



the
ODDfELLOWS SINCE 1810
making friends, helping people

Reports & Financial Statements 2024

For the Year Ended
31 December 2024



Purpose



"We help people to forge lasting friendships, creating communities of members bonded by friendship, care and charitable support. We do this because good friends make the good times better and hard times easier."



"Our purpose is to help members forge lasting friendships and offer support in times of need through social events, care and charitable support."



"To deliver financial peace of mind and security to our members in our chosen product range."

Directors and Advisors

INDEPENDENT ORDER OF ODD FELLOWS MANCHESTER UNITY FRIENDLY SOCIETY LIMITED

Registered under the Friendly Societies Act 1992

Register No. 223F

REGISTERED OFFICE:

Oddfellows House
184-186 Deansgate
Manchester
M3 3WB

DIRECTORS:

CHAIRMAN:

D Webster, External Non-Executive Director

B F Needham, Grand Master

J L Mann, Deputy Grand Master

D R Ogden, Immediate Past Grand Master

D Jex, Prov CS

K Rose, Prov CS

A Walker, PPGM

S Martland, PPGM

M Edwards, PPGM

W S Connolly, External Non-Executive Director

P Darragh, External Non-Executive Director

M Perry, External Non-Executive Director

J Midlane, External Non-Executive Director

G Charters, External Non-Executive Director

**CHIEF EXECUTIVE AND
SECRETARY OF THE ORDER:**

C J Nelson, FCCA, FCMA, DiploD

CHIEF FINANCIAL OFFICER:

K Ashcroft, BA, ACA

CHIEF ACTUARY:

S A Robinson FIA, Chief Actuary Function, (Zenith Actuarial Limited)

WITH PROFITS ACTUARY:

G A Pennington, FIA, (Zenith Actuarial Limited)

SOLICITOR:

Hill Dickinson LLP

EXTERNAL AUDITOR:

PKF Littlejohn LLP

TAX:

PricewaterhouseCoopers LLP

BANKER:

Lloyds Banking Group PLC

The Oddfellows is the trading name of The Independent Order of Odd Fellows Manchester Unity Friendly Society Limited,
Incorporated and registered in England and Wales No. 223F. Registered Office Oddfellows House, 184-186 Deansgate, Manchester M3 3WB.
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, registration No. 109995

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Chairman's Report



I am delighted to present my Report as Chairman of the Oddfellows Board, reflecting on a year of seismic change in the political landscape of the UK, during which businesses of all shapes and sizes have had to contend with their much-feared environment of unpredictability and citizens have exercised their democratic rights in a vigorous manner.

Indeed 2024 proved to be a pivotal year for elections worldwide with more than half the global population invited to the polls. Specifically in the UK the decision by Rishi Sunak to hold a July election rather than wait until Autumn, delivered a humbling defeat for the Conservatives and a huge mandate for incoming Labour Prime Minister Keir Starmer.

In October 2024 the tone and focus of the new government became apparent in the Chancellor's budget where Rachel Reeves broke records with the most radical spending programme in decades, raising public spending by £70 billion per year over the next five years. The Chancellor adhered to Labour's manifesto pledge to avoid any increase in

VAT or income tax, but instead she chose a £25 billion rise in Employers National Insurance contributions, higher levels of capital gains and inheritance taxes and rule changes for wealthy foreign individuals living in Britain. The "*budget for growth*" quickly became maligned by the business community for its "*tax on jobs*".

What is clear is that 2024 was an economic game-changer. The new environment for businesses has very real challenges and for some there are existential threats, notably in retail, hospitality and the care sector. As organisations across the economy and in all sectors strive to retain their contemporary relevance and viability, an inability to adapt to new environments and maybe a complacency that what has worked well in the past will be enough in the future could prove costly for businesses. This is exactly the right time for us to emphasise our own success factors and to nourish what gives us confidence that we will continue to thrive.

We cannot be complacent about the viability of financial mutuals in a contemporary marketplace where customers (and members) demand product choice, pace of delivery and ease of transaction, but for me this is precisely where the Oddfellows can be distinguished from the pack.

Our focus on members and on authentic customer care has to be unrelenting as we seek to gain advantage from being a values-driven organisation. I acknowledge that "*values driven*" is a bit of a cliché but like most clichés it has roots in truth. The Oddfellows values compel us to be focused on doing the very best for our members and customers, treating them in a dignified way, with transparency, not with a blizzard of opaque jargon, and delivering a service that is tailored to their needs not just as a formula. There is no reliance on the dreadful parrot-fashion "*your custom is important to us*" telephone message while the person waits for 10 minutes before speaking to a human! At the Oddfellows we seek to be distinctive via the excellence of our service proposition.

At a time when social isolation, anxiety and diminished mental health and wellbeing seem too often to be the price paid by too many people for our modern society's obsession with transactions rather than relationships, the Oddfellows values can intervene. Our Branches and local support networks encourage people to look out for each other and it is undeniable the impact that our Branch and fraternal support has on local communities. Friendship and socialisation support is integral to Oddfellowship. We bring structure and shared experiences to sit alongside those Oddfellows values, a potent combination. And we all enjoy those stories of how the Oddfellows membership has had a positive effect on people's lives, so it is no surprise to me that new membership figures are outstanding for 2024.

In conclusion, I feel both privileged and proud to be Chairman of the Board of the Oddfellows and the longer I've been in this role the more impressed I've become by the sheer dedication and commitment of colleagues across the Society.

Finally may I extend my genuine gratitude to my fellow Directors and to the Executives, managers and staff at the Society whose support and professionalism continues to shine through and makes our work both satisfying and enjoyable.

A handwritten signature in dark ink, appearing to read 'D Webster', with a long horizontal flourish extending to the right.

D Webster
Chairman
10 April 2025

Chief Executive's Operational Report



Overview

2024 was one of the busiest on record but all of that hard work was well worth it because the Society has made some great strides which will serve our members well in the future.

For the fraternal side of our business, the efforts of Branches and teams at Unity Office led to a significant increase in new member recruitment of 30.2% with 2,210 new members joining the Society in 2024. This is the highest number of new members since 2007.

The number of Branches that are now covering deaths and lapses of Standard and Extra Benefit members has increased from 50% in 2023 to 67% in 2024 and every Branch made at least one new member in 2024, which is fantastic to see.

"We've seen a huge appetite from Branches to grow and develop, to learn and continuously improve."

As a mutual organisation, run by our members for our members, recruiting new members is really important to ensure our Society continues to thrive. Not to mention that the more people we recruit, the more people's lives we can impact, because together we help people get the most out of life.

What's made the difference? A huge amount of work has been undertaken by our Branches to generate enquiries and nurture these prospective members.

We've also tried new successful ways to get even more out of our marketing

and national campaigns. In addition, we've made it easier for people to make membership enquiries online and, as a result, more than 50% of enquiries in 2024 were submitted through the Oddfellows' website.

We've seen a huge appetite from Branches to grow and develop, to learn and continuously improve. I'm confident that the support we have offered, and which we will continue to offer, will help them with this expansion.

For the Society's Long Term Business, the Financial Conduct Authority's Consumer Duty which requires firms to 'act to deliver good customer outcomes for retail customers' has continued to be a focus. Work has been undertaken to understand, improve and demonstrate that the Society meets the cross-cutting rules of Consumer Duty. Those rules state that a firm must act in good faith towards its customers, avoid causing foreseeable harm to customers, and enable and support customers to pursue their financial objectives throughout the life of the product.

Generating interest in our savings products and giving our customers the best experience is at the heart of what we do. Our range of products will continue to be increased during 2025 giving exclusive interest rates for Oddfellows members which will not only benefit our members but also be of help to our Branches when recruiting new members. During 2024 our Insurance Department fielded 31,163 calls (2023: 26,396) and 15,800 emails (2023: 15,012). Even with this increased contact, they managed to reduce our call wait times by 57% and increased first time resolutions for customers.

Building blocks have been put in place to improve the service we offer our policyholders. This includes the redesign and development of a new website, badged under our Unity Mutual brand, which will be launched in 2025 to help customers manage their policies online and to access useful information in the easiest and most intuitive way. We've also undertaken significant work to trace customers that have moved address to maintain contact routes, and this will continue into 2025. In addition, we will be surveying customers to understand if they have further needs or requirements so we can provide a tailored service, which links closely to our commitment to Consumer Duty and supporting vulnerable customers.

"Generating interest in our savings products and giving our customers the best experience is at the heart of what we do."

Benefits of membership

I strongly believe our membership is unrivalled and there is no other organisation like ours.

In 2024, 750 events per month were hosted across the country and online. Around a fifth of Branches have expanded their social offering into wider geographic areas, which is a proactive step and will significantly support our growth. We've also seen Branches collaborating to offer events, both in-person and online. It's wonderful to see our Branches working together to help our members access varied and exciting events.

We know that our Care and Welfare offer is a core part of what makes us unique and showcases that we're here for our members through thick and thin. With pressures on the NHS and social care, we've seen even more members requiring support from their Branch Care and Welfare teams and through our convalescence and home care claims.

Chief Executive's Operational Report

The Care Line at Unity Office deals with diverse and sometimes complex needs of members. In 2024 there were 7,398 recorded contacts, (2023: 6,739), an increase of 9.7% on the previous year, supporting 821 individual cases from our members. The number of contacts Branches and Unity Office made to members was 25,778 (2023: 24,384) 6% more than 2023. These increases show just how imperative this support is to our membership.

There was a sharp rise in Convalescent Benefit claims, with 335 claims submitted in 2024, compared to 235 in 2023, and 97 members required support at home, increasing from 77 in 2023.

In addition to the support offered by Unity Office and Branches directly, our dedicated Citizen's Advice Line received 5,137 calls from members. This resulted in financial gains for members of £294k, of which £172k related to welfare benefits. This demonstrates great value and support for members.

To ensure we can offer our members the safest support possible, work around safeguarding provision and training continued in 2024. Adult Safeguarding training continued from 2023, each Branch having a named Adult Safeguarding Lead and work is continually undertaken to ensure Leads have access to refreshed information and that members new to the role receive training. Children's Safeguarding Awareness training was initiated in 2024 and 28 Branches completed the training. It marked the launch of a new Children's Safeguarding policy and provided advice and guidance on escalating concerns and reporting safeguarding incidents.

Opportunities for collaboration

As always there were many in-person opportunities for Branches to meet and collaborate in 2024.

Our Annual Movable Conference (AMC) was held in Llandudno and saw an attendance of 210 voting members elected from our network of Branches. Discussions were extremely well-rounded and thought-provoking. The Conference is much more than business and it gave those that attended the chance to meet up and exchange ideas and enjoy social activities.

Two weekend seminar events were held in Leamington Spa, one in March and one in September, with more than 100 Branch representatives in attendance across the two events. These events are designed to help Branches learn about useful topics, with 2024's workshops including content on:

- Citizens Advice;
- Committee of Management/Trustee/Chairmanship responsibilities;
- Investments and accounts;
- Member benefits;
- Social Organiser and Welfare Visitor sessions
- Targeting communications;
- The Society's insurance products; and
- Understanding enquirer and new member journeys.

The Seminars are also an excellent opportunity to collaborate and learn from counterparts in other Branches.

Feedback included comments such as *"workshops were excellent, very informative with a lot of information to absorb"* and *"the interaction among people you didn't know was ideal."*

Branch Development, training and support

The elements of Branch-owned development plans are now firmly part of each Branches' DNA and are a contributing factor to the Society's current position. As of the end of 2024, 87% of Branches had a development plan in place.

To support Branches' continual development, we offer a comprehensive online training calendar focused on upskilling and information sharing across a wide range of topics. In 2024, topics included:

- Branch Portal – a new membership database tool for Branch use;
- Committee of Management – roles and responsibilities;
- Cruse Loss and Bereavement;
- Internal Audits;
- Member Benefits;
- PR and Marketing skills sessions; and
- Volunteering taster sessions.

Chief Executive's Operational Report

Marketing campaigns and communication

The theme and content of the Society's marketing campaigns and underpinning content in 2024 were geared towards life stages and lifestyle factors that are known to encourage people to take the first steps to seek friendship in later life. Campaigns included moving house to a different area, retirement and bereavement, as well as our annual Friendship Month campaign, which entered its fifteenth year.

Friendship Month was the best it's ever been and Branches threw themselves in, as always. 91% of Branches ordered a promotional pack to get involved in the Friendship Month campaign, an uplift from 86% in 2023, and there were 312 events delivered across the country, a 13% increase on 2023.

The PR theme of 2024's Friendship Month campaign was '*Frenergy*' – the '*feel good factor*' you get from being around friends. I was thrilled to work on a broadcast day alongside psychologist Dr Veronica Lamarche of the University of Essex, where together we appeared across 27 radio and TV channels, achieving a reach of nearly 8 million people.

Continually refreshing our marketing to make sure we stay relevant and offer useful content to our prospective members is essential. I am excited that we'll be trying some new campaigns in 2025 that really focus on the social side of life and why staying curious and trying new things in later life is positive for our wellbeing.

Member satisfaction and retention

Member retention was 87.65% at the end of the year, compared to 86.62% in 2023. This is a minor improvement year on year but is another step in the right direction. Where we've had successes with new member recruitment, retaining our current members is just as important.

This year we conducted our bi-annual member satisfaction survey. This is our chance to get our member thoughts and feedback on a wide scale. We had a response rate of 14.6% (1,476 responses), which is a really good position. The overall satisfaction score of 8.6 (out of 10) signifies a positive member experience, and encouragingly, the overall Net Promoter Score (NPS) of 39.9 has increased from 37 when previously surveyed in 2022.

Although the survey results are positive, they did inevitably vary from Branch to Branch and the survey reminds us that it is the small things that make a real difference, with just a phone call or email increasing satisfaction significantly.

Long Term Business (LTB)

2024 continued to offer challenges for our LTB due to the continuation of external pressures, such as the effects of inflation, rising interest rates and strict regulatory requirements.

Significant steps forward have been taken in generating leads and interest in our products that are open for new business, which include:

- Flexible ISA;
- Guaranteed Investment Bond;
- Junior ISA;
- Lifetime ISA;
- Over 50's Life Assurance Plan; and
- Tax Exempt Savings Plan.

Our Insurance Department, which operates exclusively from the UK, strives to deliver gold standard customer service, and in 2024 they've worked to further reduce call wait times and increase first time resolutions. In terms of inbound calls there was a 15% increase year on year. The average wait time was reduced by 57% during the year with an average wait time of 1 minute and 9 seconds.

Strides forward have been made across our Unity Mutual branded channels such as Instagram, LinkedIn, Facebook and the website. We've published an increasing amount of educational content to support our audience and enable them to understand their options and support their decision-making. A new website will be launched in 2025 that has been designed to be accessible, easy to navigate and will allow users to self-serve. I know this will be a vital tool for our current customers and for prospective customers to find out more about the products we offer.

The Society remains open to discussing transfers of engagements with other societies and will welcome new members via this route in 2025.

Chief Executive's Operational Report

Creating foundations for the future

A lot of work has happened *'behind the scenes'* that is important to note, including developments with our IT systems, processes and storage to ensure our data and systems are secure, protected and futureproofed. Thank you to our IT team who are often unsung heroes but work extremely hard to make sure we have what we need to support our members and policyholders.

In 2024, we launched the Branch Portal, a new online system created to help Branch personnel manage member records and communications more easily. The Branch Portal enables approved users to view and edit member details within their Branch, enter enquiry and new member records, and deal with mailings where applicable. Training on the Portal was delivered for Branch Secretaries and Social Organisers in July, August and October, with a great uptake by Branches. Following the training sessions usage increased by 54%. Feedback is continually captured and the system will see further developments in 2025.

I have outlined the work that has so far been undertaken on the Unity Mutual website to support our LTB, but significant development to the Oddfellows' website has also taken place in 2024. As well as routine and regular maintenance, developments relating to speed and user experience have been extremely successful. There are many developments scheduled for 2025, including the redesign of the homepage to make user journeys clearer as well as making the member's area more functional and useful.

Giving back

As a Society, we try and give back wherever we can, whether through the support we provide to members or within the wider community through charitable giving. An example is our H A Andrews Fund that has donated more than £1.2 million to medical research projects since 1971 when the Fund was created. 2024 marked the final funding payment to the University of Southampton's Centre for Cancer Immunology. The funding has been used to sponsor the studies of Nur Zainal, a PhD student at the University. Her work is looking into a specific gene, which it is believed can be manipulated to target cancer cells in a new vaccine. If successful, this could profoundly change outcomes for patients with cancer. Representatives from the Society were invited to the Centre for an update about the research and to mark the final instalment of funding which totalled £100,000 across three years.

The next recipient of the Fund will be announced at the 2025 AMC and I am sure it will be an equally meaningful and impactful project.

Our Branches are also extremely dedicated to giving back to their communities. More than £160k was raised for charities by our Branches in 2024, this funding ranged from supporting the provision of life-saving defibrillators to supporting local and national charities.

Moving forward

As always, it's important that we don't stand still, we must continue to develop, grow and learn. We must concentrate on keeping the momentum of new member recruitment. We will achieve this through continuing to refine our marketing techniques and harnessing our digital channels, following up with our prospective members to enhance our conversion rates and through Branches continuing to have an appetite to grow, evolve and engage.

Ensuring our Branches have plans in place for succession planning and engaging members to be actively involved in the Branch, is critical for the future of the Society. This will support our resilience and longevity and 2025 will see focused support to our Branches in this area.

For our LTB, we will focus on continuing to meet our regulatory requirements and our duty to give customers the best service we can, as well as maximising our opportunities for new business. This next year will be a pivotal year for me personally, as recruitment will start for my successor, with a new CEO taking over the mantle at the end of our AMC in 2026. On a final note, I would like to offer my sincere and heartfelt thanks to the Branch Secretaries, Branch Committees of Management, all our volunteers, staff and our Directors for their continued hard work and continued support.

I am immensely proud of all we achieved together in 2024 and can't wait to see what 2025 will bring.



C J Nelson
Chief Executive Officer
10 April 2025

Strategic Report

The Strategic Report and Directors' Report form the Committee of Management Annual report and report on the activities of the Society.

Business objectives and activities

The Society's aim is to improve the quality of life of its members by meeting their social and welfare needs through a mutual national Branch network and provide a fair return to its policyholders.

In order to achieve this aim, the Society's main objectives are:

- to ensure that the Branch delivery of our core product is of a high standard throughout the UK;
- to create a dynamic Branch network and to strengthen and grow that network to reflect the Society's core values and meet the expectations of existing and prospective members;
- to focus recruitment of new members via local promotion of Branches and the services and facilities they offer;
- to ensure that the necessary schemes are in place to assist Branches to retain their membership;
- to increase the number of active members within the Society via Social events and then encouragement to involve them in more local participation;
- to ensure that benefits and services remain attractive to both existing and prospective members, the Society will monitor other schemes and benefits with affinity partners;
- to offer a range of financial products, through the Unity Mutual brand, which are aimed at helping policyholders and their families get the most out of their savings and investments and deliver good outcomes;
- to ensure the Society has in place effective Compliance, Risk Management, and Governance arrangements;
- to ensure that payments are made to policyholders at the appropriate time and that free assets in the LTB funds are distributed in a manner that is fair across policy types and meet policyholders reasonable expectations;
- to ensure the Society remains fully compliant with all regulatory requirements; and
- to proactively seek incoming Transfers of Engagements from other Friendly Societies thus giving those policyholders access to the range of supportive benefits we offer.

Throughout 2024, the Society's Directors continued to demonstrate that they have in place the appropriate systems and controls to comply with the needs and requirements of the Financial Conduct Authority (FCA), the Prudential Regulatory Authority (PRA), and Consumer Duty. This continues to be evidenced by:

- The Consumer Duty Champion actively promotes and raises the profile of delivering good customer outcomes throughout the Society's regulated business operations and ensures that the implications for customer outcomes are considered by the Society at all stages during times of reorganisations or strategic changes such as:
 - entry into new markets, mergers, acquisitions or disposals;
 - cost cutting, outsourcing or centralisation;
 - major new systems; and
 - approval and launch of new products or significant changes to existing products.
- Management Information (MI) indicates that the Society consistently continues to focus on good outcomes. Processes are in place which monitor the MI, this enables the right people to take appropriate action as part of "business as usual"; and
- The timely submission of regulatory returns.


In addition, the Society also supports the provision of a Housing Association and the less advantaged members of society by charitable donations to projects perceived to benefit society as a whole.

The Society uses a variety of measures to monitor its objectives and activities. In the main, a Balanced Scorecard approach is used to review progress in the key areas and, in addition, management monitors progress of the operational areas of the Strategic Plan on a quarterly basis.



Strategic Report

Principal risks and uncertainties



An overview of the principal risks identified by the Society, which reflect the internal and external risks in the operation of its business and strategy are detailed in the report below in order of potential impact on the Society:

Risk	Risk movement over 2024	Management and mitigation
Solvency Risk <i>This is the risk that the Society fails to meet its Solvency Capital Requirement</i>		<p>The overarching aim of the Society is to maintain sufficient capital to demonstrate that the Long Term Business (LTB) is able to meet its Capital Requirements on a standalone basis.</p> <p>In managing this risk, the solvency position is:</p> <ul style="list-style-type: none">• monitored by the Executive Directors, and the Chief Actuary and reported to the Society's Commercial Board on a quarterly basis. The Commercial Board agree any management actions as required;• assessed by the Commercial Board through the annual Strategic Planning and Own Risk Solvency Assessment (ORSA) three years in advance; and• assessed by the Society's Chief Actuary and With-Profits Actuary through the annual Solvency Valuation and Own Risk Solvency Assessment (ORSA) Report on an annual basis. <p>In addition, if required, there is the potential to draw on Fraternal assets to support the solvency of the LTB Funds.</p> <p>The solvency of the LTB funds will continue to be closely monitored by the Board and Commercial Board and appropriate management actions will be taken if necessary.</p>


Strategic Report

Risk	Risk movement over 2024	Management and mitigation
Fraternal Strategy <i>This is the risk that the Society fails to achieve its Fraternal Strategic Plan</i>		<p>The Fraternal Board holds oversight responsibility for the application and achievement of the Fraternal Strategy. The Fraternal Strategy is managed through various processes, procedures and controls, including:</p> <ul style="list-style-type: none"> • The Fraternal Strategic Plan is approved by the Society's Board; • Quarterly Fraternal Strategic Reports detailing progress against the plan are reviewed by the Fraternal Board and the Board; • Progress against key performance measurements is reported to the Fraternal Board on a quarterly basis. The Fraternal Board will agree actions as required; and • The Branch Internal Audit Function undertakes audits of Branch financial administration and compliance. The findings are reported to the Fraternal Board. It is the responsibility of the Fraternal Board to oversee the implementation of any recommendations.
Long Term Business (LTB) Strategy <i>This is the risk that the Society fails to achieve its Long Term Business (LTB) Business Plan objectives</i>		<p>The Commercial Board holds oversight responsibility for the LTB strategy. The LTB strategy includes the following elements:</p> <ul style="list-style-type: none"> • existing business; • transfers of engagement; • new business; and • regulatory compliance, including Consumer Duty. <p>The Commercial Board has documented processes, procedures and controls in place to monitor the achievement of the LTB strategy and a range of management actions it can take to mitigate this risk, including:</p> <ul style="list-style-type: none"> • The Annual LTB Business Plan is approved by the Commercial Board and the Board; • Monthly LTB Balanced Scorecard reports are produced and submitted to the Commercial Board detailing the progress against the LTB Business Plan and KPI's; • Quarterly Consumer Duty management information reported to the Commercial Board to assess the outcomes customers receive. In addition, regular Fair Value Assessments to ensure that products offer fair value to customers are reviewed by the Executive Directors and approved by the Commercial Board. • The Internal Audit Function undertake risk based audits of the Society's LTB operations and provide reports to the Audit, Risk and Compliance Committee. It is the responsibility of the Executive Directors to oversee the implementation of any recommendations.


Strategic Report

Risk	Risk movement over 2024	Management and mitigation
Reputational risk <i>This is the risk that the Society's reputation is adversely affected</i>		<p>Oversight responsibility for the reputation of the Society is held by the Board. The Society has no tolerance for risks which may lead to its reputation or brand being tarnished unnecessarily or anything that is inconsistent with its values, standards and ethics. To manage this risk, the Society has in place the following:</p> <ul style="list-style-type: none"> • Documented policies, procedures and controls which are regularly reviewed by the Compliance and Risk Function, reported to the Board and audited by the Internal Audit Function; • A Consumer Duty Champion, a Non-Executive Director whom is a member of the Commercial Board and ensures the delivery of good customer outcomes is central to all discussions, considerations and decisions made; • An effective risk management framework including a risk register, risk appetite statements and risk policies across the Society which are regularly reviewed to identify, monitor and manage risk; • The Audit, Risk and Compliance Committee (ARCC) and Commercial Board receive and review quarterly Compliance & Risk and Insurance reports covering compliance and risk activities / developments, policyholder feedback, complaints, breaches and other management information; and • Robust initial and ongoing due diligence arrangements are in place to ensure that all outsourced arrangements and third party benefit providers are regularly reviewed and performance monitored.
Non-compliance with legal and regulatory requirements <i>This is the risk of regulatory scrutiny, censure and/or financial penalty</i>		<p>The Society has in place documented policies, systems and controls which are regularly reviewed and audited to ensure its compliance with relevant legal and regulatory requirements, including:</p> <ul style="list-style-type: none"> • The annual Compliance & Risk Report and Plan is approved by the Society's Audit, Risk and Compliance Committee (ARCC), the Commercial Board and the Board; • The quarterly Compliance & Risk Reports detailing progress against the Compliance & Risk Plan are reported to the ARCC, the Commercial Board and the Board; and • The Internal Audit Function undertakes risk based audits of the Society's compliance and risk systems and controls and provides reports to the ARCC. It is the responsibility of the Compliance & Risk Officer to oversee the implementation of any recommendations.

Strategic Report

Risk	Risk movement over 2024	Management and mitigation
Investment Strategy <i>This is the risk that the Society fails to achieve its investment strategy</i>		<p>In relation to the investment strategy of the Society, the Commercial Board holds oversight responsibility for the LTB investment strategy. The following processes, procedures and controls are in place to manage the respective investment strategies, including:</p> <ul style="list-style-type: none"> • The LTB investment strategy is approved by the Board, the Commercial Board, the Chief Actuary and the With-Profits Actuary; • Qualified external Investment Managers (IM) actively manage the agreed strategic asset allocation and achievement of investment targets; • IM performance is assessed on a quarterly basis by the Commercial Board; and • The Commercial Board receives reports on the asset allocation of funds on a monthly basis and performance of funds against the agreed benchmark on a quarterly basis. <p>Given the volatility in markets in 2024, as a result of worldwide issues including inflation, the Society's investment strategy has been able to be maintained and the Society has not had to be a forced seller of equities.</p>

Strategic Report

Risk	Risk movement over 2024	Management and mitigation
<p>Climate change financial risk</p> <p><i>This is the risk that the Society fails to manage the risks arising from climate change</i></p>		<p>The Society recognises its role in terms of reducing its impact on climate change. The Society is aware that this is a journey and will continue to evolve its climate change strategy and enhance its risk management, including looking for opportunities as well as managing climate related risks and setting smarter metrics and targets.</p> <p>To date, the Society has put in place the following processes and systems to manage the financial risks of climate change:</p> <ul style="list-style-type: none"> • The Board has ultimate responsibility for climate change, however oversight of the management of the financial risks of climate change has been allocated to the CEO; • Climate change risks are embedded into the Society's risk management framework to ensure that climate related financial risks are effectively monitored, managed and reported; • Exposure to climate change risks are reflected within the Society's scenario analysis to assess the potential impact on its solvency; • For several years, the Society has calculated the carbon emissions of its operations and offset these emissions by supporting climate change solutions in the UK and worldwide; • The Society works closely with its Investment Managers to monitor the ESG performance of its investment portfolio and how ESG issues are promoted; • The Society continuously considers opportunities to reduce the emissions from its operations and offices, including switching to a renewable energy tariff and upgrading to LED lighting in the central office; and • The Society has a strategy in place to ensure that all of its Investment and Branch properties meet the enhanced energy efficiency expectations which are expected to come into effect in stages over the next few years. <p>Further information on the Society's climate change strategy and measures implemented to manage climate related risks can be found in the Climate Change Risk Strategic section of this Report.</p>

Strategic Report

The Society operates a Risk Management Framework, the components of that Framework identify the possible risks pertinent to the Society and its assets and are recorded in our Risk Register. There are a number of primary risks and secondary risks which are measured and assessed to consider the overall impact of the risk. Further details on our risk governance can be found in the Directors' report within governance and operations.

