdf.

During 2024 the Sub-Committee's activities included focus on the following:

- Review of membership principles and engagement.
- Review of customer experience and customer satisfaction metrics against agreed targets.
- Monitoring of the Group's approach to meeting the FCA's Consumer Duty principles in line with the regulator's timeline.
- Review of people culture metrics and the Employee Value Proposition initiatives in the year.
- Review of the percentage target for women within senior management roles and increased this to 40% from the previous 35%.

Additional sub-committees

In addition to the standing sub-committees detailed above, the Board may also convene additional committees depending on business needs. For instance, a Mergers & Acquisitions Sub-Committee may be formed if a proposed corporate transaction needs to be considered in detail.

Governance of subsidiary companies

OneFamily's subsidiary companies each have a board of directors comprising executive directors, with non-executive directors also appointed when appropriate – for example to the boards of start-up companies, or to meet regulatory requirements. Family Investment Management Limited had non-executive director representation during 2024. .

Attendance at meetings in 2024

The Chair and non-executive directors have opportunities to meet independently of the executive directors at least four times a year.

The attendance of directors at Board meetings and standing sub-committee meetings during the year is set out below. The number of meetings that each director could have attended is shown in brackets. The Chief Risk Officer also attends all Board and sub-committee meetings with the exception of Nominations Sub-Committee meetings and any items at Remuneration Sub-Committee where there may be a conflict of interest. Other members of the Executive team also attend Board and sub-committee meetings regularly for items relevant to their areas of responsibility.

	Board of Directors	Nominations Sub-Committee	Remuneration Sub-Committee	Risk Sub-Committee	Audit Sub-Committee	With-Profits Sub-Committee	Member, Customer & Culture Sub-Committee
Steve Colsell	8 (8)	6 (6)	5 (5)				
Alison Davies	8 (8)	6 (6)	5 (5)	4 (4)			3 (3)
Melanie Hind	8 (8)	6 (6)	5 (5)	4 (4)	5 (5)	4 (4)	
Graham Lindsay	8 (8)	6 (6)	5 (5)	4 (4)	5 (5)		3 (3)
Sally Williams	8 (8)	6 (6)		4 (4)	5 (5)	4 (4)	3 (3)
Philippa Herz	8 (8)						3 (3)
Jim Islam	8 (8)						3 (3)
Peter O'Donnell*1	0 (1)				1 (1)		

Notes *1 From 1 November 2024

Directors make every effort to attend meetings, however, occasionally there are unavoidable circumstances that prevent this. In these circumstances the directors concerned receive the papers and submit any comments or questions to the chair of the meeting for consideration at the meeting.

Directors are recorded as having been present if they attended for the majority of the substantive business considered.

The Society's AGM

The Society's AGM usually takes place in June and provides a forum for members to meet directors and learn more about OneFamily and how it is governed. We encourage as many members as possible to attend and have their say in how the Society is run, and we also provide proxy postal and online voting arrangements for members unable to attend the meeting in person so that their views can also be taken into account. Details of OneFamily's member relations strategy are available at www.onefamily.com or from the Company Secretary.

Our role as an institutional investor

The UK Stewardship Code was introduced by the Financial Reporting Council with the aim of enhancing the engagement between institutional investors and companies, thereby improving governance in those companies and enhancing shareholder value.

We delegate management of our assets externally to State Street Global Advisors for all our collective investment schemes and most of our unit-linked funds. The management of the non-linked assets in the non-profit and with-profits funds is delegated to Invesco Asset Management. We are not involved with undertaking stewardship activity on a day-to-day basis and so do not have direct engagement with companies held within the portfolios managed by these third parties. We actively monitor the stewardship activities of our investment managers through regular meetings and reporting. We challenge our investment managers to explain how they are engaging with companies and exercising votes in order to promote good stewardship.

As a responsible investor, we take our role seriously as an owner of the companies we are invested in and endorse the UK Stewardship Code. We expect all our third-party investment managers to be signatories to the Code.

Our main investment manager, State Street Global Advisors', asset stewardship program is centred on the pursuit of long-term value for their clients' portfolios through voting at shareholder meetings and engaging with the companies in which they invest on behalf of their clients. State Street Global Advisors approach stewardship by focussing on three tools to oversee long-term risks and opportunities - proxy voting, thought leadership, and engagement with companies. This involves voting on management and shareholder proposals and against directors (where necessary) to ensure that management are held accountable and value creation is prioritised; publication of an Annual Stewardship Report highlighting their stewardship activity; and undertaking proactive engagement campaigns on various themes plus ongoing engagement around financially material sustainability risks and opportunities.

In addition to issues related to long-term strategy and value creation, they also incorporate material Environmental, Social and Governance (ESG) concerns into their engagement efforts. Throughout 2024 thematic focus areas included:

- Climate transition plans.
- Climate and nature related risks in the food value chain.
- Human capital management.
- Diversity, equity and inclusion.
- Risks and opportunities related to emerging technologies.

Longer term viability statement

OneFamily's approach to the assessment

The directors have assessed OneFamily's long-term business prospects in light of the principal risks and uncertainties it faces up until the end of December 2029. A five-year period is appropriate for this viability assessment because OneFamily's internal strategic planning process also covers this time frame. Our business model and strategy are integral to understanding OneFamily's future prospects.

OneFamily adopts a prudent approach to strategy, with a focus on delivering value to our members whilst helping to ensure that we have a sustainable business model.

The Board participates fully in the planning process and performs a thorough review and challenge of the strategy and assumptions used, through stress and scenario testing of key economic, insurance and operational risks.

The assessment process

The assessment looks at OneFamily's financial performance, capital management, cash flow, and solvency position, as well as the principal risks and uncertainties that could impact on future performance, solvency or liquidity.

The process makes use of the full range of planning and forecasting information and tools available internally, which provide an in-depth analysis of OneFamily's risk profile, liquidity, profit and capital projections.

As part of the annual risk management and business planning cycle, OneFamily produces an Own Risk and Solvency Assessment (ORSA), which also covers the five-year planning period. The ORSA helps management determine the appropriate level of capital required to meet overall solvency needs for the planning period, taking into account OneFamily's current risk profile, strategy and risk appetite. For the 2024 ORSA, the Board approved the following stress and scenario tests:

- Business Model Underperformance, being a series of individual and aggregate stresses to explore the impact of underperformance relative to assumptions on capital over a 5-year horizon.

- An adverse economic, counterparty and longevity stress, based on the PRA Life Insurance Stress Test, covering adverse movements in interest rates, credit spreads, equities and option volatilities, credit downgrades, property devaluations impacting equity release mortgage assets and a longevity shock.
- A mass lapse shock, being the impact of a sudden downward mass lapse.
- Financial risk from climate change, exploring the physical and transition impact of three alternative climate transition pathways based on the 2021 Bank of England Biennial Climate Scenario.

The Board also approved reverse stress scenarios covering:

- Business model failure, with stresses against the investment and protection business a severe equity shock, higher levels of inflation than anticipated and an operational risk loss.
- A geopolitical recession similar to the 1970s Israeli-Arab conflict leading to a global oil shock and resulting in extreme equity and spread shocks together with inflation, mass lapses and expense shocks and a conduct stress.

The likelihood of all of the expected impacts of either scenario happening simultaneously or at a speed which would inhibit the Board from effecting management actions is deemed to be well beyond a one-in-two hundred year return period.

The ORSA assessment process also considered OneFamily's financial resilience (including solvency and liquidity) and operational resilience in light of the heightened uncertainties and impacts arising from developments in the geopolitical and economic situation - helping to keep the directors informed of the sensitivities of OneFamily's capital strength to equity, interest rate and credit spread changes.

Outcome of the assessment process

On the basis of the ORSA and the business plan, the directors have formed a judgement that OneFamily's strategy is robust and that OneFamily has sufficient capital and liquidity to:

- Meet regulatory capital requirements.
- Satisfy its risk appetite.
- Maintain a sustainable business model.

As OneFamily has no shareholders and therefore has no requirement to pay dividends, it is less constrained in investing in the business for the future.

The directors are also satisfied that OneFamily has appropriate risk management and governance procedures in place to manage and mitigate the risks that have been identified over the planning period.

Viability statement

This detailed assessment was made recognising the Principal risks and uncertainties that could have an impact on the future performance of OneFamily as detailed on pages 34 to 41 and its long-term prospects in light of these. The directors are confident that OneFamily will be able to continue in operation and meet its liabilities as they fall due over the five-year period to 31 December 2029.

Steve Colsell
Chair

Directors' report

The Annual Report and Consolidated Financial Statements including the strategic report have been prepared in accordance with The Friendly Societies (Accounts and Related Provisions) Regulations 1994 (the Regulations).

The Directors who held office during the year and to the date of signing of this report were as follows:

Steve Colsell (Non-Executive Chair)
Graham Lindsay (Senior Independent Director)
Alison Davies (Non-Executive Director)
Melanie Hind (Non-Executive Director)
Peter O'Donnell (Non-Executive Director from 1 November 2024)
Phil Willcock (Non-Executive Director from 1 January 2025)
Sally Williams (Non-Executive Director)
Jim Islam (Chief Executive Officer)
Philippa Herz (Chief Finance Officer)

Directors' biographies can be found on pages 51 to 54.

Statement of responsibilities of the Board of Directors

The Friendly Societies Act 1992 (the Act) requires the Board of Directors to prepare the Annual Report and Consolidated Financial Statements for each financial year which give a true and fair view of the state of the affairs of the Society and of the Group as at the end of the financial year, and of the income and expenditure of the Society and of the Group for that period. Under the Act the directors have elected to prepare the Annual Report and Consolidated Financial Statements in accordance with UK accounting standards and applicable law (UK generally accepted practice).

In preparing the Annual Report and Consolidated 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 any material departures disclosed and explained in the accounts.
- Assess the Group and Society's ability to continue as a going concern, disclosing as applicable, matters related to going concern.
- Prepare Annual Report and Consolidated Financial Statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board confirms that it has complied with the above requirements in preparing the accounts and believes they provide a fair, balanced and understandable view of the Society and the Group.

The Board is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of OneFamily and ensuring that the accounts comply with the Act. It is also responsible for safeguarding the assets of OneFamily and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

The Board is responsible for OneFamily's systems of control and acknowledges that such systems can provide only reasonable and not absolute assurance against material misstatement or loss. The Board conducts, through the Risk and Audit Sub-Committees, an ongoing review of the effectiveness of OneFamily's systems of internal controls and risk management and is satisfied that there are no material shortcomings in the internal financial control framework - see the Risk Sub-Committee and Audit Sub-Committee reports on pages 59 to 62). The Board, through the Audit Sub-Committee, noted areas for improvement in the control environment identified by Deloitte and the recommended improvements. The Board is comfortable that these areas for improvement have not led to any material misstatements in reporting.

In accordance with the Act, the Board confirms that all activities carried out during the year by the Society and its subsidiary undertakings are believed to have been carried out within their respective powers.

The Board considers that the skills, independence and experience of the non-executive directors provide an appropriate balance to help ensure that the Group is effectively managed and controlled.

The Annual Report and Consolidated Financial Statements provide the information necessary for members to assess the Society and Group's performance, business model and strategy.

As at 31 December 2024, the Group's margins of solvency comfortably exceeded the minimum requirements as prescribed by the Prudential Regulation Authority.

Going concern

OneFamily's business activities, financial performance and solvency, as well as future outlook, are summarised in Our strategy report and the Chief Finance Officer's, on pages 10 and 15 respectively.

Principal risks faced by OneFamily, including liquidity risk, are summarised in the Risk management report on pages 33 to 41. This information helps to explain how we manage going concern and liquidity risks to secure OneFamily's long-term success.

The Board acknowledges that a balanced risk appetite is essential for the long-term success of OneFamily and to manage and mitigate risk it receives regular recommendations and reports from the Risk Sub-Committee.

In assessing going concern of the Society and the Group, the Board has also taken into account the impact of changes in the wider economic, political and global environments. This has included assessment of the Group's financial resilience (including solvency and liquidity) and sensitivities to further equity, interest rate and credit spread changes. The Group's operational resilience has also been considered by the Board in the assessment of going concern. Further details on the impact of these factors on the business from both a financial and operational perspective can be found in the Risk management report on pages 33 to 41.

As a result of the Board's consideration of the above factors, the directors have formed a judgement that there is a reasonable expectation that the Group has adequate financial resources to continue in operation as a going concern for a period of at least 12 months from the date of approval of these financial statements and continue to prepare the financial statements on that basis.

Principal risks and uncertainties

As a result of its normal business activities, OneFamily is exposed to a variety of risks. OneFamily has established a number of sub-committees and policies to successfully manage these risks. These principal risks and uncertainties are set out in the Risk management report on pages 33 to 41 and in Note 2 to the financial statements.

Information about our approach to managing climate-related risks, including energy and emissions data can be found on pages 42 to 49.

Energy and Carbon Disclosures

Please see the Climate-related financial disclosure section on on pages 42 to 49.

Employees

OneFamily employed an average of 683 full time equivalent employees during 2024 (2023: 703) at a total cost (excluding Defined benefit pension costs – see Notes 11 and 27) of £41.5 million (2023: £40.2 million). The Board recognises that OneFamily's most valuable resource is its employees and that they are key to its success in implementing its strategy. The Board believes that the continued learning and development of colleagues is essential, in order to help ensure effective management of OneFamily, and provision of appropriate service to customers. As at 31 December 2024 the gender mix at management levels was:

	2024		2023	
	Male	Female	Male	Female
Board of Directors	50%	50%	43%	57%
Senior management	57%	43%	58%	42%

There is a statement on gender pay on page 22 and further information on our approach to diversity and inclusion, including how we support those with different forms of disability to fulfil their potential at work, can also be found on page 22.

In addition to individual team meetings, all colleagues are kept informed on matters of concern to them such as business performance and strategy; changes to the economic and competitive environment that OneFamily operates in;

wellbeing initiatives; the OneFamily modernisation programme; and changes to the Executive team through a number of regular communication channels including:

- Town Hall events held at all office locations with updates from the CEO and other senior managers and opportunities to raise questions.
- Emails from our Internal Communications teams, including a weekly update to all colleagues from the CEO.
- Regular breakfast sessions with the CEO and other senior managers which all colleagues are invited to attend. The Talking Family employee consultative committee meets at least monthly to provide a forum for representatives of employees to provide their views on issues affecting them. Its Chair and Vice-Chair provide feedback arising from its discussions by attending the Executive team's meeting on a monthly basis; whilst the Senior Independent Director is invited to attend all Talking Family meetings. He provides regular updates to the OneFamily Board on the themes discussed including any current issues of concern to colleagues.

The results of the annual staff engagement survey are reviewed by the Board and actions in response to it are communicated to all colleagues.

Future Developments

In 2025 and future years we will continue to drive positive social outcomes, leveraging the capabilities provided by our modernisation programme to reach as many customers as possible and build commercial value for OneFamily, including:

- Continuing to invest in growth capabilities for our core protection and investments products - growing our business sustainably, creating and protecting value for our customers.
- Developing our protection proposition further with a phased intermediary launch in 2025.
- Continuing to simplify our operations and corporate structure as our modernisation initiative progresses, providing further cost efficiencies and continuing to enhance the business's operational resilience and sustainability.
- As we move into our 50th year, reflect and reignite our purpose and role as a modern mutual.

Customer complaints

It is OneFamily's policy to investigate and resolve all customer complaints promptly and fairly, but in the event that customers are not satisfied with the response the Financial Ombudsman Service provides a complaints resolution service. Full details can be obtained from the Company Secretary or at www.onefamily.com. In 2024 we resolved 99% of complaints within four weeks (2023: 99%).

Appointment of auditor

A resolution to re-appoint Deloitte LLP as the external auditor will be proposed at the 2025 AGM.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each director has taken all the steps that they ought to as a director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Actuarial function

OneFamily outsources its Chief Actuary and With-Profits Actuary functions to Willis Towers Watson. Paul Simmons (of Willis Towers Watson) was Chief Actuary to the Group throughout 2024. The With-Profits Actuary was Michael Green (of Willis Towers Watson) until 18 October 2024. Tom Michael (of Willis Towers Watson) was appointed interim With-Profits Actuary from 19 October 2024, and With-Profits Actuary following approval on 24 January 2025.

Charitable and political donations

In 2024, OneFamily made charitable donations of £102k (2023: £106k). Further details of our charitable partnerships can be found on page 22. In addition, within the £102k, £19k was awarded to a variety of great causes, including one-off donations to charities supporting disadvantaged families and donations to match colleague fundraising. OneFamily also continued sponsorship of Brighton Pride for the 9th year running. Our charity partnerships enable us to support initiatives that align with our Inspiring Better Futures vision.

No political donations were made (2023: nil).

Directors' interests

None of the directors had any interests in the Group or its subsidiary companies, other than those interests in respect of fees or salaries paid to them as directors, those interests in respect of the policies which they hold with the Group under standard terms and conditions and those interests specifically disclosed in Note 29 to the financial statements.

Directors' insurance and indemnities

The directors have the benefit of the indemnity provisions contained in the Society's Rules, and the Society has maintained throughout the year directors' and officers' liability insurance for the benefit of the Society, the directors and its officers. The Society has entered into qualifying third-party indemnity arrangements for the benefit of all its directors which were in force throughout the year and remain in force.

JosieGreen

Josie Green
Secretary
3 April 2024

Directors' remuneration report

Annual statement from the Remuneration Sub-Committee Chair

Dear Members

On behalf of the Board and as Chair of the Remuneration Sub-Committee, I am pleased to present the Directors' remuneration report for 2024.

Remuneration Sub-Committee governance and reporting

The purpose of the Sub-Committee is to ensure that OneFamily attracts and retains colleagues with the appropriate skills and experience by setting the remuneration policy to drive the organisation forward in line with its strategy, risk appetite, long-term sustainable success and long-term member interests while respecting its values and purpose. OneFamily is committed to high standards of corporate governance and our remuneration policy and practices reflect this.

During 2024 the Remuneration Sub-Committee met four times.

OneFamily developments in 2024

During 2024 we continued to deliver on our strategy, with further progress in the modernisation of our IT systems. This has enabled the migration of Beagle Street customers onto the OneFamily platform, enhancing customer experience and completing the integration of the Beagle Street business. In addition, we have developed the systems to enable further growth of our business and enhance the digital experience of our customers.

OneFamily achieved its overarching corporate objectives, being excellent customer satisfaction, continued good colleague engagement, strong trading capital generation and strategic, transformative change throughout the business.

More details on OneFamily's performance and strategy can be found in other sections of the Annual Report.

Remuneration and fees in 2024

OneFamily's success is dependent on the work and dedication of our colleagues, and we are committed to offering fair pay and benefits. Consequently, we have renewed our commitment to paying at least the Real Living Wage to all our colleagues.

Whilst levels of inflation fell during 2024, the Sub-Committee were aware of the continued impact that the associated cost-of-living pressure inflation has had on many of our colleagues, so in reference to this and in consideration of performance and market practice, we awarded an average pay rise of 4.6% effective 1 March 2024. Higher pay rises were awarded to those on lower salaries. No pay awards were made to the CFO or CEO due to their recent appointment.

The Board increased the non-executive directors' base fee by 5%, which considered market benchmarking and reflected the time commitment required to fulfil the role. We increased the Sub-Committee fee for Member, Customer and Culture Sub-Committee chair reflecting the increased scope and time commitment required for this role. All other committee fees remained the same.

Review of executive director remuneration

During 2024, the Remuneration Sub-Committee undertook a comprehensive review of the executive directors' remuneration policy with external independent advice provided by Korn Ferry who were appointed in September 2024. The purpose of this review was to ensure that the policy remains aligned with market best practice and continues to support the interests of our stakeholders.

The Sub-Committee also considered detailed benchmarking analysis, focusing on both remuneration structures and quantum within financial services mutuals and other businesses of a comparable size. The Sub-Committee was supported by Korn Ferry and has agreed to align more closely to this comparator group. It was found that base salary levels for the CEO and CFO had fallen behind market levels. The Sub-

Committee considered the performance of the two executive directors since entering their roles. At the time of appointment their base salaries were set below the market levels recognising that as they gained experience a fuller market level would be appropriate. They did not receive salary increases in 2024 having only being promoted to their current roles in late 2023. The Sub-Committee considered it appropriate to align both executive directors to the agreed market benchmark and hence the CEO and CFO have been awarded increases of 11.25% and 11.4% respectively, applying from 1 March 2025.

