

The Rechabite Friendly Society Limited

HealthyInvestment
ethical investments since 1835



Annual Report & Accounts 2025



Contents

	Page
Strategic Report	
Chair's Statement	1
Chief Executive's Report	2
Future Strategy and Objectives	3
Overview of Financial Performance	4 - 6
Risk Management	6 - 9
Climate Change	9 - 11
Longer Term Viability Statement	11 - 12
Governance	
Governance Report	13 - 21
Directors' Report	22 - 24
Directors' Report on Remuneration	25 - 27
Independent Auditor's Report	28 - 34
Financial Statements	
Statement of Comprehensive Income	35
Statement of Financial Position	36
Notes to the Financial Statements	37 - 66

Strategic Report

Chair's Statement

I am pleased to introduce our 2025 Annual Report and Accounts, my first as Chair of the Board.

I joined the board at its AGM in June following the retirement of my predecessor Tim Birse. He and Philip Okell both retired after a nine year tenure. Philip was the Society's Senior Independent Director and chaired the investment committee. I would like to thank both Philip and Tim for their contributions and leadership to the Society.

One of Tim's crucial latter contributions to the Society was his help with the transfer of engagements for Red Rose Friendly Society Limited. Red Rose became part of the Society on 10 February 2025. This acquisition is an important strategic development that will let us build on their specialist knowledge of faith-based investment products. Following the Red Rose transfer the Society has also welcomed Mark Sedgley and Sazeda Patel MBE who have joined the board as Non-executive directors.

Over 2025 the Society has been looking to grow in a sustainable way and the acquisition of Red Rose is part of this objective. This year the UK economy has enjoyed modest growth with conflicts across the world still having an impact. Our focus on growth will continue to develop and we are confident that our plans for the future will let us provide members with ethical savings and investment products that meets their needs. At the same time we will be looking maintain the level of service we provide and our members rely on.

Since the Society was founded in 1835 we have been an ethical organisation. We are proud to have been promoting ethical investment for a long time before it was mainstream. The first founders believed, as we still do, that this is done by investing in things that don't cause harm to others. We avoid investing directly in companies that are primarily involved in the alcohol, tobacco, adult entertainment and gambling industries, as well as the manufacturing of arms. With the addition of Red Rose we now also offer our members access to faith-based savings products.

As ethical investing changes, we will be mindful of our original values and how to navigate these alongside the challenging world we live in. This includes consideration of climate change and the risks this brings.

The success of the Society relies on its people and the members. I would like to thank all of the team at Healthy Investment for their work over the last year. And on behalf of the Society, I would like to thank our members. Everything we do is designed to benefit our members.



Graeme Caughey

Chair

2 April 2026

Chief Executive's Report

As a mutual member-focused organisation we have looked to do the right thing and put our ethics and principles at the centre of our business decisions. This has helped to differentiate us as a financial services provider over the recent years of economic and geopolitical uncertainty.

In 2025 our team has continued to work hard to ensure members, and our intermediary partners, receive the high standard of service we pride ourselves on. With our stable solvency position we have started to focus on growing new business. Following the transfer of Red Rose the focus for new business this year has been on faith-based investments.

We continue to work with financial advisers and a range of introducers from the will writing and estate planning professions. We are grateful for their continued support as we further develop these markets.

One of our strategic pillars is to grow our technological and digital capability. A fundamental part of this is to develop a new policy administration system. This development has progressed significantly over 2025 and will be completed and introduced in 2026. This will provide a base for business growth and improve service for our members.

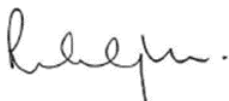
As one of the founding signatories of the Mutual Diversity Alliance, an Association of Financial Mutuals initiative to promote diversity and inclusion in financial services, we've continued to challenge ourselves to uphold the highest standards. The Alliance is really important to us, as being an ethical provider is much more than the investment decisions we make. Having a diverse team will lead to better business and investment decisions and will lead to a deeper understanding of the needs of our members.

The safety and wellbeing of our team are part of our ethics. We've continued to embed the opportunity for remote and hybrid working when it's in the best interests of our members and the team. We're an accredited Real Living Wage employer.

As one of the UK's significant Child Trust Fund providers we have tried to ensure that holders reaching the age of 18 are able to access their funds simply and safely. We're encouraging holders to be responsible with their investment, to use it for their future, and keep it invested until it's needed.

The strong financial performance of our investments in 2025 has enabled us to add bonuses of £2.7 million to our With-profits policies.

I would like to express my appreciation to the team here at Healthy Investment for their hard work over the year. It is an exciting time in the Society as we welcome a new Chair and new Non-executive directors, and I look forward to working with them. I would also like to thank our members, we look forward to supporting you in the future.



Peter Green
Chief Executive
2 April 2026

Future Strategy and Objectives

The Society's vision is to be an ethical provider of ethical financial services. We believe that fulfilling our mission will enable everyone to invest for a better future, obtain good financial returns and make a difference to society. We are committed to delivering this in a way that is consistent with our values and principles.

Our values are to:

- Act with integrity in line with our ethical principles.
- Treat people fairly.
- Be open and transparent.
- Be commercially focused in the interests of our members.
- Hold ourselves personally responsible for our work and act with due care.
- Set demanding expectations of ourselves and others and value excellence.
- Expect teamwork and co-operation.

2025 has been an important year for the Society. There has been a move in focus towards sustainable growth after a period of cost control and lower new business. The acquisition of Red Rose Friendly Society which was completed in February is a key part of this change. The focus of sales in 2025 has been the Shariah products. As we look forward, we will be developing the range of ESG and Shariah compliant investments available. This will be done through the Red Rose Assurance brand.

The board believes that With-profits investments, with smoothed returns, continue to have a place in an investor's balanced portfolio. We seek to maximise the potential for investment returns within our With-profits Fund and our Unit-linked Funds within an agreed level of risk by using professional investment managers.

The Society's strategic business plan is based on five key foundations on which to build future growth:

- Embedding and communicating our ethical principles.
- Being commercially focused in the interests of our members.
- Growing our IT and digital capabilities.
- Developing strong member centred propositions and products.
- Building a high performing team.

Our ethical principles are to:

- Manage our members' funds in line with the ethical commitment that we've had since 1835.
- Maintain the highest standards of corporate governance.
- Be fair to employees and promote equality and diversity.
- Attempt to reduce our environmental impact through effective use of resources and recycling.
- Ensure we treat our suppliers, business partners and outsourced providers fairly.
- Use fairly traded products whenever possible.

Overview of Financial Performance

Ethical approach and investment return

The Society is proud to have been an ethical investor for 190 years. We have always refused to invest directly in firms involved in the alcohol, arms and tobacco industries.

Whilst the Society has a long history of ethical investments, and will never abandon its traditional values, the board is acutely aware of the increasingly important consideration of Environmental, Social, and Corporate Governance (ESG) factors in assessing the future financial performance of companies, their risk, and future returns, as well as the impact firms we invest in have on the world in which we live.

The Society appointed Legal and General Investment Managers (LGIM) as outsourced investment managers in November 2023 and we work with them to communicate the ethics of the Society’s investment strategy. This move has allowed the Society to align the return on investments more closely with market indices and members’ values and has also reduced the cost of investment management. In addition to LGIM, as a result of the Red Rose transfer, HSBC are used as investment managers for the Shariah compliant fund.

The investment return in the Ethical With-profits Fund was 7.2%, which has enabled us to distribute bonuses of £2.7million to our With-profits policyholders.

Assets under management

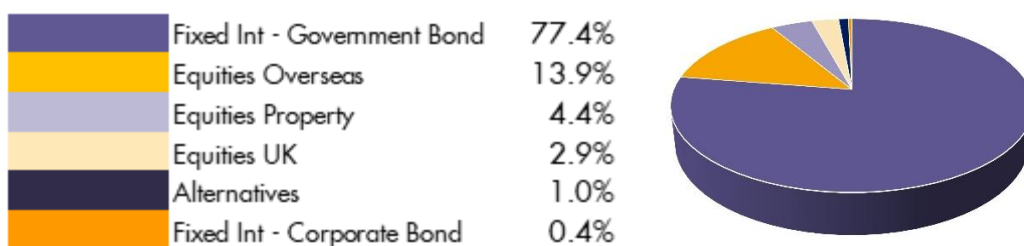
As at 31 December 2025, the Society managed **£202.8 million** (2024: £172.1 million) of members money, which includes **£104.1 million** (2024: £99.6 million) of our Ethical With-profits Fund (HI), and **£78.0 million** (2024: £72.6 million) of Unit-linked Funds for Child Trust Funds and Continuation ISAs (CTF) and **£20.7 million** (2024: nil) of Shariah and ESG funds previously held with Red Rose Friendly Society Limited.

On an annual basis LGIM work with the Society and the Actuary on the mix of assets within the Ethical With-profits Fund. This Strategic Asset Allocation work looks to maximise returns within the board’s appetite for risk

In addition to our With-profits Fund, LGIM also manage the investments in four funds for the Society. The Healthy Investment All-share Unit-linked Life Fund and the Red Rose All Share Unit-linked Life Fund for Healthy Investment and Red Rose Child Trust Funds and continuation ISAs, track the performance of the UK’s top 600 companies. They also manage our Ethical Unit-linked Life Fund for Ethical Child Trust Funds and continuation ISAs and, following the Red Rose transfer they also manage the Red Rose ESG Unit-linked Life Fund for Red Rose for ISAs and Junior ISAs.

HSBC manage one fund for the Society, the Red Rose Shariah Fund for Red Rose Shariah ISAs and Junior ISAs.

The Healthy Investment Ethical Investment Fund asset mix as at 31 December 2025.



Membership and policies

As a mutual we are owned by and run for the sole benefit of our members. There are no shareholders and every adult member is invited to help shape the way the Society is run by participating in our Annual General Meeting.

On 31 December 2025 the Society had **115,223 members** (2024: 101,587 members).

The table below shows the policies in force on 31 December 2025 by type:

	Policies in force
Healthy Investment With-profits policies	17,806
HI Stakeholder Unit-linked CTFs & Continuation ISAs	79,266
HI Ethical Unit-linked CTFs & Continuation ISAs	297
Red Rose policies	22,417
Total	119,786

As mentioned earlier, the focus for new business in 2025 has been Red Rose faith-based investments. There have been 493 new investments being taken out by new and existing members.

The table below shows the new investments taken out in 2025 by product type:

Product	New Business
With-profits policies	204
Unit-linked policies	289
Total	493

Premium income

A total of **£8.8million** was invested with the Society in 2025.

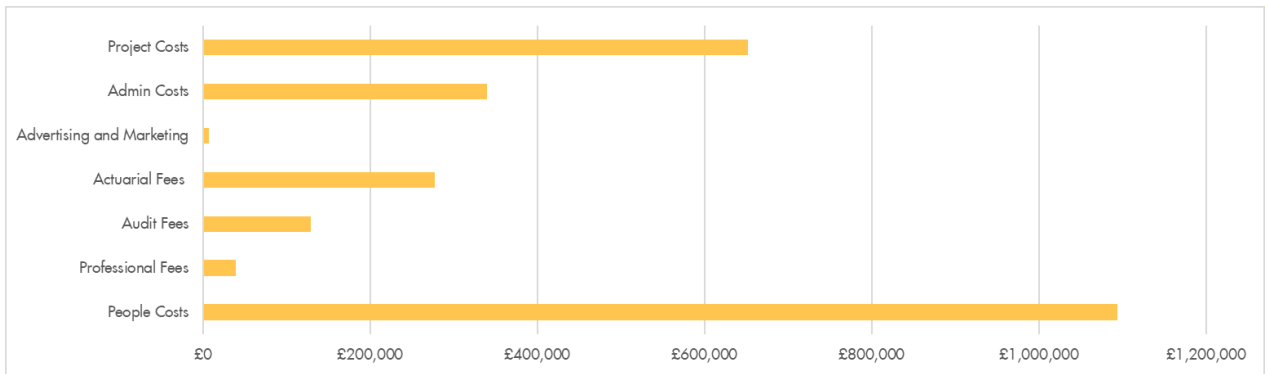
This comprises **£3.1 million** in our With-profits Investment Bonds and ISAs, **£4.1 million** in our With-profits endowment savings plans and **£1.6 million** in our Unit-linked investments.



Expenses

The board monitors and controls expenses carefully to ensure members receive value for money investments without compromising the level of service we provide to members and stakeholders.

In 2025, operating and administration expenses, including commission paid to introducers and special project expenses was **£2.5 million**.



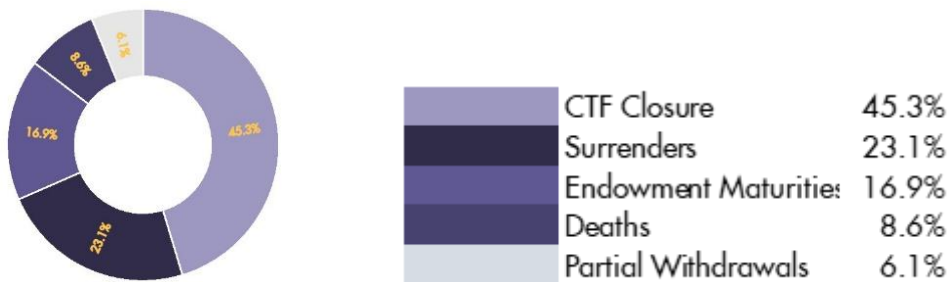
During 2025 the Society continued with two key projects focused on the future sustainability and growth of the Society. The transfer of Red Rose Friendly Society Limited was completed in February with the final costs associated with this being incurred in 2025. There was further investment in the development of our IT system that was started in 2024. The system will be introduced in 2026 and will be a modern flexible system that supports growth and provides members with the service they expect.

Both projects are significant, not just in terms of costs, but in the internal resources they require and in the future long term benefit they give to the Society and its members.

Claims

£22.8 million was paid out to members during the year.

The graph shows the different types of claims paid to our members.



CTF closures include all CTF and Continuation ISA exits, whether paid out at age 18, withdrawn after age 18, moved to another provider or transferred to one of our With-profits products.

Risk Management

Risk management framework

Our risk management framework comprises our systems of governance, risk management processes and risk appetite framework. It applies across the Society and ensures a consistent approach.

Governance

Governance includes our internal control system of policies and procedures and risk oversight committees for both the board and management.

The Society's system of internal control is an important part of its risk management system and includes financial, operational, compliance and risk management controls. The Society manages its risks with documented policy statements and operational procedures that are subject to periodic review.

The Society has implemented accounting policies, financial reporting processes and internal control procedures designed to safeguard members' investments and the Society's assets. Measures taken include physical controls, segregation of duties and reviews by management, the board and external advisers.