- High rated risks will require immediate management attention and will be monitored and reported on a monthly basis or more frequently if required.
- Medium and Low rated risks will be monitored on a quarterly basis or more frequently if required.
- All identified risks will be monitored at least annually or more frequently if required.

The Directors and Management have in place a number of key internal controls to mitigate the impact of our risks and these are both measured, monitored and reported to the Board, Sub Boards and Committees.

Each primary and secondary risk is allocated to an individual Risk Owner, who has designated day to day oversight responsibility to manage a particular risk or risks and who is accountable for:

- ensuring that risks remain within acceptable risk levels, and that gaps are identified and that risk responses and control activities are adequate and appropriate; and
- ensuring the timely implementation of risk mitigation recommendations and/or action plans.

Climate Change Risk Strategy

As a responsible mutual organisation, we are committed to doing the right thing for our members, policyholders and the environment in which we all live. The Society will continue to take a strategic approach to assessing the impact of climate change on the organisation and take steps to reduce its carbon emissions.

The Society made its first climate change disclosures in the Reports and Financial Statements for the year ended 31 December 2020 and has continued to report its responses to climate change aligned to the recommended Taskforce on Climate-related Financial Disclosures (TCFD) framework four key pillars: governance; strategy; risk management; and target setting.

The Society has prepared a separate report setting out its climate change considerations, which describes how it manages climate related risks and opportunities including the additional activities that the Society has undertaken during 2024, as well as the further steps that it intends to take over the next 12 months and beyond, which can be found on the Society's website.

A high level summary of the Society's approach to managing climate related risks and opportunities is also set out below:

Governance

The Board retains ultimate accountability for climate related financial risks and opportunities and is one of the matters reserved as set out in the Directors Handbook which details the Board's responsibilities. The Board, in turn, has assigned responsibility for the management of climate related risks and opportunities to the CEO and this includes the development and delivery of the Society's strategy.

Senior Management has continued to update the Board on climate change developments that affect the Society in the short, medium and long term, including recommending appropriate and proportionate actions to mitigate and manage these risks.

A Board Champion for climate change was appointed in 2022 who supports Senior Management in developing its strategy and assessing the impact of climate change on the Society, including exploring options and opportunities for reducing its carbon emissions.

Strategic Report

Strategy

The Society's process for identifying and assessing climate related risks and opportunities (shown in the report) is set out under Climate Risk Management as they relate to the business, materiality of the risk and opportunity, time horizons and actions taken or to be taken to mitigate the risk or develop the opportunity.

To date, the Society has adopted a steady approach of pragmatic solutions to reduce its carbon emissions. However, the Society recognises its role in helping the UK transition to a low carbon economy and over the next 12 months it will continue to consider specific commitments and targets aligned to the UK Government's requirement for all firms to be net zero by 2050.

Risk Management

Climate related risks are identified, monitored, managed, mitigated and reported through the Society's risk management framework. Climate related risks are considered in terms of:

- physical risk which is defined as acute one off climate events or chronic gradual and long term changes in weather patterns which could impact assets for example, property damaged or destroyed by extreme weather events. This risk could impact the Society's property portfolio; and
- transition risk which is defined as the risks stemming from transitioning to a low carbon economy, for example, the technical, legal, policy and market changes which could lead to financial and reputational risk depending on the scale, speed and focus at which firms make the transition.

During 2025, the Society will continue to assess how climate related risks specifically impact other risk categories.

The Society's Own Risk and Solvency Assessment (ORSA), which considers the risks to which the Society is exposed, includes a scenario analysis of the impact of climate change upon the investment portfolio over a five year period, which allows the Society's Commercial Board to explore a range of actions to mitigate or manage these risks.

Metrics and Targets

A range of metrics to measure, monitor and assess climate related risk and opportunities in line with the Society's strategy and risk management are in place.

The Society's central office in Manchester, Oddfellows House, has achieved the Building Research Establishment Environmental Assessment Method (BREEAM) Certification in relation to sustainability, however, this award alone does not discharge the obligation to reduce its carbon emissions.

The Society has undertaken its third annual Carbon Footprint Assessment to monitor the emissions from its operations and develop its strategy to reduce these emissions. Between 1 April 2023 and 31 March 2024, the Society's total location based carbon emissions across its operations, including its central office and associated travel costs equated to 147.98 tonnes, (2023: 106.38 tonnes). For the first time since the Society began measuring its carbon footprint, emissions as a result of employees commuting have been included in the 2023/2024 assessment and this is the main reason for the increase in total emissions. Location based calculations reflect the average emissions intensity of grids on which energy consumption occurs. Market based calculations reflect the emissions from energy sources the Society has purposefully chosen and, as the Society switched to a renewable energy tariff in November 2022, this had the effect of reducing its emissions to 77.78 tonnes (2023: 89.41 tonnes). The assessments are a valuable tool to give the Society a more accurate view of where it should focus its attention and resources to reduce its carbon emissions going forward.

As a result of these assessments, the Society has implemented various initiatives, one of these includes offsetting its carbon emissions through the funding of a range of climate change solutions. For 2024, support was given to a variety of projects, including reforestation of degraded forest reserve areas, safe water initiatives as well as hydro, solar and wind power projects, reaching Carbon Neutral Plus status.

The UK Government planned to introduce changes to the current Energy Performance Certificate (EPC) requirements to raise the energy performance of new and existing rented properties, both commercial and residential. Over the previous few years, the Society began to work closely with its Property Managers to ensure that its properties have a valid EPC in place as well as meeting the current EPC requirements in place. While there is some uncertainty as to whether the changes will go ahead, the Society has continued to improve the EPC ratings of its properties. Furthermore, it is supporting its Branches to make improvements.

Strategic Report

Environmental, Social and Governance (ESG)

Broadly speaking, Environmental, Social and Governance (ESG) is a set of sustainable and ethical standards that measures the impact of an organisation's decisions on people, society and the planet. The Society is increasingly aware of the role it has in ensuring that its actions have a positive impact on its staff, members, customers and the wider community.

Throughout 2024, the Society continued to work closely with its three active Investment Managers, Investec Wealth & Investment Limited (Investec), LGT Wealth Management UK LLP (LGT) and Close Brothers Asset Management (Close Brothers) now rebranded to TrinityBridge to better understand how they each promote ESG issues in relation to the management of the Society's investment portfolios and how they monitor resulting impact and performance.

Each Investment Manager applies an ESG metric to the portfolios they manage, to measure the ESG performance of each portfolio and provide an overall ESG rating. The ESG rating then enables the Society to monitor how each portfolio is performing in relation to ESG factors, which will help the Society to understand the impact of its investments and evolve its ESG investment strategy during 2025 and beyond.

The charts below show the ESG performance of some of the Society's investment portfolios throughout 2024. Each Investment Manager utilises a different metric to measure and monitor ESG performance of the funds they manage and, therefore, results are shown slightly differently.

Investec

Investec are signatories to several UK and worldwide commitments and codes taking forward and focussing on ESG issues and the ethos of '*create enduring worth, living in, not off society*' which drives its own sustainability and stewardship programme. Investec's sustainability framework is based on the United Nations Sustainable Development Goals (UN SDGs):



Source: Investec Wealth & Investment Limited

Strategic Report

The UN SDGs are a collection of 17 interlinked global goals designed to be a blueprint to achieve a better and more sustainable future for all and allows companies to prioritise the specific goals that are important to them. Investec's two core SDG priorities include:



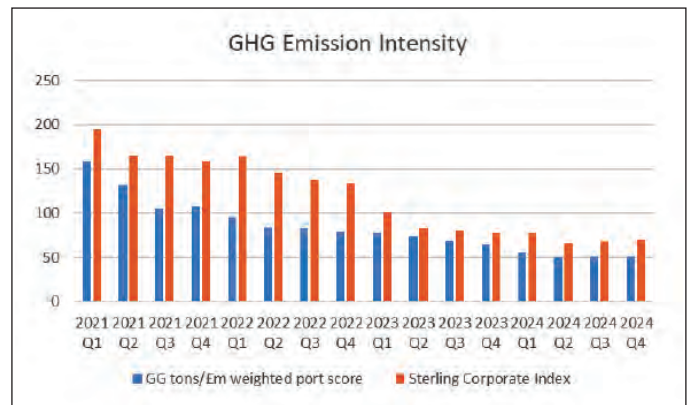
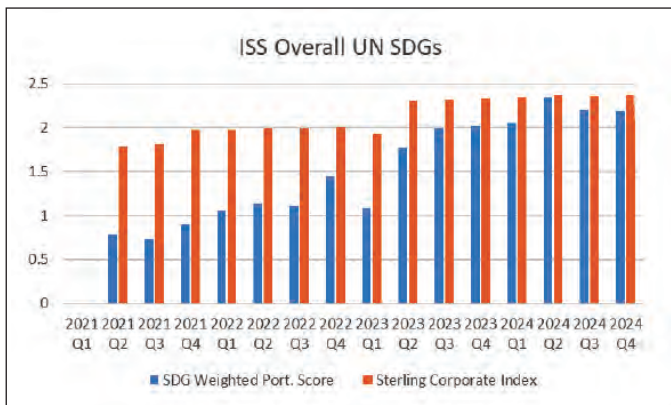
Source: Investec Wealth & Investment Limited

With their secondary priorities being:



Investec use several different ESG metrics to monitor the portfolios exposure to ESG factors. One of the metrics used is known as a Sustainalytics ESG Score. Sustainalytics measures exposure to ESG risks and how well these risks are being managed by the firms in which the Society invests.

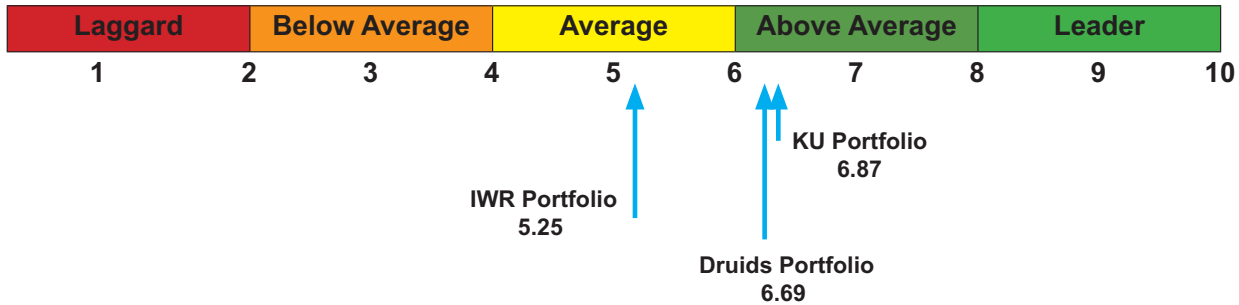
Investing in ways that make a positive contribution to sustainable development is measured using the Sustainability Development Goals (SDGs) as a basis for measurement and our combined portfolios have consistently measured more positively in comparison to the Sterling Corporate Index. Our combined portfolios also measure more positively in achieving a lower Greenhouse Gas Emissions (GHG) intensity rating when compared to the benchmark. The improvement in the ESG scoring on our portfolios over the last 3 years is demonstrated in the graphs directly below.



Strategic Report

LGT

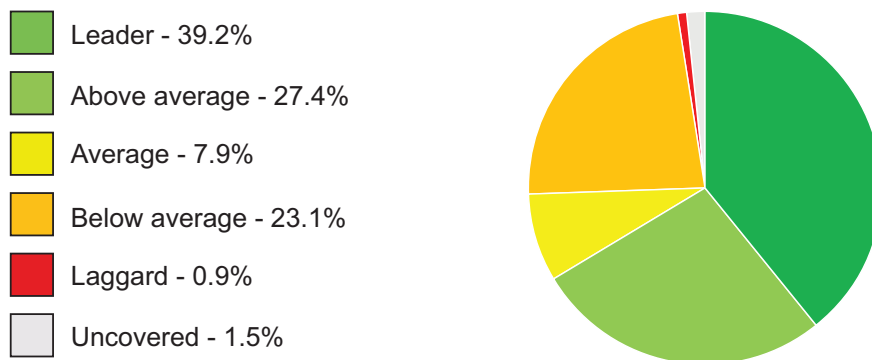
LGT has developed its own in-house ESG metric. It comprises of an ESG rating and impact score which is then applied to each of the Funds they manage. The rating considers the exposure of the Funds to risks relating to ESG factors. The rating is ranked between 1 to 10 with 1 being 'Laggard' and 10 being 'Leader'.



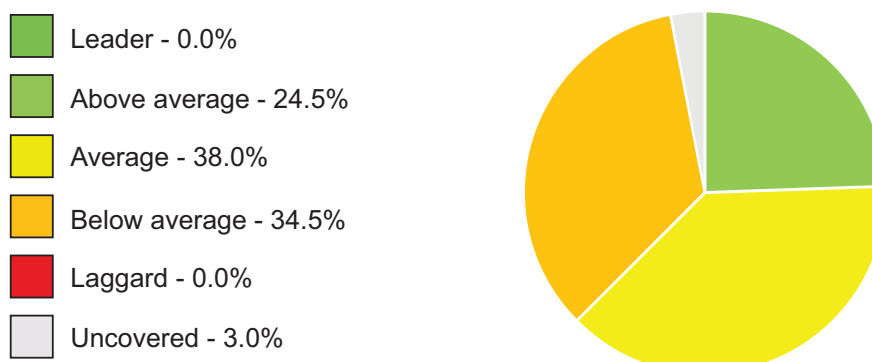
	Oddfellows Druids	Oddfellows KU	Oddfellows IWR
Q4 2022	6.83	7.21	5.71
Q1 2023	6.84	7.23	5.74
Q2 2023	6.91	7.27	5.67
Q3 2023	6.75	7.12	5.71
Q4 2023	6.82	7.13	5.87
Q1 2024	6.79	7.16	5.95
Q2 2024	6.81	7.15	5.90
Q3 2024	6.72	6.95	5.49
Q4 2024	6.69	6.87	5.29

Source: LGT Wealth Management UK LLP

The chart below shows the ESG rating of the Kingston Unity Fund. As at the end of 2024, 66.6% of the portfolio was in 'Leader' or 'Above average' category, equating to an overall ESG score of 7.03, largely maintaining a similar rating compared to the same period in 2023 at 69.47% and 7.13 respectively.



In terms of the International Wider Range Fund, the chart below shows 62.5% on average or above with an overall score of 5.66 compared to 69.4% at the end of 2023 (overall score 5.87).



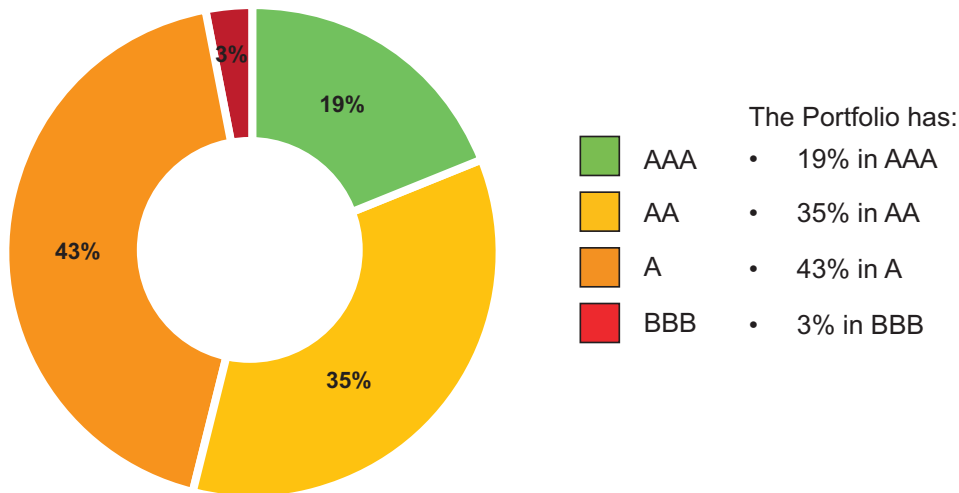
Source: LGT Wealth Management UK LLP

Strategic Report

Close Brothers

The rating Close Brothers (now rebranded as TrinityBridge) utilises to measure the ESG performance of two of the Society's Fraternal Funds is the MSCI ESG score rating. It is designed to measure resilience to long term ESG risks and looks at the exposure to ESG risks and how well these risks are being managed.

The following chart shows the MSCI ESG rating of the Higher Equity Fund where 97% of the Fund is rated as leader (AAA and AA) and average (A), maintaining the same rating as last year.



Source: Close Brothers (now rebranded as TrinityBridge)

The Society will continue to work closely with its Investment Managers to monitor the impact and performance of its funds in relation to ESG factors and how they are driving forward and focussing on ESG initiatives.

The 'S' in ESG:

In line with the Society's mutuality and ethos of 'making friends and helping people', it is fundamental to the Society to focus on ways in which it can continue to positively impact its members, customers, staff and community.

After listening to its staff members, particularly in relation to supporting their wellbeing, both in their professional and personal life, the Society first launched an Employee Assistance Programme (EAP) in 2022 and this is now embedded into the Society's social framework. The EAP is a confidential and comprehensive support network offering advice on a wide range of issues. The programme is not only available to staff, but also their immediate family members, 24/7 and not only offers reactive, but also proactive services which can be accessed in a variety of ways. This is in addition to an annual wellbeing day (an additional days leave), for staff to spend doing something for them and a dedicated space in the Office for quiet reflection, meditation or prayer.

Improving the quality of people's lives through friendship, care and charitable support is at the heart of the Society's ethos. This year the Society, via its Branch network, raised over £160k for a variety of local and national charities. The Society's staff often raise funds for a range of charities through taking part in fun runs and marathons. For several years, staff have donated Christmas presents for children living in poverty through the Manchester Charity, Wood Street Mission. The Society is extremely proud of the fact that since 1971, the Society has donated £1.24m to the HA Andrews Memorial Fund to fund vital medical research in the UK. The Society has committed to donating £100k over three years, to support the Centre for Cancer Immunology, to fund vital research into treatment and the third payment was made in 2024. Further information on the focus of the Fund can be found on Page 21.

During 2024, the central Society and its Branches donated over £7,600 to the Disasters Emergency Committee to support vital humanitarian work in respect of the Australia bushfire recovery.

Each year, the Society is honoured to support a selection of members undertaking their first Degree University studies by providing a grant for each year of study, through its Educational Awards. This year's winners are studying Veterinary Science, Chemical Engineering and Theoretical Physics. While the Society is progressing its social commitments and considerations, it will look to define its social priorities within an overarching ESG strategy during 2025. This will include identifying further opportunities to support its members, customers, staff and local communities, with a continued focus on doing the right and responsible thing.

Strategic Report

Diversity, Equality and Inclusion (DE&I)

The Society is committed to promoting diversity and inclusion and eliminating discrimination in the workplace.

We recognise the importance of diversity in creating an inclusive culture for staff and members, and welcome the inclusion of a range of experiences, perspectives, ideas and talents into the business.

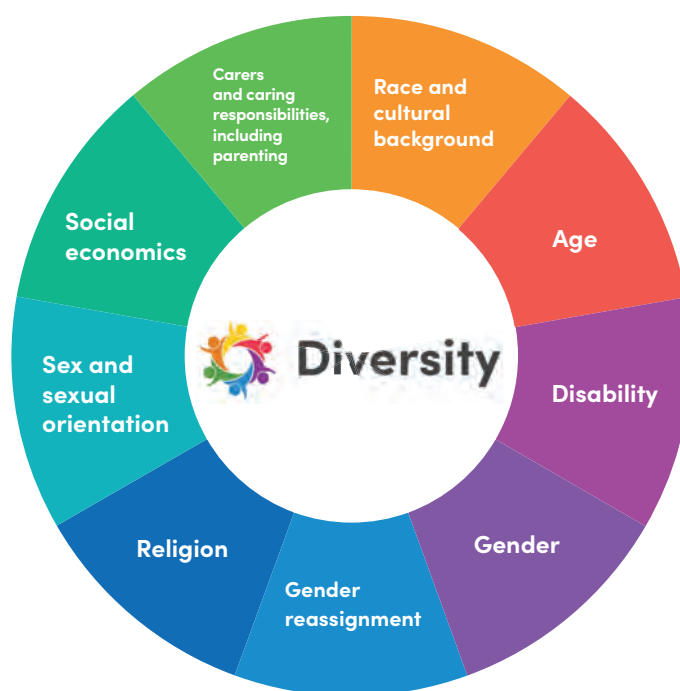
Embracing diversity of thought improves performance. Our aim is for the Society to be truly representative of all sections of society. All staff and volunteers, whether part-time, full-time or temporary, will have support to develop their full potential and utilise their unique talents. We believe this will maximise the efficiency of the organisation and promote a culture of meeting the expectations of all Society stakeholders.

Everyone connected with us, be it staff, members, volunteers or customers will be treated with respect, dignity and courtesy at all times. In addition, the Society embraces diversity of thought and acknowledges the improvement in performance this brings.

What we do

Our Diversity Working Group (DWG) was created in 2021 as a way for the Society's staff to meet regularly and contribute to discussions around diversity, and shape our work moving forward. The DWG is comprised of the Society's Diversity Champion (CEO, Jane Nelson) as well as representatives from each department within Unity Office and is embedded into the Society's framework. The Compliance & Risk Function act as the administration function for the DWG, coordinating meetings, recording actions, and providing anonymous staff feedback.

The DWG continue to meet on a regular basis to discuss issues relating to the following characteristics on a rolling basis:



During 2024 the following meetings were undertaken and the following subjects were discussed:

- Age;
- Gender;
- Mental Health and wellbeing and
- Neurodiversity.

In addition, the DWG met to discuss the following specific issues:

- Gender Pay Gap Report;
- Regulatory changes due to the change in Government;
- Diversity champions; and
- Age Friendly Employer Pledge six monthly review.

Strategic Report

The DWG's main aim for 2025 will be to expand upon the work undertaken to date to be more inclusive of the way the Society's Branches operate. The Society hope to be able to continue to participate in the regulatory conversation surrounding DE&I, contributing to discussion and consultation papers where possible as well as continuing to participate to the Association of Financial Mutual's Mutual Diversity Alliance.

Mutual Diversity Alliance

The Oddfellows are proud to be a founder member of the Association of Financial Mutual's (AFM) Mutual Diversity Alliance (MDA). In joining the AFM MDA the Society is demonstrating our commitment to maintaining a culture which allows all our employees to thrive, avoids barriers to our customers, partners and suppliers and demonstrates inclusive behaviours, embracing diversity in all its forms.

MDA's expectation	Examples of the work we do
Appointing a senior leader to lead our work on mutual diversity.	The Society appointed Oddfellows CEO Jane Nelson as Diversity Champion in 2021.
Treating all customer and employees with respect, dignity and courtesy.	<p>Vulnerable Customer and Complaint Handling CBTs on an annual basis for customer facing staff.</p> <p>In addition, Diversity training and Dementia Awareness training for all staff was undertaken in 2024.</p> <p>Implementation of tools to proactively reach out to customers and assess vulnerabilities, ensuring inclusivity and providing tailored support to all our policyholders.</p>
Making reasonable adjustments to, and maintaining, an appropriate working environment, where employees from diverse backgrounds enjoy an equality of opportunity, and to demonstrate this through equality of pay, the capacity for agile working, fair recruitment and other HR policies.	<p>Creation of a Quiet Room at Unity Office. Updates to Staff Handbook to formalise areas such as maternity/ paternity, carers support, stress management, etc.</p> <p>Creation of a Menopause Policy.</p> <p>Diversification of Recruitment Consultants. Where possible use of name anonymised CVs/ job applications.</p> <p>Signing up to the Centre for Aging Better's "Age-friendly Employer Pledge"</p> <p>Updates to the staff handbook to formalise areas such as maternity/paternity leave for adoptions and processes for IVF appointments etc.</p> <p>Accessibility review from specialised accessibility advisor in order to address any accessibility gaps at Unity office.</p>
Maintaining an effective culture via our Board, that promotes diversity and sets the right example.	Creation of our Diversity Working Group.
Working with other members of the Alliance to support problem solving, to sponsor training of our people on inclusivity and diversity, as well as on conscious inclusion, and to share good practice, as necessary.	The Society's Diversity Champion along with the Society's Human Resource Function and Compliance & Risk Function are regular contributors to the AFM's MDA webinars and forums.
Reporting each year in September on how we have met the expectations of the alliance.	The Society's Diversity page can be found at https://www.oddfellows.co.uk/about/diversity including a link the AFM's Mutual Diversity Alliance webpage. Each year the Society report our Gender Pay Gap and Board and Senior Management Representation.

Strategic Report

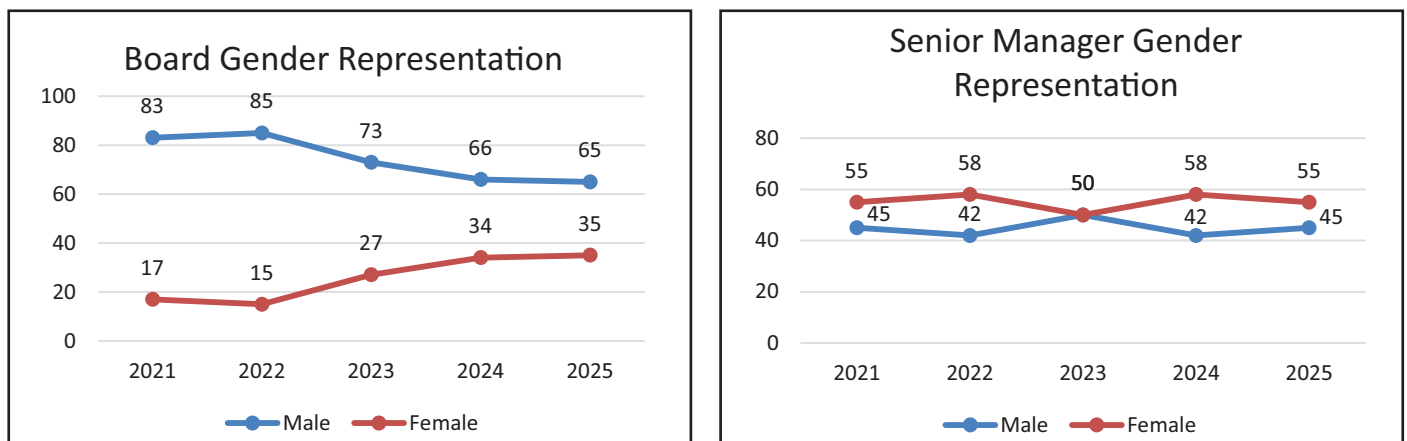
Training and Workshops

In addition to the formal DWG sessions the group have established links with a series of third party webinar providers who regularly provide smaller bite sized sessions, as well as continuing to make use of the sessions provided by the AFM. DWG members have found these sessions useful as a way of increasing and updating their knowledge, including the following topics:

- Consumer vulnerability webinar: what to do when you find out a consumer has an addiction;
- Consumer vulnerability webinar: sharing vulnerability data – the pros and cons;
- Greenwashing: dangers of making misleading claims;
- FCA/PRA rules on Diversity & Inclusion;
- ESG Training;
- Accelerating Customer Experience, Loyalty and Growth Under Consumer Duty;
- Vulnerable Customers: Do You Know Enough?; and
- Customer vulnerability – will AI be the answer?

The Society's DWG also arranged a session on Celebrating Neurodiversity in the Workplace presented by Inclusive Employers, a third party training provider, to staff at Unity Office.

Gender Representation



To date, the Society has focused on Gender representation at Board and Senior Manager level. As shown above, since we began recording this data in 2021, we have seen an increase in female representation at Board level.

The Society is proud of the progress it has made to ensure a better gender balance at Board and Senior Manager Level, increasing the female representation from 85%/15% (Male/Female) in January 2022 to 65%/35% (Male/Female) in January 2025. The Society will continue to work towards achieving a more broadly representative Board that more closely represents its members, customers and wider community.

The Society has also published its annual Gender Pay Gap Report (which can be found on the website), which demonstrated our commitment to transparency and disclosing information, encouraging collaboration and co-operation and continuing to make our place of work an equitable place.

Long-term value creation for all stakeholders

Introduction

The Society was established in 1810 and continues to provide discretionary care, social and welfare benefits to its fraternal members and a range of regulated savings and investment products to its long term insurance business members. Its operational office is in Manchester and, as at 31 December 2024 had a network of some 99 Branches, throughout the United Kingdom. Throughout 2024, as in previous years, our Society has remained committed to looking after our members and policyholders and maintained our excellent customer service throughout whether that was answering queries, supporting members, or the prompt payment of claims. The Society maintained a mixture of face to face events and online events for those members for whom that was their preference. In 2024, the Society hosted, on average, over 750 events per month which is an amazing achievement.