The review has also highlighted that levels of variable remuneration within OneFamily had fallen behind the selected comparator group. Accordingly, it is proposed that the maximum Short-Term Incentive (STI) opportunity within the policy will be increased to 125% of salary for both executive directors, whilst the Long-Term Incentive (LTI) opportunity of 100% and 65% for the CEO and CFO respectively will remain unchanged. The Sub-Committee is comfortable that this approach allows OneFamily to ensure that remuneration levels remain competitive relative to market levels whilst linking the delivery of any additional remuneration to stretching performance targets. Importantly, if stretching performance targets are not met, no additional remuneration will be awarded under these revised limits. This is felt to be particularly important given the ambitious business strategy which our executive directors are expected to deliver.

The Sub-Committee is comfortable that these changes represent a fair and balanced approach, supporting OneFamily in maintaining competitiveness within the market while ensuring continued alignment with stakeholder interests and market best practice.

A small number of other remuneration policy changes have been made to simplify the policy and where possible ensure that it better aligns with market best practice. Full details of the proposed policy changes are set out in the policy section below.

2025 pay review and variable scheme awards in respect of 2024 performance

In addition to the executive director remuneration review, the progress in our business during 2024 enabled the Sub-Committee to agree a salary rise for colleagues in March 2025 of 3% that considered inflation, industry salary benchmarks and colleagues' performance in their role.

Most colleagues either benefit from the opportunity to earn additional payments under a sales scheme, or they are eligible for the staff bonus scheme. This scheme reflects the targets of the STI plan to which executives and certain senior leaders are invited to participate, ensuring alignment of objectives throughout the business. These bonus awards are recommended by management and are overseen by the Sub-Committee.

Executive directors will participate in the STI and LTI plans, in line with the limits expressed within the policy.

Colleague engagement

I have continued my regular attendance at Talking Family, the employee forum. This enables me to ensure that colleagues are being listened to, updating the Board regularly and keeping in touch with issues affecting our colleagues. These have included the restructuring that led to redundancies, in which the forum played an important part in the consultations.

Concluding remarks

The directors' remuneration report will be subject to an advisory vote at the forthcoming 2025 AGM and I look forward to receiving your support for this resolution.

This will be my final report as Chair of the Remuneration Sub-Committee as I will shortly hand over responsibility to another colleague. I would like to pass on my gratitude to all colleagues at OneFamily and my fellow Sub-Committee members who show their commitment and enthusiasm for our vision and purpose of Inspiring Better Futures.

Graham Lindsay
Chair of the Remuneration Sub-Committee
3 April 2025

Remuneration policy

This remuneration policy sets out how we remunerate our colleagues to ensure that we follow a fair and consistent approach across our colleague population.

Approach to determining the remuneration policy

Equity, diversity and inclusion stand at the forefront of our values. Equitable pay is key to achieving diversity and inclusion and this policy ensures all colleagues at OneFamily are fairly remunerated, based on their skills and their overall performance.

The policy guidelines and principles are based on the business' regulatory guidelines and requirements set out in the AFM Corporate Governance Code for Mutual Insurers, the UK Corporate Governance Code and in the relevant remuneration regulations published by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA). Although we are not required to meet the principles of the UK Corporate Governance Code, we adopt relevant best practice and report accordingly.

The Remuneration Sub-Committee reviews and approves the remuneration policy annually, ensuring that remuneration practices are in line with our business strategy and objectives, our risk management strategy and risk profile as well as with the long-term interests and performance of the organisation.

No director is involved in the determination of, or votes on, any matter relating to their own remuneration.

Remuneration in context

OneFamily is proud to offer a total reward package that includes base pay, pension, employee benefits and a variable pay element that allows all colleagues to share in the success of the Group, while driving behaviours that are consistent with our purpose, values, and strategy.

To remain competitive, we benchmark salaries using information from Willis Towers Watson and Korn Ferry, our Remuneration Sub-Committee advisor, aiming to pay within a narrow range of the median industry salary for each role. We also provide competitive benefits, as well as wellbeing and other initiatives designed to help ensure that OneFamily is an enjoyable, fulfilling and supportive place to work.

Performance-based incentives are driven by metrics that reflect the overall performance and financial position of the organisation. The Sub-Committee believes the reward practices to be fair and consistent with the reward policies for all OneFamily's colleagues.

Main elements of remuneration policy for executive directors

The following table sets out the main elements of the remuneration policy currently in place for executive directors:

Element	Purpose	Operation	Potential value
Base salary	To provide a competitive level of base salary, reflecting the skills and experiences required and to reward ongoing contribution to the role.	Base salaries are determined by the scope and responsibilities of each role, individual performance and by reference to appropriate market rates obtained from external sources. They reflect individuals' skills and experience and are reviewed annually in the context of annual performance assessment. This is the only element of remuneration which is pensionable.	Base salary increases are assessed annually, taking into consideration increases applied to the broader colleague population, along with reference to market rates and consideration of affordability. Higher increases may be awarded, for example, for an increase in scope or responsibilities.

Element	Purpose	Operation	Potential value
Benefits	To provide a range of market competitive benefits that are valued..	Includes private medical insurance and life cover.	Benefits are provided in line with the market.
Pensions	To encourage planning for retirement and long-term savings.	Participation in the defined contribution pension plan is offered to all colleagues. Where contributions exceed the annual or lifetime allowance, executive directors may be permitted to take a cash alternative in place of contributions.	Pension contributions of 6%, rising to a maximum of 9% where additional contributions are matched, in line with pension scheme rules or cash supplement for executive directors.
Short-term incentive scheme	To drive and reward performance against annual financial and non-financial objectives that are consistent with the business strategy, purpose and values that align to members' interests.	Short-term incentive awards are calculated based on business performance against corporate objectives. These fall into four areas: customer, colleague, strategy and financial performance. Payments under the awards are made in instalments over several years. Short-term incentive scheme is subject to malus and claw back provisions. Malus provisions apply to an unvested award and claw back provisions apply to the vested amount for five years following the vesting of such awards.	The potential maximum award as % of base salary for current executive directors is: Chief Executive Officer (CEO): 125% Chief Finance Officer (CFO): 125% These are both uplifts from 100% and 80% respectively in previous years. 75% of the maximum potential award is paid for achievement of baseline targets (50% previously) and up to 100% (unchanged from 2024) of the maximum potential award is paid for achievement of stretch targets. Any payment under the scheme is at the discretion of the Remuneration Sub-Committee. Individuals will not be rewarded for poor performance.

Element	Purpose	Operation	Potential value
Long-term incentive scheme	To incentivise sustainable long-term alignment with members' interests and OneFamily purpose, values and strategy.	Performance will be assessed over three years against performance measures which may include: capital growth, cost efficiency, customer satisfaction, colleague engagement and ED&I. Payments under the awards are made in instalments over several years., with the first instalment after the end of the third and final business year to which the award refers. Long-term incentive awards are subject to malus and claw back provisions. Malus provisions will apply to an unvested award and claw back provisions will apply to the vested amount for five years following the vesting of such awards.	The potential maximum award as % of base salary for current executive directors is: CEO: 100% CFO: 65% 50% of the maximum potential award is paid for achievement of threshold targets; and up to 100% of the maximum potential award is paid for achievement of stretch targets. Any payment under the scheme is at the discretion of the Remuneration Sub-Committee. Individuals will not be rewarded for poor performance.

Remuneration opportunity for current executive directors in 2025

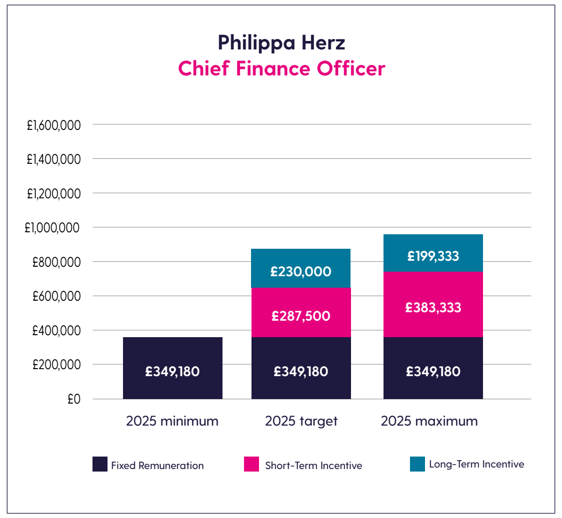
The charts illustrate the amounts that executive directors could be paid in 2025 under different performance scenarios:

Minimum – fixed remuneration elements only (base salary, benefits, and pension)

Target – assumes target levels of performance are achieved.

Maximum – assumes that stretch levels of performance are achieved.

Short-term incentive plan (STI) and long-term incentive plan (LTI) incentives represent the target and maximum opportunities that may vest in the year.



Non-executive director fees for 2025

Non-executive directors' fees are set in the light of responsibilities, required skills and time commitment while also referencing market benchmarks. Fees were reviewed in March 2025 and were informed by external benchmarking carried out by our remuneration advisers, Korn Ferry.

Non-executive director fees are made up of a base fee, plus a sub-committee chair fee as appropriate. The Chair of the Board does not receive any additional fees. Fees are paid monthly, and expenses are paid in line with market practice. No variable pay is provided so that the Chair and non-executive directors can maintain appropriate independence. They do not receive pensions or other benefits.

None of the non-executive directors has a service contract; they have letters of appointment.

Non-executive director fees structure	2025* £'000	2024* £'000
Chair	147.5	135.0
Base fee	60.0	56.5
Vice chair	73.5	70.0
Audit Sub-Committee chair	12.5	10.0
Risk Sub-Committee chair	12.5	10.0
Remuneration Sub-Committee chair	10.0	10.0
Member, Customer and Culture Sub-Committee chair	7.5	7.5
With-Profits Sub-Committee chair	2.5	2.5

* Changes are effective from 1 March

Variable remuneration schemes

OneFamily has three variable remuneration schemes. Most colleagues benefit from the staff bonus scheme which pays out a range up to a maximum of 20% of base pay. The short-term incentive plan (STI) is awarded to executives and other material risk takers; and the long-term incentive plan (LTI) is awarded to executive team members. All have quantitative targets, with financial targets linked to economic value creation. This aligns with our ambition of delivering sustainable capital generation and is the way the Board, and the regulator, assess the business.

These quantitative metrics are supplemented by other factors, such as wider society impacts, risk considerations, supporting the transformation agenda and engaging with colleagues. Finally, consideration is given to individual performance over the year and colleagues' adherence to the Group's values and expected behaviours to determine the individual awards. The amount available for distribution is decided by the Remuneration Sub-Committee using its judgement and discretion.

The CEO recommends the executives' individual awards to the Sub-Committee, based on achievement of these targets, as well as each executive's performance and behaviours. The Chair of the Sub-Committee recommends the CEO's awards to the Board.

Annual Report on Remuneration disclosures

This section of the report shows details of remuneration paid to executive and non-executive directors during 2024. Unless otherwise stated, the information within this report is unaudited.

Single figure of total remuneration – Audited

Board of Directors Remuneration	Salary/Fees		Short-Term Incentive Scheme		Long-Term Incentive Scheme		Pension[1]		Other benefits[2]		Total remuneration	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Executives												
Teddy Nyahasha[3]		370	–	–	–	–	–	33	–	3	–	406
Jim Islam[4]	400	307	372	227	188	126	22	17	25	20	1,007	697
Philippa Herz[5]	280	23	208	14	86	74	16	3	19	–	609	114
Non-Executives												
Steve Colsell	134	127	–	–	–	–	–	–	–	–	134	127
Alison Davies[6]	63	42	–	–	–	–	–	–	–	–	63	42
Melanie Hind	66	62	–	–	–	–	–	–	–	–	66	62
Graham Lindsay	80	81	–	–	–	–	–	–	–	–	80	81
Sally Williams	68	66	–	–	–	–	–	–	–	–	68	66
Peter O'Donnell[7]	9	–	–	–	–	–	–	–	–	–	9	–
	1,100	1,078	580	241	274	200	38	53	44	23	2,036	1,595

[1] Pension includes either contributions to a defined contribution pension plan or a cash alternative.

[2] Other benefits include allowances, private medical insurance, taxable expenses, and a grossed-up payment of the associated tax due on these taxable expenses claimed (taxable expenses include for example travel between offices)

[3] Resigned 30/11/2023

[4] Appointed as Chief Executive officer on 1/12/2023, having previously served as Chief Finance Officer. Received an increase in salary at this point and no increase in 2024.

[5] Appointed as a director on 1/12/2023 having previously served as Chief Risk Officer. Accordingly, 2023 base salary only includes 1 month of executive director remuneration, similarly the Short-Trem Incentive Scheme remuneration in 2023 relates only to the element earned for the period in which Philippa Herz was a director. The remainder of the amount vested in 2023 is disclosed within Key Personnel remuneration in Note 11. The Long-Term Incentive scheme amount relates to the full amount vested in 2023, which includes amounts earned prior to her appointment as a director.)

[6] Appointed 28/3/2023

[7] Appointed 1/11/2024

Bonus scheme outcomes for 2024

The metrics for the staff bonus and STIP schemes were based on four key areas: financial, strategic change, member, and colleague engagement. Metrics for the LTIP scheme were based on a wider series of metrics. Our capital performance in the year, along with other achievements particularly in IT and business transformation ensured payments under all schemes.

Long-term and short-term incentive schemes

Details of bonuses vested, paid and deferred in the year and as at the 31 December are set out below:

Short-Term Incentive Scheme

	Value of deferred bonus as at 31 Dec 2023 £'000	Bonus paid during 2024 £'000	Bonus vested in 2024 to be paid in 2025 £'000	Bonus vested in 2024 but payment deferred to 2026/2027 £'000	Value of deferred bonus at 31 Dec 2024 £'000
Jim Islam Performance period					
2021	38	(38)	–	–	–
2022	77	(39)	–	–	38
2023	227	(136)	–	–	91
2024	–	–	216	156	372
	342	(213)	216	156	501
Philippa Herz **See note 5 above re 2023** Performance period					
2023	14	(8)	–	–	6
2024	–	–	121	87	208
	14	(8)	121	87	214
Total	**356**	**(221)**	**337**	**243**	**715**

Long-Term Incentive Scheme

	Value of deferred bonus as at 31 Dec 2023 £'000	Bonus paid during 2024 £'000	Bonus vested in 2024 to be paid in 2025 £'000	Bonus vested in 2024 but payment deferred to 2026/2027 £'000	Value of deferred bonus at 31 Dec 2024 £'000
Jim Islam Performance period					
2019-2021	20	(20)	–	–	–
2020-2022	50	(25)	–	–	25
2021-2023	126	(63)	–	–	63
2022-2024	–	–	94	94	188
	196	(108)	94	94	276
Philippa Herz – **See note 5 above re 2023** Performance period					
2021-2023	74	(37)	–	–	37
2022-2024	–	–	43	43	86
	74	(37)	43	43	123
Total	**270**	**(145)**	**137**	**137**	**399**

Payments to past directors and payments for loss of office

There were no payments for loss of office for executive directors nor payments to past directors.

Remuneration for current non-executive directors in 2025

	2025 £000's
Steve Colsell	145
Graham Lindsay	83
Sally Williams*	24
Melanie Hind**	73
Alison Davies	67
Peter O'Donnell***	68
Phil Willcock****	59

* Sally Williams will step down on 30 April 2025
** Melanie Hind will replace Sally Williams as Chair of With-Profits Sub-Committee on 1 May 2025
*** Peter O'Donnell will replace Sally Williams as Chair of Audit Sub-Committee on 1 May 2025
**** Phil Willcock's start date is 1 January 2025

Relative importance of spend on pay

Colleague costs (excluding Defined benefit pension costs – see Notes 11 and 27) form a significant element of Group expenditure, representing 35% (2023: 36%) of the net operating expenses.

Board Remuneration Sub-Committee external advisor

Korn Ferry were appointed as advisers to the Committee from September 2024. Korn Ferry are signatories to the voluntary code of conduct in relation to remuneration consulting in the UK. As advisers, their remit is to provide support and guidance on reporting regulations, requirements, and best practice, as well as market updates regarding remuneration.

The Sub-Committee is satisfied that the advice received is both objective and independent. Korn Ferry has no connection with any of the executive or non-executive directors at OneFamily.

Engagement with members

We encourage engagement with members, who cast an advisory vote on the directors' remuneration report at the AGM. The results at the AGM in June 2024 were as follows:

For	Against	Vote withheld
9,785	556	193

In addition to the full directors' remuneration report, we publish information on our website on the AGM page and this is also sent to the members who receive postal packs. We have a Q&A section on the AGM page, and we respond to all members who submit questions in advance of and at the AGM. There are informal opportunities for members to raise questions before / after the meeting when talking to directors.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAMILY ASSURANCE FRIENDLY SOCIETY LIMITED

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Family Assurance Friendly Society Limited (the 'Society') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the Society's affairs as at 31 December 2024 and of the Group's and the Society's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Financial Reporting Standard 103 "Insurance Contracts"; and
- have been prepared in accordance with the requirements of the Friendly Societies Act 1992.

We have audited the financial statements which comprise:

- the Group and Society statement of income and expenditure accounts;
- the Group and Society statement of other comprehensive income;
- the Group and Society statement of changes in equity and members' reserves;
- the Group and Society statement of financial position;
- the statement of accounting policies; and
- the related notes 2 to 30.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Financial Reporting Standard 103 "Insurance Contracts" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or Society.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year is: • Significant assumptions used in determining the valuation of the long-term business provision, specifically: - base mortality and mortality improvement; - persistency; and - maintenance expenses. Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £3.7m which was determined on the basis of 2.2% of retained earnings and funds for future appropriations.
Scoping	Our audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement by adopting a risk-based approach to identifying significant accounts.
Significant changes in our approach	No change in approach. No new key audit matter has been identified for the 2024 year-end audit in addition to the long term business provision assumptions.

4. Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the Group's and Society's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of management's process and controls related to the review of the Group and Society's going concern assessment;
- evaluating the liquidity and solvency of the Group and Society by assessing management's base case liquidity, results of stress testing and solvency projections used in the going concern assessment with those in the Solvency II regulatory reporting, specifically the Own Risk and Solvency Assessment ("ORSA");
- making enquiries of Group management about the assumptions, including climate risk considerations, used in their going concern assessment, and assessing the reasonableness of those assumptions;
- inspecting the Group's ORSA to support our understanding of the key risks faced by the Group and Society and its ability to continue as a going concern;
- obtaining and inspecting correspondence between the Group and Society and their regulators, the FCA and PRA, as well as reviewing the Risk Sub-Committee and Audit Sub-Committee meeting minutes, and attending Audit Sub-Committee meetings regularly, to identify any items of interest that could

potentially indicate either non-compliance with legislation or potential litigation or regulatory action held against the Group or Society; and
- assessing the appropriateness of going concern disclosures in the financial statements.

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

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Significant assumptions used in determining the valuation of the long-term business provision, specifically: base mortality and mortality improvement and maintenance expenses

Key audit matter description

The long-term business provision was valued at £168.0m (2023: £197.2m) as at 31 December 2024. The valuation of the long-term business provision involves significant estimates and assumptions and management engages an external expert to assist with the calculation. We have identified a key audit matter in relation to the following assumptions within the valuation of the long-term business provision:

1. Demographic assumptions - Base mortality & mortality improvements

Setting these assumptions requires a high degree of judgement. Factors to consider include portfolio experience, industry trends, management views on future trends, and external factors arising from market developments. Management has engaged actuarial experts to support on the demographic assumption setting.

2. Maintenance expenses assumptions

Expense assumptions are set to reflect the expected future costs of administering the underlying policies and are included within the business plan. This is a highly subjective assumption, particularly the apportionment of expenses, inflation assumption used, and any short or long-term expense overlays. We consider expenses as a whole, given the allocation to one block of business will impact the allocation to another.

See page 61 of the Audit Sub-Committee report and Note 22 of the financial statements for further details on the long term business provision.

How the scope of our audit responded to the key audit matter

Demographic assumptions (Mortality: base & improvements)

- We obtained an understanding and tested the relevant controls surrounding the demographic basis setting.
- Together with our actuarial specialists, we have performed the following procedures:
  - We obtained an understanding of the methodology underlying the assumptions, in order to give us a basis from which to consider the appropriateness of changes going forward.
  - Additionally, we have assessed the financial impact of the assumption changes by utilising sensitivity results to generate an expected impact and queried unexpected impacts.
  - We have considered the appropriateness of key expert judgements applied, including those made in relation to Covid-19, wider macroeconomic environment, and other past and potential future, internal and external, events.
- We have assessed the competence, capability and objectivity of management's expert in their role.
- We have tested the external sources of data used in the actual vs expected mortality analysis (which is used to provide an assessment of whether the basis needs to be updated), including the CMI mortality tables used within the process.