Operational management in the business is accountable for risk management and, together with the risk function and internal audit, form "three lines of defence".

Operational management

As a small organisation, management are directly involved in the day-to-day operations, which acts as a sound basis for monitoring the effectiveness of controls.

The Society is committed to ensuring the fair treatment of its members. Issues where customers may not have been treated fairly are closely considered and monitored by management. There were no significant issues raised during the year.

As part of the FCA's Consumer Duty initiative the board has undertaken detailed analysis of our current and legacy products, the value they offer to members, and the level of service and support given. This has included analysis of how our With-profits and Unit-linked Funds are managed to ensure they are run in the best interests of members.

Whilst the board is satisfied that all of our products meet the Consumer Duty outcomes it will undertake an annual assessment to ensure that they continue to do so.

The Society prides itself on the service levels it provides to its members and intermediaries and throughout the year has received many compliments from members after exceeding their expectations. The Society takes all complaints seriously, using them as a valuable tool for improving procedures and the service we provide.

Risk management and compliance

The Risk Committee, which comprises of Executive and Non-executive directors, has responsibility for oversight of the Society's risk management. The Risk Committee met four times in 2025.

The Society has a Risk Management Team, which is made up of the Executive Directors and Senior Managers and is responsible for embedding the Society's risk management systems and for identifying emerging risks. They meet on a regular basis to consider and review the Society's Risk Register and Risk Appetite Framework and are involved in the day-to-day management of risk. The Compliance Officer is responsible for ensuring compliance with Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) rules.

Internal audit

The Society uses an independent internal audit function which undertakes an annual needs assessment, approved by the Audit Committee. The work is conducted through a risk-based walk-through approach and provides assurance to the Society's board and senior management of the adequacy and effectiveness of the Society's risk management and control processes.

Internal audit review and evaluate the Society's processes, procedures, and controls, make recommendations and document agreed management actions. 2025 was the second complete year of our new Internal Audit provider, PKF Littlejohn. They presented their audit plan for 2026 to the Audit Committee in December 2025.

The roles and responsibilities of the board’s committees in relation to risk management and internal control are set out in the Directors’ Report (and Notes to the Financial Statements Note 5), however the board has ultimate responsibility for risk management.

Based on the data within the risk framework the board and Risk Committee receive regular information on the significant risks affecting the Society. This allows the committee and board to maintain effective oversight of the risks in the context of the Society’s risk appetite. This helps the Society to carry out assessment of risks as required as part of the Own Risk and Solvency Assessment (ORSA).

Risk processes

The processes we use to identify, measure, monitor and report risks, including the use of risk registers and stress and scenario testing, allow for effective regular risk management and risk-based decision making. When risks are identified we consider the risk appetite and whether to accept, reduce, mitigate or avoid the risk.

The Society uses risk management to help achieve its strategic aims and to deliver positive outcomes for our members. Set out in the table below are the Society’s current key strategic risks.

Risk	Description	Monitoring and mitigation
Expenses	Failing to maintain cost savings.	Expenses are monitored on a monthly basis to ensure that they are in line with the annual budget and financial projections.
Solvency	This is the risk that the Society cannot meet its long-term commitments.	The board monitors solvency against its appetite for risk which targets solvency between 150% and 300% of its Solvency Capital Requirement with a risk limit of 125%.
Investment portfolio performance	Investment performance impacts financial strength and returns for members. A reduction in the value of investments will erode the free assets of the Society.	Investment values, interest rates and credit spreads are monitored weekly through a solvency tracker model. A range of management actions to protect solvency and maintain it within the Society’s appetite for risk are available and include selling risk assets, reducing bonus rates and applying market value reductions.
Lapses	More lapses than expected especially on market value reduction free anniversaries where the original investment and bonuses are guaranteed.	The volume and value of exits are monitored monthly to ensure the number of policies in force is in line with financial projections.
Loss of CTF margins	The Society takes a management charge from the investment of CTF policies. As	Exit and retention rates are monitored. The Society has a continuation product available when policyholders reach 18. The Society needs to grow the value of non-CTF business

	this business exits the charges are lower.	in force to match the margins lost when CTFs are withdrawn.
IT	The current policy administration system is reaching the end of its life. Development of a new system is underway. The IT systems used by the Society rely on external suppliers.	There are contracts in place for the current IT systems, including the system in development.
Regulatory compliance	Ensuring the highest standards of compliance with PRA, FCA and HMRC rules is part of being an ethical provider.	Compliance is overseen by the CEO with the support of an experienced Compliance Manager. An annual plan is approved by the Board. Internal Audit undertake additional reviews.
Levels of new With-profits business	Part of the FCA COBS 20 requirements are to ensure material levels of in-force With-profits business.	Levels of new business are monitored and whilst the short term strategy of the Society is to grow the Shariah compliant business previously written by Red Rose, the longer term strategy includes growing a mix of With-profits and Unit-linked business.

In addition to strategic risks the Society is also subject to operational risk in the ordinary course of business. These are managed in a consistent way to strategic risks. There is a system of internal control to reduce the risks of unplanned costs or any interruption to the service provided to members.

As part of its work on ensuring compliance with the regulator’s operational resilience rules the Society tests the impact of disruptive events on its ability to continue to deliver key business services.

Conduct risk

The Society is exposed to conduct risk. It has in place robust compliance procedures and training schemes to ensure that all marketing material and sales activities are compliant with FCA rules and prevent potential detriment to members. This has included ensuring that products meet the outcomes expected under the FCA’s Consumer Duty rules.

All employees involved in the distribution of products have received extensive training and undertake a minimum of 15 hours continuous professional development each year.

The Society does not give advice on the suitability of products to members’ personal circumstances or attitude to risk.

Climate Change

The Society seeks to consider the implications of climate change for our members and our business recognising its role as a responsible business.

The Society’s management has undertaken a detailed assessment of the financial risks of climate change. The principal exposure is market risk as the UK transitions to a low carbon economy. There is some potential for distribution to be disrupted if the physical impacts of climate change alter the way

financial advisers and introducers are able to conduct business. Our exposure to liability (claims) risk is low.

Governance

We are looking to continue to grow our governance, risk management and target setting as we recognise the impact that climate related changes have on our business and the wider environment.

The Risk Management Team (RMT) has operational responsibility for leading the Society's assessment and management of the financial risks of climate change against the agreed tolerances. The RMT then report to the board's Risk Committee, who in turn report back to the board.

The board has ultimate responsibility for the Society's climate-related strategy. The board sets out investment guidelines that capture the Society's ethical criteria and climate change responsibilities. The Director of Finance is the senior manager with the responsibility for the financial risks of climate change at the Society.

As part of its governance approach, the Society looks to consider scenarios that capture the impact of climate change. We recognise the initiatives being undertaken by both regulators on this, and environment, social and governance (ESG) issues more widely.

Strategy

As the main impact for the Society is market risk, the Society looks to work with our outsourced investment managers to ensure that the risks that emerge from the UK reducing its carbon emissions are actively managed within their funds.

The Society has 2 investment managers LGIM and HSBC. LGIM is used for all funds except those for the Shariah products that came across as part of the Red Rose transfer of engagements. LGIM is committed in their investment approach to helping tackle climate change. Since 2016 LGIM has encouraged companies to tackle climate change and transition to a low carbon economy through their Climate Impact Pledge. Their approach is to actively engage in the companies they invest in, so they have the opportunity to influence behaviours.

The Society's fund with HSBC is a Shariah compliant fund. There are similarities in the screening process for investments to be included to that of ESG funds however they are guided by different principles. Both look to exclude companies operating in industries that are harmful or morally questionable. The exclusions have a common commitment to promoting investments that minimise harm to society and uphold ethical conduct. This Shariah compliant fund does not have sustainability goals.

As part of the Forward Looking Assessment of Solvency, which is carried out annually, scenarios are included that could happen as a result of climate change. This looks at a combination of investment return changes, operational expenses and lapses. The latest climate scenario combines a fall of all investment of 5%, an increase in expenses of 5% and an increase in lapse rates of 2%. Management actions are available to enable the Society to continue to meet its solvency requirements in this scenario.

Operational

The Society is committed to being an ethical provider of ethical savings and investment products. Part of this commitment is our desire to care for our planet and its people and to do what we can to reduce environmental damage. Reducing the negative impact we have on the environment is the responsibility of everyone.

In addition to market risk the Society is looking to reduce its operational carbon footprint. In particular we look to minimise the use of paper, avoid single use plastics, use electricity and gas economically, promote the use of public transport when travelling and only use fairly traded refreshments.

The Red Rose business that came across to the Society was heavily paper dependent. As we embed this business into Healthy Investment we are targeting using less paper based approaches. Online communication and the use of electronic signatures are part of the way this business is administered.

The new policy administration system, currently being developed, will be the impetus to review all of the processes and identify opportunities for more environmentally friendly ways of doing things. There will be an approach of looking for ongoing improvements, getting the whole team involved making suggestions. It will be important to determine an appropriate measure for this work to ensure it is focused and achieves results.

Each year the board reviews how many meetings are needed and whether these should be in-person or online. Following the last review the number of board meetings was reduced with the agreement to use ad hoc online meetings for timely decisions where needed. The approach in recent years has been to have in-person board and online committee meetings. The Society has the technology to embrace hybrid working and this is encouraged where possible, reducing commuting and helping with work life balance for the team.

The Bury office is a shared office unit that shares facilities with other unit holders allowing for some charges to be shared across other businesses.

Internal targets for gas, electricity and water consumption need to be developed and then managed against. The providers of these essential services will also be reviewed to consider where the utilities come from. We are keen to use providers that share our aims around climate change, for example using electricity providers who use renewable sources.

As a small Society we use outsourced services for more than just investment management. Our other key outsourcers are our external actuaries, internal and external auditors. We have other outsourced services for example IT support. For all of our outsourced partners when we assess them, both at outset and on a regular basis thereafter, we consider their environmental and climate strategies. We would look to work with partners that have strategies that align with that of the Society.

As part of the Society's operational resilience framework, climate change scenarios have been considered within the disaster recovery testing.

Longer Term Viability Statement

The directors have assessed the long-term viability of the Society and its continuing operations taking into account known risks and current uncertainties.

The board has determined that a three-year period to 31 December 2028 is an appropriate period for the forward-looking assessment over which to provide a reasonable statement of viability, given the greater level of uncertainty with longer term economic forecasts.

The Executive Directors have presented a business plan to the board which has been approved. The plan covers the whole period over which viability has been assessed.

The Forward-Looking Assessment of Solvency (FLAS) was prepared by the Society's Chief Actuary and approved by the board in December 2025. This looks at the period up to 2030.

By projecting forward the Solvency UK Balance Sheet of the Society, allowing for the business plan assumptions of new business, reasonable assumptions of future investment return and best estimate assumptions of expenses, mortality and lapse experience, there has been a robust assessment of the business plan, its cashflows and solvency, and the emerging and principal risks inherent to the Society. The Own Risk and Solvency Assessment (ORSA) process validates the assumptions used and conducts a formal examination of risks to assess the Society's ongoing viability to continue operating and meet its liabilities as they fall due. The culmination of this process is the Society's strategic and operational business plan and results in an annual report available to our regulators. The Society's tenth ORSA was approved by the board for submission to the PRA in January 2026.

The risks of the Society becoming unable to operate profitably are drawn out in the ORSA process and there are appropriate management actions in force to respond to these risks should they occur.

The business plan takes account of the last 12 months where the focus following the Red Rose transfer was sales of the Shariah products. This will continue to be a focus for the Society. The key risks to delivering the plan are new business not keeping up with higher expenses, uncontrolled expenditure, and longer term lower investment returns. These risks have been considered in modelling the Forward Looking Assessment of Solvency.

The management actions the Society can take to allow for these risks have been taken into account. The impact on solvency is gradual and the board has time to consider and take actions as required. The results of these revised projections leave the board confident that whilst uncertainties remain for the Society, the Society remains sufficiently capitalised to meet its regulatory capital requirements.

Having considered all the factors disclosed above, the directors confirm that they have a reasonable expectation that the Society is able to continue in operation and meet its liabilities as they fall due over the period of the assessment up to 31 December 2028.

In making this statement the directors have considered the resilience of the Society, taking into account its current financial position, the principal risks facing the business in various severe but reasonable scenarios and the effectiveness of mitigating actions.

Approval of the Strategic Report

The board approved the Strategic Report at their meeting on 2 April 2026.


Graeme Caughey
Chair
2 April 2026


Peter Green
Chief Executive
2 April 2026

Governance Report

Our Board

Graeme Caughey Society Chair

Graeme was appointed to the board at the AGM and as Chair at the board meeting immediately following the AGM in June 2025. He is an experienced investment professional and qualified actuary with a wealth of experience in senior financial services leadership. He currently serves as Non-executive director at The Methodist Insurance Company plc & Epworth Investment Management and acts as a professional trustee with Capital Cranfield Pension Trustees Limited. He is a director of his own financial services consulting firm, Smeaton Park Consulting.

David Fawell Non-executive director Audit Committee Chair, Deputy Chair and Senior Independent Director

David was appointed to the board in December 2018. He was appointed Deputy Chair and Senior Independent Director after the AGM in 2025. David has enjoyed a long career in banking, most recently with the Co-operative Bank where he played a leading role in the research and development of their ethical policies and is an expert in payment services. David retired in January 2026 from his role as a Director and Chair of the Co-operative Credit Union.

Sue Baldwin Non-executive director Risk Committee Chair

Sue was appointed to the board in October 2020 and Risk Committee Chair after the AGM in 2022. She is a Chartered Insurer and has extensive executive experience in the insurance industry with Direct Line and Esure, and as a Non-executive director. Her in-depth knowledge of risk management, corporate governance and culture development brings additional expertise to the Society's Board of Directors. Sue retired in 2025 from her role as a Non-executive director of The Methodist Insurance Company plc.

Elizabeth Boardall Non-executive director Investment Committee Chair

Elizabeth joined our board in October 2020 and has a close affinity with mutuality having spent several years with Royal London as Pensions Manager and Head of Customer Engagement and more recently as a member of their independent governance committee. Elizabeth brings significant strategy development, digital and marketing experience to the Society. She is a member of the Association of Financial Mutuals Consumer Strategy Committee.

Peter Green Chief Executive

Peter was appointed as Chief Executive of the Society in October 2006. Following an early banking career, he served as Chief Executive of a mutual health care cash plan insurer. He has an MBA, focused on small business management. Peter is a member of the Executive Committee of the Association of Financial Mutuals and a member of the PRA Insurance Practitioner Panel. In his spare time Peter is a Trustee and Chair of a local mental health charity, the Simeon Centre and is a Non-executive director of a small bank, Methodist Chapel Aid Limited.