Strategic Report

Promoting the Society

The Society's Directors, led by the Chairman and the Chief Executive Officer/Secretary of the Order, promote the culture, ethos and values of the Society and its mutuality for the benefit of its 344,039 members.

The Directors have, over the years engaged with the members in a variety of ways, including regional group conferences, weekend seminars and specific information imparting briefings (the most recent example being consideration of the Society's corporate governance arrangements and the revised structure of its Board in 2018). Most importantly, member engagement is actively encouraged through the medium of the Society's Annual Movable Conference (AMC). This is a three day event that also includes the statutory business ordinarily to be dealt with at an Annual General Meeting. The AMC in 2024 took place from 27-29 May with 210 registered voting Deputies taking part. In a similar way to previous years, the AMC in 2024 was live streamed so that those members who were not able to attend could follow proceedings.

In addition to the AMC there are many other opportunities for members to be involved and learn from the various workshops and training sessions held either physically or via electronic means. 2024 saw the continuance of the two training weekend seminars that are held each year for our Branches and members and it was great to see how well those were received and the positive feedback from a total of 111 members that attended the March and September 2024 Seminars.

One of the Society's Directors is appointed as its Consumer Duty Champion and this role involves close liaison with the Society's management and staff to ensure that the principles of the requirements under the new Consumer Duty regime are adhered to as a matter of form throughout the Society's regulated business operations. The Consumer Duty Champion in 2024 was Mike Perry. There is also a Senior Independent Director appointed annually to whom anyone within the Society can raise matters about which they may have concerns. The Senior Independent Director for 2024 was David Ogden.

Employee Engagement

The Society had 62 staff at the end of 2024 (including contract staff) based in Manchester. Regular meetings are held between staff and their line managers, and the Society's management team meet with the Society's Executive Directors on a regular basis. Throughout 2024, these meetings were held on a face to face basis wherever possible. Throughout 2024 there were four issues of the Staff Newsletter to which staff were encouraged to contribute. 2024 saw the continuance of the Staff Recognition Scheme whereby members of staff were encouraged to nominate members of staff for whom they felt had gone "above and beyond". Each successful recipient was highlighted in the Staff Newsletter. All the nominations received are reviewed by a panel of staff who select the winner. Formal performance appraisals are conducted annually for all of the Society's employees and for the year 2023, these were carried out in December 2023 and January 2024 and for the year 2024 in December 2024 and January 2025. The half yearly staff surveys are designed in house, with the surveys being anonymous and they continue to include questions focused on the support and welfare of staff. Any matters that are flagged up in this process are reviewed and followed up as appropriate.

Community Engagement

The Society supports many local and national charities and makes significant donations via its Branch network. In 2024, the amount of donations to charitable causes across the UK totalled over £160k (2023: £175k). It also sponsors various organisations through its operational office in Manchester. The HA Andrews Memorial Fund (HAA) was set up in 1971 to honour a remarkable Society Secretary, Herbert Arthur Andrews. The Fund's focus is on providing financial support over a two or three year period to a UK project or organisation involved in, or conducting, medical research. The research must focus on improving society's understanding, diagnosis or cures for diseases, mental and physical disorders, or any other conditions which adversely affect the quality of human life. To the end of 2024 over £1.24m had been donated to various causes supporting medical research into illness such as Parkinson's, Prostate Cancer, Macular Degeneration, Lupus etc. 2024 saw the conclusion of the Society's three year support totaling £100,000 for a study into Cancer Immunology.

Suppliers

The Society will only deal with suppliers who demonstrably match our commitment to treating its customers fairly. Due diligence is rigorously undertaken to ensure that this is the case prior to any contracts being signed and ongoing monitoring is routinely carried out to ensure that it continues throughout the duration of the engagement.

Strategic Report

Current activities

Long Term Business (LTB)

As of December 2024, the Society's LTB managed assets were worth approximately £344m, which are ring-fenced from the fraternal business of the Society. This figure includes around 300,000 savings, investment, and insurance policies, of which 273,000 are Child Trust Fund (CTF) accounts. All policies are managed under the Society's 'Unity Mutual' brand, and administered by a dedicated team based at the Society's Office in Manchester.

The strategy for our Long Term Business throughout the year focused on the following areas:

- Responding to regulatory changes, particularly the introduction of Consumer Duty;
- Enhancing customer service with a focus on vulnerable customers; and
- Pursuing organic business growth.

At the start of the year, we introduced enhanced management information systems, providing the business with valuable insights into the outcomes our customers are receiving. This data is analysed regularly to identify areas for improvement and refine the service we offer. In addition, in 2024 we partnered with Morgan Ash, a company with over 20 years of expertise in supporting vulnerable customers, and this has equipped us with the tools to proactively reach out to customers and assess vulnerabilities, ensuring inclusivity and providing tailored support to all our policyholders. Towards the end of 2024, we shifted focus to increasing our presence on social media. This included a combination of informative blogs to raise brand awareness, paid Meta ads to drive lead generation, and organic content to showcase Unity Mutual's offerings and values.

One of our key achievements in 2024 was building a diverse, skilled team. Two apprentices successfully completed their training and chose to remain with the business, adding to the strength of our experienced workforce. This approach will further support the continued success of our Insurance Team and ensure we can effectively meet the evolving needs of our policyholders.

Branch Development – 'staying ahead'

Significant progress was made in the area of Branch Development in 2024. There has been a shift in the way which we measure and celebrate the social side of what our Branches do. Measurement reflects the importance of member involvement, Branch engagement and collaboration to ensure Branches focus on sustainability, growth and longevity, and remain relevant and attractive in the current market. Branches continuing to develop, grow and collaborate has also proved crucial to enable them to attract new members and retain current members. This is evidenced by the strength of Branches' social programmes with almost 750 in-person and online events being held every month last year which has contributed to the significant increase in new members made in 2024, with a 30.2% increase (2,210 new members).

Branches' proactivity has gathered momentum over the last year. Around a fifth of Branches have expanded their social offering into wider geographic areas, which significantly supports growth and this will continue into 2025.

Branch-owned development plans have continued to have a positive impact on overall growth and progress across the Branch network. This has included a stepped increase in new member recruitment figures, as outlined above, and a large increase in the number of Branches that are now covering deaths and lapses of Standard and Extra Benefit members, increasing from 50% in 2023 to 67% in 2024. In addition, a further 11% of Branches are covering the lapses which is really positive.

Online events

Online events continue to be an attractive and important offer to members and prospective members. Online events provide the opportunity for members to connect across the country and help make events accessible to those that can't attend in person. Branches partnering and collaborating on online events throughout the year demonstrates forward-thinking and recognition of the importance of these events. The Branch Development Team have supported this by delivering a wide-ranging, national, online offering. In 2024, over 700 online events were delivered, with 33 of those being supported nationally.

Online Open Days

Online open days for prospective members were delivered monthly via Zoom throughout 2024. A total of 189 prospective members attended and of those, 27% became members after joining an open day. These are an essential way for prospective members to find out more about the Society.

Strategic Report

Friendship Month

It was a record-breaking year for the Society's annual Friendship Month campaign. There were 312 Friendship Month events delivered by Branches across the country. This equates to a 13% increase on the previous year and 24 Branches hosted an event that they hadn't tried before, compared to only one Branch doing so in 2023.

91% of Branches ordered a promotional pack to get involved in the Friendship Month campaign, an uplift from 86% in 2023.

When asked about their Friendship Month highlights, Branches said they enjoyed seeing people enjoying themselves and members being confident in chatting to new people about the Oddfellows.

"Seeing a group of people come together, embrace new people and warmly welcome them and enjoy each other's company. To see the delight in a new attendee having enjoyed the event and wanting to come back after having made that first step to attend."

"Welcoming new people who then become friends and members."

"I loved seeing how enthusiastic our current members were when talking to non-members about the Oddfellows and what we have done for them. I realised I didn't really need to do anything to convince people to join as our members were already doing that."

Succession Planning and Member Involvement

It is essential for the future of the Society that there is a continual, healthy pipeline of members who are committed to being actively involved in running their Branch now and in the future. 2024 has seen a continual focus on engaging members about informal and formal volunteering opportunities, predominately through the delivery of online taster session webinars and one-to-one guidance with Branches.

In addition, Member Involvement was the key topic at the Social Organiser (SO) Forums during the Weekend Seminars in March and September 2024. Data capture around Committees of Management and active Branch members provided a picture in terms of what the volunteer landscape currently looks like. Further work is underway to increase active member involvement in 2025.

Networks and support

2024 was another busy and buoyant year for SO recruitment. Online recruitment via Facebook continued to be effective in terms of the calibre of candidate and the cost. Very positive feedback received from Branches supports this and this process is now embedded across the network. Branch Secretarial recruitment has also adopted this approach.

The monthly SO Drop In sessions have continued, with two sessions being held every month, one in the daytime and one in the evening to enable greater attendance. These sessions proved invaluable as part of the new SO induction process, as they are a great way for new colleagues to be welcomed and for them to meet other SO's from across the Branch network in a relaxed environment. A monthly communication entitled 'What's New' is sent from the Branch Development Team to all SOs and Secretaries and covers highlights from the Drop In along with other topical and timely information.

Training, development and skills enhancement

A comprehensive online training calendar focused on upskilling and information sharing across a wide range of topics throughout the year. Recorded sessions are uploaded to Oddspace and available for Branches to access as and when required. Session topics in 2024 have included:

- Branch Internal Audit;
- Branch Portal - for both Secretaries and Social Organisers;
- Committee of Management - roles and responsibilities;
- Cruse Loss and Bereavement;
- Member benefits;
- PR and marketing skills sessions; and
- Volunteering taster sessions.

Strategic Report

Partnerships

A key focus for 2024 has been the delivery of a number of Oddfellows Extra (suite of offers and discounts available to members), interactive, awareness sessions across the Branch network, which were held at both the Weekend Seminars plus an online training and awareness session. The sessions were aimed at helping Branches and members get the most from membership of the Oddfellows. This has included showcasing offers via social media platforms and utilising the refreshed promotional material in Branch.

Marketing campaigns and communications content

The theme and content of the Society's marketing campaigns and underpinning content in 2024 were geared towards life stages and lifestyle factors that are known to encourage people to take the first steps to seek friendship in later life. Content themes included moving area, retirement and bereavement, and the annual Friendship Month campaign, which entered its fifteenth year. These campaign themes supported the creation of PR templates for Branches to use in their areas to create local interest and increase awareness.

Each of the Society's marketing campaigns was complemented by a case study or case studies of current members and five new supporting stories were created in 2024.

For each campaign, a mixed media approach was used to drive enquiries and traffic to the website. This included national print advertising, online advertising and digital advertising (including social media and Google ads).

During 2024, concepts for the retirement campaign were audience-tested with an online panel of around 500 people, where the panel reviewed the adverts and selected their favourites, along with giving their opinion on the overall look, imagery and wording. Supporting content was also created by conducting a national independent survey to explore how people feel about navigating life post-work. News releases and online content were subsequently created highlighting how the Oddfellows can ease feelings of loneliness or boredom.

Public relations activity – media coverage

Press cuttings have performed at their strongest levels since recording began in 2008, with the average monthly cuttings increasing from 37.66 in 2023 to 60.5 in 2024. 170 cuttings were achieved by Branches using one of the six distributed PR templates as follows:

- Template 1 – 13 cuttings – Friendly support for New Year's social goal-setters.
- Template 2 – 38 cuttings – Help to sow seeds of friendship this spring.
- Template 3 – 16 cuttings – Friends to help beat boredom in retirement.
- Template 4 – 39 cuttings – An invitation to amp up your 'frenergy' this September.
- Template 5 – 34 cuttings – Letter to the Editor – The buzz of Friendship.
- Template 6 – 21 cuttings – Try something new with the Oddfellows.

Support was also delivered on request by Branches throughout the year with 89 requests for editorial/PR support being responded to, including the creation of no less than 35 local media lists.

Marketing and communications skills-based training

To support our local Oddfellows Branches with their marketing and communications activities, a comprehensive range of targeted training was delivered throughout the year. This included:

Face-to-face:

- Workshops titled '*Targeting communications – Reaching the right people in the right way*' and '*Understanding the enquirer and new member journey*', both of which were carried out at the two Weekend Seminars.
- Two in-person Facebook skills workshops (one beginner and one intermediate/advanced).

Strategic Report

Online:

- A 'Facebook Health Check' following the annual Facebook review.
- A session on the Making a Difference Awards with guidance around the process and tips for making the most of the awards within a Branch.
- Two sessions for Branches around Friendship Month, with one focusing on how to prepare and the other providing an overview of the news angle and the press and promotional support available.
- Members of the Marketing and Communications team attended Social Organisers drop-in sessions throughout the year to provide advice including creating press releases for charitable giving and how to get the most coverage for press releases.

Managing and building digital channels

Social media – Facebook and X (Formerly Twitter)

Branch Facebook pages are a vital marketing tool to share Society news and membership offerings, as well as a valuable recruitment tool at a local level through the creation of an inclusive online community. By the end of 2024, the number of live Branch Facebook pages was 84, compared to 80 at the end of 2023.

The annual Facebook review was completed in June 2024 and looked at 78 Branch Facebook pages, being those live at the time and excluding some that had not been active long enough to provide meaningful data. Overall, the performance was positive. More pages were considered Excellent than any other category (32%), and nearly two thirds (63%) scored either Excellent or Good, up from 57% in 2023.

All Branches were provided with individualised feedback and offered support. An online 'Facebook Health Check' training session was delivered for Branches during the feedback process to support ongoing improvements.

Success on both Facebook and X is measured through engagement from users. The Society's X channel, which is mainly used as a business to business engagement platform, increased during 2024, rising from 5.05 to 8.01 by the end of the year. X measures engagement using a unique calculation based on interactions with the profile or posts, for example, if a user likes or shares content. A score of 3.6 or more is considered a positive indication of the reach and engaging nature of our content. In February 2025, the Society ceased using 'X' as a social media platform.

E-marketing

The Society has active marketing emails for approximately 22.22% of its adult memberships. The importance of capturing email addresses to nurture members and prospective members can't be underestimated, and a recent satisfaction survey undertaken in 2024 revealed that members who receive regular emails are more satisfied than those who don't recall receiving emails.

Society-wide member emails were sent to an average of 7,296 active member emails every month throughout 2024. These emails achieved average open rates of 57.81%, which is considered high and demonstrates engagement. Click through rates were 18.63%, higher than in 2023. Good working targets for standard monthly member emails are open rates of 40-50%, and click through rates of 25-40%.

Additional emails were sent throughout the year to enquirers to invite them to attend a local event or online open day.

Website www.oddfellows.co.uk

Some key developments and improvements were made to the Oddfellows' website in 2024, including steps to improve website load speeds, improve Search Engine Optimisation (SEO) and enhance user experience. Successes included image adjustments resulting in some loading 25 times faster, changing the way events data is stored meaning that events listings, after a search, are shown to a user in 0.122 seconds opposed to the former 5.4 seconds, and the introduction of a date/distance filter to allow users to view events most relevant to their needs.

Strategic Report

Website usage increased, showing it is pivotal tool for enquirers and members. The figures below are an important guide but do not capture the whole picture as some users did not consent to Google Analytics tracking. The results include:

Target: *Increase online audience size and engagement*

Users:

2023 – 155,928

2024 – 170,327

Target: *Increase online member sign-ups*

Adult membership:

2023 – 381

2024 – 675

Target: *Increase online renewals (adult memberships)*

2023 – 48

2024 – 106

Target: *Increase in online member area subscribers*

2023 – 4,574

2024 – 5,325

Recruitment

Recruitment saw a 30.2% increase in 2024, recruiting 2,210 new members to the Society, compared to 1,698 in 2023.

Recruitment through the Refer a Friend scheme increased from 759 in 2023 to 913 in 2024.

Enquiries increased significantly from 4,311 in 2023 to 9,211 in 2024, which can be attributed to adjustments to marketing tactics, local Branch marketing efforts and a simpler enquiry journey.

As a result of work undertaken in 2023, data capture significantly improved during 2024 as well as a more simple enquiry submission process for those interested to find out more. More than 50% of enquiries were submitted via the Oddfellows' website in 2024 and the most successful advertising methods for enquiry generation were Refer a Friend, online search and Facebook.

Member retention

The member retention rate showed a slight increase and, at the end of the year this was 87.87%, slightly higher than in 2023.

The bi-annual member satisfaction survey was conducted in 2024, which provided intelligence into how satisfied members are and key factors that may impact retention. There was an increased response rate in the survey when compared to the last survey undertaken in 2022. The overall satisfaction score of 8.6 (out of 10) signifies a positive member experience. Encouragingly, the overall Net Promoter Score (NPS) of 39.9 has increased from 37 in 2022. Analysis reveals that Branch supportiveness, friendliness, and the quality of social events significantly contribute to member satisfaction.

The analysis of the results from the survey also showed a strong correlation between satisfaction and recommendation likelihood. While satisfaction levels are generally high, there is room for improvement in converting passive members into active promoters of the organisation. This emphasises the importance of not only meeting but exceeding member expectations to foster a culture of advocacy and positive word-of-mouth promotion. Individual reports were shared with Branches and insights will be used to support improvements.

Activities outside scope of powers

The Board considers neither the Society nor its Branches have carried out activities during the year outside the scope of their powers.

Strategic Report

Financial review of the year

2024 proved to be a positive year for financial markets, and they ended the year strongly. The US market was again dominant in driving market performance, despite volatility as markets remained sensitive to economic data dictating interest rates and market sentiment had to deal with major political shifts with marked changes in fiscal policy and monetary policy.

Despite early signs in 2024 that inflation was under control and there being a clear path to a marked decrease in interest rates, inflation data led to a more cautious stance and this is set to continue in 2025. UK Interest rates did nevertheless decrease from 5.25% to 4.75%. A further interest rate cut to 4.5% was announced in February 2025.

Society financial results

As at 31 December 2024, the Society managed £531m (2023: £534m) of members' money, across its Insurance book and Unitised Funds. Our members' money is invested in a number of funds and asset classes which reflect the Society's Board investment strategy and appetite for risk. The Society regularly reviews its long term investment strategy and investment performance, and the Society has been able to maintain its strategy and a healthy level of solvency. The Society's available capital increased from £352.2m to £359.7m, maintaining a strong financial position with the unaudited Solvency Capital Ratio (SCR) as at 31 December 2024, standing at 360% (2023: 360%).

The Society has identified material corrections to previously reported results, leading to the restatement of the 2023 value for the Fund for Future Appropriations, Liabilities to Investing Branches and the 2023 Non Technical Income and Expenditure Account. The Fund for Future Appropriations has, as a result, reduced to £12.5m from £29.9m and Liabilities to Investing Branches increased to £157m from £139.6m. The result for the year on the 2023 Non Technical Account was adjusted to a £0.9m deficit from a £0.3m deficit. Further information on the restatement can be found in note 1a of the financial statements.

There was a surplus on the Group Consolidated Income and Expenditure on the Technical Account for Long Term Business of £1.2m for the year (2023: £1.3m surplus).

There was a deficit on the Group Consolidated Income and Expenditure on the Non Technical Account of £1.1m for the year (2023: £0.9m deficit (restated)).

Premium Income

A total of £1.3m (net) of insurance contracts was invested with the Society in 2024 (2023: £1.5m). A further £8.8m (2023: £9.2m) was invested in investment contracts, a total of £10.1m (2023: 10.7m). Of this, £6.3m (2023: £6.9m) was new business for the Society, £3.8m additional premium from existing contracts (2023:£3.8m)

Claims

A total of £3.9m was paid in claims in 2024 (2023: £3.9m) which is in line with expectations.

Operating expenses

A total of £3.6m of operating expenses was incurred in 2024 (2023: £3.7m). Expenses are monitored and controlled with adherence to the annual budgeting process and monthly MI.

Investment Income

The Society's investment income on its Technical Account was £12.1m (2023: 10.2m) and after taking into account of the unrealised gains and losses on investment values, total income from investments amounted to £23m (2023: £24.8m). The Society's investment income on its Non Technical was £6.6m (2023: £6.3m restated) and after taking into account of the unrealised gains and losses on investment values, total income from investments amounted to £10.4m (2023: £12.2m) of which £8.9m (2023: £11.1m) was attributable to Branch investments in the various Society managed Unity Unitised funds.

Liquidity strategy

Market volatility is becoming more mainstream in the financial markets, increasing the need for a robust liquidity strategy. Financial markets are reacting quicker than ever to key economic and geopolitical uncertainty or change in investment outlook making it essential that the Society holds a level of liquid assets to draw should it be required, mitigating the need to draw on other long term assets whose value can be more sensitive to market events.

Strategic Report

As part of the Society's Own Risk and Solvency Assessment (ORSA) it stresses its liquidity needs and considers the Society's ability to respond to a number of individual and combined shocks to its liquidity. As part of that assessment we regularly monitor our investments including our holding of cash and other marketable securities that can be realised quickly. Liquidity requirements are built into our investment management mandates that are approved by the Society's Board.

The Society maintains a balanced portfolio approach to all our areas of business ensuring that no area is left overly exposed to changes in any market movements in any one asset class. This approach includes reviewing the allocation to each asset class within a portfolio to both maximise long term investment returns whilst ensuring that we are able to continue operating and meet our liabilities as they fall due.

The maturing profile of our assets are matched with our liabilities, and in conjunction with advice from the Society's Chief Actuary we adapt our investment strategy according to the needs of our insurance book. For our non- insurance activities we are diversified into a number of funds which enable us to spread our risk and offer an appropriate balance of risk and return.

Supervision of Branches

The Directors have overall responsibility for the supervision of all Branches in addition to the direct responsibilities of the Branch Committees of Management themselves. The central and local systems of reporting continue to identify areas that require improvements to systems and the Fraternal Board then work with those Branches to ensure the necessary improvements are made.

The above Strategic Report was approved by the Board and signed on its behalf by:

A handwritten signature in blue ink, appearing to read 'C J Nelson', with a long horizontal stroke extending to the right.

C J Nelson
Chief Executive Officer
10 April 2025

Directors' Report

The Directors present their Annual Report together with the Financial Statements for the year ended 31 December 2024. In producing this Report, the Directors have considered the AFM Corporate Governance Code which now operates on an 'Apply and Explain' basis.

Member relations

The Board's communication strategy for the whole Society aims to fulfil the following objectives:

1. To ensure that relevant information is given to all our *key stakeholders in a timely and appropriate manner. This means our communications:
 - a) are clear, fair and not misleading;
 - b) use plain English;
 - c) aim to keep members informed;
 - d) to deliver good customer outcomes;
 - e) provide sufficient information at the right time for key stakeholders to make informed decisions; and
 - f) fully utilise all available communication channels (eg email, letter, telephone, website, member magazines, social media).
2. To support open communication between the Society and its key stakeholders, a range of publications and information will be made available on a regular basis – these will include annual statements, circulars, newsletters and other documents on the Society's intranet and websites.
3. To continuously monitor our communications to ensure that they deliver good customer outcomes and to undertake an annual review to get feedback from members and policyholders. This will include distribution and analysis of customer surveys.
4. To review skills and experience on an annual basis to ensure adequate training is provided. This will mean the Society can continue to achieve its communications objectives.

Underpinning the Society's ongoing communication strategy (as outlined above) are the FCA/PRA's current rules and guidance (Principles **6, 7, 8 and 12) also ***Principle 6 of the AFM Corporate Governance Code (as outlined below).

*Key stakeholders include Branch Officers, Members, Policyholders, Directors, Sub Boards and Committees Members, Staff, the FCA, PRA and other relevant regulatory bodies.

** Principles 6, 7, 8 & 12:

- 'A firm must pay due regard to the interests of its customers and treat them fairly'.
- 'A firm must pay due regard to the information needs of its customers, and communicate information to them in a way which is clear, fair and not misleading'.
- 'A firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client'.
- 'A firm must act to deliver good outcomes for customers'.

*** Principle 6: Directors should foster effective stakeholder relationships aligned to the Society's purpose. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

Complaints by Members

The Society aims to deliver the highest standard of service to its Members. However, we recognise that there may be occasions where our Members believe that our service has fallen below their expectations. In this event, they have recourse to our complaints procedure.

The Society's philosophy is that the effective management of complaints is a key part of treating members fairly and ensuring good member outcomes.

The following values have long been embedded in the Society's culture and procedures:

- The provision of excellent standards of service to our Members;
- Treating our Members fairly and ensuring that all complaints receive fair, consistent and prompt investigation and resolution; and
- Valuing member feedback with a commitment to review our working practices and procedures to deliver good member outcomes.

Directors' Report

The Compliance & Risk Function, the Audit, Risk & Compliance Committee, the Commercial Board and the Society's Consumer Duty Champion regularly review the number and type of complaints received. The objective is to:

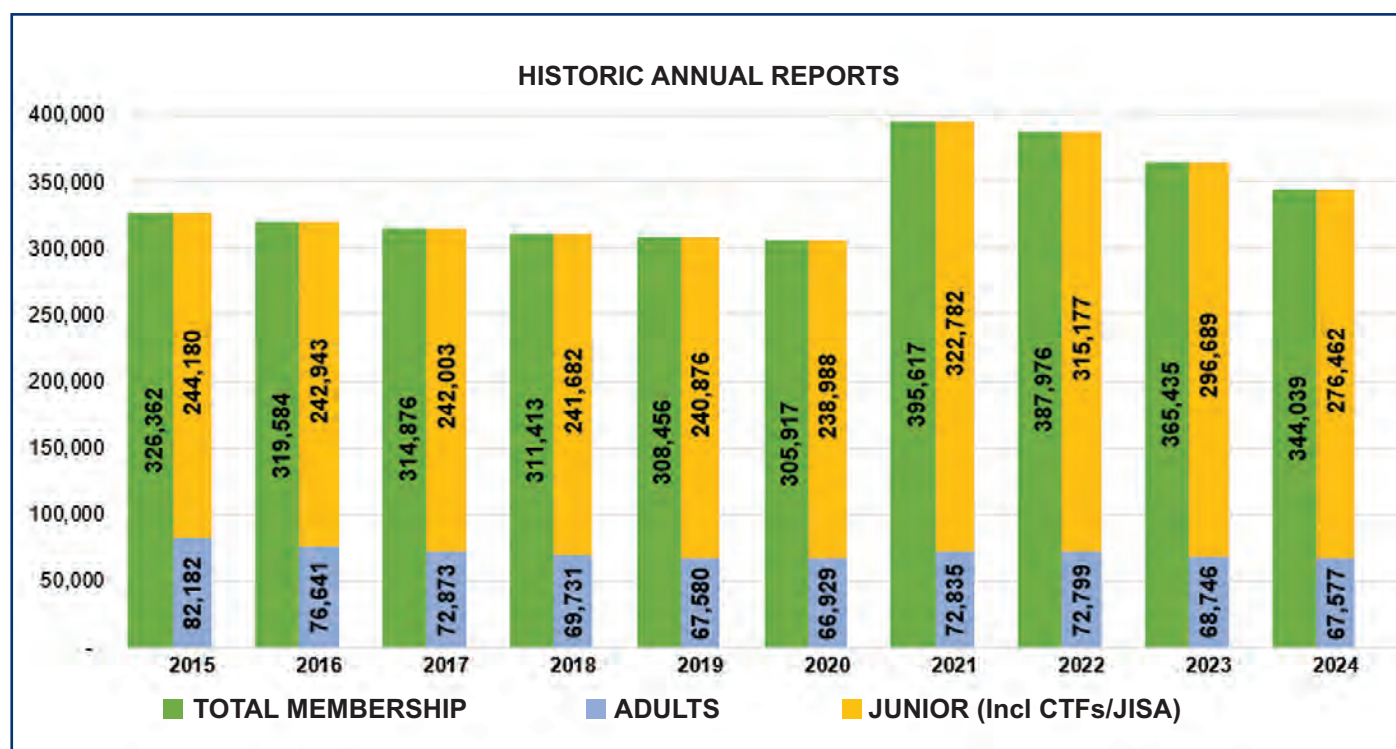
- ensure that complaints are properly dealt with and that appropriate corrective action has been taken to prevent complaints of the same or similar nature occurring again; and
- ensure that the Society's members are treated fairly.

In the unlikely event that a complaint cannot be resolved to the member's satisfaction, the member is made aware of the option to appeal to the Financial Ombudsman Service (FOS).

Over the last three years, the Society has received 23 regulated business complaints. Following appropriate investigation, one was upheld, 21 refuted, and one was withdrawn. Of the 21 refuted complaints, four members decided to appeal to the Financial Ombudsman Service, where three were rejected and one was withdrawn.