Maintenance expenses assumptions

- We have identified and tested the relevant controls surrounding the business plan and the product level expense allocation and expense investigation model results.
- We have evaluated the business plan used as a base for expected future costs and assessed the methods used to determine exceptional costs, alongside the split between acquisition, maintenance expenses and development costs.
- We have tested the accuracy and completeness of the business plan through reconciliation of actual cost data back to the ledger and tested the reasonableness of projected policy counts.
- We have challenged key judgements relating to expense assumptions. Specifically, we have:
  - assessed the derivation of per policy expense assumptions based on the business plan and projected policy counts;
  - challenged expert judgements made in relation to expense assumptions, including the appropriateness of inflation

	assumptions given the change to a more stable inflation environment; • assessed the reasonableness of the split of expenses between maintenance expenses, acquisition costs and development costs; and • assessed supporting and contradictory evidence for unmodelled provisions held in addition to the expense assumptions derived from the business plan. • In addition, we have assessed the reasonableness of changes to assumptions.
Key observations	The significant assumptions, above, used in the valuation of long-term business provision are reasonable.

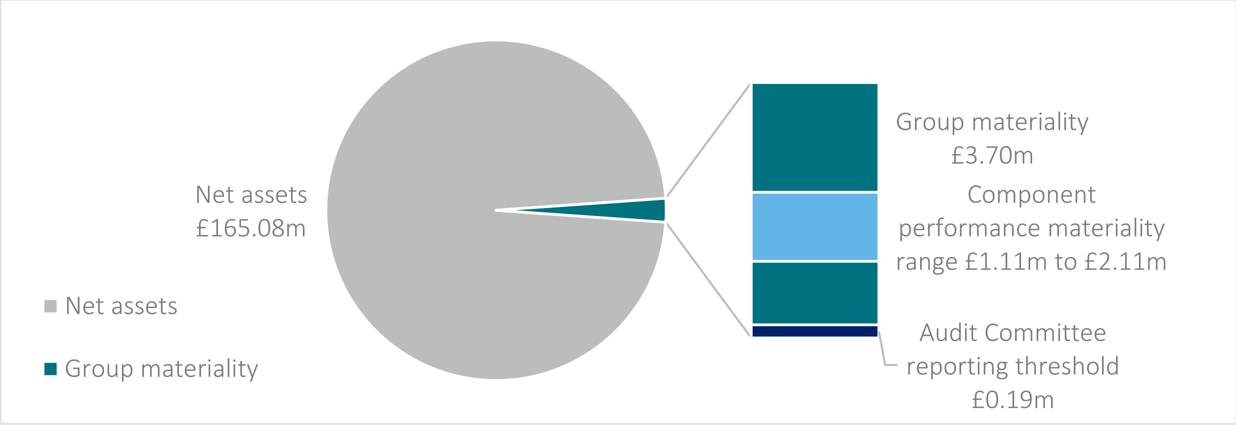
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Society financial statements
Materiality	£3.70m (2023: £4.40m)	£3.52m (2023: £4.18m)
Basis for determining materiality	2.2% of retained earnings and funds for future appropriation ("FFA") (2023: 2.5% of retained earnings and funds for future appropriation).	Society materiality was determined on a consistent basis to the Group materiality, but capped at 95% of Group, equating to 1.5% of retained earnings and funds for future appropriation (2023: 2.31% of retained earnings and funds for future appropriation, based on the Group materiality capped at 95%).
Rationale for the benchmark applied	Retained earnings and FFA represents funds not yet allocated to policyholders and is considered an equivalent to a net asset figure in accounting for Friendly Societies. The materiality determined equates to 0.28% (2023: 0.33%) of total assets and 2.20% (2023: 2.25%) of long term business provision.	The Society is the main insurance entity within the Group and contributes substantially to the financial performance and net assets of the Group. As such, the materiality considerations for the Society are the same as that are assessed for the Group.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Society financial statements
Performance materiality	60% (2023: 60%) of Group materiality	60% (2023: 60%) of Society materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors; • the quality of the control environment; • the history of misstatements; and • our cumulative audit knowledge from our prior year audits.	

6.3. Error reporting threshold

We agreed with the Audit Sub-Committee that we would report them all audit differences in excess of £0.19m (2023: £0.22m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Sub-Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

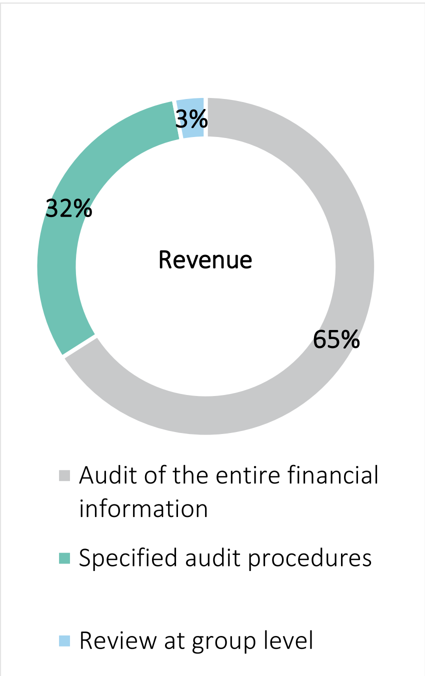
7.1. Identification and scoping of components

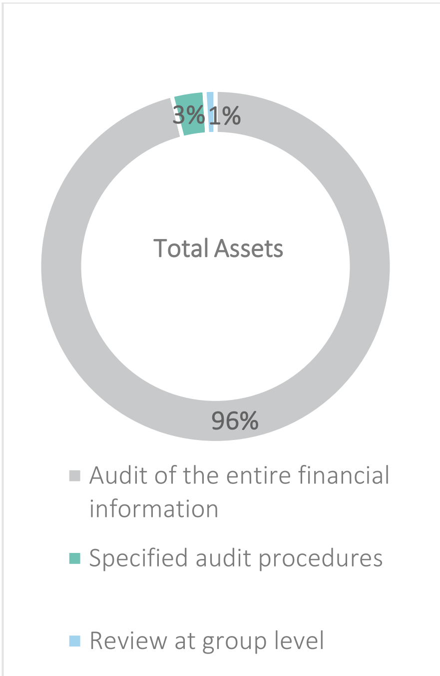
Our audit scope has been based on a risk-based approach by developing an appropriate audit plan for each significant account, compared to the previous approach which identified individually significant components. We have taken into account both qualitative and quantitative factors in our assessment.

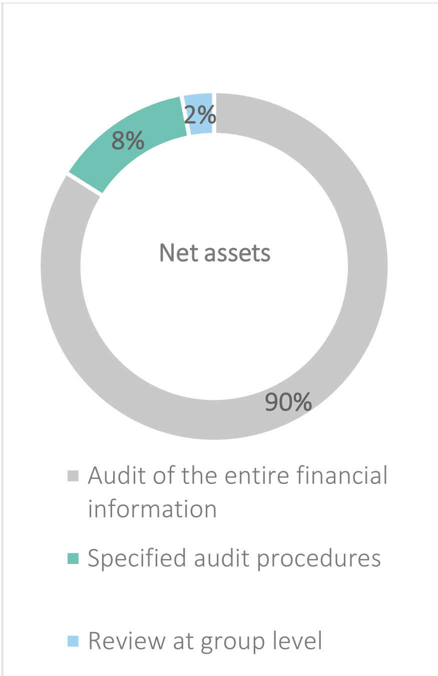
An audit of the entire financial information of the Society was performed. Specified further audit procedures of one or more account balances were completed in respect of three (2023: three) further components where we identified specific audit risks which needed to be addressed.

The remaining components were subject to Group level analytical review procedures. We have performed testing of all material consolidation adjustments.

The entity where we performed an audit of the entire financial information represents the largest component of the Group with 96% (2023: 96%) of the Group total asset position, 90% (2023: 93%) of the Group net asset position and 65% (2023: 54%) of total Group revenue. All entities were audited directly by the group engagement team.







7.2. Our consideration of the control environment

We performed walkthroughs to gain an understanding of the control environment and assessed the controls for significant risks related to financial reporting and certain other account balances (technical provisions and gross written premium). We have involved our IT audit specialists in obtaining an understanding of general IT controls in the year. We were able to rely on controls over certain IT systems and business processes in the current year. The Audit Sub-Committee set out its assessment of the internal controls supporting the financial statements on page 60.

7.3. Our consideration of climate-related risks

In planning our audit, we considered the impact of climate change on the Group's operations and subsequent impact on its financial statements. The Group sets out its assessment of the potential impact on page 42 of the Group Strategic Report section of the annual report.

We held discussions with management to understand:

- the process for identifying affected operations, including the governance and controls over this process, and the subsequent effect on the financial reporting for the Group; and
- the long-term strategy to respond to climate change risks as they emerge including the effect on the Group's forecasts.

Our audit work has involved:

- assessing information included in the annual report to consider whether they are materially consistent with the financial statements and the remainder of the annual report.

As part of our procedures, we also read the information and to consider whether it is materially inconsistent with the financial statements and our knowledge obtained during the course of our audit (see section 8 below).

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

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

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

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, the directors and the Audit Sub-Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement and relevant internal specialists, including actuarial, IT, valuations, pensions and analytics specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the significant assumptions used in determining the valuation of the long-term business provision. In line with ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the pensions legislation, tax legislation, and Solvency II Regulations.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included relevant FCA and PRA regulations.

11.2. Audit response to risks identified

As a result of performing the above, we identified the significant assumptions used in determining the valuation of the long-term business provision, specifically: base mortality and mortality improvement, persistency and maintenance expenses as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Sub-Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the PRA and FCA; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments, assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- in addressing the risk of fraud in revenue recognition we gained an understanding of the relevant controls over revenue and performed substantive testing over the occurrence of recorded revenue.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Friendly Societies Act 1992

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

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

In the light of the knowledge and understanding of the Group and the Society and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

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

- adequate accounting records have not been kept by the Society; or
- the Society's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

14. Other matters which we are required to address

14.1. Auditor tenure

Following the recommendation of the Audit Sub-Committee, we were appointed by the Group's members on 21 June 2022 to audit the financial statements for the year ending 31 December 2022 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is three years, covering the years ending 31 December 2022 to 31 December 2024.

14.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the Audit Sub-committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the Society's members, as a body, in accordance with section 73 of the Friendly Societies Act 1992. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

T. Noble

Tom Noble FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Bristol, United Kingdom

03 April 2025

onefamily
modern family finance

Consolidated Financial Statements 2024

Group and Society statement of income and expenditure accounts
for the year ended 31 December 2024

Technical account Long-term business	Notes	Group 2024 £'000	Group 2023 £'000	Society 2024 £'000	Society 2023 £'000 Restated*
Earned premiums, net of reinsurance					
Gross premiums written	4	**44,605**	36,617	**44,605**	36,617
Outward reinsurance premiums	4	**(19,244)**	(13,511)	**(19,244)**	(13,511)
Investment income	5	**61,523**	48,334	**65,936**	56,334
Unrealised (losses)/gains on investments	5	**(2,541)**	37,773	**(7,833)**	21,703
Other technical income	12	**551**	450	**3,311**	3,477
Income from Group companies relating to recharged operating expenses		**-**	-	**31,584**	39,770
Claims incurred, net of reinsurance					
Gross claims incurred	6	**(40,254)**	(37,455)	**(40,254)**	(37,455)
Outward claims reinsurance	6	**20,858**	18,427	**20,858**	18,427
Change in long-term business provision, net of reinsurance	22	**42,922**	16,047	**42,922**	16,047
Change in gross liability for investment contracts	23	**(53,599)**	(67,160)	**(53,599)**	(67,160)
Goodwill and intangibles amortisation	15, 16	**(2,892)**	(2,279)	**(2,892)**	(2,279)
Net operating expenses	8	**(81,213)**	(57,284)	**(112,797)**	(97,054)
Investment expenses and charges	5	**(1,721)**	(1,565)	**(1,721)**	(1,565)
Taxation credit	14	**1,180**	605	**1,180**	605
Transfer from the fund for future appropriations		**366**	1,642	**366**	1,642
Balance on the long-term business technical account		**(29,459)**	(19,359)	**(27,578)**	(24,402)

* for further details of restated amounts see Note 30

The notes to the financial statements on pages 97 to 156 are an integral part of these financial statements.

Group and Society statement of income and expenditure accounts (continued) for the year ended 31 December 2024

Non-technical account	Notes	Group 2024 £'000	Group 2023 £'000	Society 2024 £'000	Society 2023 £'000 Restated*
Balance on the long-term business technical account		**(29,459)**	(19,359)	**(27,578)**	(24,402)
Other income	13	**50,536**	61,146	**–**	–
Net operating expenses	8	**(38,960)**	(54,679)	**–**	–
Goodwill and intangibles amortisation	15, 16	**(1,426)**	(3,103)	**–**	–
Excess of (expenditure over income) on ordinary activities before tax		**(19,309)**	(15,995)	**(27,578)**	(24,402)
Tax on excess of (expenditure over income) on ordinary activities	14	**(2,440)**	(708)	**–**	–
Excess of (expenditure over income) after tax		**(21,749)**	(16,703)	**(27,578)**	(24,402)

* for further details of restated amounts see Note 30

The notes to the financial statements on pages 97 to 156 are an integral part of these financial statements.

Group and Society statement of other comprehensive income
for the year ended 31 December 2024

	Notes	Group 2024 £'000	Group 2023 £'000	Society 2024 £'000	Society 2023 £'000 Restated*
Excess of (expenditure over income) after tax		**(21,749)**	(16,703)	**(27,578)**	(24,402)
Remeasurement of defined benefit scheme	27	**6,479**	500	**6,479**	500
Unrealised (loss) on property revaluation	17	**–**	(108)	**–**	–
Total recognised (loss) in the year	26	**(15,270)**	(16,311)	**(21,099)**	(23,902)

* for further details of restated amounts see Note 30

Group and Society statement of changes in equity and members' reserves
for the year ended 31 December 2024

	Notes	Group 2024 £'000	Group 2023 £'000	Society 2024 £'000	Society 2023 £'000
Retained earnings					
Reported at 1 January		**176,291**	192,602	**250,440**	207,838
Prior year adjustments	30	**–**	–	**–**	66,504
At 1 January (as restated)		**176,291**	192,602	**250,440**	274,342
Excess of (expenditure over income) after tax		**(21,749)**	(16,703)	**(27,578)**	(24,402)
Other comprehensive income	17, 27	**6,479**	392	**6,479**	500
As at 31 December		**161,021**	176,291	**229,341**	250,440

* for further details of restated amounts see Note 30

The notes to the financial statements on pages 97 to 156 are an integral part of these financial statements.

Group and Society statement of financial position
as at 31 December 2024

Assets	Notes	Group 2024 £'000	Group 2023 £'000	Society 2024 £'000	Society 2023 £'000 Restated*
Intangible assets					
Goodwill	15	**5,577**	6,535	**29**	142
Other intangible assets	16	**22,576**	25,936	**22,390**	23,111
Investments					
Investment in land and buildings	17	**7,845**	7,652	**8,678**	8,731
Investment in group undertakings	18	**–**	–	**88,002**	93,046
Non-linked financial investments	19	**186,553**	193,477	**186,553**	193,477
Assets held to cover linked liabilities	19	**872,493**	912,598	**872,493**	912,598
Debtors	19, 20	**47,369**	52,625	**38,338**	41,244
Reinsurers' share of technical provisions					
Long-term business provision	22	**119,815**	106,039	**119,815**	106,039
Other assets					
Tangible assets	21	**408**	562	**408**	556
Cash at bank	19	**31,865**	27,808	**14,823**	15,103
Prepayments and accrued income					
Accrued interest and rent		**4,539**	4,253	**1,650**	1,412
Other prepayments and accrued income		**3,480**	4,136	**3,480**	4,136
Total assets		**1,302,520**	1,341,621	**1,356,659**	1,339,595

* for further details of restated amounts see Note 30

The notes to the financial statements on pages 97 to 156 are an integral part of these financial statements.

Group and Society statement of financial position (continued)
as at 31 December 2024

Liabilities	Notes	Group 2024 £'000	Group 2023 £'000	Society 2024 £'000	Society 2023 £'000 Restated*
Retained earnings	26	**161,021**	176,291	**229,341**	250,440
Fund for future appropriations (FFA)	25	**4,059**	4,425	**4,059**	4,425
Technical provisions					
Long-term business provision	22	**168,034**	197,180	**168,034**	197,180
Claims outstanding	22	**10,697**	7,539	**10,697**	7,539
Technical provision for linked liabilities	23	**872,493**	912,598	**872,493**	912,598
Creditors					
Creditors arising out of insurance operations		**1,461**	908	**1,461**	908
Other creditors including taxation and social security	24	**27,096**	17,382	**17,468**	6,350
Deffered tax liability	14	**242**	312	**242**	312
Accruals and deferred income		**22,520**	24,986	**17,967**	19,843
Total liabilities		**1,267,623**	1,341,621	**1,321,762**	1,399,595
Net pension liability	27	**34,897**	–	**34,897**	–
Total liabilities including the pension liability		**1,302,520**	1,341,621	**1,356,659**	1,399,595

The notes to the financial statements on pages 97 to 156 are an integral part of these financial statements.

The financial statements were approved at a meeting of the Board of Directors on 3 April 2025 and signed on its behalf by:

Josie Green

Jim Islam
Chief Executive Officer

Steve Colsell
Chair

Josie Green
Secretary

Notes to the financial statements

for the year ended 31 December 2024

1. Statement of accounting policies

A. Statement of compliance

The Group and individual financial statements of the Society have been prepared in compliance with the Friendly Societies (Accounts and Related Provisions) Regulations 1994 and the Friendly Societies Act 1992.

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) and Financial Reporting Standard 103 "Insurance contracts" (FRS 103) as they apply to the financial statements of the Group and the Society for the year ended 31 December 2024.

B. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Group and individual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Society has changed its accounting policy for the valuation of Group undertakings from cost less impairment to current (fair) value to ensure compliance with the Friendly Societies (Accounts and Related Provisions) Regulations 1994.

As a result of this change in accounting policy, prior year comparatives have been restated. For further details of this restatement see Note 30.

C. Basis of preparation

These Group and individual financial statements have been prepared on the going concern basis supported by an assessment of the Group's forecast profitability and capital resilience over the period of at least 12 months from the date of approval of these financial statements. This included assessment of the Group's financial resilience (including solvency and liquidity) and sensitivities to further equity, interest rate and credit spread changes. The Group's operational resilience has also been considered by the Board in the assessment of going concern.

They have also been prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1k, unless otherwise stated.

1. Statement of accounting policies (continued)

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to use judgement in applying the Group's and Society's accounting policies. 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 3.

The Group (and Society) is exempt from preparing a cash flow statement due to its status as a mutual life assurance company.

D. Business combinations and goodwill

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction. Any contingent consideration is initially recognised at an estimated amount where the consideration is probable and can be measured reliably.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values of the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life. Where the Group is unable to make a reliable estimate, goodwill is amortised over a period not exceeding 10 years. Goodwill is assessed for impairment when there are indicators of impairment. Impairment is charged to the income and expenditure account. Reversals of impairment are recognised when the reasons for impairment no longer apply.

The accounting policies in relation to the acquired assets and liabilities are harmonised with those of the Group.

For those transactions where there is insufficient guidance in UK GAAP, the Group looks to the guidance in IFRS 3 Business Combinations.

E. Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities, and results of the Society and its subsidiary undertakings, excluding authorised funds managed by a subsidiary company, drawn up to 31 December each year. A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

As required by FRS 102.9, subsidiaries (in this instance authorised fund holdings) that are held as part of an investment portfolio are not consolidated and are included within the consolidated financial statements as investments within non-linked financial investments and assets held to cover linked liabilities.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary results to apply the Group's accounting policies when preparing the consolidated financial statements.

Any subsidiary undertakings sold or acquired during the year are included up to, or from the date of change of control.

1. Statement of accounting policies (continued)

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated statement of income and expenditure accounts. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to the income and expenditure account but excludes those amounts that are not required to be reclassified.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. The Group does not recognise customer funds under management, including child trust fund (CTF) assets, in its statement of financial position as it is neither exposed to the risks and rewards of ownership nor does it receive the investment returns generated from those assets held in trust accounts.

F. Classification of contracts

The Group issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are defined as those containing significant insurance risk if, and only if, an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance, at the inception of the contract. Such contracts which may also transfer financial risk, remain insurance contracts until all rights and obligations are extinguished or expire.

Buy-in contracts issued to Group defined benefit pension schemes are not recognised as insurance contracts where they are considered to be non-transferable by the pension scheme.