Justine Morrissey
Director Finance and Risk
Resigned 17 March 2026

Justine joined the Society in October 2022 and was appointed as Director of Finance and Risk in November 2022. She is a qualified actuary and experienced Finance Director within the mutual financial services sector. Justine is a Non-executive director of Gravesham Friendly (previously trading as Anglo-Saxons Friendly Society) and a Non-executive director and Chair of the Salvation Army General Insurance Corporation.

Sazeda Patel MBE
Non-executive director
Appointed 10 February 2025

Sazeda joined the board in February 2025 on completion of the transfer of engagements from Red Rose Friendly Society Limited, having served on the Red Rose board as a Non-executive director since 2022. Sazeda qualified as a Solicitor and has since held a number of positions within the Civil Service. Sazeda brings specialist knowledge of Human Resource strategies (CIPD qualified), Project Management (APMQ) and faith-based investing. She was awarded an MBE in 2017 for service to her local community.

Mark Sedgley
Non-executive director
Appointed 10 February 2025

Mark joined the board in February 2025 on the completion of the transfer of engagement from Red Rose Friendly Society Limited, having been Chief Executive of Red Rose since April 2016. Mark has held a number of senior executive and non-executive directorships within the mutual financial services sector and has expertise of financial services leadership.

The Association of Financial Mutuals Corporate Governance Code (AFM Code)

As a member of the Association of Financial Mutuals the Society confirms that it has applied the AFM Code throughout 2025. The AFM Code describes the principles of effective corporate governance for directors of mutual insurers.

The AFM Code is based on six overarching principles which are set out below, together with a supporting statement for each of them confirming how they have been applied.

Principle One - Purpose and Leadership; an effective board promotes the purpose of an organisation, and ensures that its values, strategy, and culture align with that purpose.

The Board of Directors has defined the Society's purpose and values in a clear vision statement that drives the strategy and culture of the Society. The principal activity of the Society is the provision of insurance based investment products that meet the needs of existing and prospective members. To maximise member value the Society strives to be a successful and growing ethical provider of ethical savings and investment products.

The Society's vision statement drives its expected behaviours and practices and aligns these to the Society's values, which are embedded at all levels in the organisation and support all internal processes and operating practices.

The core and ethical values of the Society are reflected in practices that ensure that the whole of the Society acts with integrity, treats people fairly, is open and transparent, is commercially focused and acts with due care at all times, whilst demanding high expectations of everyone through effective teamwork and cooperation.

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

The Society's board comprises an independent Chair, five other Non-executive directors, the Chief Executive and the Director of Finance (pending regulatory approval). The Chair and Senior Independent Director changed in 2025 as the previous incumbents retired after nine years service. As a result of the transfer of engagements from Red Rose Friendly Society Limited two Non-executive directors were appointed. As a consequence of these changes there are six Non-executives including the Chair. There is a clear division of responsibilities between the Chair and the Chief Executive, with the Chair responsible for leading the board and the Chief Executive responsible for running the Society's business in accordance with the authority delegated to him.

Based on the criteria set out in the governance code, all of the Non-executive directors who have serviced in 2025 have been judged as independent, with the exception of Mark Sedgley. Given his previous role as Chief Executive of Red Rose Friendly Society Limited, the board have determined that whilst his experience and expertise is valuable, he does not meet the criteria for being classed as independent. All Non-executive directors bring a wealth of experience and knowledge to the Society.

All the directors are required to offer themselves for re-election by the members at the Society's Annual General Meeting every year.

Profiles of all the Society's directors are shown on pages 13 to 14.

The size and composition of the board is considered adequate to meet all the Society's challenges and strategic objectives. The Society recognises the benefits of having a diverse board and are committed to creating more diversity when the opportunity arises. The Society's Nomination Committee is responsible for recommending new appointments to the board following a rigorous and documented process.

Every year the Nomination Committee formally assesses the performance of the board, its committees, and individual directors. The Nomination Committee is chaired by the Society's Chair who ensures the transparency of the process and that any training and development needs are identified and actioned.

In addition to this annual assessment of performance the Society undertakes periodic externally facilitated effectiveness reviews. This external review was carried out in 2025, by an experienced specialist firm, Hanover, who have no other involvement in the Society or connections to any director. The timing, towards the end of the year, was to allow participation by the three new Non-executive directors who joined the board in 2025, two from Red Rose Friendly Society and the new Chair. The team from Hanover reviewed board papers, met individually with all Directors and observed one meeting.

Principle Three - Director Responsibilities; 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.

All board members receive a formal letter of appointment outlining individual and collective responsibilities as a director of the Society. In addition, job descriptions and authority limits of the Chair, Chief Executive, Director of Finance and Risk and Non-executive directors ensure a division of responsibilities and decision-making authority.

Board members have access to all policy statements, governance documents and detailed monthly management information, including financial and business reports, and regulatory and statutory returns. These are reviewed and discussed along with reports from the Society's Chief Actuary to inform the board in the fulfilment of its duties.

Those board members that fulfil a Senior Management Function as defined under the Senior Managers & Certification Regime have a specific statement of responsibilities which is reviewed and acknowledged by the respective board member annually.

The Society applies a system of governance where some of its functions are delegated to committees. Committee membership includes Non-executive directors, and each committee has a Non-executive Chair. The committees' delegated authorities are defined in terms of reference available on the Society's website.

The report of each committee is on pages 18 to 21.

Principle Four - 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 risk.

The board identifies, considers and assesses how the Society can create and preserve value for its members within an agreed risk appetite. Its focus is to promote and deliver long term value and the board retains the responsibility for strategic decision making and the approach to business opportunities that arise.

The board takes responsibility for the Society's approach to risk management and the annual ORSA process identifies the principal risks and plans to mitigate them. The Risk Committee has oversight of the risk management process and through the Risk Appetite Framework and Risk Register monitors the principal risks and identifies any emerging risks.

The management or mitigation of risk involves the monitoring of agreed operational tolerance limits and management actions.

Further details about how the Society manages and mitigates risk are contained in the Strategic Report on pages 6 to 9.

Principle Five - 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.

The board has due regard to the culture, values and long term success of the Society when agreeing remuneration for executives.

The Remuneration Committee, consisting of a majority of Non-executive directors, provides independent oversight of remuneration policy and is responsible for recommending remuneration structures that, for the Chief Executive, consist of fixed and performance related elements of pay within an overall remuneration package. This is achieved by comparing remuneration packages among similar sized friendly societies and other financial organisations. A proportion of the Chief Executive's performance related element of pay is deferred.

A separate Remuneration Report which provides details of the Society's remuneration policy is contained in the Directors' Report on Remuneration on pages 25 to 27. Members receive and vote on the Remuneration Report at each Annual General Meeting of the Society.

Principle Six - Stakeholder Relationships and Engagement; 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 regards to their view when taking decisions.

The Society's primary stakeholders are its existing and prospective members, its employees, suppliers, business partners and the community in which it operates. A culture of treating everyone fairly underpins the whole of the Society's approach to stakeholders.

Members' savings and investments are managed ethically and those in our With-profits Fund and our Ethical Unit-linked Life Fund exclude direct investments in industries that our members consider are harmful, whilst pro-actively seeking out investments in companies that can demonstrate responsible business practices and environmental benefit.

The board listens carefully to the views of members. Member feedback collected through the AGM voting cards and from service reviews is reported directly to the board. The board receives a summary

of all complaints from members and details of how these have been resolved. The website also includes a dedicated members' area where members are encouraged to share their experiences of the Society.

Our employees have day to day contact with the Executive Directors and have regular individual and collective discussions to share views about the strategic direction of the Society, its impact on them personally and the team as a whole. They are particularly involved in the Society's desire to reduce its environmental impact by effective use of resources and recycling and in its charitable and community activities.

During the year Sazeda Patel was appointed by the board to undertake an all team listening exercise, where all team members were able to share in confidence their views on a variety of employment, strategic and management issues.

The Society continues to be active in the local community and provides support to local organisations through both its charitable donations and encouraging all employees to participate actively in events that make a positive contribution to the good of society.

The Society has policies and procedures in place to ensure that suppliers, business partners and outsourced service providers are treated fairly and in line with our ethical values of openness, transparency and cooperation.

Committees of the Board

The oversight of the Society's activities is conducted by a number of board appointed committees, each of which comprises a majority of Non-executive directors. A Non-executive director is always appointed to the role of Committee Chair. The committees' terms of reference and authority are defined by the board and each committee is required to review its performance annually against its terms of reference. The terms of reference of all committees are available from the Society's website.

Whilst the Society Chair is not a member of all committees, he has the right to attend the meetings and be co-opted to a committee if necessary.

Audit Committee

David Fawell (Chair)

Sue Baldwin

Elizabeth Boardall

Mark Sedgley (appointed 10 February 2025)

The Audit Committee has responsibility for reviewing and providing assurance to the board on the integrity of the annual accounts and the effectiveness of the internal control systems. In 2025, the committee discharged this responsibility by:

- Overseeing the Society's systems of control
- Ensuring that all financial reporting was in line with accounting standards and regulatory requirements
- Reviewing the performance of the external and internal auditors
- Oversight of the external and internal audit functions and reviewing their reports
- Reviewing the Annual Report and Accounts and Solvency and Financial Condition Report and recommending board approval
- Reviewing the internal and external audit strategy and recommending board approval
- Ensuring that management information was appropriate and consistent with the business plan and risk profile

- Reviewing the Solvency UK technical provisions assumptions and recommending board approval
- Leading the retendering of the Society's outsourced actuarial function and recommending to the board the appointment of Sally Butters of Steve Dixon Associates LLP as With Profits and Chief Actuary.

Royce Peeling Green Limited (RPG) were re-appointed at the 2025 AGM as the Society's external auditors. This will be the fourth year of them conducting the audit. The external auditors have not provided any non-audit services to the Society during the year.

Risk Committee

Sue Baldwin (Chair)

Tim Birse (resigned 11 June 2025)

Graeme Caughey (appointed 11 June 2025)

David Fawell

Peter Green

Justine Morrissey (resigned 17 March 2026)

The Risk Committee is responsible for delivering independent oversight of the risk management systems and processes used by the Society to identify and manage risk. In 2025, the committee discharged this responsibility by:

- Reviewing the Society's ORSA strategy and report and recommending approval by the board
- Reviewing the Society's appetite for risk and Risk Appetite Framework and recommending board approval
- Identification of key risks and recommending operational tolerance limits
- Approving the reverse stress and FLAS testing scenarios and reviewing the results
- Reviewing the risk management systems and reporting on their effectiveness to the board
- Overseeing the compliance strategy and monitoring plan
- Reviewing the use of the Standard Formula Model and recommending board approval
- Reviewing the processes used by the Society to identify, assess and manage climate related risks

Nomination Committee

Graeme Caughey (Chair) (appointed 11 June 2025)

Sue Baldwin (committee member to 11 June 2025)

Tim Birse (resigned 11 June 2025)

Elizabeth Boardall (committee member from 11 June 2025)

David Fawell (appointed 11 June 2025)

Philip Okell (resigned 11 June 2025)

Sazeda Patel (appointed 10 February 2025)

Peter Green

The Nomination Committee is responsible for the oversight of the selection, development and succession plans for board members and senior managers and the associated governance responsibilities. In 2025 it:

- Reviewed the mix of skills, knowledge, experience, and diversity on the board to ensure that it has the right balance to meet regulatory expectations and effectively pursue its strategy
- Reviewed the Society's diversity and gender policies
- Reviewed and recommended appointment of board committee members
- Monitored directors' and employees' compliance with the regulators' fitness and propriety requirements
- Reviewed the independence of Non-executive directors
- Managed the annual appraisal process for the board, committees, and individual directors

- Led the recruitment process and recommended to the board the appointment of Non-executive directors as a result of the Red Rose transfer
- Led the recruitment process for Chair of the board who was appointed immediately after the 2025 AGM
- Led the recruitment process for the appointment of the Director of Finance following the retirement of Justine Morrissey in March 2026

The board has a formal gender and diversity policy which it reviews annually. The Society recognises the benefits of a diverse board and seeks and considers all appointments on a balance of knowledge, skills and experience. The Society is a founding member of the Mutual Diversity Alliance, an Association of Financial Mutuals initiative to promote diversity and inclusion in mutuals.

Remuneration Committee

David Fawell (Chair) (appointed 11 June 2025)

Sue Baldwin

Tim Birse (resigned 11 June 2025)

Graeme Caughey (appointed 11 June 2025)

Sazeda Patel (appointed 10 February 2025)

Peter Green

The Remuneration Committee has responsibility for reviewing the Society's remuneration strategy and policy to ensure that it is consistent with the Society's appetite for risk, regulatory requirements and supports its business objectives. It also designs and recommends the remuneration package of the Executive Directors. In 2025 it:

- Reviewed the design of the remuneration package of the Chief Executive and Director of Finance and Risk considering the respective fixed and variable elements of reward
- Reviewed the performance related aspects of the sales team's remuneration package and recommended board approval
- Examined market competitive levels of remuneration, wage and price inflation and recommended board approval of overall increase in employment costs
- Reviewed and benchmarked the level of remuneration for Non-executive directors and recommended an increase to the board
- Prepared the Directors' Report on Remuneration for inclusion in the Annual Report and Accounts and submission to members at the Annual General Meeting

Investment Committee

Elizabeth Boardall (Chair)

Tim Birse (resigned 11 June 2025)

Graeme Caughey (appointed 11 June 2025)

Philip Okell (resigned 11 June 2025)

Mark Sedgley (appointed 10 February 2025)

Peter Green

Justine Morrissey (resigned 17 March 2026)

The Investment Committee has responsibility for the oversight of the management of the Society's investment portfolios, monitoring adherence to the Society's ethical investment stance and recommending an investment strategy that aligns with the Society's risk appetite. In 2025 it:

- Reviewed and recommended board approval of the investment strategy and guidelines, taking into account the views of the Society's actuary and investment managers
- Monitored the strategic asset allocation in-line with the investment guidelines and counterparty exposure

- Monitored adherence to the Society's ethical investment strategy
- Reviewed the performance of the Society's Unit-linked and With-profits Funds including the Shariah and ESG funds that were part of the Red Rose transfer

With-profits Committee

Elaine Fairless (Independent Chair)

Tim Birse (resigned 11 June 2025)

Graeme Caughey (appointed 11 June 2025)

Martin Collins (Independent member)

The With-profits Committee provides independent oversight, on behalf of policyholders, of the Society's management of the With-profits Fund. The With-profits Committee is supported by the executive team in its oversight of good member outcomes as part of meeting its consumer duty outcomes.