Number of Members

The Society had 344,039 (365,430 in 2023) members as at 31 December 2024, of which 274,613 were Junior Members (273,805 being Child Trust Fund Members and 808 Junior ISAs).



Corporate Governance

The Board is accountable to the Society's Members for the operation of the Society and good governance is fundamental to this responsibility. The principal role of the Board is to focus on the Society's strategy. As the business develops and changes, and as the challenges the Society face change, the Board has to ensure that there are the necessary resources in place with the relevant knowledge, skills and experience. It is also essential that financial and Risk Management procedures and controls are robust and effective. In particular, the Board's role is to provide general direction to the Society and to safeguard the interests of its Members.

The Board's approach to Corporate Governance is influenced by the following matters:

- That the Board is accountable to the Society's Members for the conduct and performance of the business;
- That the interests of Members are at the heart of the Board's decision making;
- That the interests of other parties, such as employees and the communities in which the Society operates, are also taken into account;
- That the Society should be managed in a prudent and efficient manner with effective decision making and robust management of risks that the Society may face; and
- That the effectiveness of the Board is vital to the financial strength and future success of the Society.

Directors' Report

The Board is committed to complying with best practice in Corporate Governance and for the year ended 31 December 2024 the Society complied with the principles required under the provisions of the Association of Financial Mutuals (AFM) Corporate Governance Code which is based upon six fundamental principles. The Board considers that throughout the period under review, it has applied all the principles and provisions of the AFM Corporate Governance Code.

We have set out below how the Principles have been applied over the past year.

Principle 1 – Purpose and leadership

Purpose

The Oddfellows was founded in 1810 to look after the welfare of its members at a time where there was no national provision. The fundamental principles and ethos of the Society in 1810 remain today where the Society aims to improve the quality of life of its members by meeting their social and welfare needs through a mutual, national Branch network as well as providing financial services products with a fair return to policyholders and members on their savings and investments. The Long Term Business is operated under the Society's financial services brand, Unity Mutual and, together with the Oddfellows strapline of "Making Friends, Helping People", this really demonstrates the guiding framework to which we operate.

Values and Culture

The objectives and activities (shown in the Strategic report on Page 6) demonstrate how as a Society we ensure we deliver what we aim to deliver, always having the needs of our members at the forefront of our minds.

Strategy

Unlike most other Societies, the Oddfellows has two distinct elements to its business, with the Fraternal Business as well as the Long Term Insurance Business, and it is the strategy for both these elements that make the Society what it is today.

In terms of the Oddfellows brand, the Society aims to be the lifestyle membership of choice for the over 50's and to help all of its members get more out of life with a compelling range of social, care and financial support, delivered through a thriving national Branch network.

For the Unity Mutual brand, the Society aims to be the mutual insurer of choice, offering a range of financial products helping families get the most out of their savings and investments now and for generations to come.

Principle 2 – Board Composition

A biography for each Director can be found on pages 36 to 42 of this report and also on the website www.oddfellows.co.uk

Chair

The Society has a separate Chairman and Chief Executive to ensure that the balance of responsibilities, accountabilities and decision making across the Society are effectively maintained. The Chairman plays a pivotal role in creating the conditions for overall Board and individual Director effectiveness.

Size and Structure

The Society held its AMC on 27 to 29 May 2024 where 15 Directors were elected with one additional External Non-Executive Director being appointed in July 2024. As at the end of the year there were eight Directors serving on the Board which comprised of the Chairman, the Chief Executive, the Chief Financial Officer, three Member Nominated Non-Executive Directors and two External Non-Executive Directors. The Society's governance structure includes two Sub Boards – the Commercial Board and the Fraternal Board, each of which deal with all the aspects relating to the Long Term Business and the Fraternal Business respectively. All Directors serve on at least one of the Sub Boards and Committees. A list of Directors, the Board(s) and Committee(s) they serve on, with the attendance record can be found on page 43. The Independent Non-Executive Directors are wholly independent in that they have no material business or relationships with the Society that might influence their independence or judgement.

In July 2024, the Audit, Risk and Compliance Committee was strengthened with the appointment of an External Non-Executive Director and a Skilled Person who bring actuarial, audit and accountancy skills and experience. Following this enhancement, the size and composition of the Board and the Sub Boards is felt to be appropriate and proportionate to the scale and complexity of the Society's business.

Directors' Report

The Directors have equal voting rights when making decisions, except the Chairman, who has a casting vote. All Directors have access to the advice and services of the Secretary of the Order and the Company Secretary and may, if they wish, take professional advice at the Society's expense.

The Society currently has one Director who has served as a member of the Society's Board, Sub-Boards and Committees for over 9 years, who is subject to re-election on an annual basis.

To ensure the continuity of operations throughout the Society, Directors and Senior Management Succession Plans are in place to address the loss of key individuals.

Balance and Diversity

The duties of the Directors are executed partially through the two Sub Boards and Committees. The composition and remit of each of the Sub Boards and Committees can be seen in the Directors' report on pages 45 to 56. All Non-Executive Directors are expected to challenge the Executive and influence the decision making process.

The Society has in place a Diversity Policy which demonstrates that the Society is committed to:

- promoting equality in the workplace, which the Society believes is good management practice and makes sound business sense;
- creating a working environment that promotes dignity and respect for all and one that is free of bullying, harassment and unlawful discrimination; and
- ensuring that all our employment practices and procedures meet the expectations of our Regulatory bodies in respect of diversity at all levels of the business.

The Society informs all staff of their obligation to comply with the Diversity Policy and their responsibility to promote equality and fairness in the workplace.

Effectiveness

There is an induction programme for all new Directors which is tailored to their specific experience and knowledge and which provides access to all parts of the business. In addition, the Society undertakes regular individual and collective skills and knowledge gap analysis to ensure that we have the requisite individual and collective competencies taking into account the Society's strategy and objectives. A skills and knowledge gap analysis was undertaken during 2024 to identify and address individual knowledge gaps. All Directors are required to update their skills and knowledge through meetings with the Executive, Senior Management and relevant external courses, all of which is fully documented in the Training and Development Plan, which also includes the requirement for Directors to undertake Computer Based Training (CBT) modules each year, the details of which are included in Page 45.

During 2024 each Director was evaluated which included a self-assessment across the following areas:

- Business Strategy and Model;
- Compliance and Risk Management and Internal Controls;
- Effectiveness;
- Experience of the Society;
- External/Internal Audit and Investment Management;
- Financial and Actuarial Analysis and Controls;
- Governance, Oversight and Controls;
- Leadership – the Board and its Sub Boards and Committees;
- Market Knowledge;
- Regulatory Framework and requirements; and
- Consumer Duty and Culture.

The Society has not, in 2024, undertaken an externally facilitated evaluation of the Directors and Skilled Persons, however, this is a matter that is kept under regular review.

Directors' Report

Principle 3 – Director Responsibilities Accountability

Accountability

Good governance supports open and fair business, ensures that the Society has the right safeguards in place and makes certain that every decision it takes is underpinned by the right considerations. Whilst Board oversight is always maintained, key decisions are made by the individual Sub Boards and Committees with the most appropriate and relevant knowledge and industry experience. Each Director has a clear understanding of their accountability and responsibilities. In 2024, the Board had a programme of four principal meetings. The Commercial and Fraternal Boards usually have at least eight and five meetings every year respectively. The Directors' attendance at meetings of the Board, Sub Boards and Committees is shown on Page 43. The key strategic areas of focus in 2024 are included in the Strategic Report on pages 6 to 28.

Directors disclose any conflicts of interest as and when appropriate which are then recorded in the minutes of the respective meeting and managed appropriately.

Committees

Sub Boards and Committees are appointed where necessary with specific delegated responsibilities including, in the case of Sub Boards, the ability to pass resolutions of a non-policy nature. The Chief Executive is a member of the Board and of both the Sub Boards, the Governance Committee and is ex-officio on all other Committees. The Grand Master is a member of the Board, the Fraternal Board and the Governance Committee and is ex-officio on all other Committees. Each Committee and Sub Board has its own Terms of Reference and the responsibilities of each of those Committees and the two Sub Boards are set out on pages 45 to 56.

The Board delegates authority for day-to-day management of the Society to the Executive (Chief Executive Officer and the Chief Financial Officer).

Integrity of information

The Board, Sub Boards and Committees receive regular and timely information on all key aspects of the business under their remit including strategy, key operational matters, financial performance, risk management, Diversity, Equality and Inclusion (DE&I) and Environmental, Social and Governance (ESG), all supported by Key Performance Indicators (KPIs) wherever possible.

Audit Provision

PKF Littlejohn LLP were appointed as the Society's External Audit provider with effect from March 2022 to audit the financial information. The Internal Audit function of reviewing the financial and systems controls is undertaken by the external company RSM UK Risk Assurance Services LLP, who reported on a quarterly basis to the Audit Risk and Compliance Committee.

Principle 4 – Opportunities and Risk

The Board seeks out opportunities whilst mitigating risk:

Opportunities

The Society's strategic objectives and activities are defined on Page 6. The Board seeks out opportunities whilst managing the risks associated with them. Where opportunities are considered, the Sub Boards initially review the business cases which, once approved, are then submitted to the Board for final approval and sign off. Overall, the Board feels that there is significant opportunity for a trusted and reliable provider of competitive saving, investment and insurance policies in the UK market.

Through its Unity Mutual brand the Society believes that it has sufficient opportunity to create member value over the medium to long term. During 2024 the Society continued to promote all its products, implemented and embedded new regulatory requirements known as Consumer Duty, including completing fair value assessments of all its products, which helps to enhance the good level of service and support provided to our customers and maintained the competitiveness of our existing products despite challenging economic conditions. The Board also believes there is the continued opportunity of being a safe home for other mutuals that cannot continue to create value for their members.

As a way of collating the valuable views of our customers, the Society introduced Feefo, a review platform, towards the end of 2024. The reviews and feedback we receive will be used to improve our products as well as the service we provide.

Directors' Report

We understand that it can be difficult to talk about vulnerabilities. Therefore, we strive to support our customers who are experiencing vulnerabilities by acting fairly, sensitively and flexibly. To recognise and respond in the best way possible to a range of vulnerabilities, our staff attended a bespoke vulnerability course which complements our existing training. This training was really well received, insightful and informative.

Furthermore, we feel it is important to understand potential vulnerabilities our policyholders may face and ways in which we may be able to offer support. Therefore, we will be asking our policyholders to help us to do this and will be in contact over the next 12 months. We will use the insight we receive to enhance the way we do things and support we offer.

Throughout 2024, four main campaigns, including Moving to a New Area, Bereavement, Friendship Month and Retirement contributed to receiving a greater number of enquiries in respect of membership compared to the previous year. Whilst face to face events have resumed, the Society recognises the benefits of continuing to offer some online events and has adopted a hybrid approach allowing members to realise that the Society is always there for them.

Risk

The Audit, Risk & Compliance Committee's role is to protect the interests of the Members as regards the appropriate management of risk, the integrity of the published Financial Information and the effectiveness of the various audits. The Society's Risk Management Framework (RMF) operates around the proven industry standard "three lines of defence model" for overseeing its internal control frameworks. This is designed to create, protect and enhance value of the Society's viability.

Each of the Society's primary and secondary risks are monitored and reviewed on a regular basis, each risk having a Risk Owner attached to it who is either an Executive Director or Senior Manager. Each risk also has a position of Governing Responsibility which rests with the Board, Sub Board or a Committee with the ARCC having overall responsibility for all risks within the business.

Regular reviews of the risk register are undertaken by the Board, Sub Board or Committee with governing responsibility, with the ARCC and the relevant appropriate body also undertaking a more detailed review of each primary and secondary risk.

The Society's systems and controls are designed to manage rather than to entirely eliminate the risk of failure to achieve business objectives and can only provide reasonable and not an absolute assurance against a risk materialising. (see ARCC report on pages 46 to 50).

Responsibilities

The Society has developed a Business Operating Model (BoM) which encapsulates its operating rules, processes, best practice standards and delegated authorities. It is the fundamental platform to the internal control framework.

In managing the risks facing the Society, the Board, Sub Boards and Committees are able to protect the integrity and long-term sustainability of all its business, to meet its strategic objectives and to create value for its members.

Principle 5 – Remuneration

The Remuneration Committee's primary objective is to set remuneration at a level that will enhance the Society's resources by securing and retaining quality Executives who can deliver the Society's strategic objectives in a manner consistent with both its purpose and the interests of its members.

The Remuneration Committee has a clearly defined terms of reference and is responsible for making recommendations to the Board concerning the remuneration strategy for the Executive and Non-Executive Directors. The Committee did not use the services of an external consultancy during 2024, largely because the data is capable of being collated internally as it is in the public domain. In setting and benchmarking remuneration for the Executive and Non-Executive Directors, comparisons are made to the remuneration packages applicable in other Friendly Societies which are considered to be the closest competitors to the Society.

The Society is an equal opportunities employer and promotes an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment and career development regardless of age, gender, nationality, ethnic origin, religion, marital status, sexual orientation or disability. All decisions relating to employment practices (including remuneration) are objective, free from bias and based solely upon work criteria and individual merit.

Directors' Report

Principle 6 – Stakeholders

The Board believes that good corporate governance and effective communication are essential on a day-to-day basis to deliver our purpose and to protect the Society's brands, reputation and relationships with all its stakeholders including members, policyholders, employees, suppliers and the local communities in which we work.

The Board continues to seek to align the Society's strategic direction with its purpose and to the long-term aspirations for sustainability and growth of members and policyholders.

Employees

The CEO ensures that the Society's values, strategy and culture align and are communicated consistently to the workforce - for example through regular meetings with the Management Team, one to one meetings with Managers and Heads of Departments and regular Staff meetings. Together with the work undertaken on culture, which includes staff surveys that everyone has the opportunity to complete, this ensures that all staff and management have good access in terms of information and providing feedback.

The Society recognises the importance of diversity in creating an inclusive culture for staff, members and customers and welcomes the inclusion of a range of experiences, perspectives, ideas and talents into the Society. The Society's Diversity Working Group (DWG) meets several times throughout the year to further develop its diversity and inclusivity strategy and initiatives. The Group is comprised of representatives from different departments within Unity Office, however, all members of staff are welcome to get involved in our diversity discussions by attending meetings or sharing their ideas and thoughts, including submitting them anonymously, if they wish to. During 2024, the DWG continued to come together regularly to discuss and develop the Society's approach to diversity. Further information on the areas discussed during the meetings, variety of improvements made and various ways in which the Society is driving forward diversity can be found on pages 18 to 20.

The community and the environment

The Board is committed to Environmental, Social and Governance (ESG) in terms of how it operates and is mindful of the effect of Climate change. To evaluate the exposure of the Society's investment portfolios to environmental, social, and governance risks, the Society's Investment Managers all provide an ESG score for the funds they manage. The Society has kept the relevant ESG ratings under review during 2024 and will continue to enhance its approach towards ESG, including further developing its strategy throughout 2025 (for further information on ESG reporting see pages 14 to 17).

Since 2020, the Society has committed to calculating and offsetting its annual carbon footprint with the objective of measuring and monitoring its emissions and adopting a strategy of reducing those emissions over time. The most recent carbon footprint assessment was undertaken in 2024. Emissions reported for the period 1 April 2023 to 31 March 2024 totalled 77.78 tonnes of CO₂ (down from 89.41 tonnes in 2023). For several years the Society has attained Carbon Neutral Plus status by going beyond our measured footprint when offsetting our emissions. Despite seeing a reduction in emissions following the recent assessment, the Society has maintained its Carbon Neutral Plus status this year and supported a variety of projects involving restoration, conservation and reforestation across Ghana, Zambia, Thailand, Turkey and India.

Improving the quality of people's lives through friendship, care and charitable support means a lot to the Society. In 2024 alone, Branches raised over £160k for a variety of local and national charities. The Society is extremely proud of the fact that since 1971, the Society has donated £1.24m to the HA Andrews Memorial Fund to fund vital medical research in the UK. From 2022 to 2024, the Society's HA Andrews Memorial Fund supported the Centre for Cancer Immunology to support ground-breaking research into immunology treatment to fight cancer. The three-year partnership has seen the Oddfellows donate a total of £100k. The first donation of £33k was made in 2022, followed by an additional £33k in 2023 and £34k in 2024.

Owners

The Society is proud of its mutual status. Promoting the benefits of membership of the Society ensuring that all stakeholders are kept abreast of developments and being accountable to our members are fundamental to parts of our governance arrangements. At the Annual Movable Conference (AMC) in May 2024, there were 210 registered voting Deputies representing the Society's 99 Branches. In addition, the AMC was live streamed so that those members who were not able to attend could follow proceedings.

Directors' Report

The AMC served as an excellent way of ensuring the Society's members remained informed about developments in the Society but also had the opportunity to debate and discuss and vote on matters. In addition the Society held two weekend training events for members where a total of 111 members attended across the two events to learn more about the developments within the Society. Generally, during any one year, there are a number of other opportunities where members can receive further training and information about the Society and some examples of these are given on Page 23.

Customers

Delivering good outcomes for customers has always been part of the history and ethos of the Society and the Consumer Duty Champion supports the Chair and the CEO in ensuring that the Duty is raised regularly in all relevant discussions, monitors and challenges customer outcomes and reports annually to the Board on this matter. The Society welcomes feedback from its members and policyholders. The Society has also appointed a Senior Independent Director (SID), appointed annually, who also acts as the Whistleblowing Champion, and is someone to whom staff and members alike can raise concerns.

Suppliers and business partners

The Society's websites (www.oddfellows.co.uk and www.unitymutual.co.uk), intranet and social media channels provide extensive and up-to-date news on ongoing developments. The Society values its relationships with third parties and has appropriate policies and procedures in place to ensure that these relations remain effective.

Directors

The Directors of the Society as at 31 December 2024 were:



Barbara Needham
Grand Master

Barbara joined the Society in 1973 when she married Peter, a third generation Oddfellow. She was then a member of the Good Samaritan Lodge in Goole. Her father-in-law was Secretary at that time and Barbara took this job over in 1996, a position she held until the formation of the Vale of York District Lodge in 1998. She had previously been the Secretary of four different Lodges in the District from 1981, and saw them successfully amalgamate into the Good Samaritan Lodge.

She is now the Assistant Secretary of the Vale of York District Lodge, and as well as being the administrator of grants etc. she prepares the Accounts for the Auditor, and runs a variety of clubs and activities for the District Lodge.

She took her Purple Degree in 1980 and was Prov GM of the former York and Scarborough District in 1983 and 1984, and again of the District Lodge in 2015. She has served on the District Committee of Management for over 40 years. Barbara has served on the Group Conference Executive for 10 years, five of them as Secretary, a position she relinquished in July 2023. She has also been the AMC Secretary twice at Scarborough.

Outside of the Oddfellows, Barbara is a retired Head Teacher of an Infant School having been in teaching all her working life. She has a variety of qualifications in education, including National Professional Qualification for Headship, and was responsible for running the school including budgets, policies, allocating resources and staff for the benefit of 130 pupils. She enjoys photography, the outdoors in her campervan, and socialising with her family and friends.



John Mann
Deputy Grand Master

John was enrolled as a Junior Member of the Pride of Bermondsey Lodge at birth, and was subsequently initiated into the main Lodge in 1967.

He passed through the chairs of the Lodge and District, being Prov GM two times, a Trustee of the South London District for four years, and a member of the South London Committee of Management for 12 years. In this time, John also attended the AMC as a Deputy representing the South London District on 12 occasions.

Directors' Report

John has also served as a Lodge Secretary for both the Pride of Bermondsey Lodge in the South London District, and the Combermere Lodge in Stockport, where he served on the Lodge and District Committees of Management, representing Stockport once at AMC as a Deputy. John was Prov GM of the Stockport District in 2004, and attended various LADGC meetings.

John also served three years on the Benevolence Committee and holds the CAMU qualification. Outside of the Oddfellows, John worked for 27 years as a Pollution Control Officer with the local Water Authority, as well as various jobs ranging from working for Stockport County FC and Sale Sharks RFC to being a taxi driver.

John is now retired and enjoys spending time with his three daughters and seven grandchildren.



David Richard Ogden

Immediate Past Grand Master

David was enrolled into his District's Juvenile Lodge at birth and subsequently initiated into the Loyal Fleetwood Lodge No 1992 on 30 November 1965. He passed through the chairs of the Lodge and then the District; serving as Provincial Grand Master in 1978. He has served on the District Committee of Management for 26 years, 15 of them as a Trustee.

He holds the CAMU qualification, and has served on the LADGC Executive for 11 years, seven of them as Secretary, and subsequently 17 years as Honorary Auditor. He has served six years on the Investigation Committee, four of them as Chairman. Prior to his election as a Member Nominated Non-Executive Director in 2017 he was a Unity Special Arbitrator.

He was elected as Deputy Grand Master at the 2019 AMC in his home town of Southport, and at the 2020 electronic AGM. He was elected Grand Master at the electronic 2021 AMC and at the 2022 AMC in Scarborough, and has served two years as Immediate Past Grand Master, and Senior Independent Director. He is the Chairman of the Remuneration Committee, Manchester Unity Pension Scheme and Manchester Unity Housing Association.

Outside of Oddfellows he was a Divisional Superintendent in the St John Ambulance, and a Regional Group Chairman of the British Junior Chamber.

David worked in domestic banking for 26 years, which included a time as an Insurance Adviser, prior to taking voluntary redundancy. He then worked for his local authority in European projects prior to moving to the role of Business Support Manager in the Youth Offending Team on its inception in 2000. David is now retired and enjoys spending time with his wife, two children and seven grandchildren.



Jane Nelson

Chief Executive Officer/Secretary of the Order/Executive Director

Jane joined the Society in 1995 as Financial Controller and joined the Board of Directors in May 2000 after being appointed as Secretary of the Order. In October 2007, she became the Society's Finance Director. She was appointed as Chief Executive Officer in July 2012 after being appointed as Acting CEO in March 2012.

Qualifying as an Accountant in 1991, she is a Fellow of both the Association of Chartered Certified Accountants as well as the Chartered Institute of Management Accountants.

Prior to joining the Society, Jane worked in a variety of Finance roles in the industrial sector thus gaining a wide range of experiences. She has been a member of the Institute of Directors (IoD) for over 10 years and during 2011, studied for and took the exams for the Certificate level and Diploma level of the Chartered Director examinations, both of which she passed with distinction.

In 2011, she was also awarded the IoD's Institute prize for outstanding performance in the diploma examinations after achieving the highest examination score in the UK.

Directors' Report

She was appointed to the Association of Financial Mutuals (AFM) Board in July 2013, the AFM being the trade body that represents Friendly Societies and Mutual Insurers and she was heavily involved in 2015 in the reforming of the new AFM which is aimed on focussing on the needs, aims and challenges of the small and medium sized Mutuals. She served as its Vice Chair from January 2016, and at the AFM Conference and AGM held in October 2019, she was elected as Chair of the AFM Board. In October 2022, she stood down from the AFM Board after serving the maximum time allowed of nine years.

In December 2020, she was appointed as a member of the Finance and Investment Committee of The Natasha Allergy Research Foundation, a UK charity looking to help and cure people with allergies. Its main purpose being to fund and support pioneering allergy research bringing the greatest scientific minds together, working for treatments and better medicine.

In June 2022 she was elected as a Special Arbitrator for the Lady Grover's Fund which is a small Friendly Society which has been in existence since 1911 to help to meet the needs of Officers' families from the three services in times of illness and injury.

She has been involved with the Manchester Unity Housing Association and the MU Pension Scheme since 1995 and has served as Company Secretary to both these organisations since 1998. She served on the Board and as Treasurer of the Manchester Unity Credit Union from 2000-2008 relinquishing the post of Treasurer in September 2012. Within the Society, Jane is an active member of the Combermere District Lodge serving as Provincial Grand Master (Prov GM) in 2003 and again in 2010, and has served on the Committee of Management for over 20 years and as a Trustee since November 2003. Jane is a keen reader and traveller and enjoys spending time with her family including her six grandchildren.



David Webster

Chairman of the Board

David became a Director of the Society in May 2019 and was elected Chairman of the Board in June 2020. Having spent 27 years in the mutual building society sector, latterly as CEO of Hanley Economic Building Society. David chose a career switch in 2016 to become CEO of Douglas MacMillan Hospice in Stoke on Trent. His current role is to oversee the strategic development of one of the UKs largest independent hospices, founded in 1973 and now

responsible for the palliative care of around 3,000 patients each year.

David is a former Treasurer at Keele University, a former Chairman of the Building Societies Association, and in 2011 he was awarded an Honorary Doctorate by Staffordshire University.



Keith Ashcroft, BA (Hons), ACA

Chief Financial Officer

Keith joined the Society in December 2022 as an Executive Director and Commercial Board member, joining the Main Board in 2023.

Qualifying as a Chartered Accountant in 1994 with the Institute of Chartered Accountants (ICAEW), his career has been spent largely in the financial services industry, having worked in both retail and investment banking, commodities, family office investment and wealth management. Keith has spent the last seven years in the mutual friendly society sector. He is an experienced Director and Board member.

Outside of Oddfellows Keith enjoys playing tournament bridge, participating in both regional and national events held around the United Kingdom, and has represented both Kent and Lancashire in County competitions.

Directors' Report

Debbie Jex MNED



Debbie joined the Society as a Junior member of the Royal County Lodge in 1973 and later became the Lodge's Noble Grand, she also served, more than once as Noble Grand of the Reading Abbey Lodge following an amalgamation.

From 1993 until 2015, Debbie was Thames and Kennet Lodge's Financial Secretary and she continues to be a member of its Committee of Management. She supports the Lodge's members as a volunteer Welfare Visitor and since 2003 she has also run the Jubilee Social Lodge.

In March 2015, Debbie became Reading District's Prov CS after having worked part time in the District Office since 2009. She became the District's Provincial Grand Master in 2010, following a family tradition as her father held the same office in 1997, her mother in 1999 and her sister in 2011.

Wider involvement in the Society has included her election on to the Southern Group Conference Executive Committee in 2013, where she was its President in 2019 and 2020, serving two years due to the Coronavirus Pandemic. Debbie was elected on to the Benevolence Committee in 2014 for eight years, becoming Chairman in 2018. She was elected as a Member Nominated Non-Executive Director in 2022 and is also a Trustee of the Manchester Unity Pension Scheme.

Debbie received a CAMU qualification in 1996, passing with Distinction, took her Purple Degree in 1999, and in 2019 she was awarded both District and Lodge Merit Jewels.

Outside of the Society, she enjoys spending time with her family and six grandchildren, socialising with friends, gardening and bowling.

Dr Karen Rose MNED



Karen attended the University of Leeds where she gained a BSc degree and PhD in Chemistry. She then worked for 10 years as a Forensic Specialist in Gunshot Residue for the Forensic Science Service (2002 to 2012). Her main role was reporting complex casework and providing witness testimony in criminal courts throughout England. Following redundancy in 2012, Karen volunteered for a charity, Imago Community, before becoming employed as the Finance Assistant and later Hub Manager where she managed the staff and work on the Young Carers and Care Navigator helplines.

Karen joined the Oddfellows in 2007, when she took over as joint Social Secretary of the Earl of Cottenham Lodge, part of the Tunbridge Wells District Lodge, when her father retired after over 60 years of service. Both Karen's grandfathers were members and Secretaries of their Lodges. In 2017, Karen was employed as Prov CS of the Tunbridge Wells District Lodge and has been a Deputy to AMC since 2018. Karen was an executive member of the National Federation of Administrative Officers for one year. She has served on the Metropolitan Group Conference since 2018, with one year as an Executive Officer before becoming their Secretary in 2019. Prior to being elected as a Member Nominated Non-Executive Director in 2022, Karen was a Unity Special Arbitrator.

Outside of the Society, Karen has been a District Treasurer in East Grinstead for Girlguiding UK since 2007 and is a Unit Helper for two Rainbow units (girls aged five to seven years old) and also helps out at local Brownie and Guide camps. In addition, she has been a member of the Parochial Church Council at her local Church since 2010 and served as Church Warden from 2015 to 2021.

Directors' Report

Alex Walker MNED



Alex has been a member of the Society for more than 25 years, serving on North Gloucestershire District Lodge's Committee of Management for 12 of those years. He is currently the District's Development Officer, a role he has held since 2012. He has served as Provincial Grand Master for his District Lodge and served as an AMC Deputy for eight years.

He has a strong member recruitment record and, in 2017, he was awarded the Oddfellows' prestigious Silver Gilt Recruitment Jewel. Outside of the Oddfellows, Alex has been a Director of the Unity Credit Union Ltd for over seven years, managing its rebrand, social media activity and new website build.