Contracts that are not classified as insurance contracts are investment contracts. Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Unit-linked contracts, where the liability under the contract is dependent on the value of the underlying financial assets, are classified as investment contracts unless the contracts also contain features that transfer significant insurance risk.

Contracts initially classified as investment contracts can be reclassified as insurance contracts after inception, if insurance risk becomes significant.

Amounts received from and paid to policyholders of investment contracts are accounted for as deposits received (or repaid) and are not included in the premiums and claims in the Technical account – Long-term business. For unit-linked contracts the related liability is established on the due date for payment. Fees for investment management and other services are recognised in the Technical account – Long-term business in the period in which the services are provided. The liability for the unit-linked business is disclosed in the Statement of financial position as 'Technical provisions for linked liabilities'.

The above approach for accounting for investment contract deposits and withdrawals is generally referred to as 'deposit accounting'.

A number of contracts issued by the Group contain a discretionary participation feature (DPF). Such features entitle the contract holder to receive, as a supplement to guaranteed benefits, a minimum percentage of the surplus arising in designated funds. The percentage allocated to contract holders may be higher and the timing of the allocation and/or the amount of the benefits to individual contract holders is to some extent at the discretion of the Group. Investment contracts with DPFs are recognised and measured in the same way as insurance contracts.

G. Long-term business

Premiums
Long-term business premiums relating to insurance contracts, including reinsurance premiums, are recognised when they become due for payment. New business premiums, including single premiums, are recognised when they are received.

1. Statement of accounting policies (continued)

Claims
For insurance contracts, death claims are accounted for when notified to the Group. Annuity payments are recorded when due. Maturities and surrenders are recorded on the earlier of the date when paid or when the policy ceases to be included within the long-term business provision. Reinsurance recoveries are credited to match the relevant gross amounts.

The provision for outstanding claims represents the total estimated ultimate cost to the Group of settling all incurred insurance contract claims arising from notified events that have occurred up to the end of the financial year, less amounts already paid in respect of such claims.

Policyholder liabilities
See accounting policy N - 'Valuation of insurance liabilities'.

Reinsurance
Long-term insurance business is ceded to reinsurers under contracts to transfer part or all of one or more of the following risks: mortality, morbidity and lapse.

Amounts recoverable from reinsurers are estimated based upon the related gross insurance provisions, having due regard for collectability. The recoverability of reinsurance assets is assessed having regard to market data on the financial strength of each of the reinsurance companies. The reinsurers' share of claims incurred, disclosed in Note 6, reflects the amounts received and receivable from reinsurers in respect of claims incurred during the period. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised in the Technical Account – Long-term business when payable.

H. Investment income and unrealised gains and losses on investments ('investment return')

Investment return comprises all investment income, realised gains and losses and movements in unrealised gains and losses, net of investment expenses.

Dividends on equity holdings are included as investment income on the date the equity shares are quoted ex-dividend and are stated net of the dividend withholding tax. Interest, including mortgage interest, rent and expenses are accounted for on an accruals basis or using the effective interest method as appropriate.

Dividends on accumulation shareholdings in open ended investment companies (OEICs) and accumulation unit holdings in unit trusts are included as investment income on the date the dividend voucher is received.

Realised gains and losses on investments are calculated as the difference between sale proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between the fair value at the statement of financial position date and their purchase price or their fair value at the last statement of financial position date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

I. Financial instruments

The Group has chosen to adopt Sections 11 Basic Financial Instruments and 12 Other Financial Instruments Issues of FRS 102 in respect of financial instruments.

The Group classifies its financial instruments as either financial assets at fair value, with adjustments through income and expenditure, or loans and receivables.

1. Statement of accounting policies (continued)

Basic financial instruments

Financial assets and liabilities

Basic financial assets including trade and other debtors, and cash and bank balances, are recognised initially at transaction price plus attributable transaction costs. Basic financial liabilities including trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses (for financial assets). At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income and expenditure accounts.

Loans and receivables, comprising secured and other loans are carried at amortised cost using the effective interest method. To the extent that the loan is uncollectable, it is written off as impaired in the long-term business account. Subsequent recoveries are credited back to the long-term business technical account.

Where an arrangement constitutes a financing transaction, for example, if payment is deferred beyond normal business terms, then the financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets held at fair value through income and expenditure

The Group initially measures other financial assets including investments in equity instruments which are not subsidiaries at fair value, usually the transaction price excluding transaction costs. Such assets are subsequently carried at fair value and the changes in fair value are recognised in income and expenditure. The Group's methodology for determining the fair value of financial assets is as follows:

- Listed and other quoted investments are carried at stock exchange bid values at the statement of financial position date
- Linked investments, including redeemable debt and other fixed income securities, and listed and other quoted investments, are stated at bid price
- Unlisted investments are carried at fair value as determined by the Directors

In compliance with FRS 102, the Group discloses in Note 19 for each class of financial instrument held at fair value in the statement of financial position, an analysis of the level in the fair value hierarchy into which the fair value measurements are categorised. The three levels applied are summarised below:

Valuation methodology	Level
Using the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.	1
Using inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.	2
Using inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.	3

1. Statement of accounting policies (continued)

Recognition and de-recognition of financial instruments

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Loans and receivables, comprising secured and other loans, are recognised when cash is advanced to borrowers. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset. Purchases and sales of financial assets are accounted for at the trade date; that is the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Investments in Group undertakings and participating interests

The Group's subsidiaries are held at fair value with movements in fair value taken through income and expenditure as permitted under FRS 102. Fair value is determined using techniques including present value of future projections and recoverable amount.

Other financial instruments

Other financial instruments are those that do not meet the definition of basic financial instruments.

Complex financial instruments

Complex financial instruments include hedge funds, collateralised debt, mortgage backed securities and derivatives.

These are initially recognised at fair value, which usually represents their cost, including any premium paid. They are subsequently re-measured at each balance sheet date at their fair value with changes in the fair value recognised immediately in unrealised gains and losses on investments. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative. None of the derivative financial instruments used by the Group are used for hedge accounting.

The notional or contractual amounts associated with derivative financial instruments are not recorded as assets or liabilities on the statement of financial position as they do not represent the fair value of these transactions. Collateral pledged by way of cash margins on futures contracts is recognised as an asset on the statement of financial position within cash and cash equivalents.

J. Non-technical account

Revenue is recognised as follows:

Fee income receivable in relation to the provision of administration services is recognised when the services are provided, to the extent the amounts are considered recoverable (this is predominantly calculated as a percentage of the funds under management during the year).

For insurance intermediary services, new business commission income is recognised at the point of sale and servicing income over the life of the service.

Origination and service income in relation to Lifetime Mortgages is recognised as services are provided. Origination fees are generated on each loan originated and are based on the value of the loan. Accrued origination and service income is recognised at the present value of the future receipts, with the interest element recognised in the non-technical account as the discounting unwinds.

1. Statement of accounting policies (continued)

All other sources of income and expenditure included in the non-technical account are recognised on an accruals basis. The results of subsidiaries that are not conducting long-term insurance business are also included in the non-technical account.

K. Intangible assets

General

Intangible assets are initially recognised at cost (or fair value in the case of intangibles acquired in a business combination) and are amortised over their estimated Useful Economic Lives (UEL), defined as the period over which the asset will bring positive cashflows. Goodwill arising on long-term business is amortised over a period of 10 years.

Project development costs are capitalised where they will generate economic benefit to the Group in future periods and where UK GAAP criteria for capitalisation are met.

The UEL of other intangible assets are as follows:

Brand	Up to 10 years
IT, systems & project development	3 to 7 years
Beneficial contracts	4 years
Acquired funds under management	Up to 10 years

Amortisation is charged to net operating expenses in the income and expenditure accounts.

Where factors, such as technological advancement or changes in market price, indicate that the residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed annually at the statement of financial position date, if the above factors indicate that the carrying amount may be impaired. Impairment is charged to the income and expenditure account.

Present value of in-force (PVIF) business

A PVIF asset is recognised on acquisition of long-term business. The PVIF asset is amortised over the expected life of the acquired policies, details of which can be found in Note 16.

The PVIF asset is reviewed annually at the statement of financial position date for factors which indicate impairment.

L. Tangible assets

Tangible assets are recognised at cost less accumulated depreciation, and any accumulated impairment losses. Depreciation is provided on the cost of the assets over their estimated Useful Economic Lives (UEL). The UEL applied for each class of assets is as follows:

Fixtures, fittings & office equipment	5 years
Computer equipment	4 years

The assets' residual values and useful lives are reviewed and, if appropriate, adjusted at the end of each reporting period. The effect of any change is accounted for prospectively.

A review for evidence of impairment of tangible assets is performed at each statement of financial position date.

1. Statement of accounting policies (continued)

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income and expenditure account.

Land and buildings

Owner-occupied properties are initially recognised at cost. Subsequent to initial recognition, properties held by the Group for its own use are measured at their revalued amount, which is the fair value at the date of revaluation less subsequent depreciation and impairment losses. Fair value is calculated using valuations made by independent, professionally qualified chartered surveyors' following RICS guidelines or using a contractually agreed sale price. Valuations are carried out annually. On revaluation of a property the accumulated depreciation is eliminated against the gross carrying amount and the net amount is restated to the revalued amount. Increases in the net carrying amount are recognised in other comprehensive income, except to the extent that the increase reverses a previous revaluation deficit on the same asset recognised in income and expenditure accounts.

Any deficit on revaluation is recognised in income and expenditure accounts except to the extent that it reverses a previous revaluation surplus on the same asset, in which case it is recognised in other comprehensive income.

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost. Subsequent to initial recognition, investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in the statement of income and expenditure account in the period that they arise. No depreciation is provided in respect of investment properties applying the fair value model.

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as a tangible fixed asset in accordance with section 17 of FRS 102 until a reliable measure of fair value becomes available.

Fair value valuations are based on independent valuations carried out by surveyors under RICS guidelines, usually on an annual basis or based on the sale price where a contract has been agreed to dispose of the property.

M. Impairment of non-financial assets

At each statement of financial position date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income and expenditure account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the income and expenditure account.

1. Statement of accounting policies (continued)

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income and expenditure accounts.

N. Valuation of insurance liabilities

The long-term business provision (LTBP) is determined by the Group's Chief Actuary following their annual investigation of the long-term business, which is based on methods and assumptions that have been approved by the Board of Directors. It is calculated using the requirements of the current Solvency II (SII) regulatory regime adjusted to remove the SII risk margin and instead include a margin of prudence appropriate under applicable United Kingdom accounting standards.

Linked investment contracts

Linked investment contract liabilities are measured at fair value as their value is directly linked to the market value of the underlying portfolio of assets. The fair value of a unit-linked contract is equal to the market value of the units held (i.e. the unit reserve).

O. Taxation

Tax is recognised in the income and expenditure account except to the extent that it relates to items recognised in other comprehensive income. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws enacted or substantially enacted at the statement of financial position date.

Deferred tax is provided on timing differences that have originated but not reversed by the statement of financial position date. Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantially enacted at the statement of financial position date. Deferred tax balances are not discounted.

P. Provisions, contingent assets and contingent liabilities

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering that class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

In particular:

i. Restructuring provisions are recognised when the Group has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring

1. Statement of accounting policies (continued)

ii. Provision is not made for future operating losses

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Contingent assets and liabilities

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events which will only be confirmed by the occurrence of uncertain future events not wholly within the Group's control. The liability is not recognised because either (i) it is not probable that there will be an outflow of resources or (ii) the amount cannot be reliably measured at the reporting date.

Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Q. Employee benefits

The Group provides a range of benefits to employees, including, but not limited to, cash-settled bonus arrangements, private healthcare, life assurance, paid holiday arrangements and defined benefit and defined contribution pension plans. Details of benefits paid to the executive directors are included in the remuneration report.

i. Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii. Pension plans

The Group operates two defined benefit pension schemes (collectively 'the Schemes') following the merger with Homeowners Friendly Society Limited (HFSL). All rights of the HFSL defined benefit scheme members were preserved under the instrument of transfer at merger.

The Group now makes contributions to a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

The Family Assurance Staff Pension Scheme (the Family Scheme)

The Group operated a defined benefit pension scheme, the Family Scheme. The Family Scheme closed to all further benefit accrual with effect from 31 December 2009.

In its place the Group makes pension contributions to a defined contribution pension scheme on behalf of staff when they become eligible for pension benefits. The defined contribution scheme is administered by Legal & General Assurance Society Limited.

1. Statement of accounting policies (continued)

The Homeowners Staff Pension Scheme (the Homeowners Scheme)

The HFSL Group operated a defined benefit pension scheme, the Homeowners Scheme. The Homeowners Scheme was for the benefit of those staff whose employment commenced before 6 April 2001; the Homeowners Scheme was closed to further accruals on 31 December 2012.

For both defined benefit schemes the Schemes' funds are administered by trustees and are independent of the Group's finances.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligations in respect of defined benefit schemes are calculated separately for each scheme by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. Plan assets exclude any non-transferable financial instruments (including buy-in policies) issued by a Group entity and held by the Schemes. The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the statement of financial position date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to, the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in income and expenditure accounts.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

iii. Annual bonus plan

The Group operates an annual bonus plan for employees. Bonus payments are not a guaranteed element of salary. The decision as to whether to pay a bonus and the amount of the bonus is entirely at the Group's discretion. An expense is recognised in the income and expenditure account when the Group has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

iv. Short-term incentive scheme

The Group operates a cash-settled short-term incentive scheme for certain members of the Executive team and senior management. This is linked to annual individual performance against agreed objectives and the performance of the business. A liability for the plan is raised on the estimated amount payable.

v. Long-term incentive scheme

The Group operates a cash-settled long-term incentive scheme for certain members of the Executive team. Performance is assessed (over three years) taking into account factors including capital growth, cost efficiency, customer satisfaction, colleague engagement and Equity, Diversity & Inclusion. A liability for the plan is raised on the estimated amount payable.

1. Statement of accounting policies (continued)

R. Foreign currency

i. Functional and presentation currency

The Group financial statements are presented in pound sterling and rounded to the nearest £1k, unless otherwise stated. The Group's functional currency is pound sterling.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period-end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income and expenditure account.

S. Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Operating lease payments are accounted for on a straight line basis over the term of the lease.

T. Cash flow statement

The Society (and the Group), being a mutual life assurance company, is exempt from the requirement under FRS 102 to produce a cash flow statement.

U. Retained earnings and Fund for Future Appropriations

Under FRS 102 the Group designates reserves between those it classes as liabilities and those which are akin to equity.

The non-profit fund surplus is designated as retained earnings and all profits and losses of the Group and Society that do not relate to with-profits funds are classified within retained earnings in the statement of financial position.

The Group includes a 100% ring-fenced with-profits fund. The surplus of the with-profits fund is for the benefit of the with-profits policyholders, as such the surplus has been deemed a liability and referred to as the Fund for Future Appropriations (FFA). This balance represents all with-profits surpluses, the allocation of which to individual policies has not yet been determined by the end of the financial year.

V. Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

2. Management of financial and insurance risk

Set out below is the Group's exposure and management of financial and insurance risk. For more details on all risk exposures and how we manage them, please see the Risk management report on page 33.

A. Market risk – interest rate and equity

Interest rate risk

Interest rate risk is the risk that adverse interest rate changes will require reserves to be increased, and by a greater amount than the increase in the Group's corresponding assets. The Group seeks to manage this risk by investing in assets that closely match the expected benefit payments (a process known as asset-liability management).

A separate interest rate risk arises from the impact of interest rate changes on unit-linked funds invested in fixed interest rate assets. Changes in current interest rates directly affect the market values of the fixed interest assets, which in turn affect unit values. A significant element of the Group's income is directly related to the value of the unit funds through annual management charges. The interest rate risk in this case is that adverse interest rate movements will reduce the value of these unit-linked funds and hence the Group's income.

Equity price risk

The Group has exposure to equity securities both directly through equity securities held and indirectly through holdings in Open Ended Investment Companies (OEICs) and Authorised Unit Trusts which in turn invest, partially and wholly, in equity securities. In prior years, the Group may also have had exposure to equity securities through the defined benefit pension schemes (see Note 27).

The Group has in place a number of agreements with investment managers, to monitor that investment transactions are managed within agreed mandates and benchmarks and which limit the exposure in aggregate terms to equity investments, as well as between specific sectors and asset classes.

On the unit-linked and OEIC / Unit Trust funds which the Group manages the equity price risk is borne by policyholders, since the value of the policyholders' liabilities relate directly to the value of the underlying assets held on their behalf. However, a significant element of income for the Group is derived as a fixed percentage of the market value of unit-linked and OEIC / Unit Trust assets and as such any changes in the value of assets impacts future income.

B. Credit risk

Credit risk is the risk that counterparties will be unable to pay amounts in full when they fall due. The Group is exposed to credit risk in relation to corporate bonds, bank deposits and its reinsurance arrangements, both in relation to the reinsurers' share of the long-term business provision and in relation to amounts they owe on claims which the Group has already paid. The sensitivity of the Group to changes in credit spreads is shown below in Note 2J.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim, the Group remains liable for the payment to the policyholder.

The Group monitors the financial strength of its reinsurance counterparties by reviewing credit ratings provided by rating agencies and other publicly available financial information.

2. Management of financial and insurance risk (continued)

Other credit risk arises from exposure to various business counterparties, including insurance intermediaries. The Group conducts appraisals of the level of risk associated with business counterparties at the inception of an agreement, as well as on an ongoing basis. The Group does not have significant credit risk relating to amounts due from contract holders since policy benefits are directly related to the payment of outstanding premiums.

The assets bearing credit risk, together with an analysis by credit rating are shown below:

Credit risk	**Group 2024 £'000**	Group 2023 £'000	**Society 2024 £'000**	Society 2023 £'000
Non-linked financial investments subject to credit risk	**160,696**	149,041	**160,696**	149,041
Debtors	**47,333**	52,586	**38,302**	41,205
Cash at bank	**31,865**	27,808	**14,823**	15,103
Reinsurers share of technical provisions	**119,815**	106,039	**119,815**	106,039
Total assets bearing credit risk	**359,709**	335,474	**333,636**	311,388
Debt and other assets rated as:				
UK government	**100,098**	84,877	**100,098**	84,511
A rated and above	**204,518**	191,137	**178,705**	172,035
B rated – BBB	**23,980**	21,649	**23,980**	21,649
Not rated*	**31,113**	37,811	**30,853**	33,193
Total assets bearing credit risk	**359,709**	335,474	**333,636**	311,388

*Assets which are not financial investments

For unit-linked policies the policyholder is exposed to the credit risk, since policy benefits are linked directly to assets. These assets are therefore not disclosed in the above credit risk exposures.

2. Management of financial and insurance risk (continued)

C. Foreign exchange risk

The only material exposure to foreign exchange risk is in relation to linked assets where there are assets held in foreign currencies. This risk is borne by the policyholder since policy benefits are directly linked to assets.

The Group may, at times, look to mitigate this risk to policyholders by entering into a currency hedge.

D. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet its cash commitments as they fall due. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or from a counterparty defaulting on repayment of a contractual obligation; or from an insurance liability falling due for payment earlier than expected; or from the inability to generate cash inflows as anticipated.

The Group manages a significant value of tax-exempt savings plans based on wholesale cash deposits and maintains a prudent liquidity profile in relation to such deposits. Amounts payable on linked contracts are generally payable on demand and the Group is responsible for ensuring there is sufficient liquidity in the investment portfolio to ensure payments can be made as they fall due. However, the Group policy on the linked funds is such that in certain circumstances, and in line with customer contracts, it may defer the payments until such time liquid assets can be realised at an appropriate value.

Following the planned growth in protection business written within the Group, there is an increase in demand for liquidity to support advance intermediary commission payments. This is due to the timing difference between when commissions are paid and when premiums are received on the business written. To mitigate this liquidity risk, the Group entered into a financing reinsurance treaty in the year.

The Group liquidity policy is focused on having sufficient liquid assets to meet outflows, on a stressed basis, over the following 12 months. In line with the liquidity policy, these demands are closely monitored with further mechanisms considered as appropriate to support liquidity. See the Risk management report for further details.

With-profits contracts can be surrendered before maturity for a cash surrender value. The Group has the discretion to impose market value reductions (MVRs) on early surrender which reduce the amount payable. MVRs contribute to managing the liquidity risk in the with-profits fund as well as ensuring an equitable treatment between policyholders surrendering and those remaining in the with-profits fund.

2. Management of financial and insurance risk (continued)

An analysis of the expected maturity periods of the policyholder insurance liabilities, on a non-discounted basis, net of reinsurance, is set out below.