It comprises two independent members and one Non-executive director, all with experience of managing With-profits business. The With-profits Committee normally meets twice a year and receives the papers of all board and committee meetings throughout the year to enable it to comment on any issues of fairness.

The With-profits Committee met twice in 2025 and it:

- Reviewed the Society's compliance with its Principles and Practices of Financial Management (PPFM) of its With-profits Fund
- Monitored the Society's fair treatment of all members
- Considered the fairness of the annual bonus declaration
- Reviewed member communications
- Reviewed the updated PPFM capturing the transfer of Red Rose Friendly Society Limited

Terms of reference

Copies of the terms of reference of the board and committees are available from the Society's website or by contacting the Society's office.

Board and committee meeting attendance in 2025

	Board	Audit Committee	Risk Committee	Investment Committee	Remuneration Committee	Nomination Committee
T Birse	4 (4)		1 (1)	2 (2)	1 (1)	1 (1)
G Caughey	4 (4)		2 (2)	1 (1)	1 (1)	
S Baldwin	8 (8)	5 (5)	4 (4)		2 (2)	1 (1)
E Boardall	8 (8)	5 (5)		3 (3)		
D Fawell	8 (8)	5 (5)	4 (4)		1 (1)	
P Okell	4 (4)			2 (2)	1 (1)	1 (1)
P Green	8 (8)		4 (4)	3 (3)	2 (2)	1 (1)
J Morrissey	7 (8)		4 (4)	3 (3)		
M Sedgley	7 (7)	5 (5)		2 (2)		
S Patel	7 (7)		4 (4)		2 (2)	1 (1)

Figures in brackets represent the number of meetings that could have been attended.

As an independent committee the With-profits Committee is not included in the table above.

Directors' Report

Directors

The directors listed on pages 13 and 14 of the board's Governance Report, with the exception of those appointed in 2025, acted as directors throughout the year.

Tim Birse and Philip Okell retired at the 2025 Annual General Meeting, after completed nine years service. Following a selection process led by the Nomination Committee, which included interviewing a limited number of external candidate and internal candidates The board approved Graeme Caughey as Chair at their first meeting following his election as a director at the AGM. David Fawell one of our existing Non-executive directors become the Senior Independent Director.

Mark Sedley and Sazeda Patel MBE joined the board in February 2025 following a selection process of candidates drawn from the existing Red Rose Friendly Society Limited board.

Justine Morrissey resigned as Director of Finance and Risk and after serving her six months notice period, left the Society in March 2026.

Healthy Investment in the community

The Temperance Fund, created to support charitable initiatives, made donations of £1,000 to Bury Hospice.

The Douglas Carr Memorial Scholarship Scheme, in memory of a former Chief Executive of the Society, made six bursaries to members studying in higher education totalling £1,200 during 2025 (2024: £1,400).

The Society does not make any political donations or sponsor any political activities.

Management of the With-profits Fund

The Principle and Practices of Financial Management (PPFM) sets out how we manage our Ethical With-profits Fund and calculate bonuses in a way that is fair to members and compliant with FCA rules. A copy of the PPFM is available from the Society's website or office.

The board reports annually to members on their compliance with the PPFM and you can get a copy of the board's report on how it has managed its Ethical With-profits Fund from the Society's website or office. In 2025 the policies and assets of Red Rose Friendly Society Limited transferred to Healthy Investment. The With-profits policies held with Red Rose have been transferred into the Healthy Investment Ethical With-profits Fund. There is no separate Fund for this business and only one PPFM that covers Healthy Investment and Red Rose business.

The management of the With-profits Fund is the board's primary concern, and to help provide independent oversight of the board's management, the With-profits Committee has reviewed all decisions taken by the board.

The board, working with our actuarial team, is responsible for setting the investment strategy, risk appetite and ethics of our investment portfolios.

External Audit

The external audit has been undertaken by Royce Peeling Green Limited (RPG). 2025 was the fourth audit year for RPG. The board undertook an evaluation and was satisfied with their performance based on the depth of their audit investigations, analysis of their technical knowledge and quality of their report to the Audit Committee.

RPG did not provide any other services to the Society during the year.

Directors' Responsibilities Statement

As an incorporated Friendly Society, in accordance with the 1992 Friendly Society Act, the Board of Directors has assumed the responsibilities and duties of the Committee of Management.

The Committee of Management is responsible for preparing the Annual Report, the Report of the Committee of Management, and the Financial Statements in accordance with applicable law and regulations.

Friendly Society law requires the Committee of Management to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard (FRS)102 which is applicable in the UK and Republic of Ireland and FRS 103 Insurance Contracts.

The Financial Statements are required by law to give a true and fair view of the state of affairs of the Society as at the end of the financial year and of the income and expenditure of the Society for the financial year.

In preparing these Financial Statements, the Committee of Management is required to:

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

The Committee of Management is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society and enables them to ensure that its financial statements comply with the Friendly Societies Act 1992 and the regulations made under it.

The Committee of Management is also responsible for preparing a Directors' Report in accordance with the Friendly Societies Act 1992 and the regulations made under it and for preparing the Strategic Report.

The Committee of Management has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

The Committee of Management is responsible for the maintenance and integrity of the corporate and financial information included on the Society's website.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure in the Strategic Report

The Society has chosen to set out in the Strategic Report matters relating to Risk Management and Climate Change.

Statement of Disclosure to Auditors

Each person who is a director at the date of this report confirms that, so far as each of them is aware, there is no information relevant to the audit of the Society's Financial Statements for the year ended 31 December 2025 of which the auditors are unaware; and they have taken all steps that they ought to have taken in their duty as a director to make themselves aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

Going Concern

The Strategic Report on pages 1 to 12 of this report includes information on financial performance. Details of the principal risks and uncertainties affecting the Society, and how we manage and mitigate them are set out in Risk Management on pages 6 to 9 of the Annual Report.

The directors have taken into account all available information about the future for a period of at least, but not limited to, 12 months from the date of the approval of the Financial Statements when assessing the Society's ability to continue as a going concern.

The assessment has drawn on the Society's business plan and ORSA, which includes financial projections both on a central case and stressed scenarios and whether that position has materially changed subsequent to the year end.

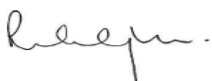
Having made enquiries on the Society's operations, financial position and prospects, the directors confirm that they are satisfied that the Society has adequate resources to continue in business for a period of at least 12 months from the date of approval of the Financial Statements.

Accordingly, having assessed the principal risks affecting the Society and the matters discussed in the Society's Viability Statement the directors consider it appropriate to continue to adopt the going concern basis of accounting when preparing the Society's Financial Statements.

Approval of the Directors' Report

It is the opinion of the directors that the Annual Report and Accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for members to assess the Society's position and performance, business model and strategy.

This Directors' Report was approved by the Board of Directors and signed on behalf of the board on 2 April 2026.



Society Secretary
2 April 2026

Directors' Report on Remuneration

Remuneration Committee

The Remuneration Committee is chaired by our Senior Independent Non-executive director. It was chaired by Philip Okell until his retirement at the 2025 AGM and subsequently by David Fawell. It includes two other Non-executive directors and the Chief Executive. The committee makes recommendations to the board on the remuneration of all directors; however individual directors are not allowed to participate in decisions relating to their own remuneration.

The remuneration strategy and policy for all employees is reviewed annually by the committee.

Remuneration policy

The Society's remuneration policy is designed to support the recruitment, motivation, and retention of employees. Remuneration is considered within the context of the financial services and friendly society sectors. The objective is to pay at the relevant market level with a package that is fair, competitive, rewards performance, provides attractive benefits, motivates everyone to achieve the Society's objectives and inspires individuals to reach their full potential.

The board has designed the remuneration policy and practices to ensure that they are not likely to cause detriment to members and encourage employees and directors at all levels to seek good outcomes for members.

The committee believes that the current remuneration structure provides appropriate levels of remuneration to achieve the objectives of the policy.

Remuneration policy for Executive directors

The remuneration of the Society's Executive directors comprises salary together with pensions and other benefits in common with many financial services organisations. No fees are paid to Executive directors. Remuneration reflects individuals' experience and responsibility. It is based on individual and Society performance and is benchmarked against other friendly societies and mutual insurers.

The remuneration paid to individual directors is shown in note 16 on page 54 of the Financial Statements.

Service contracts

Executive directors

The Chief Executive is employed on a contract with the Society which requires six months' notice by either party and includes a discretionary performance related bonus element of up to 25% of basic salary.

The Chief Executive's contract precludes them from engaging in any other paid employment or business activities for profit, without express permission of the board.

The Director Finance and Risk is employed on a contract with the Society with a six months' notice period. Remuneration for the role does not include any variable or performance related bonus.

Non-executive directors

Non-executive directors are paid an annual retainer. There is no other remuneration except where the Society meets the authorised expenses of Non-executive directors incurred on Society business.

The current annual retainers of Non-executive directors is:

Chair	£20,384
Senior Management Regime Function Holders	£17,472
Investment Committee Chair	£17,472
Notified Non-executive directors	£14,560

The remuneration of Non-executive directors is subject to the auto-enrolment legislation and, where obligated to, Non-executive directors have been auto-enrolled at the minimum contribution rate into the Society's Stakeholder Pension Scheme with Royal London.

The remuneration of Non-executive directors is reviewed annually which includes benchmarking of remuneration to a peer group of mutual With-profits investment providers of comparable size.

The Executive directors' service contracts and the letters of appointment of Non-executive directors are available for inspection during normal working hours at the registered office of the Society.

Salaries

All staff salaries are reviewed annually, or at other times if there is a significant change in an individual's responsibilities. The Society aims to pay salaries at the relevant level for the role based on the individuals' performance.

Variable remuneration

As an Executive Director the Chief Executive participates in a discretionary bonus scheme which provides a maximum payment of up to 25% of salary. Any payment under the scheme is not pensionable.

Payment is based on the achievement of Society wide key performance indicators and personal objectives set by the board.

All bonus payments are made at the discretion of the board and no element of the scheme is contractually binding.

No payment of any part of the year's bonus will be made if:

- No reversionary bonus is declared to members
- The Society's monthly calculation of capital cover ratio is below 125%
- The Society is subject to regulatory enforcement action or censure
- The employee is dismissed

60% of the total bonus payable will be paid immediately following approval by the board.

10% of the total bonus payable will be deferred for 12 months.

15% of the total bonus payable will be deferred for 2 years.

15% of the total bonus payable will be deferred for 3 years.

Deferred bonuses will continue to be paid whether or not the annual bonus is payable, unless the reason for non-payment of the annual bonus is as a result of actions taken in previous years where their impact in the following years should reasonably have been foreseen at the time.

If the employee leaves the employment of the Society due to retirement or redundancy the deferred payment will be made at the same time as it would have been had the individual still been in the employment of the Society. If they leave for other reasons payments are forfeited. Whatever the reason for leaving these payments are at the discretion of the board.

The Society's sales staff receive an element of bonus which is determined by the board based on performance.

There are no elements of variable remuneration for any Non-executive directors.

Pension arrangements

The Society operates a defined contribution personal pension scheme which is open to all employees. New employees are eligible, after they have completed their probationary period, with the option of contribution levels of 3% or 5% of basic salary, with respective employer contributions of 6% and 10%.

The Society's auto enrolment scheme starts from the date of employment and eligible employees and Directors are auto enrolled into the scheme, although there is the ability to opt out. Contribution levels for the auto-enrolment scheme in the current tax year are 5% for employees and 3% for the Society.

Approval

The Directors' Report on Remuneration was approved by the board on 1 April 2026.



David Fawell
Chair of the Remuneration Committee
2 April 2025

Independent Auditor's Report to the Members of The Rechabite Friendly Society Limited for the year ended 31 December 2025

Opinion

We have audited the financial statements of The Rechabite Friendly Society Limited ('the Society') for the year ended 31 December 2025, which comprise:

- The Statement of Comprehensive Income;
- The Statement of Financial Position; and
- The related notes 1 to 41, excluding certain disclosures in notes 4 and 5 that are calculated in accordance with the Solvency II regime which are marked as "unaudited".

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

In our opinion the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31 December 2025 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Friendly Societies Act 1992 and the regulations made under it.

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

Basis for opinion

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

Our approach to the audit

Our audit was scoped by obtaining an understanding of the Society and its environment, including the system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Board that may have represented a risk of material misstatement. All audit work was performed directly by the audit engagement team with the assistance of external actuarial experts ('the Reviewing Actuary').

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at where the Board made subjective judgements,

for example in respect of the valuation of the technical provisions which are subject to management judgement and estimation.

Materiality: 2025: £192,000 (2024: £201,000) being 3% of the prior year Fund for Future Appropriations in both years.

Key audit matter: Valuation of insurance contract liabilities (2025 and 2024) and Management override of controls (2024 only).

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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 we identified (whether or not due to fraud), including 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.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of insurance contract liabilities As at 31 December 2025, the Society recognised insurance contract liabilities of £96.1m (2024: £92.4m). Due to the size and nature of the liability, we consider this to be material to the financial statements.</p> <p>The liabilities are calculated using policy data held on the Society’s administration system and assumptions set using internal and external data as inputs to the actuarial valuation model.</p> <p>Through the selection of appropriate assumptions, the Directors are required to make significant judgements in conjunction with the advice of the Chief Actuary. These judgements involve considering whether the assumptions appropriately reflect the Society’s experience, circumstances and future expectations.</p>	<p>In assessing the valuation of the Insurance contract liabilities, we performed the following procedures:</p> <ul style="list-style-type: none"> • We engaged the services of a suitably qualified, independent and experienced actuary to review and report on the methodology and assumptions applied by the Board in the calculation of the Insurance contract liabilities, and on the accuracy of the calculation itself. • We tested the integrity of the Society’s policy administration data to ensure the data being used by the Chief Actuary was accurate. The testing included sample checks on premium income streams, claims paid, data integrity checks on key fields and reconciliation of policy numbers. • We reviewed the assumptions used in the calculation and considered the advice of the Reviewing Actuary as to whether those assumptions were reasonable and the impact they had on the calculation. • We challenged the Board’s assumptions in terms of future budgeted expenses and levels of projected new business and compared previous estimates to actual results to assess the reliability of the Society’s budgeting process. We also reviewed post year end management information.
<p>Our conclusion Overall, based on the assumptions and methodology used at 31 December 2025, we consider the valuation of the insurance contract liabilities recognised within the financial statements to be appropriate and reasonable and properly disclosed.</p>	

Our application of materiality

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

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

Based on our professional judgement, we determined materiality as follows:

	Group and Society Financial statements
Financial Statement materiality ("FSM")	£192,000 (2024: £201,000)
Basis for determining materiality	2025: 3% prior year Funds for Future Appropriation ("FFA") 2024: 3% prior year Funds for Future Appropriation ("FFA")
Rationale for benchmark applied	FFA represents the available accounting surplus available to the members of the Society. We view that FFA as a benchmark is consistent with that used in relation to industry peers and that it is a key area of focus for users of the financial statements. Prior year FFA is used as the current year FFA could be affected by movements in technical provisions. In 2024, this level of materiality was used in the audit of investments, insurance contract liabilities and investment contract liabilities only, all other items within the financial statements have been audited using the specific materiality noted below. In 2025, this level of materiality was used for all items in the financial statements.
Performance materiality	2025: £115,000 being 60% of FSM 2024: £121,000 being 60% of FSM
Basis and rationale for determining performance materiality	In determining the level of performance materiality, the strength of the control environment, the nature and volume of transactions and the complexity of the business was considered
Specific materiality ("SM")	2025: n/a 2024: £145,000
Basis for determining materiality	2025: n/a 2024: 2% of Income
Specific performance materiality	2025: n/a 2024: £87,000 being 60% of SM
Basis and rationale for determining performance materiality	For 2024, a level of materiality based on Income was applied to all other balances and transactions outside of Investments and Technical Provisions, ensuring sufficient audit work has been undertaken across the financial

Group and Society Financial statements	
	<p>statements, given a misstatement of less than FSM for the financial statements as a whole, could influence the economic decisions of users.</p> <p>Income is deemed to be an appropriate indicator of financial performance upon which to base the specific materiality level.</p> <p>For 2025, performance materiality and specific materiality were broadly similar so specific materiality was not used / applied.</p>

We agreed with the Directors that we would report to them misstatements in excess of £6,000 (2024: £4,000) that we identified through the course of the audit, together with any qualitative matters that warranted reporting.