Previous to his role at the Oddfellows, Alex worked for nine years in the insurance sector for TWG Services, achieving first place in the company's Lean Six Sigma project and innovating several ideas that were adopted into practice. He has also worked in the Trade Union movement for UNISON, driving member recruitment in Gloucestershire. Alex has 13 GCSEs, a BND in ICT practitioners and system support, and numerous qualifications relating to security services. In his free time, Alex enjoys travelling as well as cooking.

Sheila Martland MNED



Sheila joined the Society as a National Member in 1997 and became a member of the Rose of England Lodge in the Ormskirk and Southport District. She passed through the Chairs of the Lodges and then the District, first serving as Provincial Grand Master in 2011. She has served on the District Committee of Management for over 25 years and in the last few years has taken on the role of Trustee. She took her Purple Degree in 2009. Sheila served on the LADGC Executive from 2005, serving as its President in 2009. She has been the LADGC Secretary since 2019.

Sheila was elected to the Board as an MNED at the AMC in Eastbourne in May 2023.

Sheila worked as a Secondary School Teacher for eight years in North Yorkshire, teaching English and Geography, and then moved into Youth Work for a further 34 years, undertaking a number of roles in the London Borough of Greenwich as well as Wigan Council, latterly as a Service Manager in Children's Services.

She has also served as both a Primary and Secondary School Governor. Since 2020 Sheila has been a Director of the Unity Credit Union Ltd.

Sheila is enjoying retirement, keeping busy with her Oddfellows' duties and looking after her many animals.

Meirion Edwards MNED



Meirion joined the Society in 1982 and became a member of the Wepre and Gladstone Lodge in Deeside District. He passed through the Chairs of the Lodge and then the District, serving as Provincial Grand Master in 1993. He has served on the District Committee of Management for over 17 years, and as a Trustee for the past 14 years. He took his Purple Degree in 1989.

Meirion served as a Special Arbitrator for the Midland Group Conference for two years before joining the Executive from 2017, serving as its President from 2019 through to 2022.

Meirion served as a Unity Special Arbitrator for six months prior to serving on the Investigation Committee for five years.

Meirion was elected to the Board as an MNED at the AMC in Llandudno in May 2024.

Meirion worked as a Senior Engineer in Electronics for eight years and then moved into Education becoming a Lecturer in Radio, TV and Electronics, a Senior Lecturer in Computing, and is currently as a Lecturer in Welsh and an Examiner in Welsh Language for Adults.

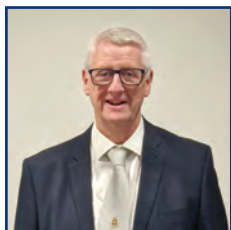
Directors' Report

Meirion was the Treasurer of Mold and District Choral Society, for which he gained Charitable Status. He has been an Elder of the Presbyterian Church of Wales since 2012.

Meirion enjoys organising and participating in Oddfellows on-line events as well as face to face activities.

Bill Connolly, ACII

External Non-Executive Director



Bill joined the Board in May 2007 as an External Non-Executive Director. He was appointed Chairman of the Board in 2018 for a two year term which came to an end in June 2020. He is the Chair of the Commercial Board, and he serves on the Governance Committee and the Remuneration Committee, having chaired the latter two Committees prior to the changes brought about to the Society's governance arrangements at the 2018 AMC.

Bill spent all of his working life at Royal Liver Assurance. He was appointed Assistant Secretary in 1999 and was invited to join the Society's Executive Team at that time. In 2003 he was appointed as Group Secretary and he also occupied the post of Secretary to all of Royal Liver's Subsidiary Companies and the Pension Trustee Companies. Bill became Royal Liver's Chief Executive in January 2010 until he retired on 30 September 2011 following Royal Liver's transfer of engagements to Royal London.

Whilst working for Royal Liver, Bill was involved at a senior level in the Association of Friendly Societies, the Association of Mutual Insurers and the Association of Financial Mutuals. He is also a former President of the Insurance Institute of Liverpool.

Peter Darragh, Solicitor, BA, MA, PGDL

External Non-Executive Director



Peter joined Oddfellows' Audit Risk and Compliance Committee in 2021, taking on the Chairperson role in 2023. Prior to this he spent 11 years as a Non-Executive Director at Kingston Unity, holding various positions during his tenure there, including Chairman for four years. Most of Peter's career has been spent as a lawyer in senior roles in private practice at large law firms and in-house in the financial services and insurance sectors. He is currently principal consultant for a legal and technology risk advisory firm, working with clients across a broad range of industries and jurisdictions. He also provides investment consultancy to a family office and has roles in various charities in Belfast which address deprivation and community regeneration. Peter

holds a BA(Hons) in Economics from Durham University, a MA in Management from Durham Business School, and post-graduate legal qualifications from Newcastle and the University of Law.

Peter has a young family and enjoys racquet sports and sailing. He currently serves as Commodore of County Antrim Yacht Club.

Mike Perry

External Non-Executive Director



Mike was appointed to the Commercial and Main Board as an External Non-Executive in May 2023.

He is a seasoned portfolio Non-Executive and Chair with a proven track record in financial services, specializing in business start-ups and turnarounds. He has extensive experience in risk profiling and making key strategic corporate decisions within regulated environments. Mike holds FCA and GFSC (Gibraltar) approved person status and operates at the board level.

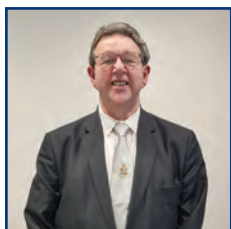
Before retiring, Mike served as the CEO of PG Mutual, a specialist insurer, from 2011 until the end of 2021. He currently holds positions as a Non-Executive Director with a Cash Plan provider in Wales and as Chair and Non-Executive Director for a Life and Pension Annuity firm in Gibraltar.

Outside of his professional life, Mike enjoys golfing, motorsport, socializing, and walking in the Lake District with his wife, Sue. He also volunteers at The Lister Hospital in Stevenage, offering peer support to pre- and post-renal transplant patients.

Directors' Report

John Midlane, FCII

External Non-Executive Director



John was appointed to the Audit, Risk and Compliance Committee as an External Non-Executive Director in November 2023. John has spent all of his working life in Life Insurance, at Provident Mutual, Eagle Star, National Mutual, and latterly at Metropolitan Police Friendly Society Ltd (Met Friendly) where he worked for 27 years, designing and delivering training courses on technical subjects. At Metfriendly he was Compliance Officer, Data Protection Officer (registered at the Information Commissioner's Office (ICO)), Internal Audit Liaison, specialised in policyholder taxation, and worked closely with the Risk Officer, until his retirement in 2023.

John attained Fellowship of the Chartered Insurance Institute (CII) in 1986 and was awarded Chartered Insurer status in 1989. John was an Examiner for the CII from 1987 to 1999 (FPC and AFPC), and represented the Association of Financial Mutuals (AFM) at a series of meetings during 2016 with the Treasury, HMRC and industry trade bodies in the development of the Lifetime ISA, resulting in the legislation and Guidance now in force.

John was involved in the Investment and Life Assurance Group (ILAG) serving on the Workplace Protection Health & Wellbeing Group, and the Protection Practitioner Group until his retirement, and remains involved in the AFM serving on the Regulatory Compliance and Governance Committee.

Outside of work, John and his wife Lorna are members of the Romney Hythe and Dymchurch Railway Supporters Association, and are keen caravanners.

Graeme Charters

External Non-Executive Director



Graeme was appointed to the Society's Audit, Risk and Compliance Committee as an External Non-Executive Director in July 2024. Since graduating in 1978 with a degree in actuarial science, he has worked in insurance, pensions and investments both as a consultant and as a company executive.

Graeme is a qualified actuary who has fulfilled the role of outsourced Chief Actuary to two UK insurance companies and similar roles to subsidiaries in Malta and Australia. He currently heads up the Non-Life Insurance Consulting practice at Broadstone Regulatory and Risk Advisory Ltd, an actuarial consultancy and is a long-serving member of the Risk Management Research Committee at the Institute and Faculty of Actuaries. He chaired the Risk Management Practitioner Group of the Investment and Life Assurance Group (ILAG) for three years after its founding in 2012 and was voted ILAG's Practitioner of the Year in 2015. He was an NED at Kingston Unity for six years prior to its merger with the Oddfellows. There he was Chair of the Risk Committee and the Remuneration Committee.

For many years Graeme was an active rugby union referee and chaired his local referee society and the national body at the Rugby Football Union for the oversight of the recruitment, training and development of referees in the sport. Nowadays, Graeme enjoys a round of golf, a bit of running and, most importantly, spending time with his grandchildren here in the UK and, less frequently, in New Zealand.

Directors

During the year to 31 December 2024, six Main Board meetings were held. As at 31 December there were 16 Directors; two Executive Directors, eight Member Elected Non-Executive Directors (MNED), and six External Non-Executive Directors. The size and composition of the Board and Sub Boards are kept under review to ensure that there are sufficient skills and experience represented for the direction of the Society's activities. The Annual Movable Conference (AMC), equivalent to an AGM, elect the Directors who are then allocated to the Commercial Board, Fraternal Board or the ARCC based on their skills, knowledge and experience, with each of these Sub Boards dealing with the two distinct areas of the business. In accordance with the Society's Rules, each of the Sub Boards then appoints up to five of its number to sit on the Board. The list below identifies which Directors sit on which Board, Sub Board or Committee.

Directors' Report

The Board is of the opinion that its composition is appropriate to the business. The Directors during the financial year and, as of the date of this report were:

Non-Executive (MNED)

Barbara Needham >+*♦
 John Mann >+*♦
 David Ogden*●~
 Debbie Jex >*♦
 Karen Rose +*●~
 Alex Walker *●♦
 Sheila Martland *●~
 Meirion Edwards * (Elected May 2024)
 Tony Lockett (Retired May 2024)

Executive

Jane Nelson >+*♦
 Keith Ashcroft >+●

External Non-Executive

David Webster >+♦~ (Chairman of the Board)
 Bill Connolly >+♦~
 Peter Darragh ●
 Mike Perry >+
 John Midlane ●
 Graeme Charters ●

>Board +Commercial Board *Fraternal Board ●Audit, Risk & Compliance ♦Governance Committee ~Remuneration Committee

Board Attendance

Attendance at 2024 Board and Committee Meetings:

	Board		Commercial Board		Fraternal Board		Audit, Risk and Compliance Committee		Governance Committee		Remuneration Committee	
	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended
Barbara Needham	6	6	9	6 +*	6	6	5	1 ♦	4	4		
John Mann	6	6	9	9	6	6			4	4		
David Ogden					6	5 ~	5	5			2	2
Jane Nelson	6	6	9	9	6	6			4	4		
Debbie Jex	6	4 *			6	5 ~			4	3 *		
Karen Rose			9	5 *	6	6	5	3 *			2	2
Alex Walker					6	6	5	3 *	4	3 *		
Sheila Martland					6	6	5	3 *			2	1 *
Meirion Edwards					6	3 *			4	1 ♦		
Keith Ashcroft	6	6	9	9	6	2 ●♦	5	4 #				
David Webster	6	6	9	5 ♦*	6	1 ♦			4	4	2	2
Bill Connolly	6	6	9	9	6	2 ●♦			4	4	2	2
Peter Darragh			9	2 ♦			5	5				
Mike Perry	6	5 #	9	9								
John Midlane							5	5				
Graeme Charters			9	2 ♦			5	3 *				
Tony Lockett	6	1 # □	9	4 □			5	2 □			2	1 □

~ Holiday # Business

* Newly appointed Director to the Board and/or Committee

□ Retired from Board or Committee May 2024

+ The Grand Master and Chief Executive Officer are ex-officio on all Committees and meetings attended have been included in the numbers

● Pre AMC Meeting ♦ Observer

Directors' Report

The Board has a number of Sub Boards/Committees that are formed to deal with specialist areas in more detail than would be possible at a Board meeting. Each Sub Board/Committee operates with defined Standing Orders and Terms of Reference. All Terms of Reference are reviewed annually by those Sub Boards/Committees and then submitted to the Board for approval. The only fully held Zoom meetings in the year were the Main Board Meeting held on 13 December, the December Commercial Board Meeting and the January and November Remuneration Committee Meetings.

The members of the Remuneration Committee joined the Governance Committee for part of their meeting on 2 April 2024 to consider Strategic Planning as required by their respective Terms of Reference.

All members of the Board are encouraged to attend meetings of other Sub Boards/Committees to which they are not a member.

Independence

The Society defines that a Non-Executive Director is independent provided that the individual:

- has not been a Director for more than nine years; and/or
- is not a member of the Society's Occupational Pension Scheme.

As at 31 December 2024, 13 Directors were classed as independent.

One External NED has served longer than nine years and remain as a Director because of the skills, knowledge and experience they have to offer to the Society. The Board considers that the individual is independent in experience, character and judgement.

MNED David Ogden served as the Senior Independent Director (SID) throughout 2024 and was available to members for unresolved concerns during the year. No matters were raised during 2024.

Determining whether or not there are relationships or circumstances that are likely to affect a Director's judgement or independence is delegated to the Secretary of the Order and Company Secretary, who review the contents of the Related Party Transactions declarations as required by the FRS 102 Section 33, and Annual Fit & Proper Monitoring Form completed by each Director. In addition, Directors are required to declare any interests they may have when discussions take place.

Induction Training and Evaluation of Directors

The Regulators take a more stringent approach to the assessment of applicants under the PRA/FCA Senior Managers & Certification Regime (SM&CR), particularly relating to the applicant's core competencies and capabilities in the following areas:

- Business Strategy and Model;
- Governance, Oversight and Controls;
- Market Knowledge;
- Regulatory Framework and Requirements; and
- Risk Management and Controls.

A skills and knowledge gap analysis for new Directors and Skilled Persons is covered as part of their induction, in accordance with the Society's Training and Development Scheme. In addition, a skills and knowledge gap analysis was also completed by each Director during 2024, to identify and address any individual knowledge gaps.

In accordance with that Scheme, each Director and Skilled Person undertook a self-assessment before the end of 2024, a process which highlights areas of strengths and areas for development, which can be appropriately addressed. During 2024, each Director and Skilled Person undertook continuing professional development appropriate for themselves. Full records are kept of the progress of the individual's training which is updated as appropriate. This, therefore, enables the Society to ensure that the Directors continually update their skills and knowledge required for them to fulfil their roles on the Board, Sub Boards and Committees.

Directors' Report

Election as a Director is followed by a formalised tailored induction process on the Society's business and regulatory environment. All Directors are required to update their skills and knowledge through meetings with the Executive of the Society and its Senior Management, keeping abreast of related regulatory and industry developments and relevant external courses, all of which is fully documented in the Training and Development plan. Any individual training requirements resulting from the evaluation process are documented and the necessary arrangements made.

Individual self-assessments were carried out in December 2024, designed to ensure that each member was evaluated across all their duties and responsibilities as a Director or Secretary of the Society. These evaluations also included assessments in respect of the balance of skills and knowledge on the Board, Sub Boards and Committees.

The Chairman meets each Director and Skilled Person after each evaluation to discuss the development needs of each individual. The evaluation of the Chairman is carried out by the Senior Independent Director. There were no occasions during 2024 where the Directors met without the presence of the Chairman.

The Training and Development Scheme ensures that the training, development and knowledge standards are appropriate not only to demonstrate a level equal to the regulatory requirements and obligations, but also appropriate and suitable to meet the needs of Directors and the Society. A key element of the Training and Development Scheme is the requirement for all Directors and Skilled Persons to undertake the following e-learning modules on at least a biennial basis. Newly appointed Directors also undertake "Introduction to UK Financial Regulations".

- Anti-Bribery;
- Anti-Money Laundering & Counter Terrorism Financing;
- Conduct Risk;
- Conduct Rules for Non-Executive Directors;
- Consumer Duty;
- Data Protection (GDPR);
- Equality & Diversity;
- Gifts and Hospitality;
- Good Outcomes for Vulnerable Customers ;
- Information Security;
- Operational Resilience ;
- Senior Manager & Certification Regime (SM&CR);
- Phishing ;
- Unconscious Bias;
- Working Safely; and
- Whistleblowing

Sub Boards and Committees

Sub Boards and Committees are appointed where necessary with specific delegated responsibilities including, in the case of Sub Boards, the ability to pass resolutions of a non policy nature. The Chief Executive is a member of the Board, both Sub Boards, the Governance Committee and by virtue of her office is ex-officio on all other Committees. The Grand Master is a member of the Board and Fraternal Board and by virtue of his office is ex-officio on all other Committees.

Directors' Report

Those Sub Boards and Committees in existence in 2024 were:

Audit, Risk and Compliance Committee:	Peter Darragh	(Chairman)
	David Ogden	(MNED)
	Karen Rose	(MNED)
	Alex Walker	(MNED)
	Sheila Martland	(MNED)
	Keith Ashcroft	(Chief Financial Officer)
	John Midlane	(External Non-Executive Director)
	Graeme Charters	(External Non-Executive Director)
	Claire Needham	(Skilled Person)

Composition of the ARCC

The members of the Audit, Risk and Compliance Committee (ARCC) as at 31 December 2024 are as stated above.

The ARCC is appointed annually by the Board and consists of at least five persons who are either Non-Executive Directors who are members of the Society, or persons with relevant Regulatory, Risk, Financial and Audit experience. No person may serve on the ARCC for more than nine years and only members of the Committee have the right to attend meetings. However, other individuals (e.g. Directors, Chief Executive, Compliance & Risk Officer, Departmental Managers, and Financial Controller) are invited to attend all or part of any meeting as and when appropriate. Representatives of the External Auditor and Internal Auditor are also invited to attend meetings on a regular basis.

Meetings

The ARCC meets not less frequently than four times a year.

The ARCC receives written and/or verbal reports from the following:

- CEO;
- Chief Financial Officer;
- Compliance & Risk Officer;
- Head of IT;
- Other Senior Management;
- Society's Internal and External Auditors; and
- Society's Actuaries.

Four meetings of the ARCC were held during 2024. During these meetings representations from the Internal Auditors (RSM) were made at each meeting and representatives of the External Auditor attended, as required, at two of those meetings. In addition to the four scheduled meetings and in preparation for the Risk Management Framework review which will take place in 2025, a tailored risk focused meeting took place in September with members of the ARCC and Risk Owners from across the Long Term Business to discuss risk identification, management and monitoring of risks within their areas of responsibility. All participants welcomed the opportunity to have a more detailed discussion of relevant risks, and two additional risk meetings have been scheduled for 2025.

Responsibilities of the ARCC

The ARCC has responsibilities in the following areas:

- Compliance & Prevention of Financial Crime;
- External Audit;
- Financial Reporting;
- Internal Audit;
- Risk Management and internal Controls and Procedures, including oversight and approval of the Society's processes with regards to the production of the Own Risk Solvency Assessment (ORSA) and Solvency Financial Condition Report (SFCR); and
- Whistleblowing.

The overall role of the ARCC is to protect the interests of the Members as regards the appropriate management of risk, the integrity of the published Financial Information and the effectiveness of the various audits.

In 2024, the Society did not receive any whistleblowing reports.

Directors' Report

Risk Management Framework (RMF) and internal control

The Society's RMF is designed to create, protect, and enhance stakeholder value and the Society's viability by managing the principal uncertainties that could prejudice it achieving its objectives.

In having a RMF the Society strives to achieve the following objectives:

- **Oversight:**
All critical risks have been identified and are being managed and monitored under a holistic approach consistent with the Board's approved Risk Appetite Statements.
- **Ownership and Responsibility:**
The ownership of risk is assigned to Risk Owners who are responsible for identifying, evaluating and reporting risk exposures.
- **Assurance:**
The Board, Directors and Members have reasonable assurance that risk is being appropriately managed within the defined levels of risk appetite to bring value to the Society.

The RMF includes the strategies, Risk Appetite statements, policies, tools, processes and reporting procedures necessary to identify, measure, manage, monitor and report on the risks to which the Society is, or could be, exposed.

The RMF operates around the proven 'three lines of defence model' for overseeing its internal control frameworks:

First line of defence: this encompasses the controls the Society has in place to deal with the day-to-day business. The controls are embedded within the Society's business departments' systems and processes to highlight control breakdown, inadequacy of process and unexpected events, and appropriately mitigate risk.

Second line of defence: this encompasses the Society's Sub Boards, Committees and key functions that are in place to provide an oversight of the effective operation of the internal control framework. The Society's Sub Boards and Committees review the management of risk in relation to the particular risk appetite of the business, as determined by the Board.

Third line of defence: this encompasses the independent assurance and challenge provided by the Society's ARCC and Internal Audit function, which undertake a programme of risk based audits covering all aspects of both first and second lines of defence.

This model is widely accepted as best practice and has support from the Regulators.

The External Auditors provide independent challenge of the internal control framework in respect of financial reporting.

The Society's Compliance & Risk Officer has the day to day responsibility for the Society's RMF.

During 2024 the ARCC identified that the Society's RMF needs to be revised to reflect changes in its business model and approach to management, and to reflect evolving best practice in this regard. A comprehensive review is scheduled for 2025 with additional project and ongoing budgetary resource allocated to enable this.

The Compliance & Risk Officer provides the ARCC with assurance reports to confirm the adequacy and effectiveness of the Society's Compliance and Risk Management systems and controls, and that they are appropriate and proportionate to the Society's scale, complexity and business model.

The Society's Head of IT provides the ARCC with assurance reports with regards the adequacy and effectiveness of the Society's IT and cyber security systems and controls, and that they are appropriate and proportionate to the Society's scale, complexity and business model. The ARCC reported to the Board in 2024 that whilst there were many strengths to the Society's IT systems and processes, weaknesses in IT governance and the absence of a documented strategy were making it difficult for the ARCC to gain the required assurance that this was the case. Furthermore, concern was expressed about Management's response to previous observations made by the ARCC and by the External Auditors about the Society's management of IT. The Executive responded positively to this challenge, undertaking a comprehensive review of the Society's approach to IT with the support of external consultants.

Directors' Report

This gave rise to the development of an IT Improvement Programme, including several opportunities for improvement and urgent system and governance improvements which started to be implemented in Q4 2024, with further planned work into 2025. Whilst expensive, these are entirely necessary for the Society's resilience, for assurance that its IT systems are secure, and to enable it to take advantage of opportunities for improvements afforded by technology.

The Chairman of the ARCC holds the role of the Society's Risk Champion with oversight responsibility for promoting and building a risk awareness culture within the Society.

Financial risk management objectives and policies

The Society's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The source of risk and further details around the management of risks which are faced by the Society are disclosed in greater detail in Note 25 – Financial Instruments.

The use of financial derivatives is governed by the Society's policies approved by the Board, which provide written principles on the use of financial derivatives to manage these risks. The Society does not use derivative financial instruments for speculative purposes. It should be noted however, that throughout 2024, financial derivatives have not been utilised.

Assessment of internal controls

The Society has in place an internal control environment to protect the Society from the material risks which have been identified, as documented in the RMF and Internal Control section of this report. Improvements continue to be made to internal controls as raised by the Internal or External Auditors. Management is responsible for establishing and maintaining adequate internal controls over financial reporting and the ARCC provides oversight for ensuring the effectiveness of these controls.

The ARCC has reviewed the process by which the Society evaluated its control environment. Its work here was driven primarily by the Society's Internal Audit reports on the effectiveness of internal controls and any other operational issues reported.

The ARCC continues to review the effectiveness of the Society's systems of risk, governance and internal control and updates the internal procedures to maintain a low-risk environment.

External Audit

The Society's External Audit service is provided by PKF Littlejohn LLP (PKF), who were appointed by the Society in March 2022 following a thorough tender process.

Audit planning and year end 2024 audit work was performed on site and remotely. As undertaken for a number of years, audit information and data has been shared via a secure data portal, which has enabled the external audit work to be performed as planned.

As well as reviewing and monitoring the External Auditor's independence, objectivity and the effectiveness of the audit process, the ARCC undertakes a review of the External Auditor effectiveness in line with the requirements of the UK Corporate Governance Code. This was undertaken in March 2025 and no concerns or issues were identified.

Independence of External Auditor

The Audit, Risk and Compliance Committee is responsible for monitoring the relationship between the Society and the External Auditor, and as part of this process the Committee considers the External Auditor's effectiveness on an annual basis. There are no contractual obligations restricting the Society's choice of External Auditor. In order to ensure that the Auditor's objectivity and independence are safeguarded the following procedures are in place.

- **Audit Partner rotation:** Following the appointment of PKF in March 2022 the Audit Partner is not yet due for rotation. The Partner can perform the role for a period of five years.
- **Audit related services:** This is work that the External Auditor performs in its capacity as Auditor, where the nature of the work is closely allied to that of the audit of the Reports and Financial Statements. Accordingly, this work is undertaken by the External Auditor unless unusual circumstances apply.

Directors' Report

Tax advice

The Society is a Public Interest Entity and as such certain tax advice and compliance services are prohibited under this definition as the tax advice is deemed to have a direct or material impact on the Financial Statements.

Regulations require the Society to obtain tax advice and compliance services from a firm separate from the auditing firm. PwC LLP were first appointed in 2017 as the Society's Tax Advisors and remain in position as at the end of 2024.

Significant Issues related to the Reports & Financial Statements

The Committee's role in monitoring financial reporting issues is fundamental to ensuring that all the Society's stakeholders maintain their trust in its activities and reporting. The External Auditor, PKF Littlejohn LLP, is used to help ensure that suitable accounting policies have been implemented and appropriate judgements have been made by management. The key significant risks which we considered during 2024 were as follows:

Code Provision	Explanation
Technical provisions assumptions	<p>The ARCC received copies of the Commercial Board minutes regarding the Valuation Assumptions presentations and reports to the Commercial Board by the Society's Actuarial Technician, Chief Actuary and With-Profits Actuary.</p> <p>The ARCC were satisfied that the principal assumptions adopted were appropriate for the Society. The principal assumptions are disclosed in note 15 (b) on page 91.</p>
Integrity of the data used in the reserving process	<p>The information provided to the Chief and With-Profits Actuary for inclusion in the reserving process is extracted directly from the Society's own financial information and a Data Report is presented to the Commercial Board detailing the data quality results and movement analysis. The information above sets out the governance processes and responsibilities of the ARCC including the oversight that the ARCC has over the Society's risk of inaccurate financial reporting.</p>
Valuation of investment property	<p>Inaccurate valuation of investment property would generate a significant change in the reported results and position of the Society. Property valuations are provided by independent property valuers and the ARCC considers the results of property valuations reported and External Audit reports in forming their opinion that values are not misstated.</p>

Directors' Report

Internal Audit of Unity Office

The Internal Audit service for Unity Office has been provided by RSM UK Risk Assurance Services LLP (RSM) since the start of 2022 following a thorough tender process which was completed in 2021. This service is responsible for reviewing the Society's internal systems and controls and reports the outcome to each meeting of the ARCC, who continually monitor the planning and progress of this work.

The Internal Audit Plan was agreed by the ARCC following an assessment of the results of the audit work already undertaken, the Society's LTB Strategy and emerging regulatory themes.

The audit needs analysis was taken into account when developing the Internal Audit strategy, Strategic Plan and annual plan of work. All work follows a risk based systems audit approach.

During 2024, internal audit work has been carried out using a hybrid approach, whereby initial review work was completed face to face and any follow up work carried out remotely, using Zoom and secure transfer of documents via cloud services, which proved very successful.

Each department, where recommendations to changes in their procedure had previously been made, were revisited as and when those recommendations became due. Of the Internal Audit recommendations made in previous years, there were two recommendations made which were unable to be actioned at the end of 2024. The ARCC continue to review these on a regular basis to ensure that appropriate action is taken. The ARCC are satisfied that there were no material risks to internal controls as a result of the recommendations still outstanding at the end of 2024.

At the end of each year, the Society's Internal Audit Function provides an annual internal audit opinion based upon work undertaken during the previous 12 month period. For the 12 months ended 31 December 2024, RSM concluded that there are opportunities for improvements in the framework of governance, risk management and controls such that it could become inadequate and ineffective if not addressed. Of the 14 observations raised from the three regulatory audits conducted, three were categorised as high priority, six medium, and the remaining five as low priority. Two advisory audits and one follow up audit were also carried out during 2024 and a further six actions were raised, however, as these audits are not classed as regulatory audits, no opinion is given and there is no requirement for RSM to categorise the actions.

In 2022, the Society's Internal Auditor was appointed on a three year rolling basis and the key consideration of the ARCC was to ensure that there was sufficient focus on adding value through an efficient, flexible and robust internal audit process. RSM continues to acknowledge that the volume of their internal audit plan was much greater in comparison to what the Society had previously received, and given the breath of regulatory development feels it is consistent within the industry in order to provide a thorough opinion over key risk areas or areas where operational change was occurring. The ARCC recognised that the new approach was a step change, however, has taken assurance from the fact that the internal audit work undertaken during the last three years has been thorough, tailored to the Society's needs and focused on key risks within the organisation.