Liquidity risk	Total £'000	Within 1 year £'000	1–5 years £'000	5–15 years £'000	More than 15 years £'000
As at 31 December 2024					
Long-term business					
Non profit fund	**113,635**	**(13,544)**	**(26,133)**	**24,959**	**128,353**
With-profits fund 2	**19,485**	**2,468**	**7,138**	**7,143**	**2,736**
Total	**133,120**	**(11,075)**	**(18,995)**	**32,102**	**131,088**
As at 31 December 2023					
Long-term business					
Non profit fund	145,594	(8,656)	(16,653)	35,582	135,321
With-profits fund 2	21,978	2,924	7,836	8,094	3,124
Total	167,572	(5,732)	(8,817)	43,676	138,445

Due to the long-term nature of the insurance liabilities and the requirement of the Group's investment policies to hold a significant proportion of liquid assets, there is sufficient liquidity to meet claims as they arise.

Investment liabilities of £872,493k (2023: £912,598k) are classed as repayable on demand but we would not expect these to all become due over the next 12 months. However, there is considered to be sufficient liquidity to meet claims as they arise, and the Group has the right to defer repayments in order to realise the corresponding linked assets. As such, an analysis of expected maturity periods of the investment liabilities has not been presented.

2. Management of financial and insurance risk (continued)

An analysis of the expected maturity periods of the other liabilities is set out below.

	Total £'000	Within 1 year £'000	1–5 years £'000	5–15 years £'000	More than 15 years £'000
As at 31 December 2024					
Other liabilities					
Claims outstanding	**10,697**	**10,697**	**–**	**–**	**–**
Creditors arising out of insurance operations	**1,461**	**1,461**	**–**	**–**	**–**
Other creditors including taxation and social security	**27,096**	**27,096**	**–**	**–**	**–**
Accruals and deferred income	**22,520**	**20,212**	**2,199**	**94**	**15**
Total	**61,774**	**59,466**	**2,199**	**94**	**15**
As at 31 December 2023					
Other liabilities					
Claims outstanding	7,539	7,539	–	–	–
Creditors arising out of insurance operations	908	908	–	–	–
Other creditors including taxation and social security	17,382	17,382	–	–	–
Accruals and deferred income	24,986	23,252	1,734	–	–
Total	50,815	49,081	1,734	–	–

E. Lapse risk

Lapses (or surrenders) occur when a policy is terminated by the policyholder before the maturity date. When calculating the value of the policyholder liabilities, a best-estimate allowance is made for the proportion of policyholders expected to lapse over future periods. This allowance is referred to as the lapse rate. Lapse risk occurs when future lapse rates differ from the allowance made.

F. Expense risk

When calculating the value of the policyholder liabilities a best-estimate allowance is made for future maintenance expenses. To the extent that future expenses differ from this allowance the Group is exposed to expense risk.

The Group has internal management information and governance activity in order to help ensure that the levels of on-going management and acquisition expenses remain within expected levels.

2. Management of financial and insurance risk (continued)

G. Mortality and longevity risk

Mortality risk arises in relation to whole of life business, term assurance and group life business, if the mortality of the lives assured is different to that assumed. The Group manages mortality risk at a portfolio level by using reinsurance arrangements which transfer a large percentage of the mortality risk to our reinsurance partners in return for an agreed reinsurance premium.

Longevity risk in relation to the annuity business would arise if annuitants lived longer than anticipated. The Group manages annuitant longevity risk by monitoring actual experience. The Group also monitors the need for reinsurance as a tool for managing longevity risk.

H. Unit-linked investment contracts

For unit-linked investment contracts the Group matches all the policyholder liabilities with assets on which the unit prices or value of the policies are based. There is therefore minimal first order interest, market or credit risk for the Group on these contracts, see Note 2A for the impact on annual management charges.

Amounts payable on linked contracts are generally payable on demand and the Group is responsible for ensuring there is sufficient liquidity in the investment portfolio to ensure payments can be made as they fall due. However, the Group policy on the linked funds is such that in certain circumstances it may defer the payments until such time as liquid assets can be realised.

I. Capital management

The Group and its regulated subsidiaries maintain sufficient capital, consistent with the Group's risk appetite and the relevant regulatory requirements.

The Society is a mutual organisation and there are no shareholders. The Society's regulated subsidiaries are subject to regulation and capital requirements as stipulated by the Financial Conduct Authority (FCA).

The Society is subject to regulation by the Prudential Regulation Authority (PRA). From 1 January 2016, the Society has been required to maintain and report its capital position to the PRA under Solvency II (the insurance regulatory regime). Under Solvency II the Society is required to hold sufficient capital to withstand adverse outcomes from its key risks. This 'Solvency Capital Requirement' (SCR) is calibrated to be able to withstand a one in 200 year event over a one year period.

For the purposes of determining its Regulatory Capital, the Society uses the Solvency II standard formula without adjustment.

The Society's objectives in managing capital are that:

- Obligations to customers across the Group are met in full when due
- Risks are subject to structured analysis in accordance with the risk appetite agreed by the Board
- Sufficient capital resources are available to fund the growth of the Group
- The aggregate risk exposure of the Group is to be managed to ensure that the capital resources available always meet the minimum capital requirements set out by the PRA plus a buffer determined by the Board

The Society has not breached its Solvency II capital requirement at any point in 2024.

The Society and the Group have no shareholders' funds and also have no borrowings.

2. Management of financial and insurance risk (continued)

Funding of subsidiary undertakings

All Group companies are wholly owned subsidiaries of Family Assurance Friendly Society Limited.

The value of assets held to meet the liabilities of the Society and its regulated subsidiaries' capital requirements is determined in accordance with PRA regulations. The value of the subsidiaries is restricted to amounts which are likely to be recovered.

Restrictions on available capital resources

The Society and its regulated subsidiaries are required to hold capital sufficient to meet PRA/FCA minimum capital requirements.

The available capital resources held in the with-profits fund is only available to meet the capital requirements or be allocated to policyholders of the fund. There are no similar restrictions on the available capital held in the non-profit fund.

Guarantees

The following guarantees which would have a material value to policyholders are:

- Maturity values – on conventional and unitised with-profits policies there is a guarantee that on the maturity date there will be a minimum pay out of the sum assured plus any declared bonuses
- Return of premium guarantees – on certain unitised with-profits policies there is a guarantee that an amount not less than the initial premium will be paid out on the policies' 5th, 10th and each subsequent 10th anniversary. An explicit charge is made for this guarantee

Whilst not specifically a guarantee or option, pay outs through annual bonuses on conventional and unitised with-profits policies are smoothed over time to reduce the effect of short-term fluctuations in investment returns. This primarily applies to pay outs on maturities; however, it can apply to a lesser extent on early surrender of certain policies.

J. Sensitivities

The capital position is sensitive to changes in market conditions, due to both changes in the value of the assets as well as the effect these changes in market conditions would have on the value of the liabilities. It is also sensitive to the expense and lapse experience and to changes in mortality.

As noted in 2.B. above, the Group is exposed to credit risk through rising bond spreads which will reduce asset values, asset management fees and impact our small annuity book. The Group is exposed to inflation risk through the impact on future expenses modelled within the long-term business provision.

The timing of any impact on capital would depend on the interaction of past experience and assumptions about future experience. In general, if experience had deteriorated or was expected to deteriorate, and management actions were not expected to reduce the future impact, then assumptions relating to future experience would be changed. In this way, liabilities would be increased to anticipate the future impact of the worse experience with an immediate adverse impact on the capital position.

The Board has quantified the impacts of the principal risks on the Group's long-term business provisions and assets both in the current and prior year. This is presented in the following tables along with the impact on the Group's retained earnings and Fund for Future Appropriations (FFA).

2. Management of financial and insurance risk (continued)

2024	Mortality		Lapse		Expenses		Fixed Interest Yield		Equities/ Property		Credit		Inflation	
	10% £'000	-10% £'000	10% £'000	-10% £'000	10% £'000	-10% £'000	100bp £'000	-100bp £'000	10% £'000	-10% £'000	100bp £'000	-100bp £'000	100bp £'000	-100bp £'000
Impact on long-term business provision (LTBP)														
Fund														
Non profit fund	(819)	1,289	272	(292)	2,303	(2,298)	(10,287)	13,079	(1)	2	(2,410)	2,519	1,924	(1,677)
With-profits fund 1	–	–	–	–	–	–	–	–	–	–	–	–	–	–
With-profits fund 2	(498)	555	6	(5)	(6)	6	–	–	(21)	22	564	(556)	(725)	843
Change in LTBP	(1,317)	1,844	278	(297)	2,297	(2,292)	(10,287)	13,079	(22)	24	(1,846)	1,963	1,199	(834)
Impact on asset valuations														
Fund														
Non profit fund	(99)	106	(3,873)	4,282	(2,808)	2,808	(17,517)	22,333	8,979	(8,977)	(3,935)	4,579	(1,433)	1,3,00
With-profits fund 1	–	–	–	–	–	–	–	–	–	–	–	–	–	–
With-profits fund 2	–	–	–	–	–	–	(724)	850	533	(533)	(607)	706	–	–
Change in asset valuations	(99)	106	(3,873)	4,282	(2,808)	2,808	(18,241)	23,183	9,512	(9,510)	(4,542)	5,285	(1,433)	1,3,00
Impact on retained earnings and the FFA														
Retained earnings (non-profit fund)	720	(1,183)	(4,145)	4,574	(5,111)	5,106	(7,230)	9,254	8,980	(8,979)	(1,525)	2,060	(3,357)	2,977
FFA (with-profits funds)	498	(555)	(6)	5	6	(6)	(724)	850	554	(555)	(1,171)	1,262	725	(843)

The non-profit mortality assumptions impact both annuity and non-annuity business. The 10% increase in mortality shows the impact of increasing mortality rates across both annuity and non-annuity business to 110% of the expected rate. The 10% fall in mortality sensitivity shows the impact of reducing mortality rates on both annuity and non-annuity business to 90% of the expected rate. Within these increases and decreases there would be an element of offset across product types. A decrease in mortality on annuities would expect to be offset, to an extent, by a decrease in mortality on the whole of life business, and vice versa.

2. Management of financial and insurance risk (continued)

2023	Mortality		Lapse		Expenses		Fixed Interest Yield		Equities/ Property		Credit		Inflation	
	10% £'000	-10% £'000	10% £'000	-10% £'000	10% £'000	-10% £'000	100bp £'000	-100bp £'000	10% £'000	-10% £'000	100bp £'000	-100bp £'000	100bp £'000	-100bp £'000
Impact on long-term business provision (LTBP)														
Fund														
Non profit fund	(2,720)	3,384	(579)	598	2,731	(2,728)	(14,908)	18,896	–	–	–	–	2,174	(1,888)
With-profits fund 1	–	–	–	–	–	–	–	–	–	–	–	–	–	–
With-profits fund 2	(21)	22	(6)	6	–	–	(725)	843	564	(556)	(498)	555	6	(5)
Change in LTBP	(2,741)	3,406	(585)	604	2,731	(2,728)	(15,633)	19,739	564	(556)	(498)	555	2,180	(1,893)
Impact on asset valuations														
Fund														
Non profit fund	–	–	–	–	–	–	(13,684)	17,615	4,132	(4,144)	(2,598)	2,865	–	–
With-profits fund 1	–	–	–	–	–	–	–	–	–	–	–	–	–	–
With-profits fund 2	–	–	–	–	–	–	(852)	999	636	(636)	(698)	804	–	–
Change in asset valuations	–	–	–	–	–	–	(14,536)	18,614	4,768	(4,780)	(3,296)	3,669	–	–
Impact on retained earnings and the FFA														
Retained earnings (non-profit fund)	2,720	(3,384)	579	(598)	(2,731)	2,728	1,224	(1,281)	4,132	(4,144)	(2,598)	2,865	(2,174)	1,888
FFA (with-profits funds)	21	(22)	6	(6)	–	–	(127)	156	72	(80)	(200)	249	(6)	5

3. Critical accounting estimates and judgements

In the preparation of these financial statements, the Group is required to make estimates and judgements that affect items reported in the statement of income and expenditure, statement of financial position, and other primary statements and related supporting notes.

Critical accounting estimates and judgements are those which involve the most complex or subjective judgements or assessments. Where applicable the Group applies estimation and assumption setting techniques that are aligned with relevant actuarial and accounting guidance based on knowledge of the current situation. This requires assumptions and predictions of future events and actions. There have been no significant methodology changes to the critical accounting estimates and judgements that the Group applied at 31 December 2024.

Principal areas of judgement

Classification of long-term contracts

The Group has exercised judgement in its classification of long-term business between insurance and investment contracts, which fall to be accounted for differently in accordance with the policies set out in accounting policy F – 'Classification of contracts'. Insurance contracts are those where significant risk is transferred to the Group under the contract and judgement is applied in assessing whether the risk so transferred is significant.

Non-consolidation of authorised funds

Unit Trusts and an Investment Company managed by a subsidiary company of the Society and invested in by the Society, as part of assets held to cover linked liabilities, are not consolidated within these Group financial statements. This is due to any investment being held for resale as part of the investment portfolio.

Key sources of estimation uncertainty

Long-term business provisioning

The Group prepares its long-term business provisioning by making estimates and judgements that are in keeping with market practice and recognised techniques for the evaluation of such liabilities. The reserving is carried out and reviewed by appropriately skilled actuarial resources.

Key assumptions are considered and approved by the Board having sought appropriate guidance from the Chief Actuary. The sensitivity of the long-term business provision to the principal risks facing the Group are presented in Note 2J.

Defined benefit pension scheme

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service. That benefit is discounted to determine its present value. The fair value of any plan assets is deducted to determine whether each scheme has a net asset or liability as at the balance sheet date. The Group determines the net interest expense or income on the net defined benefit liability or asset for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability or asset taking account of changes arising as a result of contributions and benefit payments.

The Group recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

3. Critical accounting estimates and judgements (continued)

The mortality rate is based on publicly available mortality tables for the UK. COVID-19 caused a short-term increase in deaths in the UK and there have continued to be repercussions for the nation's health, through areas such as delayed diagnosis and disrupted treatments in the health care system.

The discount rate is the yield at the statement of financial position date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to, the terms of the Group's obligations. A full valuation is performed every 3 years by a qualified actuary using the projected unit credit method.

The sensitivity of the defined benefit obligations to changes in key assumptions is presented in Note 27 Pension commitments.

Investment in Group undertakings

Valuation techniques to value Group undertakings may include the present value of future forecast projections. The forecasts are based on profit projections and discounted using an appropriate discount rate. . The sensitivity of the Investment in Group undertakings value to a 2% change in discount rates would be equivalent to a £5,000k movement to retained earnings.

4. Premium analysis

Group and Society	2024 £'000	2023 £'000
Gross premiums written	**44,605**	36,617
Less: reinsurers' share	**(19,244)**	(13,511)
Net earned premiums – insurance business	**25,361**	23,106

Long-term business only includes premiums in respect of insurance business. Consideration received in respect of investment contracts of £11,156k (2023: £12,112k) is treated as customer deposits and taken directly to the statement of financial position (see Note 23).

The Group administers business that is classified as retail investment business. In addition to the amounts included in Net earned premiums above, the Group undertakes a significant volume of retail investment business, on which it earns an annual management charge which is included in other income (see Note 13).

During the year, the Society entered into two buy-in contracts with the Group's defined benefit pension schemes. The amount paid by the Schemes to enter these contracts totalled £44.4m. However, due to accounting standards and given the deemed non-transferability of the policy by the Schemes, the contract cannot be recognised within the Society or Group accounts and therefore is not included within gross premiums.

5. Investment income

	Group 2024 £'000	Group 2023 £'000	Society 2024 £'000	Society 2023 £'000 Restated*
Income from other investments	**27,563**	28,024	**31,976**	36,024
Interest income	**2,930**	2,712	**2,930**	2,712
Realised gains on investments	**31,030**	17,598	**31,030**	17,598
Total investment income	**61,523**	48,334	**65,936**	56,334
Unrealised (losses)/gains on investments	**(2,541)**	37,773	**(7,833)**	21,703
Investment management expenses	**(1,721)**	(1,565)	**(1,721)**	(1,565)
Total net investment return	**57,261**	84,542	**56,382**	76,472

All of the above gains and losses are at fair value through the income and expenditure accounts.

6. Claims incurred, net of reinsurance

Group and Society	2024 £'000	2023 £'000
Gross claims paid	**37,096**	38,024
Change in provision for claims outstanding at year-end	**3,158**	(569)
Gross claims incurred	**40,254**	37,455
Reinsurers share of claims incurred	**(20,858)**	(18,427)
Total claims incurred, net of reinsurance	**19,396**	19,028

Policies defined as investment rather than insurance contracts are accounted for on a deposit basis. The claims analysis above excludes £104,860k (2023: £103,991k) of payments made in relation to investment contracts (see Note 23).

7. Bonuses

The value of terminal bonuses paid to with-profit policyholders in the year was £676k (2023: £938k).

8. Net operating expenses

Technical account – long-term business	Group 2024 £'000	Group 2023 £'000	Society 2024 £'000	Society 2023 £'000
Acquisition costs	**35,772**	21,253	**35,772**	21,253
Administrative expenses (including auditor's remuneration)	**45,441**	36,031	**45,441**	36,031
Expenses recharged to Group companies	**-**	-	**31,584**	39,770
Net operating expenses	**81,213**	57,284	**112,797**	97,054
Non-technical account				
Acquisition costs	**11,019**	20,239	**–**	–
Administrative expenses	**27,941**	34,440	**–**	–
Net operating expenses	**38,960**	54,679	**–**	–
Total net operating expenses	**120,173**	111,963	**112,797**	97,054

Acquisition costs relate to business written in the Society and its subsidiaries, and are expensed as incurred. Administrative expenses include strategic development costs.

Total commission paid by the Group on new business was £28,785k (2023: £18,336k).

9. Auditor's remuneration

During the year the Group obtained services from Deloitte LLP, as detailed below:

Audit services	**Group 2024 £'000**	Group 2023 £'000	**Society 2024 £'000**	Society 2023 £'000
Fees payable to the Society's auditor for the audit of the annual accounts	**1,053**	992	**1,053**	992
Audit of the accounts of subsidiaries	**222**	222	**–**	–
Audit-related assurance services	**329**	510	**–**	–
Other assurance services	**40**	34	**40**	34
Total	**1,644**	1,758	**1,093**	1,026

Excluded from the numbers above is £110k (2023: £104k) incurred in connection with audits of the unit trusts and open ended investment company managed by a subsidiary company, of which £110k (2023: £104k) was borne by the Group. 2023 fees above include one-off auditor transition costs.

In 2024, further audit service costs in relation to the 2023 audits were incurred. These included £99k in relation to the audit of the 2023 annual accounts and £33k in relation to audit related assurance services.

10. Operating lease rentals

Group and Society	**2024 £'000**	2023 £'000
Operating lease amounts payable:		
– less than one year	**1,450**	1,302
– between one and five years	**1,164**	2,480
– over five years	**–**	–
Total	**2,614**	3,782
Payments made under operating leases (recognised as an expense)		
Hire of fixtures and fittings – rental under operating leases	**460**	464
Property rental expenses in the year	**1,258**	987
Total	**1,718**	1,451

These payments relate to leases for software, office equipment and property rentals.

11. Staff costs

	Group 2024 £'000	Group 2023 £'000	**Society 2024 £'000**	Society 2023 £'000
Wages and salaries	**35,860**	34,671	**33,510**	29,983
Social security costs	**3,675**	3,576	**3,434**	3,062
Defined contribution pension costs	**2,013**	1,948	**1,854**	1,673
Defined benefit pension costs (see note 27)	**1,832**	–	**1,832**	–
Total staff costs	**43,380**	40,195	**40,630**	34,718

The average number of full time equivalent (FTE) employees in the Group and Society during the year, including directors, is as follows:

Full time equivalent (FTE) employees	**Group 2024 FTE**	Group 2023 FTE	**Society 2024 FTE**	Society 2023 FTE
Acquisition	**270**	279	**245**	260
Administration	**158**	210	**144**	187
Development	**255**	214	**238**	178
Total number of staff	**683**	703	**627**	625

All staff are employed and remunerated by either Family Assurance Friendly Society Limited (FAFSL) or a subsidiary company. The directors have been wholly remunerated by FAFSL for their services to the Society and other Group undertakings. During 2024, the total remuneration paid to the directors was £2,036k (2023: £1,595k) and the total remuneration paid to the highest paid director was £1,007k (2023: £697k).

Key management compensation

Compensation to key management personnel (including executive directors) in the year was £4,329k (2023: £3,810k).