At the conclusion of the audit, we re-assessed the materiality levels based on the audited financial statements and compared this with the planning materiality. The result of this assessment showed that there was no significant change to final materiality and we are satisfied with the levels set at the planning stage.

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 Society’s ability to continue to adopt the going concern basis of accounting included:

- Reviewing budget financial information for the financial year ending 31 December 2026, and up to date post year end management accounts;
- Reviewing the Society’s business plan 2026 including medium term forecasts to 2030;
- Reviewing the Society’s Own Risk and Solvency Assessment and Forward-Looking Assessment of Own Risk reports;
- Reviewing Board and Subcommittee minutes;
- Discussions with the Reviewing Actuary on the appropriateness of assumptions and potential sensitivities in the insurance contract liabilities and Solvency Capital Requirement calculations; and
- Discussions with management and the Directors on such matters and post balance sheet events which may impact the going concern status.

From the work undertaken, we noted that the Society’s reported solvency cover was 253% as at 31 December 2025 and well above the risk thresholds management have set to initiate a responsive action. The Society is also projected to remain solvent in the medium term forecast period to 2030 taking into account several potential downside scenarios. However, like many other societies, the Society’s solvency position is sensitive to movements in the risk-free rates and changes in the investment market which are largely outside its control.

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

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

Other Information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 the Friendly Societies Act 1992 and the regulations made under it.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Society and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit is 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 considered to be capable of detecting irregularities, including fraud is detailed below.

At the planning stage of the audit we gain an understanding of the laws and regulations which apply to the Society and how management seek to comply with them. This helps us to make appropriate risk assessments. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including but not limited to, the Friendly Societies Act 1992, regulations issued by the Prudential Regulation Authority and Financial Conduct Authority, the Solvency II directive and UK tax legislation.

Our audit focused on relevant risk areas and we reviewed compliance with laws and regulations through making relevant enquiries and corroboration by, for example, review of Board and Subcommittee meeting minutes, review of correspondence with and reports to the regulators, enquiries of management, review of reports by internal auditors and compliance consultants.

We assess the risk of material misstatement in the financial statements including as a result of fraud and undertake procedures including:

- Review of controls set in place by management;
- Enquiry of management as to whether they consider fraud or other irregularities may have occurred or where such opportunity might exist;
- Challenge of management assumptions with regard to accounting estimates; and
- Identification and testing of journal entries, particularly those which may appear to be unusual by size or nature.

There are inherent limitations of an audit, hence there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements, or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we are less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Other matters which we are required to address

- **Auditor tenure** - We were appointed by the Board during June 2022 to audit the financial statements for the year ended December 2022 and subsequent financial periods. Our total

uninterrupted period of engagement is 4 years, covering the periods ending 31 December 2022 to 31 December 2025.

- **Independence** - We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.
- **Non – audit services** – We have not provided any non- audit services prohibited by the FRC's Ethical Standard to the Society.
- **Consistency of the audit report with the additional report to the audit and risk committee** – Our audit opinion is consistent with the additional report to the audit and risk committee we are required to provide in accordance with ISAs (UK).

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 auditors' 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.

Royce Peeling Green Limited

Martin Chatten (Senior Statutory Auditor)
For and on behalf of Royce Peeling Green Limited

Date: 2 April 2026

Chartered Accountants
Statutory Auditor

The Copper Room
Deva City Office Park
Trinity Way
Manchester
M3 7BG

Statement of Comprehensive Income

For the financial year ended 31 December 2025

£'000	Notes	2025	2024
Earned premiums	7	7,295	7,438
Investment income	9	6,532	5,697
Realised investment gains	10	4,076	2,277
Unrealised investment gains	11	15,459	(1,204)
Other income	12	1,291	1,044
Total income		34,653	15,252
Net benefits and claims paid		11,958	9,539
Total net benefits and claims expensed	13	11,958	9,539
Change in contract liabilities		19,483	4,009
Change in provision		12	-
Change in contract liabilities	29	19,495	4,009
Other operating and administrative expenses	14	2,570	2,021
Total claims and expenses		34,023	15,569
Surplus/(deficit) before tax for the financial year		630	(317)
Tax on surplus/(deficit) on ordinary activities	18	-	-
Transfer to/(from) the Fund for Future Appropriations	26	630	(317)
Total comprehensive income for the financial year		-	-

As a friendly society, all net earnings are for the benefit of members and are carried forward within the Fund for Future Appropriations. Accordingly, there is no profit for the year shown in the Statement of Comprehensive Income.

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

The notes on pages 37 to 66 inclusive form an integral part of these Financial Statements.

Statement of Financial Position


As at 31 December 2025

£'000	Notes	2025	2024
Assets			
Investments			
Financial investments	19	202,802	172,136
Debtors			
Insurance receivables	20	38	158
Other debtors	21	136	12
Other assets			
Intangible assets	22	78	88
Tangible assets	23	385	357
Cash at bank and in hand		699	751
Other prepayments and accrued income	25	37	24
Total assets		204,175	173,526
Liabilities			
Reserves			
Fund for Future Appropriations	26	7,450	6,415
Investment contract liabilities	27	98,189	72,461
Insurance contract liabilities	28	96,075	92,385
Other reserves	31	171	160
Creditors			
Insurance payables	32	1,964	1,680
Other creditors	33	117	164
Accruals and deferred income	34	209	261
Total liabilities		204,175	173,526

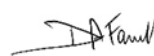
The notes on pages 37 to 66 inclusive form an integral part of these financial statements and were approved by the board on 2 April 2026 and signed on its behalf by:



G Caughey
Chair



P Green
Chief Executive



D Fawell
Non-executive Director

Financial Services Register no.109994.

Notes to the Financial Statements for the year ended 31 December 2025

1. General information

The Rechabite Friendly Society Limited (FCA mutual society register No. 218F) is a mutual organisation registered as a friendly society under the Friendly Societies Act 1992. As an incorporated body recognised in law as a separate entity from its members, the Society is governed by its Rules and the applicable legislative and regulatory framework. Accordingly, the Society is solely responsible for its liabilities and obligations, and members' liability is limited in accordance with the Society's Rules and the Friendly Societies Act 1992, such that members are not personally liable for the Society's debts beyond any amount properly due from them to the Society.

2. Accounting policies

Basis of preparation

The Financial Statements of The Rechabite Friendly Society Limited ('the Society') have been prepared in accordance with applicable accounting standards and under historical cost accounting rules.

These Financial Statements were prepared in accordance with Financial Reporting Standards (FRS) 102 & 103 applicable in the UK and Republic of Ireland as issued by the Financial Reporting Council, the Friendly Societies Act 1992 and the Friendly Societies (Accounts and Related Provisions) Regulations 1994.

The Financial Statements are presented in sterling and are prepared on the historical cost basis except for financial instruments and investment and insurance contract liabilities which are stated at fair value through income.

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported values of its assets and liabilities. The estimates and assumptions are based on historical experience and are considered to be reasonable. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgements made by management in the process of applying the Society's accounting policies that have a significant effect on the Financial Statements and estimates with a significant risk of material adjustment in the next year are set out in note 3.

Going concern

The Financial Statements have been prepared on a going concern basis. After making enquiries, the directors believe that they have a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future.

Further details of the key considerations made by the directors in making this assessment have been included in the Going Concern Statement in the Directors' Report on page 24.

Product classification

The Society issues both insurance and investment contracts. Insurance contracts are contracts which transfer significant insurance risk and remain as insurance contracts until all obligations are settled or expire and may also transfer financial risk. All our With-profits policies are insurance contracts. Investment contracts are contracts which carry financial risk. Such contracts are usually unit-linked.

All of the Child Trust Funds and their Continuation ISAs and our Red Rose Shariah and ESG ISA are investment contracts.

Premium income in respect of insurance contracts is included in the Statement of Comprehensive Income on the basis of premiums due from members during the year. Investment contract premiums are treated on a deposit accounting basis.

Claims

Claims are included in the comprehensive income on the following basis:

- Maturities when they become due
- Deaths when notified to the Society
- Surrenders when paid

Cash and cash equivalents

Cash and cash equivalents comprise cash balances at 31 December 2025. Cash is all in accounts with instant access.

Investment income

Investment income is made up of dividends and interest on accumulation funds. It is the Society's policy to recognise income on these types of investments on a receipt basis.

Other income

Healthy Investment charges the Child Trust Funds an annual management charge of 1.5% less any charges paid in respect of collective investments held. The charge is deducted from the unit price based on 1/365th of the annual amount per day.

Investments

Financial investments in unit trusts are valued using the daily quoted prices published by the fund manager. Unit trusts are not listed on a stock exchange; instead, the fund administrator provide quoted prices that reflect the value of the underlying assets held by the fund.

The fund manager applies forward pricing, meaning transactions are executed at the next available valuation point, not the price quoted at the time the order is placed. Daily prices normally represent a valuation based on the most recent underlying asset values available at the pricing point.

Fair Value Measurement

These daily quoted prices are taken as fair value, with any subsequent movements in valuation recognised in the Statement of Comprehensive Income.

Realised and Unrealised Gains and Losses

Realised gains and losses on investments carried at fair value are calculated as the difference between the proceeds of sale and the original cost.

Unrealised gains and losses represent the difference between the fair value at the reporting date and either the most recently recorded fair value or the purchase price if the asset was acquired during the current period.

Subsequent Measurement

After initial recognition, all gains or losses arising from changes in fair value are recognised in the Statement of Comprehensive Income in the period in which they arise.

Tangible fixed assets

Property is measured at fair value at each reporting date, with changes in fair value recognised in the Statement of Comprehensive Income. Fair value is determined based on market evidence, and the Society obtains regular independent, external valuations to support the measurement.

Other tangible fixed assets are stated at cost less accumulated depreciation and impairment losses.

The Society assesses at each reporting date whether there is any indication that tangible fixed assets may be impaired. If such indicators exist, the recoverable amount is estimated and the asset is written down to its recoverable amount where this is lower than its carrying amount.

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful life of each asset or component. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if there has been a significant change in the expected pattern of consumption of future economic benefits.

The estimated useful lives are as follows:

- Furniture and equipment – 4 years

Intangible assets

Goodwill Paid on Acquisition

In December 2016, the Society acquired a number of Child Trust Fund (CTF) policies from Red Rose Friendly Society Limited.

The goodwill arising on the acquired book of policies was recorded at cost and amortised over its estimated economic life. This period was determined by measuring the time between the average age of the policy beneficiaries at acquisition and the point at which the policies mature, when each beneficiary reaches 18 years of age. This represents the period over which the economic benefits from the acquired policies are expected to be realised.

Capitalised Software

Software constituting an asset in its own right and not that primarily purchased to enable an item of IT hardware to be used for its intended purpose is stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use.

The estimated useful life is as follows:

- computer software – 4 years.

The Society reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date and are tested for impairment when there is an indication that they may be impaired.

Software Development Costs

Software development expenditure, for the current systems replacement project, has been recognised as an expense in the income statement as it is incurred.

Under Section 18 Intangible Assets other than Goodwill of FRS 102 these costs can be capitalised as an intangible asset provided the recognition criteria are met. This option has not been taken.

This approach to recognise as an expense has been adopted as intangible assets are not recognised for regulatory capital purposes under the Solvency UK framework. The directors have therefore exercised judgement in adopting a policy of expensing such costs to align financial reporting with the entity's regulatory capital position.

Foreign currencies

Transactions in foreign currencies are translated to sterling. The exchange rate is the ruling official rate of exchange at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to sterling at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through the Statement of Comprehensive Income is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost 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.

For financial instruments measured at cost less impairment, impairment is calculated as the difference between the carrying amount and the best estimate of the amount that the Society would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the Statement of Comprehensive Income. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Comprehensive Income.

Non-financial assets

The carrying amounts of the Society's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" (CGU)).

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss is reversed only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Other reserves

Other reserves comprise of ring-fenced charitable funds and an ongoing commitment to a legacy product.

Provisions

A provision is recognised in the Statement of Financial Position when the Society has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Taxation assets and liabilities

The Society recognises a current tax liability on the taxable profit of its taxable business.

The Society measures a tax liability (asset) at the amount it expects to pay (recover) using the tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is recognised in respect of timing differences at the reporting date.

Timing differences arise where there are differences between taxable profits and total comprehensive income as stated in the Financial Statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the Financial Statements.

Timing differences also arise and deferred tax recognised when the tax allowances for the cost of a fixed asset are received before or after the depreciation of the fixed asset is recognised in the Statement of Comprehensive Income. If and when all conditions for retaining the tax allowances have been met, the deferred tax shall be reversed.

Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Fund for Future Appropriations (FFA)

The unallocated divisible surplus incorporates amounts which have yet to be allocated to participating policyholders. Any surplus or deficit arising in the Statement of Comprehensive Income is transferred to or from the Fund for Future Appropriations on an annual basis. Surpluses are appropriated by the directors to participating policyholders by way of bonuses. Any unappropriated surplus is carried forward in the Fund for Future Appropriations.