The ARCC is confident that the Society's management team is committed to implementing the internal audit recommendations in order to enhance its internal systems of controls and risk management environment.

Summary

The ARCC is empowered to take action at any time if it believes that it is necessary, including reporting to the Board and the Annual Movable Conference. There were no exceptions that the Committee did not report to the Board during 2024.

Commercial Board:	Bill Connolly	(Chairman) (Ext Non-Executive Director)
	Jane Nelson	(Chief Executive Officer)
	Keith Ashcroft	(Chief Financial Officer)
	Barbara Needham	(MNED)
	John Mann	(MNED)
	Karen Rose	(MNED)
	David Webster	(External Non-Executive Director)
	Mike Perry	(External Non-Executive Director)
	James Gilliver	(Chief of Operations)

The members of the Commercial Board as at 31 December 2024 are as stated above.

Directors' Report

Directors are elected at the AMC and are allocated to one of the two Sub Boards. Those appointed to the Commercial Board are confirmed by resolution of the Board.

The Commercial Board consists of at least seven members including the Chairman of the Commercial Board, the Chief Executive Officer, the Chief Financial Officer, at least two Member Elected NEDs and at least one External NED. The Commercial Board appoints its own Chairman at the first meeting after the AMC.

The Commercial Board has access to the Actuary, Internal and External Auditors, Solicitors and any other advisors approved by the Board as required.

The Commercial Board is responsible for the tactical application of strategy and implementation of policy with regards to:

- Strategy and Management of the Society's Long Term Business (LTB) including:
 - Actuarial Valuation under Solvency II;
 - Annual expenditure budget for the LTB;
 - Bonus Recommendations;
 - Business Planning and new developments;
 - Consumer Duty;
 - Own Risk and Solvency Assessment (ORSA);
 - Regulatory Supervisory Report (RSR);
 - Reserves and Allocation of Free Assets; and
 - Solvency and Financial Condition Report (SFCR).
- Operational Management of the LTB including:
 - Investment Performance;
 - Consumer Duty and Conduct Risk;
 - Reviewing the effectiveness of the Society's policies, including oversight of the following Risk Management Framework (RMF) policies:
 - Asset & Liability Management;
 - Concentration Risk;
 - Data;
 - Investment Risk;
 - Liquidity Risk;
 - Market Risk;
 - ORSA/SFCR;
 - Reinsurance Risk;
 - Reserving; and
 - Underwriting Risk.
- Risk Management including overseeing risk in relation to the particular risk appetite statements to the business of the Commercial Board which includes Financial, Investments and LTB risks relating to the Society;
- Compliance and prevention of financial crime including review of the systems and processes by which compliance issues are identified and managed in addition to receiving reports on prevention, detection and investigation of fraudulent activity, financial crime or misconduct within or against the Society in relation to the Society's business; and
- Finance including determining the asset strategy of the LTB Funds which is determined in consultation with the Society's Chief Actuary.

The Commercial Board also acts as the Society's With-Profits Advisory Arrangement and is accountable to the Board for monitoring, controlling and directing the business affairs of the Society in relation to the Society's LTB, subject to matters reserved for the Board. In carrying out the role of the Society's With-Profits Advisory Arrangement, it shall:

- assess whether the LTB With-Profit funds are managed in accordance with the Principles & Practices of Financial Management ("PPFM") as detailed in the PPFM;
- assess whether the Society is complying with the principles and practices set out in the PPFM;
- assess whether the Society is addressing the rights and interests of its With-Profits policyholders compared with other stakeholders in a way that is consistent with treating customers fairly and the principles of Consumer Duty;

Directors' Report

- assess the fair outcomes for policyholders taking into account any relevant historical provisions detailed in any relevant instrument of transfer;
- assess any future new product developments and, if supported by the With-Profits assets, the impacts on the surplus of the funds;
- assess the impact of any planned management actions;
- assess management information, including any policyholder complaints;
- assess the performance of the With-Profits Actuary at least annually;
- assess and consider the appropriateness of the costs and expenses incurred in running the funds;
- consider how bonus rates, smoothing and, if relevant, market value reductions have been calculated and applied;
- consider the relative interests of policyholders with and without guarantees;
- consider With-Profits customer communications, such as annual reports, bonus statements, product literature and reports to With-Profits policyholders;
- consider the effectiveness of the Society's arrangements for monitoring whether the outcomes its customers receive are consistent with Consumer Duty and identify and address any issues leading to poor outcomes as appropriate;
- identify surplus and excess surplus and the merits of distribution/retention;
- provide advice and guidance on any other issues that With-Profits policyholders might reasonably expect the Advisory Arrangement to be involved in; and
- review and update the Society's LTB Run-Off Plan.

Throughout the year the Commercial Board has received written and/or verbal reports from the Society's Executive Directors, Senior Management and the Society's Actuaries.

Regulatory Bodies

The Commercial Board continues to keep a watching brief on the regulatory frameworks. This includes the Solvency II environment, Consumer Duty regulation, and the regulatory feedback and consultation papers issued by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).

Solvency

The Commercial Board continues to monitor the solvency position of the LTB funds on a quarterly basis and takes action to strengthen the solvency, through specific management actions, where appropriate.

Transfer of Engagements

The Commercial Board is committed to pursuing further transfers providing they prove to be in the interests of the Society's members and policyholders.

Strategic Development

The Society's membership base is a valuable asset and the Commercial Board believes that there exists an opportunity to increase product penetration through cross-selling new products. Going forward, under the Unity Mutual brand, it aims to consider new products that are seen to be appropriate for the Society.

Fraternal Board:

Barbara Needham	(Chairman)
Jane Nelson	(Chief Executive Officer/SOO)
John Mann	(MNED)
David Ogden	(MNED)
Debbie Jex	(MNED)
Karen Rose	(MNED)
Alex Walker	(MNED)
Sheila Martland	(MNED)
Meirion Edwards	(MNED)

The members of the Fraternal Board as at 31 December 2024 are as stated above.

Directors' Report

Directors are elected at the AMC and are allocated to one of the two sub Boards. Those appointed to the Fraternal Board are confirmed by resolution of the Board.

The Fraternal Board consists of at least six members including the Grand Master, the Deputy Grand Master, the Chief Executive Officer/Secretary of the Order, the Immediate Past Grand Master and at least two Member Elected Non-Executive Directors. The Grand Master of the Order is traditionally the Chairman and is appointed at the first Fraternal Board meeting following the AMC.

The Fraternal Board has access to the Actuary, Internal and External Auditors, Solicitors and any other advisors approved by the Board as required.

The Fraternal Board is responsible for the tactical application of strategy and implementation of policy with respect to matters listed below:

- Administration and supervision of Branches including:
 - Amalgamations of Branches and transfers of engagements;
 - Branch Financial Statements;
 - Branch Internal Audits;
 - Branch Investments;
 - Branch Special Rules;
 - Oddfellows Halls;
 - Transfers of funds; and
 - Variations of Lodge Benefits.
- Appointment of Deputations;
- Benevolence including:
 - Convalescent and Care benefit;
 - Educational and Apprenticeship Awards;
 - Emergency Benevolence Grants;
 - HA Andrews Memorial Fund;
 - Legal Aid Scheme;
 - Orphan Gift Fund.
- Branch delivery of social and care;
- Branch training including Weekend Seminars;
- Group Conferences;
- Management of relationships with third parties;
- Making a Difference Awards;
- Oddfellows Brass;
- Public Relations;
- Recruitment and retention;
- Risk Management;
- Rules and Procedures;
- Society's Publications;
- Traditions of the Society; and
- Unity Unitised Funds.

A Branch Internal Auditor is employed at Unity Office to undertake the internal audit work at Branches. The outcome of these audits for financial administration and compliance is reported at all meetings of the Fraternal Board. Branch Internal Audits are carried out on a rolling basis, with the aim being that all Branches are internally audited every two years. A schedule of Branches due for visit is prepared and rationalised so that work in adjacent areas can be conducted where possible to minimise the Branch Auditor spending unnecessary time in travel. The process now followed also includes some pre work being requested from Branch Secretaries to ensure a more efficient and effective programme of internal audit visits.

In 2022, 47 Branch internal audit visits were completed and in 2023 a further 51 Branches were visited, all of which were reported to the Fraternal Board. During 2024, 45 visits were completed and now all Branches will be audited every two years.

Directors' Report

In the majority of cases any recommendations as a result of the Internal Audit visits were accepted and actioned by the relevant Branch Committee of Management. In 2024 there were no cases where re-visits were considered necessary, but some chasing up of actions and/or recommendations was required in a number of instances. There were no occasions in 2024 where a Deputation had to be appointed as a result of an Internal Audit visit. In general, the Branch administration in the majority of our Branches is deemed to be consistent and satisfactory. Where there are similar themes emerging, the Fraternal Board seek to ensure that the Branches are guided to appropriate training that may be required. An example of this is the Committee of Management/Trustee and Chairmanship training that is available as well as other training, much of which is available via webinar on the Society's intranet.

All Branch audit reports and the responses of the Committee of Management to the recommendations of the Branch Internal Auditor are critically reviewed by the Fraternal Board, so that they can be satisfied that both the Branch function and the approach of their Committees, in general, is appropriate and 'fit for purpose'.

Where there is any doubt expressed that the Branch administration is in need of further scrutiny then the Fraternal Board are empowered to appoint a Deputation to ensure that all assistance necessary can be afforded to the Branches.

Unity Office has been the Regulator of all Branches since the Society became incorporated in 2013. Therefore, a greater degree of scrutiny will continue to appear within the Branch Audits to ensure total compliance of every Branch administration with the Society's Rules and Procedures.

The Fraternal Board is also responsible for managing the fraternal risks relating to the Society and for the passing of resolutions in furtherance of the aims and directives of the Society's strategy and in accordance with the policy of the Board which will receive and approve its minutes.

Governance Committee:	John Mann	(Chairman)
	Jane Nelson	(Chief Executive Officer)
	Barbara Needham	(MNED)
	Debbie Jex	(MNED)
	Alex Walker	(MNED)
	David Webster	(Chairman of the Board) (Ext Non-Executive Director)
	Bill Connolly	(External Non-Executive Director)
	Vicky Morley	(Company Secretary)

The members of the Governance Committee as at 31 December 2024 are as stated above.

The Governance Committee is responsible for monitoring the appropriateness of the Society's corporate governance arrangements. In doing so, it needs to take account of the regulatory matters that affect the Society and, where appropriate, makes recommendations based on its deliberations and conclusions to the Board, Sub Boards and Committees.

The Governance Committee has received written and/or verbal reports from the following during the course of 2024:

- Chief Executive Officer;
- Compliance & Risk Officer; and
- Company Secretary.

The Governance Committee undertook reviews and reported back on the following matters during 2024:

- The oversight and management of governance related risks within the Society's Risk Management Framework.
- The various matters that came about from the Prudential Regulatory Authority and the Financial Conduct Authority with regards the Senior Managers & Certification Regime;
- Consider the need to commission an externally facilitated Board evaluation;
- Review and update of the Director's Handbook;
- Review of the Society's compliance with the Association of Financial Mutuals (AFM) Corporate Governance Code (CGC), across six key Principles;
- The annual assessment of the on-going fitness and propriety of the Society's Regulated Persons;
- Review and update of the 'Becoming a Director of the Oddfellows' Booklet;

Directors' Report

- Governance Committee Clause;
- Continue to monitor PRA Rules on Board Diversity and Succession Planning;
- Review of Directors and Senior Managers Succession Planning including overseeing the succession arrangements for the role of Secretary of the Order and redefinition of the role of Chief of Operations;
- Appointment of a working group to oversee the succession arrangements for the role of Chief Executive Officer;
- Review and updating of Director & Skilled Persons Appraisal Forms;
- Strengthening the membership of the Audit, Risk and Compliance Committee through the appointment of an External Non-Executive Director and a Skilled Person who bring actuarial, audit and accounting skills and experience;
- MNED Nominees Training; and
- The Terms of Reference for the Sub Boards and Committees.

The Governance Committee acts as the Society's Nominations Committee in respect of Member Nominated Non-Executive Directors. As part of the process by which the Board has to satisfy itself about a candidate's fitness and propriety to stand for election as a Member Nominated Non-Executive Director (MNED), potential candidates were invited to receive training prior to Branches submitting their nominations. The training covered the aspects for both the fraternal and regulatory expectations in respect of the role of a Director of an Incorporated Friendly Society.

Six members attended the training that was held on 9 October 2024, and by the deadline of 30 November 2024, five new MNED nominations had been received.

Remuneration Committee: David Ogden (MNED) (Chairman)
David Webster (Ext Non-Executive Director)
Bill Connolly (Ext Non-Executive Director)
Karen Rose (MNED)
Sheila Martland (MNED)

The members of the Remuneration Committee as at 31 December 2024 are as stated above.

The Main Board delegates responsibility of overseeing the design, implementation and maintenance of the Society's Remuneration Policy to the Remuneration Committee.

The Remuneration Committee is responsible for:

- reviewing the framework or broad policy for the remuneration of Executive Directors and Non-Executive Directors and submitting it to the Board for approval; and
- determining targets for any performance-related pay schemes operated by the Society.

The Remuneration Committee had a joint meeting with the Governance Committee on 2 April 2024 to consider Succession Planning in accordance with their respective Terms of Reference.

For the year 2024, the Committee again decided not to use the services of an external consultancy. As reported previously, this is largely because the data provided by the consultant previously engaged by the Society is capable of being collated internally and is also in the public domain. Furthermore, the market conditions in which the remuneration of the Society's Executive Directors was set did not warrant the expenditure that would have been incurred by engaging external support.

The main sources of data used to benchmark the remuneration of the Executive Directors were:

- Remuneration packages of comparable organisations of the Association of Financial Mutuals; and
- The published Reports and Accounts for those Societies considered to be the closest comparators to our Society.

The Chief Executive Officer is invited to attend meetings of the Committee to participate in the consideration of the remuneration of the Directors who report to her, and associated matters, but the CEO is excluded from discussions relating to her own remuneration. The Committee then makes recommendations to the Non-Executive Directors regarding the basis of the Executive Directors' remuneration.

Annual performance reviews of the Executive Directors are undertaken by the Remuneration Committee, based on the Executive Directors' objectives derived from the Society's Strategic Plan, and with a formal appraisal being held with each Director in this regard.

Directors' Report

The Remuneration Committee reviews Executive Directors' remuneration annually. It considers it is in the Members' best interest for remuneration packages to be competitive in order to attract, retain and motivate people of the required calibre.

The details shown in the following tables reflect the remuneration arrangements that have been in place for the Executive Directors during 2024:

	Salary	Pension	Cash Allowance in lieu of pension	Taxable Benefits	Total	
					2024	2023
Chief Executive Officer/ Secretary of the Order	£231,464	-	£62,006	£13,209	£306,679	£273,398
Chief Financial Officer	£122,460	£12,132	-	-	£134,592	£120,048
Insurance Director	-	-	-	-	-	£187,838
Total	£353,924	£12,132	£62,006	£13,209	£441,271	£581,284

Taxable Benefits currently offered are private medical insurance and car allowance. The Chief Executive Officer has a notice period of 12 months and the Chief Financial Officer has a notice period of six months. There was no Insurance Director in situ during 2024.

Pension entitlements

The figures are in respect of benefits within the M U Pension Scheme.

Position	Accrued pension 31.12.24 (per annum)	Transfer value of accrued pension at 31.12.23	Transfer value of accrued pension at 31.12.24	Pension input amount over 2023 less Director's contributions	Pension input amount over 2024 less Director's contributions
Chief Executive Officer/Secretary of the Order	£84,494	£1,434,510	£1,332,758	Nil	Nil

Notes:

- Mrs C J Nelson ceased accruing benefits in the Scheme and became a deferred pensioner on 31 March 2016. Therefore from this date onwards the pension input amounts and contributions are zero.
- The accrued pension is the deferred pension amount which the Director would be entitled to from normal retirement age based on accrued service prior to the relevant date.
- The transfer values represent the present value of the accrued deferred pension and associated benefits at the relevant date and have been calculated using a methodology set by M.U. Pension Trustees Limited, in accordance with the Pensions Regulator's guidance and applicable legislation.
- The deferred pension figures make no allowance for any future adjustments which may be required in relation to the equalisation of GMPs. However, the transfer value at 31.12.24 does include such an allowance, following the judgement in the Lloyds case.
- All accrued pensions and transfer values include the value of the Director's AVC benefits, where applicable.
- The Pension input amount represents the value of the increase in excess of inflation (where inflation is measured as the annual increase in the Consumer Prices Index to the September before the financial year end) of the accrued deferred pension over the period, less Director contributions. The increase in benefits has been calculated using HMRC methodology and then multiplied by a factor of 20 which is in line with our understanding of the Directors' Disclosure regulations.
- At retirement Mrs Nelson will receive a deduction to her pension in respect of the Annual Allowance tax charges paid her behalf via the "Scheme Pays" arrangement. The table above makes no allowance for Mrs Nelson's Scheme Pays arrangement.

Directors' Report

External and Member Elected Non-Executive Directors

The structure is fee based for the Society's External and Member Elected Non-Executive Directors for June 2024 to May 2025 is as detailed below:

- A base fee of £6,360 pa is to be paid to all Member Nominated Non-Executive Directors who sit on the Main Board, the Commercial Board or the Fraternal Board.
- A base fee of £12,720 pa is to be paid to all External Non-Executive Directors who sit on the Main Board, the Commercial Board or Committees.
- An additional fee of £5,469 pa is to be paid to the Chairman of the Main Board.
- An additional fee of £1,335 pa is to be paid to the Chairmen of the Commercial and Fraternal Boards.
- An additional fee of £1,323 pa is to be paid to the Chairmen of the Audit, Risk & Compliance and the Governance Committees.
- An additional fee of £672 pa is to be paid to the Chairman of the Remuneration Committee, the Senior Independent Director and the Society's Conduct Risk Champion.
- An additional fee of £1,095 pa is paid to any Non-Executive Director who sits on both Sub-Boards.
- An additional fee of £1,335 pa is paid to the Grand Master in his year of Office.

The fees for NEDs are reviewed on an annual basis, the outcome of which is reported to the next Annual Movable Conference in the same way as is done for Executive remuneration. The NEDs are not employees of the Society.

The details in the following table show the remuneration arrangements that have been in place for the Non-Executive Directors and reflect the remuneration for the year ended 31 December 2024:

Director	Total Remuneration	
	2024	2023
David Webster (Chairman)	15,260	10,635
Barbara Needham	9,757	10,121
John Mann	8,845	8,844
David Ogden	7,522	7,341
Debbie Jex	6,353	6,306
Karen Rose	6,849	5,625
Alex Walker	6,261	5,765
Sheila Martland	6,355	3,500
Meirion Edwards	3,180	-
Bill Connolly	11,224	6,360
Peter Darragh	11,182	7,715
Mike Perry	10,523	3,500
John Midlane	9,920	1,000
Graeme Charters	6,360	-
Tony Luckett	3,083	7,954
David Randall	-	2,370
David Grant	-	1,082
Robert Edwards	-	5,678
Total	122,674	93,796

Directors' Report

Statement of Solvency

The Board considers that the value of the assets of the Society and its Branches at the end of the year, together with future income significantly exceeds future liabilities and operating expenses and is capable of providing adequate income to sustain the reasonable expectations of the members.

The Board confirms that the Society, at the end of the financial year, held eligible own funds to cover both the Minimum Capital Requirement (MCR) and the Solvency Capital Requirement (SCR) as prescribed in the PRA rulebook for Solvency II firms.

Conflicts of Interest

The Society's code of conduct, regulatory Individual Conduct Rules and conflicts of interest policy requires any members of staff, Advisers or Directors to declare any potential or actual conflict of interest in respect of any business matter or transaction which is being considered.

In the event of such a conflict of interest, the individual must disclose to the Society any benefit they may receive from the business matter or transaction concerned. This requirement applies whether or not the Society sets aside the particular business matter or transaction concerned. It is not necessary for the individual concerned to have to account for the benefit if they are allowed to have an interest or duty by the rules of the Society and the interest or duty has been disclosed to and approved by the Board and/or Sub Board.

Charitable Donations

HA Andrews

In September 2024, the Centre for Cancer Immunology at the University of Southampton received the final instalment of £34k of the £100k total across three years (2022-2024), which had been funded through the H A Andrews Memorial Fund. The Fund sponsored the studies by Nur Zainal, a PhD student at the University. Her work looked into a specific gene, which it is believed can be manipulated to target cancer cells in a new vaccine. If successful, this could profoundly change outcomes for patients with cancer, particularly lung, breast, head and neck oesophageal and bladder cancers. Nur and her supervisor will deliver a final presentation on the impact of the funding at the AMC in 2025.

To mark the final funding payment and to provide an update on the research, the Grand Master of the Society together with a representative of Guernsey Oddfellows (who originally nominated the project) was invited to visit the centre and met with Nur and her co-supervisors Professor Edd James and Dr Tim Fenton.

The next recipient of the Fund will be agreed at the AMC in 2025.

Helping others

In addition, Branches continued to support local and national charities and, in 2024, donated over £160k (2023: £175k).

Holdings in Subsidiaries

The Society holds 100% of the Ordinary Share Capital issued by Oddfellows Support Services Limited, an entity incorporated in the United Kingdom and whose registered address is Oddfellows House, 184-186 Deansgate, Manchester M3 3WB.

Liability Insurance

The Society continues to effect Directors and Officers liability insurance for and on behalf of the Directors and executive management as permitted by the Friendly Societies Act 1992.

Each of the Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for members to assess the Society's performance, business model and strategy.

Going Concern and Viability Statement

The Board discussed the reasonable expectation of the Society being a going concern of at least 12 months after the date of signing the Accounts, and of its longer term viability, at the April 2025 Main Board meeting. The Board conducted this review with information available to it having considered its Actuarial Forward Looking Assessment of Solvency, both the latest Society Fraternal Strategic Plan for 2025-2027 and the Long Term Insurance business plan for 2025-2027 including a Sales and Marketing Plan for the period, the Society's Own Risk and Solvency Assessment (ORSA) and the Society's Medium Term Capital Management Plan which have been prepared in accordance with the requirements of the Solvency II directive.

Directors' Report

The ORSA considers the Society's base and reasonably forecast stressed scenarios and the resultant solvency capital requirements. The future liquidity and cash flow requirements have been considered as well as actions that are available to management.

The Board has determined that the three year period to December 2027 is an appropriate period over which to provide its viability statement as it reflects the duration of the Society's business plan. In making its assessment, this period was selected for the following reasons:

- The projected capital under the forward looking assessment of own risks, as prepared within the ORSA, is performed using a look forward period to December 2029;
- The strategy and associated principal risks underpinning the Society's viability assessment are monitored over a forward looking three year period; and
- The level of confidence within the judgments made as part of the forward looking three year assessment is in line with the Society's risk tolerance and business objectives.

The Board also considered the appropriateness of the Principal Risks and Uncertainties as described on the Reports and Financial Statements.

Based on the results of this analysis, the Board considers that the Society has adequate resources to continue in business and meet its liabilities as they fall due over the assessment period recognising that future assessments are subject to a level of uncertainty that increases with time and therefore outcomes cannot be guaranteed or predicted with certainty.

Solvency

The Society's solvency has been consistently strong during 2024 despite ongoing volatility in the financial markets where inflation, forward projection of interest rates and ongoing geopolitical factors continue to create uncertainty in the markets, impacting negatively on valuations of most asset classes creating a challenge to the Society and its Investment Managers. The Society is largely invested in both fixed income and commercial and residential property. The Society's bonds are liability matched within agreed tolerances and have therefore been largely insulated against price movements, maintaining the Society's strong Solvency cover and being able to maintain our long term investment strategy. As such we have not been a forced seller of investments. We actively consider our Solvency Capital Requirements to ensure we take appropriate actions if required.

The positions on the Society's SCR cover ratio, on a quarterly basis during the year were:

31 December 2023	360%
31 March 2024	336%
30 June 2024	333%
30 September 2024	334%
31 December 2024	360%

During 2024 the Society has not experienced any material change to claims activity, other than what was expected as a result of policy terms. Similarly, there has been no unusual experience on surrenders, withdrawals, sickness claims or deaths and this too continues to be monitored. The level of solvency remains within the Society's risk appetite.

The level of claims in terms of numbers and values are consistent with the projected run-off and cash flows from the Solvency II model, and which include maturities on Society's products, assumptions for surrender and mortality including the Society's CTF book.

Liquidity

In relation to our LTB regulated business, our investments are held in both liquid and marketable assets where they can be accessed at very short notice, and illiquid property assets. The liquid assets consist of cash held at major banks, money market funds, gilts, investment grade corporate bonds, and listed UK equities or constituents of major stock indices, and for unit-linked business, a large holding in a UK tracker fund where prices and liquidity are available daily.

The illiquid assets consist of the property portfolio which consists of both residential and commercial properties, worth £23m (2023: £26m), out of overall LTB assets of £344m (2023: £351m). This is considered proportionate as a % of overall assets. The Society actively manages the diversification of the portfolio by allowing all LTB funds to take partial investment in the fund as per the fund's investment strategy and asset thresholds.

Directors' Report

Given the value of other investments in each of the LTB Funds, and the investments of the LTB overall, the illiquidity of the property portfolio as an asset class does not create any material concern.

Governance and operations

Taking into account the Society's scale and complexity, we are comfortable that we have taken appropriate and proportionate actions throughout the year to mitigate the principal risks and uncertainties posed to us, including the uncertainties and have the appropriate governance and controls in place to ensure the Society is able to meet its customer and regulatory obligations. As a regulated business we are focussed in continuing to meet the FCA's Consumer Duty expectations and Operational resilience framework as mandated by the FCA. From our assessments to date we have not identified anything of a material nature that will have an effect on the Society's Solvency or reputation that will affect its ability to operate as a Going Concern.

Taking all these matters into account, the Board have a reasonable expectation that the Society will be able to continue in operation and meet its liabilities as they fall due and continue as a going concern and therefore continue to adopt the going concern basis in preparing the Financial Statements.

Statement of Directors' responsibilities

The Friendly Societies Act 1992 ("the Act") requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Society at the end of the year and of its income and expenditure for that year.

In preparing these Financial Statements the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which must show and explain the transactions of the Society and disclose the financial position of the Society with reasonable accuracy at any time, and enable them to ensure that the Financial Statements comply with the Act and the regulations under it. They are also responsible for the systems of internal control, for safeguarding the assets of the Society and hence taking reasonable steps for the prevention and the detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Society's website. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Disclosure of Information to Auditor

Each of the persons 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 2024, of which the Auditor is unaware. Each Director has taken all steps that he/she ought to have taken in his/her duty as a Director to make himself/herself aware of any relevant audit information and to establish that the Society's Auditor is aware of that information.

The above report was approved by the Board and signed on its behalf by:



C J Nelson
Chief Executive Officer
10 April 2025

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INDEPENDENT ORDER OF ODD FELLOWS MANCHESTER UNITY FRIENDLY SOCIETY LIMITED

Opinion

We have audited the financial statements of The Independent Order of Odd Fellows Manchester Unity Friendly Society Limited (the 'Society') and its subsidiary ('the Group') for the year ended 31 December 2024 which comprise the Group Consolidated and Society Balance Sheets, the Group Consolidated and Society Income and Expenditure accounts, the Group Consolidated and Society Statements of other Comprehensive Income and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Society's affairs as at 31 December 2024 and of the Group's and Society's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Friendly Societies Act 1992.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and Society's ability to continue to adopt the going concern basis of accounting included:

- reviewing the historical accuracy of the Group's and of the Society's forecasting process, including the consideration of post year-end performance;
- validating that calculations applied in the forecasts are mathematically accurate and in line with management's forecasting method;
- reviewing and challenging key inputs and assumptions applied by management for reasonableness and agreeing them to supporting evidence;
- reviewing the Society's significant correspondence with regulators up to the date of signing our audit report to understand any developments regarding the Society's regulated permissions and activities;
- reviewing the Society's current capital position and Own Risk and Solvency Assessment (ORSA) reports submitted during and post year-end and evaluating the appropriateness of the stress test scenarios performed by the directors; assessing the completeness of the key risks considered by the Group and Society, which include solvency risk, fraternal risk, long-term business risk, reputational risk, regulatory compliance risk, investment risk and climate change financial risk; and
- reviewing management's going concern disclosures to ensure they are fair, balanced and understandable to users of financial statements, as well as consistent with management's going concern assessment.