12. Other technical income

	Group 2024 £'000	Group 2023 £'000	**Society 2024 £'000**	Society 2023 £'000
Annual management charge rebates	**352**	379	**352**	379
Fee income	**29**	54	**29**	54
Mortgage interest receivable	**4**	9	**4**	9
Other income	**166**	8	**2,926**	3,035
Total other technical income	**551**	450	**3,311**	3,477

Other income includes charges from the Society to subsidiaries as a management charge on the child trust fund business, and other administration charges.

13. Other income

	Group 2024 £'000	Group 2023 £'000
Annual management charges	**47,047**	47,088
Lifetime mortgage fee income	**390**	442
Other operating income	**3,099**	13,616
Total other income	**50,536**	61,146

14. Taxation

Analysis of the tax charge for the year:

The tax charge for the Group is £1,260k (2023: tax charge £103k).

The applicable UK corporation tax rate is 25% (2023: 23.5%).

The Society primarily writes tax exempt business, with a small proportion of taxable business. The UK rate of income tax applicable to this taxable business is 20% (2023: 20%).

Tax charge/(credit)	**Group 2024 £'000**	Group 2023 £'000	**Society 2024 £'000**	Society 2023 £'000
Technical account	**(1,180)**	(605)	**(1,180)**	(605)
Non-technical account	**2,440**	708	**–**	–
Total tax charge/(credit)	**1,260**	103	**(1,180)**	(605)
Analysed as follows:				
Corporation tax				
Tax charge/(credit)	**1,260**	(209)	**(1,180)**	(917)
Deferred tax				
Timing differences, origination and reversal	**–**	312	**–**	312
Total tax charge/(credit)	**1,260**	103	**(1,180)**	(605)

At 31 December 2024, the Group did not hold any provisions for uncertain tax positions.

14. Taxation (continued)

Reconciliation of current year tax charge for the Non-Technical account	Group 2024 £'000	Group 2023 £'000	Society 2024 £'000	Society 2023 £'000 Restated*
Excess of income over expenditure	**(19,309)**	(15,995)	**(27,578)**	(24,402)
Tax on result (2024: 25%, 2023: 23.5%)	**(4,827)**	(3,759)	**(6,895)**	(5,734)
Factors affecting tax charge:				
Accounting result not subject to tax	**7,090**	4,019	**6,895**	5,734
Items taxed on a different basis	**(5)**	(33)	**–**	–
Adjustments in respect of prior periods	**180**	171	**–**	–
Items disallowable in tax computation	**–**	310	**–**	–
Losses utilised during the year	**2**	–	**–**	–
Tax on excess of income over expenditure on ordinary activities	**2,440**	708	**–**	–

Items taxed on a different basis include profits taxed in subsidiaries.

Analysis of deferred tax asset	Group 2024 £'000	Group 2023 £'000	Society 2024 £'000	Society 2023 £'000
Deferred tax provision on unrealised gains	**(242)**	(312)	**(242)**	(312)
Total recognised deferred tax provision	**(242)**	(312)	**(242)**	(312)
Deductible expenses	**9,586**	8,890	**9,586**	8,890
Tax losses carried forward	**745**	745	**–**	–
Unrealised capital gains	**(311)**	206	**(477)**	(10)
Total unrecognised deferred tax assets	**10,020**	9,841	**9,109**	8,880
Total	**9,778**	9,529	**8,867**	8,568

The Group and Society recognises a net deferred tax liability of £242k (2023: £312k) in relation to unrealised gains on owner occupied properties. This has been calculated at a deferred tax rate of 25% which is the rate expected to apply to the gain/loss that may arise on the future disposal of the property.

The Group has an unrecognised net deferred tax asset of £10,020k (2023: £9,841k).

The Society has an unrecognised net deferred tax asset of £9,109k (2023: £8,880k).

It is considered unlikely that the net deferred tax assets will be used and therefore it continues to not be recognised.

15. Goodwill

Cost	Group 2024 £'000	Group 2023 £'000	Society 2024 £'000	Society 2023 £'000
At 1 January	**9,581**	9,581	**1,147**	1,147
At 31 December	**9,581**	9,581	**1,147**	1,147
Amortisation				
At 1 January	**3,046**	2,032	**1,005**	890
Provided in the year	**958**	1,014	**113**	115
At 31 December	**4,004**	3,046	**1,118**	1,005
Net book value at 31 December	**5,577**	6,535	**29**	142

16. Other intangible assets

Group Cost	IT, systems & project development £'000	Acquired funds under management £'000	Acquired present value of in force business – insurance £'000	Acquired present value of in force business – investment £'000	Total £'000
At 1 January 2024	8,872	6,875	27,591	21,215	**64,553**
Additions	–	–	–	–	**–**
Disposals	(3,695)	–	–	–	**(3,695)**
At 31 December 2024	**5,177**	**6,875**	**27,591**	**21,215**	**60,858**
Amortisation					
At 1 January 2024	7,735	5,187	15,824	9,871	**38,617**
Provided in the year	721	684	338	1,472	**3,215**
Impairment	145	–	–	–	**145**
Disposal	(3,695)	–	–	–	**(3,695)**
At 31 December 2024	**4,906**	**5,871**	**16,162**	**11,343**	**38,282**
Net book value at 31 December 2024	**271**	**1,004**	**11,429**	**9,872**	**22,576**
Net book value at 31 December 2023	1,137	1,688	11,767	11,344	25,936

16. Other intangible assets (continued)

In 2016, the Group acquired contractual rights relating to Child Trust Fund (CTF) assets at a cost of £5,000,000. The acquired funds under management asset is amortised over its estimated useful economic life (UEL) of 10 years and the amortisation is included in administrative expenses. The remaining amortisation period is three years.

As part of the merger with Engage in 2015, the Group acquired in force business assets with a valuation of £48,806,000. The asset is amortised over its UEL of up to 40 years, based on persistency and lapse assumptions, and the amortisation is included in administrative expenses. The remaining amortisation is up to 31 years. An annual assessment is carried out to check if there are any indications of impairment.

Society **Cost**	**Brand £'000**	**IT, systems & project development £'000**	**Acquired present value of in force business – insurance £'000**	**Acquired present value of in force business – investment £'000**	**Total £'000**
At 1 January 2024	–	1,371	27,591	21,215	**50,177**
Additions	920	1,138	–	–	**2,058**
Disposals	–	(1,800)	–	–	**(1,800)**
At 31 December 2024	**920**	**709**	**27,591**	**21,215**	**50,435**
Amortisation					
At 1 January 2024	–	1,371	15,824	9,871	**27,066**
Provided in the year	102	721	338	1,472	**2,633**
Impairment	–	146	–	–	**146**
On disposals	–	(1,800)	–	–	**(1,800)**
At 31 December 2024	**102**	**438**	**16,162**	**11,343**	**28,045**
Net book value at 31 December 2024	**818**	**271**	**11,429**	**9,872**	**22,390**
Net book value at 31 December 2023	–	–	11,767	11,344	23,111

17. Investment in land and buildings

Group	**Current value investment £'000**	**Total £'000**	**Historical cost investment £'000**	**Total £'000**
At 1 January 2024	7,652	7,652	6,887	6,887
Revaluation/fair value adjustment	193	193	–	–
Balance at 31 December 2024	**7,845**	**7,845**	**6,887**	**6,887**
Group				
At 1 January 2023	7,899	7,899	6,887	6,887
Revaluation/fair value adjustment	(247)	(247)	–	–
Balance at 31 December 2023	7,652	7,652	6,887	6,887

Of the revaluation surplus of £193k in 2024, £193k has been recognised in the income statement. Of the revaluation deficit of £247k in 2023, £108k was recognised in the statement of comprehensive income as it reversed revaluation surpluses previously taken there and £139k was recognised in the income statement.

Included within Group Land and buildings is £3,996k (2023: £2,831k) which is categorised as investment property.

Society	**Current value investment £'000**	**Total £'000**	**Historical cost investment £'000**	**Total £'000**
At 1 January 2024	8,731	8,731	6,887	6,887
Revaluation/fair value adjustment	(53)	(53)	–	–
Balance at 31 December 2024	**8,678**	**8,678**	**6,887**	**6,887**
Society				
At 1 January 2023	9,050	9,050	6,887	6,887
Revaluation/fair value adjustment	(319)	(319)	–	–
Balance at 31 December 2023	8,731	8,731	6,887	6,887

The revaluation deficit of £53k (2023: £319k) has been recognised in the income statement.

Included within Society Land and buildings is £8,678k (2023: £8,731k) which is categorised as investment property.

Land and buildings at 31 December 2024 relates to a freehold property largely held for own use in West Street, Brighton. A full external professional valuation of the property was carried out by G L Hearn, Chartered Surveyors at 31 December 2024. In 2022, part of the property was let to a third party and during 2024, the Group signed a lease to let out a further part of the property to another third party.

18. Investment in Group undertakings

Society investments The Society investment in subsidiaries can be analysed as follows:	Society 2024 £'000	Society 2023 £'000 Restated*
Fair value at 1 January	**93,046**	107,936
Dividends paid to Society	**(4,413)**	(8,000)
Investments during year	**–**	1,000
Other fair value changes	**(631)**	(7,890)
Fair value as at 31 December	**88,002**	93,046

During 2023, the Society made investments of £1m into OneFamily Advice Limited.

Investments are carried at fair value. The 2023 figures have been restated to reflect the change in valuation method from cost less impairment to fair value. For further details of the impact of the restatement please see Note 30.

Set out below are the Society's investments in subsidiary undertakings as at 31 December 2024 all of which are included in the consolidation; the carrying value of these subsidiaries cancel out on consolidation. All companies are incorporated in England and Wales.

Name of subsidiary undertaking	Nature of business
Engage Mutual Funds Limited	Child Trust Fund management
Family Equity Plan Limited	Child Trust Fund management
Family Investment Management Limited	Fund management
OneFamily Advice Limited	Insurance agent and brokerage, previously – Financial advice services
OneFamily Lifetime Mortgages Limited	Provider of mortgage products
BGL Direct Life Limited [2]	Previously - Insurance agent and brokerage
EMFL Nominees Limited [1]	Dormant
Family Assurance Staff Pension Scheme Trustees Limited [1]	Dormant
Family Money Limited [1]	Dormant
Family Nominees Limited [1]	Dormant
Family.co.uk Limited [1]	Dormant
FEPL Nominees Limited [1]	Dormant
Family PEP Managers Limited	Dormant (liquidation commenced on 8 July 2024)
OneFamily Foundation Limited	Dormant (liquidation commenced on 13 March 2024)

[1] The Society has taken advantage of the exemption from audit offered by Section 480 of the Companies Act 2006.

[2] Subsidiary that will take advantage of the audit exemption set out within Section 479A of the Companies Act 2006 for the year ended 31 December 2024. As required, the Society, which is the ultimate parent undertaking and controlling party of the Group, guarantees all outstanding liabilities to which this subsidiary company is subject at the end of the financial year, until they are satisfied in full. This is in accordance with Section 479C of the Companies Act 2006. The guarantee is enforceable against the Society as the ultimate parent undertaking, by any person to whom the subsidiary company listed above are liable in respect of those liabilities.

The subsidiaries are wholly owned by the Society and the Society holds 100% of ordinary and preference shares within all the subsidiaries.

The registered address of the Society and all subsidiaries is 16-17 West Street, Brighton, BN1 2RL. Please refer to General information section for details.

19. Financial instruments

Management consider that the carrying value of all financial assets and liabilities in the financial statements are equal to or approximate to their fair value.

The financial investments held by the Group are valued as:	2024 £'000	2023 £'000 Restated
Linked financial investments	**872,493**	912,598
Non-linked financial investments	**186,553**	193,477
Debtors	**47,369**	52,625
Cash at bank	**31,865**	27,808
Total Group financial investments	**1,138,280**	1,186,508
Financial liabilities		
Financial liabilities held at fair value through profit and loss	**872,493**	912,598
Financial liabilities held at amortised cost	**28,557**	18,290
Total Group financial liabilities	**901,050**	930,888

The above investments, which exclude land & buildings, and the financial liabilities, can then be further analysed out into the following categories:

Group financial assets held at fair value through profit and loss	Fair value 2024 £'000	Fair value 2023 £'000 Restated	Cost 2024 £'000	Cost 2023 £'000 Restated
Shares, other variable yield securities and holdings in collective investment schemes	**830,281**	886,152	**623,963**	691,492
Debt securities and other fixed income securities	**161,996**	150,193	**197,721**	171,573
Investment property	**7,622**	7,669	**5,091**	5,091
Financial assets held at fair value through profit and loss	**999,899**	1,044,014	**826,775**	868,156
Loans and receivables				
Loans secured by mortgage	**77**	149	**77**	149
Deposits with credit institutions	**88,043**	87,760	**88,043**	87,760
Accrued income and receivables	**50,261**	54,585	**50,261**	54,585
Loans and receivables	**138,381**	142,494	**138,381**	142,494
Total Group financial assets (excluding land & buildings)	**1,138,280**	1,186,508	**965,156**	1,010,650

19. Financial instruments (continued)

Group analysis – linked and non-linked, excluding land & buildings

Group financial assets held at fair value through profit and loss	Linked fair value 2024 £'000	Non-linked fair value 2024 £'000	Total fair value 2024 £'000	Linked fair value 2023 £'000	Non-linked fair value 2023 £'000	Total fair value 2023 £'000
Shares, other variable yield securities and holdings in collective investment schemes	**805,801**	**24,480**	**830,281**	843,017	43,135	886,152
Debt securities and other fixed income securities	**–**	**161,996**	**161,996**	–	150,193	150,193
Investment property	**7,622**	**–**	**7,622**	7,669	–	7,669
Financial assets held at fair value through profit and loss	**813,423**	**186,476**	**999,899**	850,686	193,328	1,044,014
Loans and receivables						
Loans secured by mortgage	**–**	**77**	**77**	–	149	149
Deposits with credit institutions	**56,178**	**31,865**	**88,043**	59,953	27,808	87,761
Accrued income and receivables	**2,892**	**47,369**	**50,261**	1,959	52,625	54,584
Loans and receivables	**59,070**	**79,311**	**138,381**	61,912	80,582	142,494
Total Group financial assets	**872,493**	**265,787**	**1,138,280**	912,598	273,910	1,186,508
Financial liabilities						
Financial liabilities held at fair value through profit and loss	**872,493**	**–**	**872,493**	912,598	–	912,598
Financial liabilities held at amortised cost	**–**	**28,577**	**28,557**	–	18,290	18,290
Total Group financial liabilities	**872,493**	**28,577**	**901,050**	912,598	18,290	930,888

19. Financial instruments (continued)

The financial investments held by the Society are valued as:	2024 £'000	2023 £'000 Restated
Linked financial investments	**872,493**	912,598
Non-linked financial investments	**186,553**	193,477
Debtors	**38,338**	41,244
Cash at bank	**14,823**	15,103
Investment in group undertakings	**88,002**	93,046
Total Society financial investments	**1,200,209**	1,255,468
Financial liabilities		
Financial liabilities held at fair value through profit and loss	**872,493**	912,598
Financial liabilities held at amortised cost	**18,928**	7,258
Total Society financial liabilities	**891,421**	919,856

The above investments, which exclude land & buildings, and the financial liabilities, can then be further analysed out into the following categories:

Society financial assets held at fair value through profit and loss	Fair value 2024 £'000	Fair value 2023 £'000 Restated	Cost 2024 £'000	Cost 2023 £'000 Restated
Shares, other variable yield securities and holdings in collective investment schemes	**830,281**	886,152	**623,963**	691,492
Debt securities and other fixed income securities	**161,996**	150,193	**197,721**	171,573
Investment property	**7,622**	7,669	**5,091**	5,091
Investment in group undertakings	**88,002**	93,046	**67,833**	67,833
Financial assets held at fair value through profit and loss	**1,087,901**	1,137,060	**894,608**	935,989
Loans and receivables				
Loans secured by mortgage	**77**	149	**77**	149
Deposits with credit institutions	**71,001**	75,056	**71,001**	75,056
Accrued income and receivables	**41,230**	43,203	**41,230**	43,204
Loans and receivables	**112,308**	118,408	**112,308**	118,409
Total Society financial assets	**1,200,209**	1,255,468	**1,006,916**	1,054,398

19. Financial instruments (continued)

Society analysis – linked and non-linked, excluding land & buildings

Society financial assets held at fair value through profit and loss	**Linked fair value 2024 £'000**	**Non-linked fair value 2024 £'000**	**Total fair value 2024 £'000**	Linked fair value 2023 £'000	Non-linked fair value 2023 £'000 Restated	Total fair value 2023 £'000 Restated
Shares, other variable yield securities and holdings in collective investment schemes	**805,801**	**24,480**	**830,281**	843,017	43,135	886,152
Debt securities and other fixed income securities	**–**	**161,996**	**161,996**	–	150,193	150,193
Investment property	**7,622**	**–**	**7,622**	7,669	–	7,669
Investment in group undertakings	**–**	**88,002**	**88,002**	–	93,046	93,046
Financial assets held at fair value through profit and loss	**813,423**	**274,478**	**1,087,901**	850,686	286,374	1,137,060
Loans and receivables						
Loans secured by mortgage	**–**	**77**	**77**	–	149	149
Deposits with credit institutions	**56,178**	**14,823**	**71,001**	59,952	15,103	75,055
Accrued income and receivables	**2,892**	**38,338**	**41,230**	1,960	41,244	43,204
Loans and receivables	**59,070**	**53,238**	**112,308**	61,912	56,496	118,408
Total Society financial assets	**872,493**	**327,716**	**1,200,209**	912,598	342,870	1,255,468
Financial liabilities						
Financial liabilities held at fair value through profit and loss	**872,493**	**–**	**872,493**	912,598	–	912,598
Financial liabilities held at amortised cost	**–**	**18,928**	**18,928**	–	7,258	7,258
Total Society financial liabilities	**872,493**	**18,928**	**891,421**	912,598	7,258	919,856

19. Financial instruments (continued)

Valuation Methods – These are based on FRS 102 (section 34) disclosure requirements on the three levels indicated, see accounting policy I for details.

2024 Group **Financial assets held at fair value through profit and loss**	**Level 1 Active quoted prices £'000**	**Level 2 Other observable inputs £'000**	**Level 3 Other £'000**	**Total £'000**
Shares, other variable yield securities and holdings in collective investment schemes	**308,101**	**522,176**	**4**	**830,281**
Debt securities and other fixed income securities	**118,981**	**42,634**	**381**	**161,996**
Investment property	**–**	**–**	**7,622**	**7,622**
Financial assets held at fair value through profit and loss	**427,082**	**564,810**	**8,007**	**999,889**
Financial liabilities held at fair value through profit and loss	**–**	**872,493**	**–**	**872,493**

2023 Group **Financial assets held at fair value through profit and loss**	**Level 1 Active quoted prices £'000**	**Level 2 Other observable inputs £'000**	**Level 3 Other £'000**	**Total £'000**
Shares, other variable yield securities and holdings in collective investment schemes	332,170	553,982	–	886,152
Debt securities and other fixed income securities	94,419	55,408	366	150,193
Investment property	–	–	7,669	7,669
Financial assets held at fair value through profit and loss	426,589	609,390	8,035	1,044,014
Financial liabilities held at fair value through profit and loss	–	912,598	–	912,598

Level 3 assets consist of investment property, venture capital and certain debt securities.

Investment properties are valued by reference to independent valuations as detailed in Note 17. The Investment Method of Valuation is used to value the investment property classified at level 3 in the fair value hierarchy. A key unobservable input is the present value of future market rents, adjusted for risk factors that are envisaged to exist at point of sale in an arms-length transaction.

19. Financial instruments (continued)

2024 Society Financial assets held at fair value through profit and loss	Level 1 Active quoted prices £'000	Level 2 Other observable inputs £'000	Level 3 Other £'000	Total £'000
Shares, other variable yield securities and holdings in collective investment schemes	**308,101**	**522,176**	**4**	**830,281**
Debt securities and other fixed income securities	**118,981**	**42,634**	**381**	**161,996**
Investment property	**–**	**–**	**7,622**	**7,622**
Investment in group undertakings	**–**	**–**	**88,002**	**88,002**
Financial assets held at fair value through profit and loss	**427,082**	**564,810**	**96,009**	**1,087,901**
Financial liabilities held at fair value through profit and loss	**–**	**872,493**	**–**	**872,493**

2023 Society Financial assets held at fair value through profit and loss	Level 1 Active quoted prices £'000	Level 2 Other observable inputs £'000	Level 3 Other £'000 Restated	Total £'000 Restated
Shares, other variable yield securities and holdings in collective investment schemes	332,170	553,982	–	886,152
Debt securities and other fixed income securities	94,419	55,408	366	150,193
Investment property	–	–	7,669	7,669
Investment in group undertakings	–	–	93,046	93,046
Financial assets held at fair value through profit and loss	426,589	609,390	101,081	1,137,060
Financial liabilities held at fair value through profit and loss	–	912,598	–	912,598

20. Debtors

Group and Society	Group 2024 £'000	Group 2023 £'000	Society 2024 £'000	Society 2023 £'000
Amounts owed from Group undertakings	**–**	–	**23,820**	27,469
Amounts owed from policyholders	**486**	2,782	**486**	486
Amounts owed from intermediaries	**324**	326	**324**	326
Debtors arising out of reinsurance operations	**6,352**	6,834	**6,352**	6,834
Other debtors	**40,207**	42,683	**7,356**	6,129
Total	**47,369**	52,625	**38,338**	41,244

Amounts owed from Group undertakings in the Society include £nil (2023: £nil) falling due after more than one year. Other debtors includes accrued income of £16,348k (2023: £21,871k), with £12,276k (2023: £16,797k) falling due after more than one year.