Technical provisions

The provisions are determined by the Society's board on the advice of the Chief Actuary following their annual investigation of the Society's assets and liabilities. They are evaluated on a Solvency UK basis in accordance with the requirements of the Delegated Act and the associated guidelines.

The technical provisions in the Financial Statements reflect the results of the annual investigation. The best estimate approach makes sufficient allowance for all future cash flows including claims, expenses and premiums. The risk margin is calculated using the standard formula approach. It is intended to be the amount another insurer would require in addition to the best estimate to take on all of the liabilities at the valuation date.

Presentation of cash-flows

The Society being a mutual life assurance company is exempt from the requirement under FRS102 7.1A to produce a cash-flow statement.

Presentation of insurance and investment contract liabilities

The Statement of Financial Position shows the split of insurance and investment contract liabilities between participating and non-participating contract liabilities.

Employee benefits

The Society operates a defined contribution pension plan which is a post-employment pension plan under which the Society 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 Statement of Comprehensive Income in the periods during which services are rendered by employees. We do not operate a defined benefit scheme.

The Society has an auto-enrolment pension scheme, which employees and directors are enrolled into automatically. The Society is obligated to pay the minimum statutory contributions.

Transfer of Engagement

The assets and liabilities of Red Rose Friendly Society Limited ("Red Rose") are included in the Society's Financial Statements at their fair value, where applicable. The effective date of the transfer of engagement was 10 February 2025 when the assets and liabilities of Red Rose were absorbed into the Society at their fair value on that date.

The combination of the two friendly societies did not involve any transfer of cash consideration but has been treated as an acquisition under FRS 102 as the operations of Red Rose Friendly Society Limited have been completely incorporated into the Society and its management structure. The Society was significantly larger than Red Rose in terms of asset values and membership base. In addition, the Society's management has control over the combined entity, thus control has changed hands.

The transfer of engagement is in accordance with the Friendly Societies Act 1992.

3. Significant accounting estimates and judgements

In the preparation of the Financial Statements the Society may make estimates and assumptions that affect the reported amounts of assets and liabilities and may also make accounting judgements in applying the Society's accounting policies. Such estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

Key sources of estimation uncertainty

Long term insurance contract liabilities

The valuation of long-term insurance contract liabilities is material to the Society's financial position and require actuarial estimates and assumptions. Liabilities are based on assumptions reflecting the Best Estimate of Liabilities (BEL) and are the present value of expected future cashflows, discounted back to the valuation date using a "risk-free" yield curve.

The Society's traditional products of bonds, ISAs and endowments fall in this category. All With-profits insurance contracts are participating contracts as these contracts entitle the holder to receive, as a supplement to guaranteed benefits, additional bonuses.

The BEL is determined by the Society's Chief Actuary and With-Profits Actuary following the annual investigation of the Society's long-term business and linked liabilities related assets and is calculated as the sum of the policy reserves and the cost of guarantees.

At each reporting date, an assessment is made of whether the recognised long-term contract liabilities are adequate, using current estimates of future cash flows. If that assessment shows that the carrying amount of the liabilities is insufficient in light of the estimated cash flows, the deficiency is recognised in the Statement of Comprehensive Income.

Estimations are applied when assessing historical data in arriving at assumptions that best reflect the characteristics of the underlying insurance portfolio. An investigation is undertaken by the Chief Actuary for determining recommended mortality, lapse, and partial withdrawal rates. Further detail on the assumptions applied to the long-term insurance liability valuation can be found in note 30 of the Annual Report and Accounts.

Key areas of judgement

Valuation of financial instruments

In order to increase consistency and comparability in fair value measurements and related disclosures, fair value of financial instruments is categorised through a 'fair value hierarchy'.

The hierarchy categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The three levels of hierarchy are:

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

The financial investments, upon review, are now disclosed as level 2 under FRS 102 as their valuation relies on observable but indirect market inputs rather than quoted prices in active markets. The change in classification from level 1 to level 2 is purely presentational and has not had an impact on any values within the Financial Statements.

Expense assumptions

An approximate calculation or judgement of the value of acquisition and renewal expenses is applied when setting the expense assumptions used in the valuation. These are detailed in note 14.

Future expense levels are a key variable that influence the value of contract provisions. Expense inflation is built into provisioning. The sensitivity in respect of a 1% permanent increase in maintenance expenses plus a 10% increase in inflation is quantified in note 5.

4. Capital management (unaudited)

Along with all other PRA registered life insurers, the Society is required to maintain sufficient capital that is consistent with the Society's risk profile and is subject to a number of regulatory capital tests. The failure of any life insurer to meet these PRA capital tests can result in the insurer being closed to new business and being placed into 'run off'.

The key capital management objectives are:

- To comply with the capital requirements of the PRA
- To ensure that the Society's financial strength is maintained
- To ensure that the Society's strategy is sustainable and can be implemented
- To give current and future members and other stakeholders confidence in the long-term stability of the Society

These objectives are reviewed at least annually. The board is responsible for meeting the capital requirement at all times. The Society complied with the PRA's capital requirement throughout the year. The board aims to maintain an appropriate buffer in excess of the capital requirement.

The Society prepares a strategic business plan over 5 years and maintains the agreed capital objectives through its system of risk management, investment policy, control of expenses and the implementation of its operational business and distribution plans.

Measurement and monitoring of capital

The capital position of the Society is monitored on a regular basis. Benchmarks are set to assess the adequacy of the Society's financial strength. In circumstances where there is a significant fall in the capital base, management actions are taken to reduce risk exposure.

The board confirms that the Society has exceeded the PRA's required margin of solvency throughout the year.

Capital statement: Summary Solvency UK Balance Sheet (unaudited)

The following table sets out the capital available and capital requirement as calculated by the Society's Chief Actuary.

£'000	2025	2024
Value of assets	204,095	173,452
Technical provisions and other liabilities	(190,059)	(164,484)
Own Funds	11,748	8,968
Capital requirement	(4,639)	(3,500)
Excess Own Funds	7,109	5,468
Solvency Cover	253%	256%

The Solvency UK Balance Sheet does not form part of the audit of the Financial Statements. It is part of the unaudited Solvency and Financial Condition Report (SFCR).

The calculation of the unit-linked technical provisions on a Solvency UK basis allows for both the unit linked liability for each policy (which is matched exactly by a unit-linked asset), plus a further amount which includes the effect of future expenses and charges. For these policies, the expected future income via the annual management charge that is levied is expected to be greater than the future expenses incurred in maintaining these policies. This means that the secondary figure that is calculated is negative (i.e. there is an expected future profit), and therefore the technical provisions are lower than the unit-linked liability.

The Solvency UK Balance Sheet allows for these future profits whereas the statutory Balance Sheet does not. The statutory Balance Sheet has unit-linked policies valued in accordance with the standard for investment products (IFRS9) whereas the Solvency UK Balance Sheet assumes the unit-linked policies are insurance policies.

5. Risk management (unaudited)

The board is responsible for the effectiveness of the risk management system. It approves the risk management strategy and policies, sets the risk appetite, the risk appetite framework, tolerance limits and management actions employed to mitigate risk.

The Risk Committee is delegated with the task of overseeing the risk management system.

The overarching risk strategy is to ensure that the Society is run in the best interests of members and that it is able to maintain its regulatory capital requirements and honour the guarantees made to policyholders, whilst achieving a fair and realistic investment return.

The Society's system of risk management includes the categorisation, recording and assessment of risks, undertaking sensitivity analysis of risk exposures and setting operational tolerance limits for management.

The Society is exposed to the following principal risks. The details below summarise the risks and the Society's management of the risks.

Underwriting risk

Underwriting or insurance risk is the risk of loss arising from actual experience being different than that assumed when a product was designed and priced. For Healthy Investment, insurance risk includes mortality and longevity risk, expense risk and persistency risk.

Mortality risk

Life business is exposed to changes in life expectancy experience. A product's technical provisions are calculated based on the assumed mortality of policyholders. The risk is that more or fewer policyholders die than expected and the benefit paid is more or less than the policy's technical provision.

As at 31 December 2025 Healthy Investment was exposed to £48.1 million (2024: £49.9 million) of mortality risk in the form of total benefits that would be payable on death (assuming everyone died immediately) in excess of its technical provisions.

A 15% permanent increase in future mortality rates assumed would increase technical provisions by £268k (2024: £256k) before loss absorbency and £50k (2024: £16k) after, on policies where an increase in mortality causes losses. A 20% permanent reduction in mortality would increase technical provisions by £21k (2024: £4k) before loss absorbency and £3k (2024: £1k) after, on policies where a reduction in mortality would cause losses. These risks are minor in impact.

The mortality exposure is not concentrated in a few lives but is widely spread through all the insurance policies written by the Society. The risk is mitigated through a regular review of actual experience against estimated mortality so that adequate provisions are established. Underwriting standards for new policies are reviewed following the experience review.

Longevity risk

There is no natural longevity risk in the business. The Society has now removed the expense per policy on the legacy Accident, Sickness and Death policies in-force, which has reduced the longevity risk. The longer the policies remain on the books, the higher expense assumption, and higher technical provisions reserve.

Expense risk

In pricing the insurance policies and in setting technical provisions, assumptions are made as to the acquisition and maintenance expenses over the life of the policies. The Society is exposed to the risk that the charges it deducts from policyholders' benefits are not sufficient to cover these expenses and that the technical provisions make inadequate allowance for future expenses.

A significant part of the cost of running the Society is fixed and not dependent upon the number or value of policies in force. Therefore, the volume of new and in force business has a major impact on whether policy charges can meet the expenses incurred. The fixed expenses are largely concentrated in employee remuneration and other benefits, actuarial and audit fees.

A permanent 10% increase in operating administrative expenses and a 1% per annum permanent increase in future inflation would increase the technical provisions by £1.6 million before loss absorbency and £0.7 million after (2024: £1.2 million/£0.3 million).

The risk that charges on policies are not sufficient to cover the expense base of the Society is mitigated through careful management of discretionary spend, the setting of an annual budget and the close monitoring of any expense variances.

Persistency risk

In pricing the life insurance business and in setting technical provisions, assumptions have been made as to the rate at which the policyholder will surrender or lapse policies. The risk is that policies do not remain in force as long as expected or stay in force longer than expected. In turn, this also affects the number of policies over which fixed costs can be spread and the recovery of acquisition costs.

Healthy Investment is exposed to persistency risk from surrender values being less or more than technical provisions and the loss of margins to pay future expenses. Surrender values of all non CTF policies amount to £99.1 million (2024: £96.8 million). The technical provisions amount to £96.1 million (2024: £92.4 million).

Allowing for the more severe scenarios of a 40% mass lapse and a permanent 50% increase or decrease in the rates of assumed lapses on an individual policy level, reduces future margins and would increase technical provisions by £6.0 million (unaudited) (2024: £4.8 million (unaudited)) before allowing for loss absorbency and £3.3 million (unaudited) after (2024: £1.8 million (unaudited)).

The risk is mitigated through regular reporting of claims experience and persistency and where appropriate pursuing an active member retention strategy. An analysis of exposure by adviser firm has been undertaken to ensure no material exposure to any one source of business.

Investment risk

The Society is exposed to various investment or financial risks through its investment holdings and insurance liabilities. There are various forms of investment risk: market risk, credit spread risk and liquidity risk being the major components.

Market risk

Market risk is the risk of a loss arising either directly or indirectly from fluctuations in the level and volatility of the market prices of assets and liabilities. Market risk can arise from both economic and political uncertainty and events. The key market risks relate to the performance of the assets invested in the With-profits Funds. The main types of market risk are equity risk, property risk, credit risk, currency risk and interest rate risk.

The Society's Investment Committee oversees the investment policy and strategy set by the board which the Society implements through the use of investment guidelines. The investment manager manages the funds in accordance with the Strategic Asset Allocation (SAA). The Society monitors both performance and asset allocation.

The Society's With-profits Fund is sufficiently diversified across major asset classes. A table of our asset allocation as at 31 December 2025 and as at 31 December 2024 can be seen below.

Asset Class %	2025	2024
Fixed interests - government bonds	77.4	73.2
Fixed interests - corporate bonds	0.4	9.1
UK equities	2.9	-
Overseas equities	13.9	12.5
Commercial property	4.4	4.4
Alternative investments	1.0	-
Cash deposits	-	0.8
Total	100.0	100.0

Totals rounded individually

Equity price risk

Equity price risk is the exposure to fluctuations in the market value of the equity portfolios.

As at 31 December 2025 the equity exposure was £18.8 million (2024: £12.5 million) reflecting both direct holdings and collective investments.

The equity risk capital required under Solvency UK before loss absorbency was £10.1 million (unaudited) (2024: £6.8 million (unaudited)) including loss of margins on the CTF portfolio of £0.9 million (unaudited) (2024: £1.4 million (unaudited)) and after loss absorbency £1.3 million (unaudited) (2024: £0.3 million (unaudited)).

Equity price risk is controlled through limits on equity exposure, which is determined based on the Society's risk appetite. There is a process, when appropriate, for management action to reduce equity exposure.

Property price risk

Property price risk arises from changes in the value of investment properties held directly or through collective investment schemes.

As at 31 December 2025 the property exposure was £2.9 million (2024: £2.7 million) reflecting the collective investments (Real Estate Investment Trusts) shown within the financial investments in the Statement of Financial Position. This includes shares in investment trusts that “gear up” their property exposure by borrowing money to invest in property above their total net assets.

The property risk capital required under Solvency UK (reflecting a 25% fall in property values) before loss absorbency was £0.7 million (unaudited) (2024: £0.7 million (unaudited)) and after loss absorbency £nil (unaudited) (2024: £nil (unaudited)).

Property price risk is managed through setting a maximum exposure and monitoring the value of holdings. There is a process, when appropriate, for management action to reduce property exposure.

Interest rate risk

Interest rate risk is the risk that the value of fixed interest financial instruments will vary as market rates of interest vary, and that technical provisions will vary due to changes in the level of risk-free rates of return used to discount the underlying cash-flows.

As at 31 December 2025 the interest rate exposure was £81.9 million (2024: £83.2 million), which was the total amount of bonds held both directly and through collective investments. The interest rate risk capital required under Solvency UK before loss absorbency was £0.4 million (unaudited) (2024: £1.1 million (unaudited)) and after loss absorbency £nil, (unaudited) (2024: £nil (unaudited)).

The control of interest rate risk is achieved by aiming to ensure that fixed interest securities match the duration of the liability cash-flows underlying the technical provisions. In practice, cash-flow matching is very difficult to achieve, and the interest rate risk is mitigated by setting a target mean duration of the fixed interest portfolio. The interest rate risk is managed through regular review and re-assessment of the mean duration and monitoring market interest rates.

Currency risk

Currency risk is the exposure to fluctuations in currencies in the value of non-sterling denominated assets.