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

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

Independent Auditor's Report

Our application of materiality

We determined the overall materiality for the Group to be £863,000 (2023: £895,000) which is 0.3% of total invested assets (2023: 3% of the funds for future appropriations). We set the Society's overall materiality at £863,000 which is the same level as the group overall materiality (2023: £886,050 which was 99% of the group overall materiality), recognising that the Society's one subsidiary is immaterial to the results of the Group.

In the 2023 audit, the Fund for future appropriation was selected as the most appropriate benchmark as it serves as a key measure of the Group's and Society's financial strength, as viewed by the users of the financial statements. During the 2024 audit, there was a prior period restatement identified. As a result, we have reconsidered our materiality benchmark used to be based on total invested assets. The rationale for using invested assets is that these assets back the long-term technical provisions and are relatively stable. We have used 0.3% of gross invested assets as our benchmark. However, we have reduced performance materiality during the course of our audit as a result of the prior period restatement.

Based on our risk assessments of the Group and Society, together with our assessment of the Group's and Society's overall control environment, our judgement was that performance materiality be set at 60% (2023: 60%) of our overall materiality. This is due to the heightened risk of the engagement in respect of the high degree of estimation applied in calculating certain material balances, as well as the prior period restatement identified. The performance materiality is £518,000 for the Group and the same threshold for the Society (2023: £537,000 for the Group and £531,630 for the Society).

We agreed with the Audit, Risk and Compliance Committee (the 'ARCC') that we would report to them all uncorrected audit differences in excess of £43,000 for the Group and the same threshold for the Society (2023: £44,750 for the Group and £44,303 for the Society), as well as differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Our approach to the audit

In designing our audit, we determined materiality as above and assessed the risks of material misstatement in the financial statements.

In particular, we looked at areas involving significant accounting estimates and judgements made by the directors and considered future events that are inherently uncertain. These areas included:

- Expense and lapse assumptions used in the valuation of technical provisions;
- Completeness and accuracy of policyholder data used within the valuation of technical provisions; and
- Valuation of investment property.

We performed a combination of analytical procedures and substantive tests of details, including obtaining direct confirmations from third parties and engaging auditor's experts where we considered necessary, to address the risks of material misstatement for financial statement line items.

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 (whether or not due to fraud) we identified, 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.

Independent Auditor's Report

<p>Key Audit Matter</p> <p>Future expense assumptions used in the valuation of the Long Term Business provision within the technical provisions</p>	<p>Significant judgement is required in the setting of assumptions that underpin the valuation of the long term business provision within the technical provisions ('TPs') and the Society appoints an actuarial consultant to assist in the determination of the TPs.</p> <p>We identified a key audit matter in relation to the future expense assumptions used given the sensitivity of the TPs to expense movements and the level of focus on the Society expense base from the members. In addition, there is judgement required in relation to the impact of potential transfers of future business into the Society on forward-looking expense assumptions.</p> <p>The use of an inappropriate assumption, whether through fraud or error, could result in a material misstatement particularly because of the high sensitivity of the provisions to this assumption.</p> <p><i>Refer to Note 1(a) Significant accounting policies, Note 1(b) Critical accounting judgements and key sources of estimation uncertainty, and Note 15 Long term business to the financial statements.</i></p> <p><i>Technical provisions as at 31 December 2024 are £331,441k (2023: £338,475k). Out of the total technical provisions, the balance of the Long Term Business Provision is £111,551k as at 31 December 2024 (2023: £120,441k).</i></p>
<p>How our scope addressed this matter</p>	<p>In respect of the expense assumptions used in the valuation of the long term business provision within the technical provisions, we:</p> <ul style="list-style-type: none"> gained an understanding of the relevant internal controls implemented by management to manage the risks associated with setting the expense assumptions; challenged the split of expenses between fund and product groups to ensure that this is consistent with the per policy expense assumptions; challenged the appropriateness of the expense assumptions used within the modelling of TPs and reasonableness of future management actions with the support of our actuarial experts. As part of this work, we reviewed the adjustments to total expenses and the calculation of the per policy expenses; performed a retrospective comparison of the 2024 actual expenses to the 2024 budget, and a comparison of the on-going expenses included in the actuarial model and the 2025 budget; agreed the actual expense base used in the assumption setting process through to the audited current year information to assess consistency; and reviewed the appropriateness of the related disclosures in the financial statements in accordance with the applicable financial reporting framework.
<p>Key observations</p>	<ul style="list-style-type: none"> We deemed that the expense reserves included within the Long Term Business provision within the TPs for the Group and Society are reasonable; and We considered that the assumptions have been subject to appropriate governance and appropriately included within the year end actuarial models.

Independent Auditor's Report

<p>Key Audit Matter</p> <p>Lapse assumptions used in the valuation of the Long Term Business provision within the technical provisions</p>	<p>We identified a key audit matter in respect of the lapse assumptions used in the valuation of TPs. The technical provisions are sensitive to this assumption, in particular the CTF book. Inflation has stabilised and interest rates have reduced since last year end, however the economic environment continues to be volatile and there is relatively limited lapse experience. Limited data means setting a best estimate assumption is challenging and may be prone to error or misstatement. In this regard, there is judgement required in the lapse rate estimation with regards to economic and market conditions.</p> <p>The use of an inappropriate assumption, whether through fraud or error, could result in a material misstatement, particularly because of the high sensitivity of the provisions to this assumption.</p> <p><i>Refer to Note 1(a) Significant accounting policies, Note 1(b) Critical accounting judgements and key sources of estimation uncertainty, and Note 15 Long term business to the financial statements.</i></p>
<p>How our scope addressed this matter</p>	<p>In respect of the lapse assumptions used within the technical provisions, we:</p> <ul style="list-style-type: none"> • gained an understanding of the relevant internal controls implemented by management to manage the risks associated with setting the lapse assumptions; • tested a sample of the data used in the experience analysis by agreeing to source system and policyholder documentation; • compared lapse experience during 2024 with prior periods to confirm our understanding of the reasons for any changes and how they have been factored into the assumptions set with the support of our actuarial experts; • challenged the overall appropriateness of the lapse assumptions used within the modelling of TPs with the support of our actuarial experts; and • reviewed the appropriateness of the related disclosures in the financial statements in accordance with the applicable financial reporting framework.
<p>Key observations</p>	<ul style="list-style-type: none"> • We determined that the lapse assumptions selected by management are reasonable based on the analysis of the experience to date, market practice and the financial and regulatory requirements relevant to the Group and Society; and • We considered that the economic and non-economic assumptions have been subject to appropriate governance and appropriately included within the year-end actuarial models.

Independent Auditor's Report

<p>Key Audit Matter</p> <p>Completeness and accuracy of policyholder data used within the valuation of technical provisions</p>	<p>The Society extracts data from a number of different platforms before passing this to the external actuarial consultant for processing through their actuarial models.</p> <p>We identified a key audit matter in relation to the completeness and accuracy of data used in the calculation of the TPs given the quantum of the balance.</p> <p>The use of incomplete or inaccurate data, whether through error or deliberate manipulation, could result in a material misstatement because the data extracted from the underlying platforms is integral to the material accuracy of the calculation at the year-end date. This key audit matter is also considered to be a fraud risk.</p> <p>Refer to Note 1(a) Significant accounting policies, Note 1(b) Critical accounting judgements and key sources of estimation uncertainty, and Note 15 Long term business to the financial statements.</p>
<p>How our scope addressed this matter</p>	<p>In respect of the completeness and accuracy of policyholder data used within the valuation of TPs, we:</p> <ul style="list-style-type: none"> gained an understanding and tested the relevant controls implemented to support the preparation, maintenance and integrity of the actuarial data extracts; gained an understanding of the relevant controls implemented to support the completeness and accuracy of data input into the policyholder insurance systems; gained an understanding of the relevant controls over data security including access privileges and change management on the policyholder administration systems with the support of IT specialists; reconciled the number of policyholders included in the 2024 data extract to the 2023 audited data and tested a sample of the policyholder movements to supporting documentation to assess whether the data is complete and accurate; reconciled the total policy count in the data extract provided to the external actuarial consultant to the totals included in the external actuarial consultant's portal which has been used in the TP calculation; and tested a sample of policyholders from the data extract provided to the external actuarial consultant back to the details held on the policyholder systems and back to policyholder documentation.
<p>Key observations</p>	<p>We determined based on our audit work that the data which is input into the actuarial model is complete and accurate.</p>

Independent Auditor's Report

Key Audit Matter Valuation of investment properties	<p>Global economic conditions, including the increasing prominence of Environmental, Social and Governance (ESG) frameworks and related issues, are generating a large amount of uncertainty around the market and the valuation of properties within certain sectors.</p> <p>We have identified a key audit matter relating to the valuation of the investment properties balance, due to heightened uncertainty around the valuation inputs and the lower frequency of sales which provide reliable market benchmarks. Due to the judgemental nature of the balance, we identified the manipulation of investment property valuation as an area of potential fraud risk.</p> <p><i>Refer to Note 1(a) Significant accounting policies, Note 1(b) Critical accounting judgements and key sources of estimation uncertainty, and Note 4 Land Buildings to the financial statements. Investment properties as at 31 December 2024 is £77,779k (2023: £84,272k).</i></p>
How our scope addressed this matter	<p>In respect of the valuation of investment properties, we:</p> <ul style="list-style-type: none">• gained an understanding of the relevant internal controls implemented by management to manage the risks associated with the valuation of the investment property portfolio;• assessed the competence, capabilities and objectivity of the third-party valuation specialists;• reconciled the fair value of the investment properties through to the external valuation report provided at the year-end date; and• engaged an external property valuation expert to assess the work of management's valuation specialists and challenge the assumptions and methodologies used in the valuation process using published information sources to assess whether the portfolios of properties are within a reasonable range.
Key observations	<p>Based on our procedures performed on the valuation methodology of investment properties, we are satisfied that the valuation is reasonable.</p>

Other information

The other information comprises the information included in the Reports and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Reports and Financial Statements. Our opinion on the Group and Society financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Friendly Societies Act 1992

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

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

Independent Auditor's Report

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the Group and Society 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 Group and Society financial statements, the directors are responsible for assessing the company'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 company 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.

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

- We obtained an understanding of the Group and Society and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, review of board minutes and performing walkthroughs of the Group and Society's controls.
- We determined the principal laws and regulations relevant to the Group and Society in this regard to be those arising from:
 - Friendly Societies Act 1992;
 - Friendly Societies (Accounts and Related Provisions) Regulations 1994;
 - AFM Corporate Governance Code;
 - Financial Conduct Authority (FCA) Handbook; and
 - Prudential Regulation Authority (PRA) Rulebook.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Group and Society with those laws and regulations. These procedures included, but were not limited to:
 - discussing with management any potential instances of non-compliance;
 - inspecting correspondence with the FCA and PRA;
 - reviewing legal and professional fees to understand the nature of the costs and the existence of any non-compliance with laws and regulations; and
 - reviewing the minutes of meetings of those charged with governance.

Independent Auditor's Report

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the potential for management bias in relation to expenses and lapse assumptions used in the valuation of TPs, completeness and accuracy of policyholder data used within the valuation of TPs and the valuation of investment property. Refer to the key audit matters for further details on how we addressed this.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business. Supported by our external experts, we assessed whether the valuation of the Technical Provisions and investment property were reasonable. Refer to the key audit matters for further details.

Because of the inherent limitations of an audit, 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 will be 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 the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by ARCC on 29 March 2022 to audit the financial statements for the period ending 31 December 2022 and subsequent financial periods. Our total uninterrupted period of engagement is three years, covering the years ended 31 December 2022, 31 December 2023 and 31 December 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the Group and the Society in conducting our audit.

Our audit opinion is consistent with the additional report to the ARCC.

Use of our report

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



Martin Watson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
3rd Floor, One Park Row, Leeds LS1 5HN

10 April 2025

Group Consolidated Balance Sheet

		31/12/2024 £'000	31/12/2023 £'000
ASSETS	Note		
Investments			
Land and buildings	4	77,779	84,272
Other financial investments			
Shares and other variable yield securities	5	88,949	76,431
Debt and other fixed income securities	6	104,800	120,071
Loans secured by mortgage	7	172	183
Cash held for Investment	8	705	3,154
Assets held to cover linked liabilities	9	228,629	227,855
Debtors due within one year			
Other debtors	10	1,197	1,245
Other assets			
Tangible assets	11	4,846	4,677
Inventories		36	40
Cash at banks and in hand	8	14,836	7,934
Prepayments and accrued income		2,126	2,014
Pension scheme asset	17	7,105	5,916
		<u>531,180</u>	<u>533,792</u>

Group Consolidated Balance Sheet

		31/12/2024	31/12/2023
		£'000	Restated £'000
LIABILITIES	Note		
Reserves			
Reserves provided for, by the rules and other specific purposes	12	2,575	2,534
Fund for future appropriations	14	14,026	12,554
Technical provisions			
Long term business provision	15	111,551	120,441
Claims outstanding		1,251	1,475
Technical provisions for linked liabilities			
Insurance & Investment contracts	15	218,639	216,559
Liabilities to investing branches	13	160,391	157,023
Creditors and accruals due within one year	16	2,690	2,948
Creditors, amounts falling due after more than one year	16	19,000	19,000
Deferred income		1,057	1,258
		<u>531,180</u>	<u>533,792</u>

These Financial Statements of the Independent Order of Odd Fellows Manchester Unity Friendly Society Ltd. Registered number 223F were approved by the Board on 10 April 2025 and were signed on its behalf by:



C J Nelson
Chief Executive Officer/Secretary of the Order

Society Balance Sheet

ASSETS	Note	31/12/2024 £'000	31/12/2023 £'000
Investments			
Land and buildings	4	77,779	84,272
Other financial investments			
Shares and other variable yield securities	5	88,949	76,431
Debt and other fixed income securities	6	104,800	120,071
Loans secured by mortgage	7	172	183
Cash held for investment		705	3,154
Assets held to cover linked liabilities	9	228,629	227,855
Debtors due within one year			
Other debtors	10	1,182	1,213
Other assets			
Tangible assets	11	4,846	4,677
Cash at banks and in hand	8	14,833	7,930
Prepayments and accrued income		2,125	2,012
Pension scheme asset	17	7,105	5,916
		<u>531,125</u>	<u>533,714</u>

Society Balance Sheet

		31/12/2024	31/12/2023
LIABILITIES	Note	£'000	Restated £'000
Reserves			
Reserves provided for, by the rules and other specific purposes	12	2,575	2,534
Fund for future appropriations	14	13,972	12,483
Technical provisions			
Long term business provision	15	111,551	120,441
Claims outstanding		1,251	1,475
Technical provisions for linked liabilities			
Insurance & Investment contracts	15	218,639	216,559
Liabilities to investing branches	13	160,391	157,023
Creditors and accruals due within one year	16	2,688	2,945
Creditors, amounts falling due after more than one year	16	19,000	19,000
Deferred income		1,058	1,254
		<u>531,125</u>	<u>533,714</u>

These Financial Statements of the Independent Order of Odd Fellows Manchester Unity Friendly Society Ltd. Registered number 223F were approved by the Board on 10 April 2025 and were signed on its behalf by:



C J Nelson
Chief Executive Officer/Secretary of the Order

Group Consolidated Income and Expenditure Accounts

		Years ended	
		31/12/2024 £'000	31/12/2023 £'000
TECHNICAL ACCOUNT: Long Term Business	Note		
Earned premiums, net of reinsurance		1,311	1,504
Annual management charges for investment contracts		3,210	3,112
Investment Income	18	12,087	10,179
Unrealised gains on investments		10,909	14,638
Total technical income		27,517	29,433
Claims paid		(3,930)	(3,868)
Change in Long-Term Business Provision		3,569	(2,386)
Change in technical provisions for linked liabilities		(22,092)	(17,924)
Operating expenses	21	(3,613)	(3,703)
Investment expenses and charges		(275)	(286)
Tax	19	-	-
Transfer to Funds for Future Appropriations	14	(1,176)	(1,266)
Balance on the Long Term Business Technical Account		-	-

Group Consolidated Income and Expenditure Accounts

		Years ended	
		31/12/2024	31/12/2023
NON TECHNICAL ACCOUNT	Note	£'000	Restated £'000
Investment income	18	5,364	7,427
Gains/(losses) on realisation of investments		1,269	(1,156)
Unrealised gains on investments		3,760	5,875
Other income		2,996	2,622
Investment expenses and charges		(393)	(318)
Finance charges		(669)	(681)
Investment return to investing branches	20	(8,915)	(11,097)
Operating expenses		(3,969)	(3,610)
Non-contractual benefits		(295)	(241)
Pension scheme benefits (charge)/credit	17	(246)	321
Transfer to the reserves provided for by the rules and other specific purposes	12	(41)	(44)
Excess of expenditure over income	14	(1,139)	(902)

All the amounts above are in respect of continuing operations.

Society Income and Expenditure Accounts

NON TECHNICAL ACCOUNT	Note	Years ended	
		31/12/2024	31/12/2023 Restated £'000
		£'000	£'000
Investment income	18	5,364	7,427
Gains/(losses) on realisation of investments		1,269	(1,156)
Movement in unrealised gains on investments		3,760	5,875
Other income		2,952	2,575
Investment expenses and charges		(393)	(318)
Finance charges		(669)	(681)
Investment return to investing branches	20	(8,915)	(11,097)
Net operating expenses	21	(3,908)	(3,560)
Non-contractual benefits		(295)	(241)
Pension scheme benefits (charge)/credit	17	(246)	321
Transfer to the reserves provided for by the rules and other specific purposes	12	(41)	(44)
Excess of expenditure over income	14	<u>(1,122)</u>	<u>(899)</u>

All the amounts above are in respect of continuing operations.

Note: The inclusion of OSSL in the Group Income and Expenditure Accounts only affects the Non Technical Account, hence a Society Technical Account has not been presented as it would be identical to the Consolidated Technical Account on Page 73.

Statement of other Comprehensive Income

Group Consolidated Statement of other Comprehensive Income

		31/12/2024	31/12/2023 Restated
	Note	£'000	£'000
(Deficit) on Non Technical Account	14	(1,139)	(902)
Reserves provided for by the rules and other specific	12	41	44
Pension Scheme Actuarial gains	17	1,435	1,035
Total comprehensive gain for the year		<u>337</u>	<u>177</u>

Society Statement of other Comprehensive Income

		31/12/2024	31/12/2023 Restated
	Note	£'000	£'000
(Deficit) on Non Technical Account	14	(1,122)	(899)
Reserves provided for by the rules and other specific	12	41	44
Pension Scheme Actuarial gains	17	1,435	1,035
Total comprehensive gain for the year		<u>354</u>	<u>180</u>

Notes to the Financial Statements

1a SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The principal accounting policies are summarised below. They have been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

The Independent Order of Odd Fellows Manchester Unity Friendly Society Limited is a registered Friendly Society under the Friendly Societies Act 1992. The Society is an incorporated Friendly Society in the UK whose registered office is 184-186 Deansgate, Manchester M3 3WB. The nature of the Society's operations and its principal activities are set out in the Strategic Report on pages 6 to 28.

The Financial Statements have been prepared under the historical cost conventions, modified to include certain items at fair value, in accordance with Financial Reporting Standards 102 and 103 (FRS 102 and FRS 103) issued by the Financial Reporting Council. The Financial Statements are also drawn up in accordance with the rules set out in Schedule 6, Part III of the Friendly Societies (Accounts and Related Provisions) Regulations 1994 No.1983.

The functional currency of the Society is considered to be pounds sterling because that is the currency of the primary economic environment in which the Society operates.

Basis of Consolidation

The consolidated financial statements include the results of the Society and its subsidiary undertaking made up to 31 December each year. A subsidiary is an entity controlled by the Society. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Society manages a number of funds for branches and the Society to invest in. The total assets of these funds are shown as Investments in the Society Balance Sheet and the proportion of the funds value due to investing branches are shown as 'Liabilities to Investing Branches.' Total investment income, gains and losses in the funds are shown in the Non Technical Account Income and Expenditure account with the proportion of the income due to investing branches shown as 'Investment Return to investing Branches.'

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The amounts in the consolidated financial statements all arise from continuing operations made up until 31 December each year. The notes to the accounts show the Group and Society position separately, only where there is a difference between the Group and Society figures.

The following UK subsidiary has taken advantage of the audit exemption set out within Section 479A of the Companies Act 2006 for the year ended 31 December 2024. Oddfellows Support Services Limited (the subsidiary) Company number 08309175 is 100% owned by the Society. In accordance with Section 479C of the Companies Act 2006, the Society will guarantee the debts and liabilities of the above subsidiary undertakings. As at 31 December 2024 the total sum of those debts and liabilities is £55,409 (2023: £76,494).

Classification of contracts

The Society classifies its products for accounting purposes as insurance or investment. Insurance contracts are defined as a contract under which one party accepts significant insurance risk. As a general guideline the Society defines a significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that is at least 10% more than the benefits payable if the insured event did not occur. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire.

A discretionary participation feature is a contractual right held by a policyholder to receive additional payments as a supplement to guaranteed benefits:

- That are likely to be a significant proportion of the total contractual payments; and
- Whose amount or timing is contractually at the discretion of the issuer and that is contractually based on: the performance of a specified pool of contracts or a specified type of contract; realised and/or unrealised investment returns on a specified pool of assets held by the Society; or the surplus or deficit of the Society, fund or other entity that issues the contract.

Notes to the Financial Statements

Such contracts are more commonly known as 'with-profit' or as 'participating' contracts. The terms and conditions of these contracts, together with UK regulations, set out the basis for the determination of the amounts on which the additional discretionary benefits are based and within which the Society may exercise its discretion. All with-profit contracts are classified as insurance contracts under the current accounting rules. Investment contracts are those which carry financial risk, with no significant insurance risk.

Insurance premiums

Premiums received/earned and reinsurance premiums paid relate to insurance and non-participating investment contracts. They are accounted for when due for payment except for recurring single premium in respect of unit-linked business, which are accounted for when the related liabilities are created.

Investment contract premiums and claims

Amounts collected on investment contracts, which primarily involve the transfer of financial risk such as long-term savings contracts, are accounted for using deposit accounting, under which the amounts collected, less any initial fees deducted, are credited directly to the Balance Sheet as an adjustment to the liability to the investor.

For claims and benefits paid on investment contracts, amounts are not included in the Income and Expenditure Account but instead deducted from investment contract liabilities in the period to which they relate.

Insurance claims incurred and claims outstanding

All valid claims and benefits notified in respect of 2024 are included in the Financial Statements whether or not they have been settled. All claims notified but not settled as at 31 December 2024 are included within claims outstanding on the Balance Sheet. Claims are stated as arising from either insurance contracts or investment contracts under FRS 103. In addition, the costs of administering the claims paid have been included in the claims incurred figure in accordance with The Friendly Societies (Accounts and Related Provisions) Regulations 1994 No.1983 Schedule 1, Part III.

Investment income

Investment income is included on an accruals basis. Dividends are included by reference to ex dividend dates. Income on fixed interest investments is adjusted for purchased accrued interest.

Realised gains and losses on investments

Realised gains and losses on investments, other than unit trusts held in the Long Term Business Fund, are calculated as the difference between net sales proceeds and the original cost. Realised gains and losses on unit trusts held in the Long Term Business Fund are calculated as the difference between net sales proceeds and the aggregate of additions at cost.

Unrealised gains and losses on investments

Unrealised gains and losses on investments, other than unit trusts held in the Long Term Business Fund, are calculated as the difference between the valuation of investments at the Balance Sheet date and the original cost. Unrealised gains and losses on unit trusts held in the Long Term Business Fund are calculated as the difference between the valuation at the Balance Sheet date and the aggregate of additions at cost and the previous Balance Sheet valuation. An adjustment to unrealised gains and losses is included for any occurring income as at 31 December which is also included in the valuation. All movements in unrealised gains and losses on investments arising in the year are shown in the respective Income and Expenditure accounts. Unrealised gains and losses attributable to, and movements in the fair value of, linked investment contracts are included in 'Unrealised gains/(losses) on linked investments' and 'Changes in technical provisions for linked liabilities' respectively, as income or expense in the Technical account.

Other Income

Other income recognised on the Non Technical account is recognised when earned and represents call on funds from the Branches and other miscellaneous income.

Leases

Payments under operating leases are charged to the Income and Expenditure accounts equally over the lease term.

Investments

Investments are stated in the Financial Statements at current value which is the equivalent of fair value. Information on all valuations is given in Notes 5, 6, 7 and 9.

Notes to the Financial Statements

All property owned by the Society is long leasehold and is included under investments on the Balance Sheet at open market value, if not occupied by the Society for its own activities, in accordance with the Friendly Societies Act 1992 and the regulations made under them.

Owner-occupied property

Owner-occupied property is stated at its revalued amount, being the fair value at the date of the revaluation, less any subsequent accumulated depreciation and impairment and is included under Tangible Assets on the Balance Sheet.

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Income and Expenditure account.

The decrease of an asset's carrying amount as a result of a revaluation shall be recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. If a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised as a charge in the Income and Expenditure account.

Properties are professionally revalued at least every three years, in accordance with generally recognised methods of valuation. The Directors revalue the properties in the intervening years. It is the Society's practice to maintain these assets in a continual state of repair and to make improvements from time to time.

Loans secured by mortgage

Loans secured by mortgage are classed as basic financial instruments under FRS102 and are included at amortised cost.

Fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than owner-occupied property, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Motor Vehicles	4 years (after residual value allowance)
Office equipment	4 years
Central office computer equipment	3 years or 5 years dependent on expected useful life
Branch Computer equipment	1 year
Owner-occupied property	Nil

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Corporation Tax and Deferred Tax

As a registered Friendly Society only part of the Long Term Business is subject to corporation tax. Provision for tax has been included for 2024.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date using tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are only recognised when it is considered they are more than likely to be recovered.

Fund valuation

The assets and liabilities of the Society are valued as part of the Long Term Business annual investigation as at 31 December, pursuant to Solvency II rules, as adopted in the UK.

Copies of the Actuaries' reports on the appropriate assets and liabilities of all long term insurance funds of the Society may also be inspected at the Registered Office.

Debtors

Debtors are stated at their net realisable value after allowing for bad and doubtful debts.

Notes to the Financial Statements

Prepayments and Accrued Income

Prepayments and Accrued Income reflect payments made in advance for goods and services. Accrued Income represents income earned not yet received.

Creditors

As under normal accruals accounting principles, creditors, loans, bank overdrafts and borrowings are recognised at the contractually agreed amounts.

Financial liabilities

Financial liabilities are recognised on the Balance Sheet when the Society becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value.

Long Term Business provision

The Long Term Business provision is determined by the Society's Chief Actuary following the actuarial valuation. It is calculated on a basis to comply with the reporting requirements of the Prudential sourcebook and the Friendly Societies Act 1992. In broad terms the calculation uses a net premium valuation method to assess the amount of mathematical reserves. As such it includes explicit provision for regular bonuses declared at 31 December 2024, and regular bonuses declared as a result of the valuation. Wherever possible, implicit allowance is made for future bonuses by a margin in the valuation rate of interest. No provision is made for terminal bonuses as these are declared at the discretion of the Board.

Non-linked insurance contracts that have been designated as investment contracts are measured at fair value. The Society has elected to take the fair value option to measure non-linked insurance contracts that have been designated as investment contracts at fair value as the contracts managed, and whose performance is evaluated, are on a fair value basis.

Linked liabilities

For unit-linked business, the provision is calculated as the unit value of the individual accounts held by the Society for each member, plus any additional reserves considered necessary.

Going concern

The Board has considered in detail the Society's forecast performance, its capital and liquidity resource requirements. On this basis the Board has a reasonable expectation that the Society has sufficient capital and liquidity facilities to ensure that it will continue in operational existence for the foreseeable future. Accordingly the Board has adopted the going concern basis in preparing these accounts. The Strategic Report provides further details of the Society's going concern assessment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits, with a maturity term of three months or less at the balance sheet date. Cash categorised as held for investment comprises cash held on deposit, with a maturity term of greater than three months as at the balance sheet date. The Society has taken advantage of the exemption for mutual life assurance organisations under FRS102 Section 7 Statement of cash flows and has not prepared a cash flow statement for the year.

Fund for Future Appropriations

The Fund for Future Appropriations represents all funds, the allocation of which has not yet been determined by the end of the financial year. Any surplus or deficit arising on the Technical Account – Long Term Business is transferred to or from the Fund on an annual basis.