21. Tangible assets

Group Cost	Computer equipment £'000	Fixtures, fittings and office equipment £'000	Total £'000
At 1 January 2024	**1,435**	**1,171**	**2,606**
Additions	**100**	**–**	**100**
Disposals	**(374)**	**(1,171)**	**(1,545)**
At 31 December 2024	**1,161**	**–**	**1,161**
Depreciation			
At 1 January 2024	**873**	**1,171**	**2,044**
Provided in the year	**252**	**–**	**252**
Impairment	**2**	**–**	**2**
Disposals	**(374)**	**(1,171)**	**(1,545)**
At 31 December 2024	**753**	**–**	**753**
Net book value at 31 December 2024	**408**	**–**	**408**
Net book value at 31 December 2023	562	–	562

The charge for depreciation for the Group in the year ended 31 December 2024 was £252k (2023: £233k). Depreciation is included in operating expenses.

21. Tangible assets (continued)

Society Cost	Computer equipment £'000	Fixtures, fittings and office equipment £'000	Total £'000
At 1 January 2024	1,060	1,171	2,231
Additions	108	–	108
Disposals	(7)	(1,171)	(1,178)
At 31 December 2024	1,161	–	1,161
Depreciation			
At 1 January 2024	504	1,171	1,675
Provided in the year	253	–	253
Impairment	2	–	2
On disposals	(6)	(1,171)	(1,177)
At 31 December 2024	753	–	753
Net book value at 31 December 2024	408	–	408
Net book value at 31 December 2023	556	–	556

The charge for depreciation for the Society in the year ended 31 December 2024 was £253k (2023: £225k).

22. Technical provisions

Group and Society	Long-term business provision £'000	Reinsurers share £'000	Provision for outstanding claims £'000
At 1 January 2024	197,180	(106,039)	7,539
Movement in provision for outstanding claims	–	–	3,158
Change in long-term business provision	(29,146)	(13,776)	–
At 31 December 2024	168,034	(119,815)	10,697

Provisions for outstanding claims represent amounts where notification of a claim has been received but full supporting documentation is still outstanding which means that it cannot be processed. Typically these amounts would be expected to unwind in the first half of the following accounting period.

22. Technical provisions (continued)

Uncertainties and estimation techniques

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the financial statements of insurance companies and principally arises in respect of the technical provisions of the company. As a consequence of this uncertainty, the insurance company needs to apply sophisticated estimation techniques to determine the appropriate provisions.

Long-term business provisions (LTBPs) are computed using statistical and other mathematical techniques, which are expected to give approximately the same results as if an individual liability were calculated for each long-term contract. The computations are made by suitably qualified personnel engaged by the Group on the basis of recognised actuarial methods. This methodology takes into account the risks and uncertainties of the particular classes of long-term business written and the results are certified by the professionals undertaking the valuations.

Allowance for prudence

Under FRS 102 the value of policyholder liabilities must be valued on a prudent basis. The approach taken to calculate the prudent value of liabilities uses a best-estimate of those liabilities plus a prudence margin. The methodology used to calculate prudence is based on the Solvency II regulatory requirements, save for an adjustment to reflect management's risk appetite rather than the regulator's risk appetite. The LTBP therefore reflects the changes made to the Solvency II regulatory regime in 2023, and specifically the changes affecting the Solvency 'risk margin', which reduced the 'cost-of-capital' rate from 6% to 4% and introduced a tapering factor. The effect of this was to reduce the LTBP by £4.5m.

Process for determining assumptions

The process used to determine any assumptions is intended to result in the best estimates of the most likely, or expected, outcome. The assumptions are set using internal and external information, combined with expert judgement and undergo robust challenge as part of the Group's governance process.

For insurance contracts the Group regularly considers whether the long-term business provision is reliable and adequate, and whether the assumptions are appropriate. The assumptions that are considered include the expected number and timing of deaths, other claims and investment returns, over the period of risk exposure.

The principal assumptions underlying the calculation of the long-term business provision are:

Mortality and morbidity – Assumptions for current mortality and morbidity are typically based on the latest relevant industry standard tables published by the Continuous Mortality Investigation (CMI), with adjustments to reflect the Group's historic and expected future experience.

22. Technical provisions (continued)

The mortality and morbidity assumptions for significant product lines are shown in the table below:

Product Group	2024	2023
Individual annuities	PMA16 / PFA16 with adjustments Mortality improvements based on the 2023 CMI model	PMA16 / PFA16 with adjustments Mortality improvements based on the 2023 CMI model
Over 50s whole-of-life	AMN00 / AMS00 / AFN00 / AFS00 with adjustments	AMN00 / AMS00 / AFN00 / AFS00 with adjustments
Term assurance	TM16 with adjustments	TM16 with adjustments
Critical illness	Standalone rates derived from AC04 / AC16 with adjustments	Standalone rates derived from AC04 with adjustments

Discount rate and investment return – this is set to be the basic Solvency UK risk-free interest rate curve plus volatility adjustment (for applicable products), as prescribed and published by the PRA.

Expenses – these assumptions are determined from the results of an internal expenses investigation. The expense investigation performs a detailed analysis of budgeted costs and allocation of these costs across products based on appropriate cost drivers. It is performed on an annual basis.

Persistency – assumptions about the rate at which policyholders will stop paying premiums and lapse their policy are determined primarily based on actual experience.

With-Profits bonuses

The calculation of the LTBP uses policyholder guaranteed benefits as at the valuation date, including reversionary bonuses declared over the previous year. The cost of terminal bonuses on with-profits policies is included in “Gross claims incurred” in the Long-term business – Technical account.

23. Technical provision for linked liabilities

Policies defined as investment, rather than insurance contracts are accounted for on a deposit basis.

Group and Society	2024 £'000	2023 £'000
At 1 January	**912,598**	937,317
Deposits received from policyholders	**11,156**	12,112
Withdrawals by policyholders	**(104,860)**	(103,991)
Annual management charges	**(9,251)**	(9,422)
Change in fair value of gross liabilities	**62,850**	76,582
At 31 December	**872,493**	912,598

24. Other creditors including taxation and social security

	Group 2024 £'000	Group 2023 £'000	Society 2024 £'000	Society 2023 £'000
Amounts owed to group undertakings	**–**	–	**51**	1,555
Other taxes and social security costs	**3,826**	971	**1,340**	1,059
Other creditors	**11,529**	16,411	**4,336**	3,736
Financing Liability	**11,741**	–	**11,741**	–
Total	**27,096**	17,382	**17,468**	6,350

All other creditors are payable within one year.

The financing liability relates to a financial reinsurance arrangement entered into during the year which is carried in the balance sheet at amortised cost.

The financing liability is recognised at the initial funding received, net of the associated fees payable. The advanced funding is recognised as a liability in the Statement of Financial Position and the interest due is in the income and expenditure statement. Subsequently, the advanced funding is recognised at amortised cost which is the amount at which financial liability is measured at initial recognition, minus the principal repayments, and minus any adjustments to the liability as agreed with the reinsurer. The interests accruing on the reinsurance liability due charged at the effective interest rate and added to the outstanding liability.

25. Fund for Future Appropriations

Group and Society	2024 £'000	2023 £'000
At 1 January	**4,425**	16,534
Conversion of with-profits fund	**–**	(10,467)
Transfers to the long-term business technical account	**(366)**	(1,642)
At 31 December	**4,059**	4,425

In June 2023, With-Profits Fund 1, also known as the OneFamily (EM) With-Profits Fund, was closed and most of the policies were converted to non-profit with guaranteed bonus. As a result, the Fund for Future Appropriations relating to these policies was transferred to the long-term business provision (see Note 22). This conversion was a result of the Fund reducing in size and the decision to convert the Fund was in line with its previously approved run off plan.

26. Retained earnings

	Group 2024 £'000	Group 2023 £'000	**Society 2024 £'000**	Society 2023 £'000 Restated*
At 1 January	**176,291**	192,602	**250,440**	274,342
Recognised (losses) in the year	**(15,270)**	(16,311)	**(21,099)**	(23,902)
At 31 December	**161,021**	176,291	**229,341**	250,440

27. Pension commitments

Defined benefit schemes

Following the merger of Homeowners Friendly Society Limited and Family Assurance Friendly Society Limited on 1 April 2015, the Group operates two defined benefit pension schemes. The following note summarises the pension valuation and commitments under FRS 102 for each Scheme individually.

Defined contribution schemes

Following the closure of these defined benefit schemes to future accrual, the Group makes pension contributions to a defined contribution stakeholder pension scheme on behalf of staff when they become eligible for pension benefits.

The stakeholder scheme is provided by Legal and General Assurance Society Limited. The defined pension contributions for 2024 were £2,013k (2023: £1,948k).

Family Assurance Friendly Society Defined Benefit Scheme (the Family Scheme)

The Society operates a defined benefit pension scheme, the Family Assurance Staff Pension Scheme ("the Scheme"). The Scheme funds are administered by trustees and are independent of the Society's finances.

Contributions are paid to the Scheme in accordance with the recommendations of an independent actuary.

The defined benefit scheme closed to all further benefit accrual with effect from 31 December 2009. In its place the Society makes pension contributions to a defined contribution pension scheme on behalf of staff eligible for pension benefits. The defined contribution scheme is administered by Legal & General Assurance Society Limited.

Details in respect of the Scheme are provided below in accordance with FRS102.

27. Pension commitments (continued)

The funding plan is for the Scheme to hold assets equal to the value of the benefits earned by employees, based on a set of assumptions used for funding the Scheme. The funding assumptions differ from the assumptions used to calculate the figures for these accounts, and therefore produce different results. If there is a shortfall against this funding plan, then the Society and trustees agree on deficit contributions to meet this deficit over a period. As part of the actuarial valuation with an effective date of 31 December 2022 it was agreed that the Society would pay no further contributions except when required in accordance with a Funding Deed signed in January 2024. During January 2024, OneFamily made a contribution into the Scheme to facilitate a further buy-in covering the remaining uninsured liabilities of the Scheme.

Our calculations are based on membership data as at 31 December 2022 provided by the LCP administration team for the formal valuation of the Scheme at this date, updated to the accounting date by an independent qualified actuary in accordance with FRS102, allowing for contributions, benefit payments made and changes in market conditions.

As required by FRS102, the defined benefit liabilities have been measured using the projected unit method.

Under FRS102, a pension asset can only be recognised on the balance sheet to the extent that is recoverable by the employer through reduced contributions for future pensionable service or refunds (either over the course of the Scheme's life, or when it is ultimately wound up), and where that is within the control of the employer. The Trustees of the Scheme have full control over all investment and benefit decisions of the Scheme and therefore the Society does not have the necessary control to support recognition of the net surplus on the balance sheet. The impact of this limit on the balance sheet, profit and loss, and the actuarial gains and losses entries are shown in the figures on the next page.

In 2024, the trustees of the Scheme in consultation with the Society implemented a new investment strategy and used the Scheme assets to secure a contract with the Society which matches the pension liabilities in a transaction known as a 'buy-in'. While the Society remains legally responsible for the Scheme the transaction has removed the Society's exposure to funding and investment risks within the Scheme.

Due to accounting standards in respect of buy-ins between related parties, and the fact that the policy is deemed as non-transferrable for accounting purposes, the buy-in contract cannot be recognised within the Society or Group's FRS102 Scheme assets. Therefore, the results below show a pension scheme deficit as at 31 December 2024 of £25.3m, which as noted is from an FRS102 accounting perspective only. If the buy-in policy was recognised within the Scheme assets the deficit would fall to £1.1m which is equal to the provision for GMP equalisation and the Barber case, which equalised normal retirement dates causing a levelling up of benefits.

27. Pension commitments (continued)

The buy-in carried out during the year with the Society, is separate to the buy-in with an insurer outside of the Group, which has been in place since 2019. The overall impact of this is set out in the table below:

Summary (deficit)/surplus of the Family Scheme	See note below	2024 £'000	2023 £'000
Total fair value of assets (excluding internal buy-in)	a	7,854	40,457
Present value of defined benefit obligations	b	(33,113)	(34,929)
Scheme (deficit)/surplus (excluding internal buy-in)		(25,259)	5,528
Adjustment for asset limit	d	–	(5,528)
Net scheme (deficit)/surplus recognised in Society balance sheet		(25,259)	–
Adjustment for internal buy-in policy not recognised in Society/Group accounts		24,150	–
Economic scheme deficit including internal buy-in policy		(1,109)	–

The following tables set out, as at 31 December 2024 and 2023, the fair value of assets, a breakdown of the assets into the main asset classes, the present value of the FRS102 liabilities and the surplus or deficit of the assets over the FRS102 liabilities (the gross pension asset or liability). The key FRS102 assumptions used for the Scheme are also set out below:

a) Family Scheme fair value of assets	2024 £'000	2023 £'000
LDI portfolio (including liquidity fund)	–	30,445
Buy-in policy with third-party	7,855	8,681
Cash	96	1,407
Other net assets	(97)	(76)
Total fair value of assets (excluding internal buy-in)	7,854	40,457

The Scheme does not invest directly in property occupied by the Society or in financial securities issued by the Society.

27. Pension commitments (continued)

Changes in present values of the defined benefit obligations (DBO) are as follows:

b) Family Scheme change in present value	2024 £'000	2023 £'000
Opening defined benefit obligation	34,929	33,959
Past service cost	–	500
Interest on obligation on funds	1,543	1,588
Actuarial (gain)	(2,076)	(45)
Benefits paid	(1,283)	(1,073)
Closing defined benefit obligation	33,113	34,929

Changes in the fair value of the scheme assets are as follows:

c) Family Scheme change in fair value	2024 £'000	2023 £'000
Opening value of scheme assets	40,457	40,055
Interest on scheme assets	581	1,877
Net (losses) on scheme assets	(4,889)	(402)
Contributions by the employer	3,458	–
Benefits paid	(1,283)	(1,073)
Reimbursement of benefits by the Society	597	–
Transfer to the Society	(31,067)	–
Closing value of scheme assets	7,854	40,457

See above, for a reconciliation to the economic position of the Scheme, including the internal buy-in policy.

Changes in the value of the asset limit are as follows:

d) Family Scheme change in value of asset limit	2024 £'000	2023 £'000
Opening asset limit	(5,528)	(6,096)
Net interest on asset limit	(16)	(289)
Change to asset limit	5,544	857
Closing asset limit	–	(5,528)

27. Pension commitments (continued)

The following amounts have been included within profit and loss under FRS 102:

e) Family Scheme amounts included in income and expenditure	2024 £'000	2023 £'000
Past service (cost)	–	(500)
Net interest on the net defined benefit liability	(979)	–
Loss recognised in income and expenditure	**(979)**	(500)

The past service cost of £0.5m in 2023 relates to a provision for the estimated costs arising from a gap, identified in the year, in relation to the levelling up of benefits, following the equalisation of normal retirement dates, arising from the "Barber case".

The following amounts are recognised in the statement of other comprehensive income:

f) Family Scheme change in comprehensive income	2024 £'000	2023 £'000
Experience (loss) on scheme assets	(4,889)	(402)
Experience gain/(loss) on scheme liabilities	41	(380)
Actuarial gain due to the changes in assumptions of the DBO	2,035	425
Actuarial (losses)	(2,813)	(357)
Gain due to movement in the statement of financial position limitation	5,544	857
Gain recognised outside income and expenditure	**2,731**	500

27. Pension commitments (continued)

Family Scheme assumptions	2024	2023
Retail prices index inflation	3.40%	3.00%
Consumer prices index inflation	3.10%	2.60%
Revaluation in deferment	3.10%	2.60%
Pension increases:		
- pre April 1997 pension	0.00%	0.00%
- post April 1997 pension	3.40%/3.10%*	2.90%/2.60%*
- post April 2005 pension	2.50%*	1.90%*
Salary growth	N/A	N/A
Discount rate	5.50%	4.50%
Life expectancy:		
- uninsured male aged 65 at the statement of financial position date	22.4 years	21.9 years
- male aged 65 in 2049 (25 years from the statement of financial position date)	24.7 years	23.5 years

* assumptions for members who transferred into the scheme from the Family Assurance Friendly Society Limited staff pension scheme

Family Scheme sensitivity of defined benefit obligation to alternative assumptions as at 31 December 2024	Reduction of deficit £'000
Discount rate – Effect of 0.5% increase	2,200
Inflation – Effect of 0.1% pa reduction	300
Life expectancy – 1 year increase	(700)

Updating the assumptions as described above could reduce the FRS102 measure of the pension scheme liability as noted.

27. Pension commitments (continued)

Homeowners Friendly Society Defined Benefit Scheme (the Engage Scheme)

The Society operates a defined benefit pension scheme, the Homeowners Friendly Society Pension Scheme ("the Scheme"). The Scheme funds are administered by trustees and are independent of the Society's finances.

Contributions are paid to the Scheme in accordance with the recommendations of an independent actuary.

The defined benefit scheme closed to all further benefit accrual with effect from 31 December 2012. In its place the Society makes pension contributions to a defined contribution pension scheme on behalf of staff eligible for pension benefits. The defined contribution scheme is administered by Legal & General Assurance Society Limited.

Details in respect of the Scheme are provided below in accordance with FRS102.

The funding plan is for the Scheme to hold assets equal to the value of the benefits earned by employees, based on a set of assumptions used for funding the Scheme. The funding assumptions differ from the assumptions used to calculate the figures for these accounts, and therefore produce different results. If there is a shortfall against this funding plan, then the Society and trustees agree on deficit contributions to meet this deficit over a period. As part of the actuarial valuation with an effective date of 31 December 2022 it was agreed that the Society would pay no further contributions except when required in accordance with a Funding Deed signed in January 2024. During January 2024, OneFamily made a contribution into the Scheme to facilitate a further buy-in covering the remaining uninsured liabilities of the Scheme.

Our calculations are based on membership data as at 31 December 2022 provided by the LCP administration team for the formal valuation of the Scheme at this date, updated to the accounting date by an independent qualified actuary in accordance with FRS102, allowing for contributions, benefit payments made and changes in market conditions.

As required by FRS102, the defined benefit liabilities have been measured using the projected unit method.

Under FRS102, a pension asset can only be recognised on the balance sheet to the extent that it is recoverable by the employer through reduced contributions for future pensionable service or refunds. Given that no refunds are expected and as no reductions in future service contributions are currently expected, the maximum asset that may be recognised is nil. The impact of this limit on the balance sheet, profit and loss, and the actuarial gains and losses entries are shown in the figures below.

In 2024, the trustees of the Scheme in consultation with the Society implemented a new investment strategy and used the Scheme assets to secure a contract with the Society which matches the pension liabilities in a transaction known as a 'buy-in'. While the Society remains legally responsible for the Scheme, the transaction has removed the Society's exposure to funding and investment risks within the Scheme.

Due to accounting standards in respect of buy-ins between related parties, and the fact that the policy is deemed as non-transferrable for accounting purposes, the buy-in contract cannot be recognised within the Society or Group's FRS102 Scheme assets. Therefore, the results below show a pension scheme deficit as at 31 December 2024 of £9.6m, which as noted is from an FRS102 accounting perspective only. If the buy-in policy was recognised within the Scheme assets the deficit would fall to £0.5m which is equal to the past service cost recognised in the year relating to an uplift in member benefits.

The buy-in carried out during the year with the Society, is separate to the buy-in with an insurer outside of the Group, which has been in place since 2019.