As at 31 December 2025 the currency exposure was £15.9 million (2024: £10.1 million) in the form of direct assets (bonds and equities) and assets held within collective investments. The currency risk capital required under Solvency UK before loss absorbency was £4.0 million (unaudited) (2024: £2.5 million (unaudited)) and £nil (unaudited) after loss absorbency (2024: £nil (unaudited)).

The currency risk is controlled through limits on holdings of non-sterling currency denominated securities and overseas equity exposure, which is determined based on the Society’s risk appetite. There is a process, when appropriate, for management action to reduce equity exposure.

Credit spread risk

Credit spread risk is the sensitivity of the values of corporate bonds to changes in the level or in the volatility of credit spreads. As credit spreads will typically be narrower for well rated securities than for poorly rated securities (and for short duration rather than long duration securities), the Society specifies credit quality limits to the assets in its investment policy.

As at 31 December 2025 the credit spread exposure was £1.4 million (2024: £10.2 million) which was the total of corporate bonds held both directly and through collective investments. The credit spread risk capital required under Solvency UK before loss absorbency was £0.2 million (unaudited) (2024: £0.7 million (unaudited)) and after loss absorbency £nil (unaudited) (2024: £nil (unaudited)).

The credit quality steps are an assessment of the credit quality of the corporate bond assets (categorised by complementary identifier code) held within the Society's investments reflecting rating information provided within look-through tripartite investment data.

The credit ratings have been mapped to the credit quality steps defined within the Solvency UK rules, with 0 being the highest credit quality and 6 being the lowest. Credit step 3 is normally equivalent to the lowest investment grade step.

Credit quality step	2025		2024	
	Total £'000	% holding	Total £'000	% holding
0	130	9%	72	1%
1	232	17%	886	9%
2	554	40%	3,793	37%
3	11	1%	4,961	49%
4	47	3%	42	-%
5	36	3%	23	-%
6	6	-%	4	-%
Unrated/not calculatable	358	26%	409	4%
Total	1,374	100%	10,190	100%

The credit spread risk exposure is managed by setting limits on the exposure to counterparties of various risk classifications. The Society also considers its credit risk and reviews the carrying amount of its financial assets at each Statement of Financial Position date. If the carrying value of a financial asset is impaired, the carrying amount is reduced. This primarily relates to receivables where there is no realistic prospect of recovery. There are no impairment provisions being carried.

An age analysis of the receivables is:

£'000 2025	Not overdue			Total
	< 30 days	> 30 days		
Loans and other receivables	-	-	-	-
Insurance receivables	-	19	19	38
Total	-	19	19	38

£'000 2024	Not overdue			Total
	< 30 days	> 30 days		
Loans and other receivables	-	-	37	37
Insurance receivables	-	31	90	121
Total	-	31	127	158

Counterparty risk

The Society also considers counterparty risk. This is the risk of a loss arising due to a party defaulting on any type of debt. The key area of risk for the Society is the amounts held with banks and other financial institutions.

Counterparty risk is managed through limits on total exposure to individual counterparties. The investment managers provide a quarterly look through of holdings in collective investment schemes.

£'000	2025	2024
Society bank accounts	699	751
Other bank counterparties	411	500

The amount of capital required under Solvency UK stresses of the counterparty risk was £0.1 million before loss absorbency (unaudited) (2024: £0.1 million (unaudited)) and £nil after loss absorbency (unaudited) (2024: £nil (unaudited)).

Liquidity risk

Liquidity risk is the risk that the Society cannot make payments as they become due because there is insufficient cash or assets that can be realised quickly.

The With-profits financial investments under management are all considered marketable securities and are traded either through a recognised central exchange (Level 1 assets) or the over-the-counter market (Level 2 assets) which is supported by both investment banks and brokers. The market is broad and extensive.

£'000	2025	2024
With-profits cash and marketable securities	104,290	100,181

The undiscounted insurance cash-flows expected from the maturity of policies and fixed interest investments are shown in the table below and have been derived from the calculation of discounted technical provisions for insurance contract liabilities.

£'000	2025		2024	
	Policy cashflows	Fixed Interest cashflows	Policy cashflows	Fixed Interest cashflows
< 1 year	9,227	7,668	7,560	10,506
1 - 3 years	27,654	27,271	22,758	23,165
4 - 5 years	19,079	13,821	17,774	11,765
6 - 10 years	34,051	25,333	36,937	21,597
11 - 15 years	22,713	15,995	23,768	13,879
16 - 20 years	9,318	11,196	11,674	10,020
20 + years	15,513	27,400	14,539	28,115
Total	137,555	128,683	135,011	119,046

Liquidity is maintained at a level where the Society is confident all claims can be paid without delay to the member. The risk exposure is managed by matching maturities of assets and liabilities and holding investments which can be readily realised. The liquidity requirements are taken into consideration in the investment management agreements set by the board. No liquidity sensitivity analysis has been undertaken.

The Society also takes into consideration operational and strategic risk.

Operational risk

Operational risk covers the losses due to failure of people or processes. The material risks are:

- Data security – the risk of unauthorised access, use or disclosure of data
- IT infrastructure – the risk of system failure, integrity, reliability or effectiveness issues
- Outsourcing – the risk of a service provider failure, non-performance, or ineffective management
- Compliance – the risk of not meeting regulatory or legal requirements
- Reputation – the risk of adverse publicity
- Fraud – the risk of policyholders' funds being misappropriated
- Key person – the risk of the Society losing more than one key employee without notice

Management of operational risk is through the close involvement of senior managers in the day to day running of the business, a robust data security regime, monitoring of regulatory and legal changes, reporting on compliance issues to the board, sign off by the board of all new products, internal operating procedures and controls, internal audit, and the Society's succession plan.

As all Healthy Investment's business has been concluded in the UK, the Society only has a small number of policyholders who have subsequently moved overseas. The Society is continuing to engage with regulators and the Association of Financial Mutuals to establish how best to support these members and treat them fairly where policies cannot legally be encashed early and in the absence of an EU financial services agreement.

Strategic risk

There is a strategic risk that the Society will not effectively implement its strategy and achieve the objectives set out in its Business Plan.

6. Segmental information

The activities of the operational segments are:

With-profits

The principal activity is providing With-profits business. The core products are Endowment Savings Plans, Investment Bonds, ISAs and Junior ISAs.

Unit-linked

The principal activity is providing Unit-linked investments. The core products are Child Trust Fund and continuation ISAs and Shariah and ESG ISAs.

In the following tables revenue and expenses, and assets and liabilities are illustrated separately for the With-profits Funds and Unit-linked Funds.

Revenue and expenses £'000	2025		2024	
	With-profits	Unit-linked	With-profits	Unit-linked
Premiums	7,295	-	7,438	-
Investment return	26,067	-	6,770	-
Other income	1,291	-	1,044	-
Total income	34,653	-	15,252	-
Benefits and claims	11,958	-	9,539	-
Net change in contract liabilities	302	19,193	(2,594)	6,603
Other expenses	2,570	-	2,021	-
Total expenses	14,830	19,193	8,966	6,603
Surplus/(deficit) before tax	19,823	(19,193)	6,286	(6,603)

Assets and liabilities £'000	2025		2024	
	With-profits	Unit-linked	With-profits	Unit-linked
Financial assets	104,073	98,729	99,551	72,585
Intangible assets	78	-	88	-
Tangible assets	385	-	357	-
Cash at bank and in hand	699	-	751	-
Other assets	211	-	194	-
Total assets	105,446	98,729	100,941	72,585
Insurance and investment contract liabilities	96,075	98,189	92,385	72,461
Other liabilities	2,461	-	2,265	-
Total liabilities	98,536	98,189	94,650	72,461
Net assets	6,910	540	6,291	124

7. Earned premiums

£'000	2025	2024
Single	3,195	3,533
Periodic	4,100	3,905
Total earned premiums	7,295	7,438

8. New business premiums

£'000	2025	2024
Investment and savings – single premium	672	312
Investment and savings – regular premiums	39	122
Unit-linked savings	180	72
	891	506

All new business disclosed is the annual premium equivalent with the exception of Unit-linked investments which are accounted for on a deposit accounting basis and are stated on the same basis as single premium contracts, being 1/10th of the deposited amount.

9. Investment income

£'000	2025	2024
Bond unit trusts	3,194	2,422
Equity unit trusts	3,170	2,740
Property unit trusts	156	104
Cash fund unit trusts	12	431
Cash deposits	-	-
	6,532	5,697

10. Realised investment gains/(losses)

£'000	Notes	2025	2024
Bond unit trusts		192	34
Equity unit trusts		3,902	1,929
Property unit trusts		5	97
Cash fund unit trusts		(23)	217
	19	4,076	2,277

11. Unrealised investment gains/(losses)

£'000	Notes	2025	2024
Bond unit trusts		513	(3,921)
Equity unit trusts		14,881	2,973
Property unit trusts		48	(56)
Cash fund unit trusts		17	(200)
	19	15,459	(1,204)

12. Other income

£'000		2025	2024
Unit-linked annual management charges		1,289	1,044
Other income		2	-
		1,291	1,044

13. Net benefits and claims

£'000		2025	2024
Death		1,969	1,551
Maturities		3,759	2,764
Surrenders		6,230	5,224
		11,958	9,539

14. Other operating and administrative expenses

£'000	Notes	2025	2024
Commission expenses		65	102
Employee costs	15	1,052	854
Investment management fee rebates		(15)	(46)
Auditor's remuneration	17	99	73
Actuarial and valuation expenses		277	276
Advertising and marketing		7	11
Legal and professional fees		100	83
Other operating and administrative expenses		344	317
Amortisation of intangible assets	22	10	31
Depreciation of tangible assets	23	4	6
On-going expenses		1,943	1,707

Annual Report and Accounts 2025

Financial Statements

Project costs		652	314
Property revaluation surplus	23	(25)	-
Total		2,570	2,021

Project costs relate to expenses incurred in the development of new policy administration systems and the expenses incurred in the acquisition of Red Rose Friendly Society Limited.

Investment management costs deducted directly from the LGIM and HBSC funds are not included and reflected in the investment.

15. Employee costs

£'000	2025	2024
Salaries	879	727
Social security costs	101	76
Pension	72	51
	1,052	854

Employee costs include the cost of Executive and Non-executive directors.

	2025	2024
Average number of employees	Number	Number
Executives	2	2
Non-executive directors	7	5
Sales & marketing	3	2
Administration	16	12
	28	21

16. Directors' emoluments

£'000	Salary/ fees	Pension	Bonus	Other benefits	2025	2024
Non-executive:						
P Okell	8	-	-	-	8	15
T Birse	10	-	-	-	10	17
D Fawell	17	-	-	-	17	15
S Baldwin	17	-	-	-	17	15
E Boardall	16	-	-	-	16	13
M Sedgley	13	-	-	-	13	-
S Patel	13	-	-	-	13	-
G Caughey	11	-	-	-	11	-
Executive:						
P Green	132	16	12	8	168	161
J Morrissey	64	6	-	-	70	68
					343	304

17. Auditor's remuneration

	2025 £'000	2024 £'000
Fees payable for the audit of these Financial Statements	86	73
Under provision from previous year	13	-
	99	73

18. Tax on surplus/(deficit) on ordinary activities

£'000	2025	2024
Current tax		
UK Corporation tax on surplus/(deficit) for the financial year	-	-
Adjustment in respect of prior years	-	-
	-	-
Deferred tax		
Current financial year	-	-
Adjustment in respect of prior years	-	-
	-	-
	-	-
Total tax charge for the financial year	-	-
	2025	2024
Reconciliation for tax charge for the financial year		
Surplus/(deficit) on ordinary activities before tax	630	(317)
UK corporation tax at 20% (2024: 20%)	126	(63)
Effect of:		
(Income and gains not taxable)/expenses and losses not deductible	(4,096)	(1,053)
Changes in contract liabilities	4,573	1,013
Movement in unrecognised deferred tax asset	(608)	101
Adjustments in respect of prior years	-	-
Other	5	1
Total tax charge/(credit)	-	-

The Society is liable to UK corporation tax at the rate of 20% (2024: 20%) on investment income and gains, less allowable expenses and losses, on business other than that relating to tax-exempt policies. This tax is computed in accordance with the legislation applicable to life assurance companies.

19. Financial investments

£'000	2025	2024
Bond unit trusts	80,179	82,508
Equity unit trusts	118,529	85,100
Property unit trusts	4,094	4,013
Cash fund unit trusts	-	515
	202,802	172,136
Unit-linked assets (included above) measured at fair value	98,729	72,585

Annual Report and Accounts 2025

Financial Statements

£'000	Notes	2025
Opening valuation at 1 January		172,136
Movements in the year:		
Purchases at cost		18,023
Sales proceeds		(28,186)
Realised gains	10	4,076
Unrealised gains	11	15,459
Investments acquired in respect of Red Rose Friendly Society Limited acquisition	39	21,294
		<u>30,666</u>
Closing valuation at 31 December		<u>202,802</u>

Any changes to the fair value are recognised within net losses/gains on investments within the Statement of Comprehensive Income.

Table of fair value hierarchy of financial assets:

£'000 2025	Level 1	Level 2	Level 3	Total
Financial investments – fair value through income	-	202,802	-	202,802

£'000 2024	Level 1	Level 2	Level 3	Total
Financial investments – fair value through income	-	172,136	-	172,136

All the investment holdings are in unit trust that have a daily price listed by the fund administrator. The financial investments, upon review, are now disclosed as level 2 under FRS 102 as their valuation relies on observable but indirect market inputs rather than quoted prices in active markets. The change in classification from level 1 to level 2 is purely presentational and has not had an impact on any values within the financial statements.

20. Insurance receivables

£'000	2025	2024
Due from policyholders	38	121
Due from agents and intermediaries	-	37
	<u>38</u>	<u>158</u>

Insurance receivables are all due within one year.

21. Other debtors

£'000	2025	2024
Amounts due in respect of reclaimable tax dividends	36	12
Amounts due from associated company	35	-
Amount due from sale of unit trusts	65	-
	<u>136</u>	<u>12</u>

22. Intangible assets

£'000	Notes	Goodwill on acquisition	Computer software	Total
Cost				
At 1 January and 31 December		312	77	389
Amortisation				
At 1 January		224	77	301
Charge for the year	14	10	-	10
At 31 December		234	77	311
Net book value at 31 December 2025		78	-	78
Net book value at 31 December 2024		88	-	88

Amounts incurred on the development of a new policy administration system have been expensed to the Statement of Comprehensive Income during the current and prior financial years.

23. Tangible assets

£'000	Notes	Property	Furniture & Equipment	Total
Cost				
At 1 January		350	92	442
Additions	39	255	10	265
Revaluation		25	-	25
Disposals		(255)	(85)	(340)
At 31 December		375	17	392
Depreciation				
At 1 January		-	85	85
Charge for the year	14	-	4	4
Disposals		-	(82)	(82)
At 31 December		-	7	7
Net book value at 31 December 2025		375	10	385
Net book value at 31 December 2024		350	7	357

The net book value of the property, 2 The Old Court House, Tenterden Street, Bury BL9 0AL, is recognised at fair value. A formal open market valuation was carried out on 21 January 2026 and this increased the fair value of the property by £25k. This valuation was carried out by Trevor Dawson, commercial property consultants.

During the financial year, as part of the acquisition of the Red Rose Friendly Society Limited, its head office in Blackburn was acquired and sold on 30 April 2025. There were no other fixed assets additions as at the date of acquisition.

As required by FRS 102, the historic cost equivalent amounts for the revalued property are set out below. The useful economic life is assumed to be 50 years from the date of acquisition.

£'000	Property
Historic cost	330
Accumulated depreciation based on historic cost	(122)
Net book value at 31 December 2025	208
Net book value at 31 December 2024	215

24. Investments in subsidiaries and significant interests

£'000	Notes	2025	2024
At 1 January		-	-
Additions	39	3	-
Disposals		(3)	-
At 31 December		-	-

During the financial year, as part of the acquisition of the Red Rose Friendly Society Limited, three dormant subsidiaries were acquired by the Society.

Company Name	Country of incorporation	% Holding
Red Rose Insurance Services Limited	United Kingdom	100%
Red Rose Mortgage Services Limited	United Kingdom	100%
Red Rose Independent Financial Advisors Limited	United Kingdom	100%

The above subsidiaries were voluntarily struck off at Companies House on 5 August 2025.

The Society has a significant interest in the following:

Company Name	Country of incorporation	% Holding
The Old Courthouse (Bury) Management Company Limited	United Kingdom	40%

This company provides property services to the Society and other residents at The Old Court House, Tenterden Street, Bury.

25. Prepayments and accrued income

£'000	2025	2024
Other prepayments and accrued income	37	24

Prepayments and accrued income are all due within one year

26. Fund for Future Appropriations

£'000

	Notes	2025	2024
At 1 January		6,415	6,732
Transfer to/(from) the Statement of Comprehensive Income		630	(317)
Acquisition of Red Rose Friendly Society Limited	39	405	-
At 31 December		7,450	6,415

27. Investment contract liabilities

£'000

	Notes	2025	2024
At 1 January		72,461	70,960
Deposits received from policyholders		1,509	722
Payments made to policyholders		(10,886)	(4,788)
Unit-linked management fees payable		(1,289)	(1,036)
Change in contract liabilities		19,193	6,603
Contract liabilities assumed in respect of Red Rose Friendly Society Limited acquisition	39	17,201	-
At 31 December		98,189	72,461

28. Insurance contract liabilities

£'000

	Notes	2025	2024
At 1 January		92,385	94,979
Model change		(220)	-
Mortality assumption change		(156)	275
Expense assumption change		1,101	(253)
Lapse assumption change		581	289
Economic assumption change		116	(2,656)
Bonuses		118	(1,119)
Policy movements		(1,250)	870
Contract liabilities assumed in respect of Red Rose Friendly Society Limited acquisition	39	3,400	-
At 31 December		96,075	92,385

29. Change in long term contract liabilities

£'000

	Notes	2025	2024
Increase in investment contract liabilities		19,193	6,603
Increase/(decrease) in insurance contract liabilities		290	(2,594)
Movement in provisions		12	-
Net change in contract liabilities		19,495	4,009

30. Long term insurance and investment contract liability valuation

Assumptions

The calculation of the technical provisions requires realistic assumptions on:

- Discount rates for future cash-flows
- Lapse rates
- Expenses and expense inflation
- Mortality rates

Discount rates for future cash-flows

The discount rates are used to discount the expected future net cash-flows to generate a value as at the valuation date. The rates used are spot rates provided by the PRA. PRA publishes risk-free spot rate curves for the UK on a monthly basis. As the Society's liabilities are all denominated in Sterling the GBP yield curve is used.

Example rates from the risk-free spot rate curve as at 31 December 2025 are shown in the table below:

Term to maturity (years)	Risk free rate %	Term to maturity (years)	Risk free rate %
1	3.540%	30	4.589%
2	3.492%	40	4.433%
5	3.665%	50	4.224%
10	4.045%	60	4.068%
15	4.361%	70	3.957%
20	4.536%	75	3.913%
25	4.604%	80	3.874%

No judgement has been applied as the risk-free interest rate is supplied by the PRA.

Lapse rates

For With-profits products, lapse is a generalised term for when a policy is lapsed or surrendered.

For the CTF products a lapse is a transfer of the CTF out of the Society. For the purposes of the valuation, we must assume that all CTFs mature at the life assured's 18th birthday as this is the contractual period.

The lapse assumption rates reflect actual experience, based on a Lapse and Partial Withdrawal Investigation carried out as at 30 June 2025. The data used in the investigation is for the period 1 January 2022 to 31 December 2024 inclusive for the With-profits Fund.

Judgement is applied when assessing historical data to ensure the data used is applied appropriately. Judgement is also used where assessing data validity.

Expenses and expense inflation

The expense assumptions have been set based on the most recent open fund expense analysis of the Society.

The expense analysis projects the Society's budgeted management expenses allowing for expense inflation. The management expenses are split between acquisition, renewal, and investment expenses. The acquisition and renewal expenses are further split between administration and overhead expenses.

The analysis also projects the expected premium income, number of in force policies and the With-profits and CTF funds in order to derive appropriate assumptions to cover all expected future management expenses.

For the CTF valuation an assumption is required on the costs incurred by the Society for administering the CTF policies which need to be covered by the annual management charge applied to the policy units. The expected CTF administration costs are based on a Society budget of the expected costs for the forthcoming year and the number of CTF policies in force.

The expense inflation is based on inflation figures from the government bond market (comparing index linked and nominal based UK gilts).

Judgement is used to split expenses between the expense category and the products.

The table below shows the expense assumptions used within the valuation:

Product	Expense Assumptions	Mass Lapse Stress
CTF and UL ISA	Investment charge of 0.644% of the fund. Administration expense of £0.39 per annum per policy. Maturity expense of £3.00 per CTF policy Expense inflation of 3.10% pa.	Investment charge of 0.821% of the fund. Administration expense of £0.50 per annum per policy. Maturity expense of £3.00 per CTF policy Expense inflation of 3.10% pa.
All Other products	0.644% of funds under management 0.66% of annual premium £24.59 per policy expense (but nil for ASD, Table A and RR IB policies) Expense inflation of 3.10% pa.	0.821% of funds under management 0.842% of annual premium £31.38 per policy expense (but nil for ASD, Table A and RR IB policies) Expense inflation of 3.10% pa.

Mortality rates

Mortality assumptions are based on published standard mortality tables. These are then adjusted by applying a percentage based on the latest analysis of the Society’s past experience.

The standard mortality tables used for all products are the AMC00/AFC00 tables for those aged over 17, and the English Life Table number 17 (ELT17) for those aged under 17.

The table below shows the mortality assumptions:

Product Type	Male	Female
Life Table underage 17	ELT17	ELT17
Life Table over age 17	AMC00 Ult	AFC00 Ult
Accumulating With Profit	55%	60%
Conventional (exc. ASD / Table A / IB)	60%	100%
ASD (age <95)	50%	65%
ASD (age >95)	10%	25%
Table A / Industrial Branch WoL (age <95)	10%	10%
Table A / Industrial Branch WoL (age >95)	2%	2%
Unit-Linked CTF	100%	100%
Unit-Linked ISA (ex-CTF)	50%	50%
Shariah / ESG ISA	143%	143%
Shariah / ESG JISA	25%	25%

Family Group Funeral Plans	105%	105%
Industrial Branch Quinquennial	145%	145%

Judgement is used in the selection of the standard mortality tables. Judgement is also applied when assessing historical data to ensure the data used is valid and applied appropriately.

Tax rates

The current Corporation Tax rate applicable to the Society is 20% (2024: 20%).

Level of uncertainty associated with the value of technical provisions

The technical provisions are calculated using financial models and as such there is always an inherent degree of uncertainty. Analysis of how model results compare to past experience can be used as a guide. Past experience is no guarantee of future experience. The sensitivity of the model results is also central to the assumption setting process. A robust assumption setting process is followed to ensure that any uncertainties are kept to a minimum.

31. Other reserves

£'000	Douglas Carr Memorial scheme	Surplus Contribution Fund	Temperance Fund	Total
Cost				
At 1 January	61	5	94	160
Movement in reserves	5	-	6	11
At 31 December	66	5	100	171

The reserves made are in respect of:

- The Douglas Carr Memorial Scholarship Scheme was established to give bursaries to members who are in full time education. The fund is not available as funds for the Society to utilise. Any payments out of the fund are made at the discretion of the Society.
- The Surplus Contribution Fund is a legacy product.
- The Temperance Fund was created to support charitable initiatives that promote healthy lifestyle choices. The fund is not available as funds for the Society to utilise. Any payments out of the fund are made at the discretion of the Society.

32. Insurance payables

£'000	2025	2024
Outstanding claims due to policyholders	1,839	1,660
Other amounts due to policyholders	122	-
Due to brokers and intermediaries	3	20
	1,964	1,680

33. Other creditors

£'000	2025	2024
Trade payables	92	124
Other taxes and social security costs	25	16
Other creditors	-	24
	117	164

34. Accruals and deferred income

£'000

Accruals and deferred income

2025	2024
209	261
209	261

35. Operating leases

£'000

Payments made in the financial year

Future minimum payments:

Within one year

Between two to five years

After five years

Total

2025	2024
2	-
2	-
6	-
-	-
8	-

After the acquisition of Red Rose Friendly Society Limited, items of office equipment on an operating lease were novated to the Society for use within its operations.

36. Deferred tax

£'000

Deferred tax assets/(liabilities) are attributable to the following:

Excess expenses and other tax losses carried forward

Deferred acquisition expenses and other temporary differences

Unrealised investment (gains)/losses

Deferred tax assets not recognised

2025	2024
1,597	1,477
292	747
(278)	(4)
1,612	2,220
(1,612)	(2,220)
-	-

The Society has not recognised a net deferred tax asset of £1.6 million (2024: £2.2 million) because it is not probable that future taxable profits will be available against which the carried forward tax losses can be offset. The gross amount of tax losses carried forward is £8.0 million (2024: £7.4 million). These losses have no expiry date.

£'000

Movement in deferred tax balances:

Opening deferred tax asset/(liability)

(Charge)/credit to the Statement of Comprehensive Income

Closing deferred tax asset/(liability)

2025	2024
-	-
-	-
-	-

37. Related party transactions

The Society

Transactions entered into by the Society's Directors and Committee of Management have all been conducted at arm's length. Some of the Society's directors and Committee of Management members are members of the Society and pay annual or monthly premiums to policies. Details of loans, transactions and arrangements with Directors and their connected persons are included in a register maintained under Section 69 of the Building Societies Act 1986 (as applied to Friendly Societies by part II of Schedule 11 to the Friendly Societies Act 1992), at the Society's principal office. The register is available for inspection during normal business hours.

Associated company

The Old Courthouse (Bury) Management Company Limited (the Company), an associated company by virtue of the Society's 40% ownership (see note 24). The Company has an accounting reference date of 28 February.

For the financial year to 28 February 2025, the Company had turnover of £29k in respect of service charges and incurred expenditure of £29k in utilities and building insurance.

The balance due to the Society as at 31 December 2025 was £35k (2024: £25k). In 2024, the £25k due from The Old Courthouse Bury was located in Other Creditors, along with other unrelated balances.

J Morrissey was a director of both the Society and The Old Courthouse (Bury) Management Company Limited throughout 2025.

J Morrissey resigned as a director of The Old Courthouse (Bury) Management Company Limited on 16 March 2026.

38. With-Profits Actuary

Below is the information in accordance with Section 77 of the Friendly Society Act 1992.

The Chief Actuary and the With Profits Actuary was Mr Stephen Dixon of Steve Dixon Associates LLP until 19 September 2025. On his retirement Sally Butters of Steve Dixon Associates LLP was appointed as Chief and With-profits Actuary.

The Society has requested her to furnish it with the particulars required under Section 77 of the Friendly Societies Act 1992. Mrs Butters has confirmed that neither she nor her family, nor any of her associates were members of the Society, nor have they any financial or pecuniary interests in the Society, with the exception of fees paid to Steve Dixon Associates LLP, for professional services. The aggregate amount of fees billed in the year was £405k, including special project costs (2024: £276k).

39. Transfer of engagement

Under the transfer of engagements, the Society took control of the assets and assumed the liabilities of Red Rose Friendly Society Limited as at the close of business on 10 February 2025. There was no consideration or goodwill created as a result of the transaction.

Annual Report and Accounts 2025

Financial Statements

£'000	Notes	As at 10 February 2025
Assets		
Financial assets		21,044
Tangible assets	23	255
Other fixed assets	24	3
Cash at bank and in hand		121
Total assets		<u>21,423</u>
Liabilities		
Fund for Future Appropriations	26	405
Investment contract liabilities	27	17,201
Insurance contract liabilities	28	3,400
Insurance payables		231
Other creditors and accruals		186
Total liabilities		<u>21,423</u>
£'000	Notes	As at 10 February 2025
Assets transferred to the investment portfolio		
Financial assets		21,044
Tangible assets		255
Less post-acquisition costs of disposal		(5)
Total asset transfers	19	<u>21,294</u>
Transferred to:		
With-profits fund		3,206
CTF fund		18,088
Total asset transfers		<u>21,294</u>

The acquired business continues under the Red Rose brand name but is operated by the Society and the post-acquisition result is included in these Financial Statements.

Historically the Red Rose Friendly Society Limited assessed their contractual obligations under a Solvency I basis, which was applicable as their business operated below the limits required. This assessment changed from 31 December 2024 when Red Rose Friendly Society Limited moved to the Solvency UK basis in line with the Society.

Red Rose Friendly Society Limited also engaged the services of Steve Dixon Associates LLP as its actuaries.

40. Events after the Balance Sheet date

The Chief Executive of the Society, has announced his intention to retire with effect from February 2027. Following a selection process managed by the Nomination Committee a specialist recruitment agency has been appointed to lead the search and selection process.

41. Society information

The Rechabite Friendly Society Limited
Incorporated and registered in England and Wales

Registered office

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Annual Report & Accounts 2025

The Rechabite Friendly Society Limited

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ethical investments since 1835



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Member of the Association of Financial Mutuals (AFM)