27. Pension commitments (continued)

The overall impact of this is set out in the table below:

Summary (deficit)/surplus position of the Engage Scheme	**See note below**	**2024 £'000**	2023 £'000
Total fair value of assets (excluding internal buy-in)	a	**7,342**	22,042
Present value of defined benefit obligations	b	**(16,980)**	(17,865)
Scheme (deficit)/surplus (excluding internal buy-in)		**(9,638)**	4,177
Adjustment for asset limit	d	**–**	(4,1777)
Net scheme (deficit)/surplus recognised in Society balance sheet		**(9,638)**	–
Adjustment for internal buy-in policy not recognised in Society/ Group accounts		**9,123**	–
Economic scheme deficit including internal buy-in policy		**(515)**	–

The following tables set out, as at 31 December 2024 and 2023, the fair value of assets, a breakdown of the assets into the main asset classes, the present value of the FRS102 liabilities and the surplus or deficit of the assets over the FRS102 liabilities (the gross pension asset or liability). The key FRS102 assumptions used for the Scheme are also set out below:

a) Engage Scheme fair value of assets	**2024 £'000**	2023 £'000
Fixed interest gilts	**–**	8,385
Index linked gilts	**–**	5,097
Buy-in policy with third-party	**7,186**	7,860
Cash and net current assets	**(25)**	538
Other net assets	**181**	162
Total fair value of assets (excluding internal buy-in)	**7,342**	22,042

27. Pension commitments (continued)

The Scheme does not invest directly in property occupied by the Society or in financial securities issued by the Society.

Changes in present values of the defined benefit obligations (DBO) are as follows:

b) Engage Scheme change in present value	**2024 £'000**	2023 £'000
Opening defined benefit obligation	**17,865**	17,481
Past service cost	**489**	–
Interest on obligation on funds	**785**	814
Actuarial (gain)/loss	**(1,317)**	643
Benefits paid	**(842)**	(1,073)
Closing defined benefit obligation	**16,980**	17,865

Changes in the fair value of the scheme assets are as follows:

c) Engage Scheme change in fair value	**2024 £'000**	2023 £'000
Opening value of scheme assets	**22,042**	22,313
Interest on scheme assets	**432**	1,046
Net (losses) on scheme assets	**(1,758)**	(244)
Contributions by the employer	**688**	–
Benefits paid	**(842)**	(1,073)
Reimbursement of benefits by the Society by the Society	**149**	–
Transfer to the Society	**(13,369)**	–
Closing value of scheme assets	**7,342**	22,042

See above, for a reconciliation to the economic position of the Scheme, including the internal buy-in policy.

27. Pension commitments (continued)

Changes in the value of the asset limit are as follows:

d) Engage Scheme change in value of asset limit	**2024 £'000**	2023 £'000
Opening asset limit	**(4,177)**	(4,832)
Net interest on asset limit	**(12)**	(232)
Change to asset limit	**4,189**	887
Closing asset limit	**–**	(4,177)

The following amounts have been included within profit and loss under FRS 102:

e) Engage Scheme amounts included in income and expenditure	**2024 £'000**	2023 £'000
Past service costs	**(489)**	–
Net interest on the net defined benefit liability	**(365)**	–
Loss recognised in income and expenditure	**(854)**	–

The past service costs of £0.5m relates to a provision for the augmentation of members' benefits.

The following amounts are recognised in the statement of other comprehensive income:

f) Engage Scheme change in comprehensive income	**2024 £'000**	2023 £'000
Experience (loss) on scheme assets	**(1,758)**	(244)
Experience (loss) on scheme liabilities	**(49)**	(396)
Actuarial gain/(loss) due to the changes in assumptions of the DBO	**1,366**	(247)
Actuarial (losses)	**(441)**	(887)
Gain due to movement in the statement of financial position limitation	**4,189**	887
Gain recognised outside income and expenditure	**3,748**	–

27. Pension commitments (continued)

Engage Scheme assumptions	2024	2023
Retail prices index inflation	**3.40%**	3.00%
Consumer prices index inflation	**2.80%**	2.20%
Revaluation in deferment	**2.80%**	2.20%
Pension increases:		
- pre April 1997 pension (Homeowners Friendly Society Limited)	**0.00%**	0.00%
- post April 1997 pension (Homeowners Friendly Society Limited)	**3.40%**	2.90%
- post April 2005 pension (Homeowners Friendly Society Limited)	**2.50%**	2.00%
- pre April 1997 pension (UKCS)*	**3.00%**	3.00%
- post April 1997 pension (UKCS)*	**3.40%**	3.60%
- post April 2005 pension (UKCS)*	**3.40%**	3.60%
Salary growth	**N/A**	N/A
Discount rate	**5.50%**	4.50%
Life expectancy:		
- male aged 60 at the statement of financial position	**27.2years**	27.0years
- male aged 60 in 2044 (20 years from balance sheet date)	**29.2years**	28.4years

* assumptions for members who transferred into the Civil Service section of the Scheme

Engage Scheme sensitivity of defined benefit obligation to alternative assumptions as at 31 December 2024	Reduction of deficit £'000
Discount rate – Effect of 0.5% increase	**1,000**
Inflation – Effect of 0.1% pa reduction	**100**
Life expectancy – 1 year increase	**(400)**

Updating the assumptions as described above could decrease the FRS102 measure of the pension scheme liability as noted.

Group Schemes change in comprehensive income	2024 £'000	2023 £'000
Gain outside the income and expenditure account for the Family Scheme	**2,731**	500
Gain outside the income and expenditure account for the Engage Scheme	**3,748**	–
Total scheme change in comprehensive income	**6,479**	500

27. Pension commitments (continued)

NTL/Virgin Media pensions case

A High Court legal ruling in June 2023 (Virgin Media Limited v NTL Pension Trustees II Limited) decided that certain rule amendments were invalid if they were not accompanied by the correct actuarial Section 37 certificate confirmation. While the ruling only applied to the specific pension scheme in question, it could be expected to apply across other pension schemes that were contracted out on a salary-related basis and made amendments between 6 April 1997 and 6 April 2016. The ruling was appealed but, in July 2024, the Court of Appeal dismissed the appeal. Further court cases are expected and it is also possible that there will be legislative intervention that could retrospectively validate certain rule amendments. In relation to the two Group Schemes, only the Family Scheme was contracted out, therefore this ruling is not expected to have any impact on the Engage Scheme.

For the Family Scheme, given the legal uncertainties it is not currently practicable to determine whether any amendments were not in accordance with section 37 of the Pension Schemes Act 1993 requirements. As a result, it is not currently possible to reliably estimate the retrospective possible impact to the defined benefit obligations of the pension scheme if these amendments were not in accordance with section 37 of the Pension Schemes Act 1993 requirements. The Trustee is consulting with its advisors on any possible implications for the Family Scheme while monitoring developments. Any implications for the Family Scheme will be considered by the Trustee and Society in due course.

28. Statement of information relating to the Chief Actuary

The Chief Actuary of the Group is Mr P Simmons of Willis Towers Watson plc. The following information has been provided, in accordance with Section 77 of the Friendly Societies Act 1992:

- Mr P Simmons was not a member of the Group at any time during 2024;
- No other member of his family was a member of the Group during 2024;
- Willis Towers Watson were paid fees for the year of £1,827k (2023: £2,882k) for the services of the Chief Actuary and other actuarial services. 2024 fees include £175k (2023: £1,114k) of one off project costs.

29. Related party transactions

Transactions or balances between Group entities

Family Assurance Friendly Society Limited and its subsidiaries (collectively the Group) have a number of transactions between themselves all of which are undertaken in the normal course of business. As these accounts cover the Society and the Group, no transactions or balances between Group entities, which eliminate on consolidation, require disclosure in accordance with the exemption given in FRS 102. No members of the Board of the Society or its key management had material transactions with any of the Group's related parties. No member of key management personnel, being any person having authority and responsibility for planning, directing or controlling the activities of the Society and Group, directly or indirectly, including any director (whether executive or otherwise) of the Society, nor their close family, had a material transaction with the Group.

On 26 January 2024, Family Assurance Friendly Society Limited entered into a buy-in agreement with each of the Group's pension schemes, Homeowners Friendly Society Defined Benefit Scheme (HOPS) and Family Assurance Friendly Society Defined Benefit Scheme (FASPS), to insure them for the future pensions and benefits due to be paid to members. Further details on this can be found in Note 27 Pension commitments.

29. Related party transactions (continued)

The Society and Group had the following investment in Collective Investment Schemes managed by a subsidiary, Family Investment Management Limited, as at 31 December:

Related party transactions **Group and Society**	**2024 £'000**	2023 £'000
Family Asset Trust	**25,120**	26,454
Family Charities Ethical Trust – Accumulation Units	**17,307**	18,030
Family Balanced International Fund – Share Class A	**7,104**	9,639
Family Balanced International Fund – Share Class C	**20,362**	17,983
Family Balanced International Fund – Share Class F	**406,908**	449,399
OneFamily Global Equity Fund – Share Class C	**74,930**	65,100
OneFamily Global Mixed Investment Fund – Share Class C	**40,356**	39,515
OneFamily Stockmarket 100 Trust	**7,468**	31,198
Total	**599,555**	657,318

During 2024, the Society and the Group made the following investments. All purchases of units were made at arm's length based on the buying price:

Purchase of Investments **Group and Society**	**2024 £'000**	**2024 Units**	2023 £'000	2023 Units
Family Charities Ethical Trust – Accumulation Units	**74**	**7,075**	1	91
Family Balanced International Fund – Share Class A	**–**	**34**	–	–
Family Balanced International Fund – Share Class C	**1,681**	**956,326**	2,169	1,339,691
Family Balanced International Fund – Share Class F	**–**	**–**	157	34,727
OneFamily Global Equity Fund – Share Class C	**–**	**–**	8,338	7,052,187
Total	**1,755**		10,665	

30. Prior period adjustment

As permitted under FRS102, and to bring it in line with the Friendly Societies (Accounts and Related Provisions) Regulations 1994, the Society has changed the accounting policy for the valuation of Group undertakings from cost less impairment to fair (current) value. The Board has made this change to ensure compliance with the requirements for a Friendly Society.

Details of the changes and the restatement of the Society comparatives (Group undertakings are consolidated out at Group level) for the period ended 31 December 2023 are shown below:

Society	**2023 As previously reported £'000**	**2023 Adjustment £'000**	**2023 As restated £'000**
Technical Account – Long Term Business			
Unrealised gains/(losses) on investments	37,593	(15,890)	**21,703**
Investment expenses and charges	(10,976)	9,411	**(1,565)**
Balance on the long-term business technical account	(17,923)	(6,479)	**(24,402)**
Non Technical Account			
Excess of expenditure over income on ordinary activities before tax	(17,923)	(6,479)	**(24,402)**
Excess of expenditure over income after tax	(17,923)	(6,479)	**(24,402)**
Statement of other comprehensive income			
Total recognised gain in the year	(17,423)	(6,479)	**(23,902)**
Statement of financial position			
Assets			
Investment in group undertakings	33,021	60,025	**93,046**
Total assets	1,339,570	60,025	**1,399,595**
Total assets including pension asset	1,339,570	60,025	**1,399,595**
Liabilities			
Retained earnings	190,415	60,025	**250,440**
Total liabilities	1,339,570	60,025	**1,399,595**

Society	**2022 As previously reported £'000**	**20232 Adjustment £'000**	**2022 As restated £'000**
Statement of financial position			
Assets			
Investment in group undertakings	41,432	66,504	**107,936**
Total assets	1,375,899	66,504	**1,442,403**
Total assets including pension asset	1,375,899	66,504	**1,442,403**
Liabilities			
Retained earnings	207,838	66,504	**274,342**
Total liabilities	1,375,899	66,504	**1,442,403**

31. Post Balance Sheet Events

As detailed in Note 27, during the year the Society entered into a buy-in arrangement with the two Group defined benefit schemes. On 6th March 2025, the Society, as sponsoring employer, gave notice of termination of the scheme to Homeowners Friendly Society Pension Scheme, resulting in the planned termination and commencement of wind-up of that Scheme.

Glossary

Adaptation to climate change	This is one of the five categories that the OneFamily Global Equity Fund targets in relation to climate sustainability targets. When considering companies to invest in we assess their climate change preparedness, such as their greenhouse gas emission targets and plans. **The more focused on a greener future, the better.** The target for the fund is an improvement of 0.25 in an assessment score relating to the companies' commitment and plans to reduce greenhouse emissions
Alternative performance measure (APM)	A measure used by management but not defined in accordance with UK GAAP
Bonds	Generally corporate bonds, this is debt issued by a company to raise capital. Interest is paid through the term of the bond and at a set date the nominal value is returned to the investor
Brown revenues	This is one of the five categories that the OneFamily Global Equity Fund targets in relation to climate sustainability targets. When considering companies to invest in we consider - What proportion of the money the company makes is made through "brown" sectors like drilling, mining and other extractive activities. **The less, the better.** The target for the fund is to reduce brown revenues by 90%
Buy-in	A buy-in is where an insurance company, on receipt of a premium from a pension scheme, issues an insurance policy. The policy covers a proportion of the scheme's liabilities, such as pensioners in payment
Buy-out	A pension scheme buy-out is where an insurance company takes over the obligations to pay pensions to individual scheme members. Individual contracts are issued by the insurer and the pension scheme no longer has any liability to pay the pension
Carbon intensity	This is one of the five categories that the OneFamily Global Equity Fund targets in relation to climate sustainability targets. When considering companies to invest in we consider - How much carbon emission the company is responsible for, from creating themselves to relying on a supply chain that creates it. **The less, the better.** The target for the fund is to lower carbon emissions by 60-80%
Child Trust Fund	Government backed product given to all children born between September 2002 and 2011
Conduct risk	The risk of failure to conduct business fairly and properly in relation to customers and other stakeholders
Consumer Duty	Regulation issued by the FCA that sets expectations for the standard of care firms across the financial services industry give to consumers in retail financial markets. It outlines four key outcomes in relation to: 1. Products and services 2. Price and value 3. Consumer understanding 4. Consumer support
Coverage ratio	Under Solvency II the ratio of eligible own funds to the solvency capital requirement
Customers' funds under management	This is an alternative performance measure which reflects the total value of all investments managed by the Group on behalf of customers. This includes investments backing customer policies which are not shown on the Statement of Financial Position, for example those relating to Child Trust Funds or ISAs

Customer satisfaction score	This is an alternative performance measure and reflects the general satisfaction of customers engagement with us and also their likelihood to recommend OneFamily
Equities	A shareholding in a company
ESG	Environmental, social and governance
Financial Conduct Authority (FCA)	The body that regulates the conduct of retail and wholesale financial services firms in the UK
Fossil fuel reserves	This is one of the five categories that the OneFamily Global Equity Fund targets in relation to climate sustainability targets. When considering companies to invest in we consider - How much greenhouse gas emissions result from the company's fossil fuel reserves. **The less, the better.** The target for the fund is to reduce fossil fuel reserves by 90%
Fund for Future Appropriations (FFA)	This balance represents all with-profits surpluses, the allocation of which to individual policies has not yet been determined by the end of the financial year
Gilts	Government issued bonds considered to be lower risk than corporate bonds
Green revenues	This is one of the five categories that the OneFamily Global Equity Fund targets in relation to climate sustainability targets. When considering companies to invest in we consider - What percentage of the company's overall revenue comes from "green" business activities, such as low-carbon technology and "clean" energy production. **The more, the better.** The target for the fund is to increase green revenues by 300%
Income	This is an alternative performance measure. It reflects revenue received by the Group due to investment, insurance and other activities. It comprises: • Gross written premiums • Deposits received from policyholders • Other technical income • Other income
Intergovernmental Panel on Climate Change (IPCC)	The United Nations body for assessing the science related to climate change
Lapse risk	The risk that an insurance policy is cancelled before the end of the policy term, often because a policyholder ceases to pay premiums
Lifetime ISA	An investment product for customers under 40 saving for a first home or retirement
Lifetime mortgage	Mortgage for homeowners aged 55 and over who want to release capital in their property
Long-term business provision (LTBP)	The value of insurance liabilities calculated using the requirements of the current Solvency II (SII) regulatory regime adjusted to remove the SII risk margin and include a margin of prudence appropriate under United Kingdom reporting standards
Management actions	Activity taken to remove or mitigate risk, or aid the delivery of a desired outcome
Market risk	The risk associated with changes in the market price of investment assets
Minimum Capital Requirement (MCR)	The base capital level for a business that, in the event it is breached, triggers ultimate supervisory measures from the Prudential Regulation Authority
Morbidity risk	The risk associated with the likelihood that a policyholder will fall ill during the period of insurance cover

Mortality risk	The risk associated with the likelihood that a policyholder will die during the period of insurance cover
MSCI World Index	The MSCI World Index captures large and mid cap representation across 23 Developed Markets countries. With 1,585 constituents, the index covers approximately 85% of the free float-adjusted market capitalisation in each country. It is used as a common benchmark for 'world' or 'global' stock funds intended to represent a broad cross-section of global markets
Net Promoter Score (NPS)	A measure used to gauge customer loyalty, satisfaction and enthusiasm with a company
Net Zero	Refers to achieving a balance between the amount of greenhouse gas emissions produced and the amount removed from the atmosphere
Non-profit fund	A fund where the investing policyholders do not share in the surplus in the fund
Non-technical account	The non-technical account reflects the income and expenditure of subsidiary companies
Operating capital generation	This is an alternative performance measure used by the Board and management in managing the business. It is based on a view of economic capital for the Group as a whole rather than just the Solvency II reporting for the Society alone. It illustrates how capital is generated over the long-term through trading activities (both writing new business in the year and management of in-force business), plus further elements such as strategic development expenses, business development overheads and the impact of experience variances and assumption changes. In assessing the capital generated, the impact of financial market movements and certain one-off items are excluded
Operational risk	The risk associated with a failing in internal processes, personnel or systems, or from external events
Own Risk and Solvency Assessment (ORSA)	An internal assessment of risk and capital requirements
Own funds	Surplus of assets over liabilities under Solvency II regulations
Present Value of In-Force (PVIF)	The expected future profits from an existing book of insurance business
Present Value of New Business Premiums (PVNBP)	This comprises: • the present value of future premiums (for insurance products) and direct debits (for investment products) that are expected to be received from new policies written during the year; • the present value of increased/new direct debits on existing investment policies; and • ad-hoc contributions made to investment products during the year
Prudential Regulation Authority (PRA)	Responsible for prudential regulation within the UK of banks, insurers, building societies, credit unions and major investment firms
Reinsurance recoverables	The amount paid by reinsurers to cover losses for insurance
Retained earnings	The retained profits in the non-profit fund
Reversionary bonus	An annual bonus paid to with-profits policyholders
Risk appetite statement	A statement setting out the Society and Group attitude to risk

Risk management framework	The Risk Management Framework sets out principles, policies, minimum standards and requirements which are designed to manage risk within the Board's risk appetite
Scope 1 emissions	Direct greenhouse gas emissions that relate to our own activities
Scope 2 emissions	Indirect emissions from the energy we purchase, like the electricity used to power our office. There are two methods for calculating scope 2 emissions: • Location-based emissions – reflect the average emissions intensity of the grid where the energy is consumed • Market-based emissions – take account of our own energy supply arrangement which is based on renewable energy
Solvency II (SII)	The capital adequacy regime for the European insurance industry that establishes a comprehensive framework for insurance supervision and regulation
Solvency Capital Requirement (SCR)	The amount of capital to be held by an insurer to meet the Pillar I requirements under the Solvency II regime
Sunset clause	A court-sanctioned clause relating to with-profits funds which determines how a with-profit fund will be managed if it falls below a certain size
Surplus assets	Assets which are in excess of Solvency II capital requirements
System of governance	The governance framework under which the Society is operated to enable the Board and the Executive team to discharge its responsibilities
Taskforce on Climate-related Financial Disclosures (TCFD)	An organisation with the goal of developing a set of voluntary climate-related financial risk disclosures so that companies can inform investors and other members of the public about the risks they face related to climate change
Technical account	The technical account reflects the income and expenditure of the Society
Technical Provision for Linked Liabilities (TPLL)	A provision reflecting the amounts due to policyholders invested in linked funds
Terminal bonus	A discretionary maturity bonus paid to with-profits policyholders
Volatility Adjustment	The Volatility Adjustment (VA) under Solvency II is a mechanism designed to stabilise the balance sheets of insurance companies during periods of market stress. It allows insurers to adjust the discount rates used to value their liabilities, thereby reducing the impact of short-term market fluctuations on their solvency position.
With-profits fund	A ring-fenced fund where the policyholders participate in the surplus of the fund
WorkL	A colleague engagement survey which provides data for the *Sunday Times Best Places to Work Awards*

General information

Family Assurance Friendly Society Limited (FAFSL or the Society) is incorporated under the Friendly Societies Act 1992. FAFSL, together with its subsidiaries, forms the consolidated Group known as OneFamily.

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