Related party disclosure

Total income during the year received from Branches in respect of the levy was £2,912k (2023: £2,549k). Amounts due from Branches at 31 December 2024 in respect of goods and services was £59k (2023: £97k). Balances are settled within normal credit terms and there is no provision for doubtful debts related to these amounts. Investments held on behalf of Branches, are consolidated with Fraternal Unity funds and other non-linked investments on the Balance Sheet in 'Other financial investments'.

Liabilities to Investing Branches

Investments are held at fair value on the balance sheet on behalf of both the Society and Branches. Liabilities to Investing Branches are recognised on the balance sheet as the fair value of the Investments held on behalf of the Branches.

Notes to the Financial Statements

This is calculated based on the proportion of the number of units held by the Branches compared with the total units held in the fund by the Society. The Branches share of investment income, realised and unrealised gains and losses are recognised in the Non Technical account.

Sums Denominated in Foreign Currencies

Monetary assets and liabilities in foreign currencies are expressed in sterling at the exchange rates ruling at 31 December 2024. Revenue transactions and those relating to the acquisition and realisation of investments including foreign fixed rate short term cash deposits have been translated at rates of exchange ruling at the time of the respective transactions.

Presentation of Group Consolidation Income and Expenditure Accounts - Technical Account

The Annual management charges for investment contracts are disclosed separately on the face of the Income and Expenditure Account, rather than the movement in Linked Investment Contract Liabilities. This reflects the income generated by the Society of its investment contract business.

Prior Year Restatements

The Society manages a number of funds in which the Society and its branches can invest. The market value of Units owned by investing branches is recorded as a 'Liability to Investing Branches'. The funds and the Basis of Consolidation is disclosed in note 1a, Significant Accounting Policies.

The Unity United (Property) Investment Fund, known as the (UU (P) IF), is one such fund, and it invests in commercial properties to provide a stable income for investors, and it offers diversification to investors wishing to invest in property.

In 2017 a loan facility for £16m was taken out by the Society, with a further loan facility for £3m taken out in 2018, both so that the Society could invest in the UU (P) IF. Units were created for the Society in exchange for the cash introduced. The cumulative loan of £19m is shown in the Society Accounts under 'Creditors, amounts due after more than one year. Branches typically own about $\frac{3}{4}$ of the Units in the UU (P) IF and the market value of Units owned by investing Branches.

In the audited accounts for the year ended 31 December 2017 the amount shown for 'Liabilities to Investing Branches' was incorrectly calculated. The basis of the error was when calculating the value of the UU (P) IF, the loan was incorrectly included in the fund resulting in a reduced Net Asset Value (NAV) for the fund and an understatement of these Liabilities. With the basis of consolidation, the Investment return to investing branches in the Non Technical Income and Expenditure account was also understated leading to an overstatement of the excess of income over expenditure for the year, resulting in an overstatement of the Society's Fund for Future Appropriations.

With the calculation methodology embedded, the same accounting process was used for the year ended 31 December 2018 Society accounts for the additional £3m Society loan. Once having been accepted in the accounts and as part of the Society reserves the error was crystallised. With no further loan capital introduced or repaid in subsequent years, there were no further significant movements in the Balance Sheet and Income and Expenditure account in the following years, leaving the error undiscovered until a detailed review of the UU (P) IF in 2024.

With the loan having incorrectly been considered as part of the UU (P) IF, it was also incorrectly charged for all the loan interest and loan fees incurred which have now been reversed as this is a Society cost directly attributable to the loan holder.

The cumulative value of the errors have been calculated to the closing values at 31 December 2022 to provide restated opening values for the 2023 Fund for Future Appropriations (FFA) and Liabilities to Investing Branches and restated charge in the Income and Expenditure Account providing a correct restated end of year 2023 closing values.

The flow through of the restated amounts can be seen in the tables on the opposite page and reflect the change to the Society Balance Sheet and Non Technical Income & Expenditure account. The same adjustments have been made to the Group Balance Sheet and Non Technical Income and Expenditure account.

It is important to note that this error does not affect the NAV provided to Branches and the value of Branch Units which were calculated separately from the statutory accounts. There has been no detriment to the value of Branch UU (P) IF unit holdings.

Notes to the Financial Statements

The aggregated changes to the relevant line items in the comparative figures disclosed in the 2024 Reports and Financial Statements are noted in the following:

Balance Sheet Liabilities	2022 £'000	Loan £'000	Loan interest and fees £'000	UU(P)IF Unrealised Gain £'000	2022 Restated £'000
Fund for Future Appropriations	27,873	(19,000)	(3,378)	5,586	11,081
Liabilities to Investing Branches	133,942	-	-	16,792	150,734

Balance Sheet Liabilities	2023 £'000	Reserve movement	Loan interest and fees £'000	UU(P)IF Unrealised Gain £'000	2023 Restated £'000
Fund for Future Appropriations	11,081	2,017	(472)	(143)	12,483
Liabilities to Investing Branches	150,734	5,674	472	143	157,023

Non-Technical Account	2023 £'000	Loan interest and fees £'000	UU(P)IF Unrealised Gain £'000	2023 Restated £'000
Investment Income	7,371	56	-	7,427
Finance Charges	(625)	(56)	-	(681)
Investment Return to Investing Branches	(10,481)	-	(616)	(11,097)

1b CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Society's accounting policies, which are described in Note 1a, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

Classification of long term contracts

The Society has exercised judgment in its classification of Long Term Business between insurance and investment contracts, which fall to be accounted for differently in accordance with the policies set out in Note 1a Accounting Policies. Insurance contracts are those where significant risk is transferred to the Society under the contract and judgment is applied in assessing whether the risk so transferred is significant, especially with regard to pension contracts, which are predominantly, but not exclusively, created for investment purposes.

Notes to the Financial Statements

Key Source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed in the following.

Fair value of financial assets and unit-linked investments

Fair value measurement has been adopted to reduce volatility in reported earnings in the Income and Expenditure Account as the liabilities so determined are measured in a way which is consistent with the fair value of the underlying invested financial assets.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between willing, knowledgeable parties in an arms-length transaction. Fair values are determined by reference to observed market prices where available and reliable and are applicable to the fair valued assets' in notes - 5, 6, 7 and 9.

Estimates of future benefit payments arising from Long-Term Business insurance contracts

The Society makes estimates of the expected number of deaths for each of the years that it is exposed to risk. These estimates are based on standard mortality tables; adjusted to reflect the Society's own experience. The Society makes estimates of voluntary contract termination, investment returns and administration expenses at the inception of Long Term insurance contracts. These estimates, which are reconsidered annually, form the assumptions used to calculate the liabilities arising from these contracts. Within the expense assumptions, estimates are made relating to future acquisitions, which reduces the cost per policy and therefore the amount reserved.

When assessing assumptions relating to investment returns the Society makes estimates of the impact of defaults on the related financial assets. The estimates are reassessed annually. The assumptions used to establish insurance contract liabilities and appropriate sensitivities relating to variations in critical assumptions are disclosed in Note 15.

Accounting for pension plans

The Society participates in a defined benefit pension scheme based on final pensionable pay. The underlying assets and liabilities of the Scheme require an element of judgment in their valuation. The Pension Scheme is in surplus and is presented as an asset within the Balance Sheet. Further details underpinning the valuation of the Scheme liabilities are disclosed in Note 17.

2 STAFF COSTS

	2024 £'000	2023 £'000
Gross contracted service salaries	2,593	2,620
Social security costs	275	271
Pension costs	323	331
	<u>3,191</u>	<u>3,222</u>

The average monthly number of employees during the year was as follows:

	2024	2023
Directors	16	12
Clerical	56	59
Printing, production and dispatch	4	4
	<u>76</u>	<u>75</u>

3 AGGREGATE AMOUNT OF DIRECTORS' EMOLUMENTS

	2024 £'000	2023 £'000
Gross salaries	477	556
Pension Contributions	12	50
Cash in lieu of pension contributions	62	54
Benefits and allowances	13	15
	<u>564</u>	<u>675</u>

Notes to the Financial Statements

	2024 £'000	2023 £'000
Highest paid Director	307	273
Directors emoluments:		
Up to £20,000	15	16
£70,000 to £80,000	-	1
£110,000 to £120,000	-	1
£120,000 to £130,000	-	1
£130,000 to £140,000	1	-
£270,000 to £280,000	-	1
£300,000 to £310,000	1	-

4 LAND AND BUILDINGS

Investment properties

	2024 £'000	2023 £'000
Valuation as at 1 January	84,272	83,113
Additions at cost	583	7,535
Disposals	(6,359)	(3,352)
Realised (losses)/gains	(439)	450
Movement in unrealised (losses)	(278)	(3,474)
Valuation as at 31 December 2024	77,779	-
Valuation as at 31 December 2023	-	84,272

Freehold and leasehold investment properties were valued at 31 December 2024 by CB Richard Ellis Limited, Chartered Surveyors of The Chancery, Spring Gardens, Manchester M2 1EW. The Directors have considered this valuation and consider it to remain appropriate.

Valuation on property transferred from the Druids Friendly Society was last valued at 31 December 2024 by Handley Gibson of Scott Hall House, Sheepscar Street North, Leeds LS7 3AF. The Directors have considered this valuation and consider it to remain appropriate.

Valuation on property transferred from the Kingston Unity Friendly Society was last valued at 31 December 2024 by Lambert Smith Hampton of 9 Bond Court, Leeds, LS1 2JZ. The Directors have considered this valuation and consider it to remain appropriate.

The valuations are based on open market value in accordance with the provisions of the RICS Appraisal and Valuation Manual. No allowances have been made for the costs of realisation. In order for the accounts to show a true and fair view it is appropriate not to provide for depreciation on land and buildings.

Property valuers used to value the Society's Property are all independent of the Society.

The Property owned by the Society for sponsorship activities previously categorised under Investments has been recategorised as a Tangible Asset.

Notes to the Financial Statements

5 SHARES AND OTHER VARIABLE YIELD SECURITIES

	Listed Equities			
	LTB	Unity	2024	2023
	£'000	£'000	£'000	£'000
Valuation as at 1 January	4,151	72,280	76,431	68,266
Additions at cost	8,585	23,133	31,718	13,573
Disposals	(2,993)	(21,840)	(24,833)	(11,535)
Realised gains/(losses)	1	3,461	3,462	(109)
Movement in unrealised gains	551	1,620	2,171	6,236
Valuation as at 31 December 2024	10,295	78,654	88,949	-
Valuation as at 31 December 2023	4,151	72,280	-	76,431

Listed equities, (quoted on the London Stock Exchange) were valued at 31 December 2024 by Close Brothers Asset Management (now TrinityBridge) of 55 Grosvenor Street, Mayfair, London W1K 3HY, Investec Wealth & Investment Limited of 30 Gresham Street, London EC2V 7QN and LGT LLP of 14 Cornhill, London EC3V 3NR.

6 DEBT AND OTHER FIXED INCOME SECURITIES

	LTB	Unity	2024	2023
	£'000	£'000	£'000	£'000
Valuation as at 1 January	87,814	32,257	120,071	121,633
Additions at cost	9,849	3,829	13,678	22,373
Disposals	(20,919)	(3,810)	(24,729)	(28,884)
Realised (losses)	(2,370)	(608)	(2,978)	(4,145)
Movement in unrealised (losses)/gains	(992)	(250)	(1,242)	9,094
Valuation as at 31 December 2024	73,382	31,418	104,800	-
Valuation as at 31 December 2023	87,814	32,257	-	120,071

Listed bonds were valued as at 31 December 2024 by Investec Wealth & Investment Limited of 30 Gresham Street, London, EC2V 7QN and LGT LLP of 14 Cornhill, London EC3V 3NR.

7 LOANS SECURED BY MORTGAGE

	LTB	Unity	2024	2023
	£'000	£'000	£'000	£'000
Outstanding as at 1 January	36	147	183	221
Advances	1	-	1	-
Repayments	(4)	(9)	(13)	(43)
Interest earned	-	1	1	5
Outstanding as at 31 December 2024	33	139	172	-
Outstanding as at 31 December 2023	36	147	-	183

8 GROUP CASH HELD

	LTB	Unity	2024	2023
	£'000	£'000	£'000	£'000
Cash Held for Investment	-	705	705	3,154
Cash at Bank and in Hand	4,996	9,840	14,836	7,934
Outstanding as at 31 December 2024	4,996	10,545	15,541	-
Outstanding as at 31 December 2023	1,986	9,102	-	11,088

Notes to the Financial Statements

SOCIETY CASH HELD

	LTB £'000	Unity £'000	2024 £'000	2023 £'000
Cash Held for Investment	-	705	705	3,154
Cash at Bank and in Hand	4,996	9,837	14,833	7,930
Outstanding as at 31 December 2024	4,996	10,542	15,538	-
Outstanding as at 31 December 2023	1,986	9,098	-	11,084

9 ASSETS HELD TO COVER LINKED LIABILITIES

	Cash at Bank £'000	Unit Trusts 2024 £'000	Total 2024 £'000	Total 2023 £'000
Non Profit Fund	350	7,078	7,428	6,889
Ex-Nottingham Fund	-	52,151	52,151	48,470
Schoolteacher's Fund	-	67,865	67,865	71,541
Druids Fund	-	29,676	29,676	27,741
Kingston Unity Fund	-	61,375	61,375	63,813
Equity Fund	-	1,167	1,167	1,207
Corporate Bond Fund	-	212	212	208
Money Fund	200	-	200	258
UK Index Fund	-	8,555	8,555	7,728
Valuation as at 31 December 2024	550	228,079	228,629	-
Valuation as at 31 December 2023	671	227,184	-	227,855

Linked Liabilities were valued as at 31 December 2024 by Fidelity International of 25 Cannon Street, London EC4M 5TA.

Linked business investments were valued as at 31 December 2024 in accordance with the provisions of the Prudential Sourcebook.

Unrealised gains and losses on linked business investments are dealt with in the Long Term Business Technical Account.

Assets invested exceed the technical provision for linked liabilities by £9,990k (2023: £11,296k).

10 DEBTORS

	Group		Society	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade debtors	915	1,012	900	980
Tax to be recovered	282	233	282	233
	1,197	1,245	1,182	1,213

Notes to the Financial Statements

11 TANGIBLE ASSETS

Group Tangible Assets

	Office & Computer Equipment £'000	Occupied Premises £'000	Motor Vehicles £'000	Total £'000
1 January 2024	2,638	4,356	24	7,018
Additions	672	-	22	694
Disposals	(40)	(350)	(24)	(414)
31 December 2024	3,270	4,006	22	7,298
Depreciation:				
1 January 2024	2,279	41	21	2,341
Charge	169	-	3	172
Disposals	(40)	-	(21)	(61)
31 December 2024	2,408	41	3	2,452
Net Book Value:				
31 December 2024	862	3,965	19	4,846
31 December 2023	359	4,315	3	4,677

Property categorised as occupied Premises are properties owned and occupied by the Society and consist of one property in Manchester and one in Markfield, Leicestershire. The Manchester property is occupied by the Society for its central operations. The Markfield property is used for sponsorship activities.

These properties are valued every three years and were last valued at 31 December 2022. The properties are independently valued.

12 RESERVES PROVIDED FOR BY THE RULES AND OTHER SPECIFIC PURPOSES

The reserves comprise those funds with specific purposes as laid down in the rules of the Society.

Movement in the year:	2024 £'000	2023 £'000
Balance at 1 January	2,534	2,490
Transfer from Non Technical Account	41	44
Balance at 31 December	2,575	2,534

13 LIABILITIES TO INVESTING BRANCHES

Movement in the year:	2024 £'000	2023 Restated £'000
Branch Investments as at 1 January	157,023	150,718
Increase in Fair Value of Branch Investments	3,368	6,305
Branch Investments as at 31 December	160,391	157,023

Notes to the Financial Statements

14 FUND FOR FUTURE APPROPRIATIONS

Group Fund For Future Appropriations

The fund for future appropriations comprises all funds, the allocation of which had not been determined by 31 December 2024.

Movement in the year:	2024	2023 Restated
	£'000	£'000
Balance at 1 January	12,554	11,155
Transfer from Long Term Business Technical Account	1,176	1,266
(Deficit) on Non Technical Account	(1,139)	(902)
Net Pension Scheme Actuarial gain	1,435	1,035
Balance as at 31 December	14,026	12,554

Society Fund For Future Appropriations

Movement in year:	2024	2023 Restated
	£'000	£'000
Balance at 1 January	12,483	11,081
Transfer from Long Term Business Technical Account	1,176	1,266
(Deficit) on Non Technical Account	(1,122)	(899)
Net Pension Scheme actuarial gain	1,435	1,035
Balance at 31 December	13,972	12,483

15 LONG TERM BUSINESS

(a) Capital Statement

The following summarises the capital resources and requirements of the Independent Order of Odd Fellows Manchester Unity Friendly Society Limited as determined for UK regulatory purposes.

Available capital resources

The life insurance business is made up of five funds, the MU Long Term Business Fund ("MU Fund"), the Schoolteachers Fund, the Druids Fund, the Kingston Unity Fund and the Non Profit Fund. The figures shown reflect the capital resources within the combined life insurance business.

	Total life insurance £'000	Other activities £'000	Total £'000
31 December 2024	9,535	4,437	13,972
31 December 2023	8,357	4,126	12,483

Notes to the Financial Statements

Movement in capital resources	Total Life insurance 2024	Total Life insurance 2023
	£'000	£'000
Total available capital resources at 1 January	8,357	7,091
<i>Change in assets</i>		
Net premiums, claims, expenses and other items	(28,628)	(31,624)
Investment income	12,087	10,179
Realised and unrealised losses on investments	10,909	14,638
Total change in assets	(5,632)	(6,807)
<i>Change in liabilities</i>		
Change in provision for linked liabilities	2,080	243
Change in long term business provision	(8,890)	(8,315)
Total change in liabilities	(6,810)	(8,072)
Total available capital resources at 31 December (unrestricted)	9,535	8,357
Ring Fenced Restriction (Capital in KU only available to the KU Fund)	(813)	(1,014)
Total available capital resources 31 December (restricted)	8,722	7,343
Analysis of liabilities at 31 December 2024		Total Life insurance £'000
With-profit liabilities		72,292
Non-profit insurance business		15,499
Non-profit investment contracts		23,760
Unit-linked		218,639
Total provisions included in the Balance Sheet		330,190
Analysis of liabilities at 31 December 2023		Total Life insurance £'000
With-profit liabilities		79,584
Non-profit insurance business		17,781
Non-profit investment contracts		23,076
Unit-linked		216,559
Total provisions included in the Balance Sheet		337,000

Non-profit investment contracts are measured at fair value through profit and loss using established actuarial techniques utilising market observable data.

Management of risks in the life insurance business

The Society ensures that management of the Long Term Business is appropriate and proportionate for a directive society.

To accomplish this the Society will continue to ensure that:

- sufficient assets are set aside to meet Long Term Business liabilities;
- the strategy for the distribution of any free assets within the Long Term Business is appropriate for the business concerned, and in particular, the discretionary allocation of bonuses is decided by the Board;
- liquid investments are sufficient to meet benefit payments;
- workflow and resources are planned to ensure that Long Term Business can be administered in a proper manner; and
- due regard is paid to risks that might impact on how the Long Term Business is managed.

Notes to the Financial Statements

In implementing these measures, the Society adheres to the PRA principles, rules and guidance applicable to Long Term Business to ensure that the requirement and expectations of customers are met and that they are treated fairly.

Regulatory solvency position (unaudited)

In line with Solvency II requirements as adopted in the UK, the Society calculates its Solvency Capital Requirement (SCR) using the Standard Formula. All disclosures in respect of the SCR are unaudited.

As at 31 December 2024 the Society's SCR and corresponding eligible own funds were as follows:

	2024
Eligible Own Funds	£359.7m
SCR	£99.9m
Coverage (unrounded)	360%

Eligible own funds comprises reserves, inclusion of branch assets less liabilities to investing branches and other liability and matching adjustments.

Sensitivities of the capital position

The capital position is sensitive to changes in market conditions, which may affect the value of assets and/or liabilities. It is also sensitive to assumptions and experience relating to mortality, expenses and persistency, and to a lesser extent morbidity.

Management of insurance risk

The Society's management of insurance risk is a critical aspect of its business. The primary insurance activity carried out by the Society comprises the assumption of the risk of loss from persons that are directly subject to the risk. Such risks in general relate to life, accident, health and financial perils that may arise from an insurable event. As such, the Society is exposed to the uncertainty surrounding the timing and severity of claims under the related contracts. The principal risk is that the frequency and severity of claims is adverse to that expected. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. Insured events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques. The risk under assurance policies is partly naturally hedged by risks under annuity policies where the exposure is to the risk of longevity.

The main insurance risks can be summarised as follows:

- Mortality – the risk that the Society's experience of life assurance policyholders is different from that expected. For life assurance the risk is that more policyholders die than expected;
- Morbidity – the risk that more of the Society's health insurance policyholders fall ill or become incapacitated than expected;
- Persistency – the risk that policies do not remain in force and are for any reason lapsed, made paid-up, surrendered or transferred prior to maturity or expiry. For policies without guarantees, the risk is generally that fewer policies remain in force than expected. For those with guarantees, the risk is generally that more remain in force than expected;
- Annuitant longevity – the risk that the annuitant lives longer than assumed in the pricing and reserving basis used; and
- Expenses – the risk that actual expenses are higher than those expected.

In addition, it is necessary for the Society to make decisions which ensure an appropriate accumulation of assets relative to liabilities. These decisions include the allocation of investments between classes, the setting of policyholder bonus rates and the setting of surrender terms.

The primary responsibility for managing insurance risk falls to the Commercial Board. The Commercial Board has responsibility for the setting of policy and for monitoring the levels of risk arising from mortality, morbidity, persistency and expenses. The Commercial Board also considers the Society's reinsurance coverage.

The management of insurance risk and information around sensitivity analysis is disclosed further within this Note.

Notes to the Financial Statements

Concentration risk

The Society has historically written a diverse mix of business across a diverse group of people and has no material concentrations of risk by product type. However, as the Society has written substantially all of their business in the UK, results are sensitive to demographic and economic changes arising in the UK. Concentrations of insurance risk are considered by the Commercial Board to ensure that the risk is within the Society's overall risk appetite.

The Society seeks to mitigate the risk of excess concentrations of risk through the use of reinsurance, portfolio analysis and risk limits.

The key risks to the Society's life insurance business are market risks, insurance risks and expense risks, particularly the inflation of expenses. The investment performance, expenses and other risks to the life insurance business are monitored regularly by the Board, or delegated to the Commercial Board as appropriate.

In the event of an adverse situation arising, the Society would take action to reduce the impact. These actions may include:

- reducing the rates of terminal bonus and/or reversionary bonuses;
- immediate sale of higher risk assets; and
- reducing overheads (to the extent possible without affecting the operation of the life assurance business).

(b) Provision

The principal assumptions used in the calculation of the long term business provision in 2024 were as follows:

Class of Business

Annuities

UL CTF (DFS, NFS, SFS) and

UL JISA / ISA (UIEF)

Limited Claims

All other policies

KU Non-CTF (under 17)

KU Non-CTF (17 and over)

KU CTF (under 17)

KU CTF (17 and over)

Mortality tables

70% IML IFL922 - 3 years

10% AM/FC00

60% AM/FC00

60% AM/FC00

100% ELT 16

84% AM/FC00

41% ELT 16

84% AM/FC00

The method of the calculation of the calculation of the long term business provision is described in the accounting policy note.

(c) Movements in the technical provision (Gross of Reinsurance)

	2024 £'000	2023 £'000
Balance at 1 January		
Long Term Business provision	120,441	128,756
Provisions for linked liabilities	216,559	216,316
Premiums Received from policyholders	1,311	1,504
Contributions for investment contracts	8,785	9,241
Total payments to policyholders	(3,930)	(3,868)
Withdrawals from investment contracts	(30,907)	(33,473)
Annual management charge for investment contracts	3,210	3,112
Other policy and investment movements	14,721	15,412
	<u>330,190</u>	<u>337,000</u>
Balance at 31 December	111,551	120,441
Long Term Business provision	218,639	216,559
Provisions for linked liabilities	<u>330,190</u>	<u>337,000</u>

Notes to the Financial Statements

Within the changes in technical provisions is a £0.7m increase (2023: £1.7m decrease) in the non-profit investment contract provision.

(d) Assets

The total amount of assets representing the Long Term Business fund valued in accordance with the Friendly Societies (Accounts and Related Provisions) Regulations 1994 at 31 December were £344m (2023: £351m).

16 CREDITORS AND ACCRUALS

	Group		Society	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Amounts falling due within one year				
Trade creditors	201	156	200	155
Other creditors and accruals	2,483	2,786	2,482	2,784
Tax creditor	6	6	6	6
	<u>2,690</u>	<u>2,948</u>	<u>2,688</u>	<u>2,945</u>
Amounts falling due after more than one year				
Loan facilities	<u>19,000</u>	<u>19,000</u>	<u>19,000</u>	<u>19,000</u>

17 PENSION SCHEME BENEFITS

The funds of the Scheme are actuarially valued by Willis Towers Watson Limited every three years. The most recent full valuation was carried out at 31 March 2024. The Scheme is a Final Salary Defined Benefit Pension Scheme regulated by The Pensions Regulator. The Scheme has been closed to new members since 1 April 2020.

Total employer contributions in the accounting period ended 31 December 2024 were £0.45m (2023: £0.48m). The employer contribution rate was 31.5% with effect from 1 April 2020 (previously 34.8%). The Balance Sheet position for the Scheme has improved, from a surplus of £5.92m to a surplus of £7.11m over the accounting period. This was largely due to an increase in discount rate over the year which was partially offset by lower than expected asset returns; this has resulted in an improved funding position overall. The actuarial gain of £2.68m comprises of a gain of £1.93m due to changes in economic assumptions, a gain of £0.37m due to the Scheme's cash communication factors, a loss of £0.35m due to changes in demographic assumptions and a gain of £0.38m as a result of allowing for known inflation over the period and membership experience captured as part of the 31 March 2024 valuation.

The economic assumptions gain is largely as a result of the significant increase in discount rate over the year, however this was partly offset by a smaller increase in future inflation expectations. The demographic assumptions gain is largely as a result of changes in the mortality assumptions following the completion of the 31 March 2024 valuation, however this was partly offset by a loss due to changes in the Scheme's cash commutation factors.

Discretionary benefits

The following discretionary benefits have been allowed for as a constructive obligation in the DBO at the end of the year.

- 2% pa pension increases in payment on pension earned prior to 6 April 1997 (in excess of GMP) for all future years

Calculation methodology

As in previous years, the results are based on a roll-forward of the cashflows from the most recent triennial valuation. By using a roll-forward approach, we ensure financial basis changes are allowed for accurately. Within the roll-forward calculations since the most recent triennial valuation, the impact of actual inflation since that valuation has been considered by making allowance for actual inflation up to two months prior to the year-end date (allowing for a slight lag in available inflation information). This is consistent with the approach taken at the previous year end.

Notes to the Financial Statements

The liability value includes an allowance for the impact of GMP equalisation, which is a 0.5% loading on the liabilities as at 31 December 2024 which is consistent with the loading adopted as at 31 December 2023. This allowance is assumed to suitably reflect the 20 November 2020 High Court ruling on equalising historic transfer value payments from the Scheme.

Scheme provisions and assumptions

The benefits have been valued in accordance with the provisions of the Scheme's Trust Deed and Rules dated 26 February 1998, and subsequent deeds of amendment. It is noted that there were no further significant changes in benefit structure of the Scheme, or by the method by which these are valued over the last year.

Description of funding arrangements

The UK's scheme specific funding regime, contributions are payable in line with the Schedule of Contributions from the most recent formal actuarial valuation.

Date of the most recent comprehensive actuarial valuation

The most recent comprehensive actuarial valuation was carried out by the Trustee of the Scheme as at 31 March 2024 for funding purposes. The Society has employed an independent actuary to approximately update that actuarial valuation allowing for differences between the actuarial assumptions used by the Scheme for funding purposes and those adopted by the Society to measure the DBO, as well as adjusting for benefit accrual and benefits paid from Scheme between 31 March 2024 and 31 December 2024.

The Society revalues most of members' deferred pensions between their date of leaving and date of retirement in line with inflation in accordance with statutory requirements. Consumer Price Index ("CPI") is the effective indexation for deferred pension increases and has been used as the basis for the pension increases in deferment in producing these FRS 102 disclosures.

FRS 102 Disclosures

The calculations carried out by the Society's Advisor have been undertaken using the accounting information of the Scheme as at 31 December 2024 and have been based on the participant information used in the valuation as at 31 March 2024.

Census Date	31/03/2024
Active Participants	
Number	44
Average Annual Pensionable Salary	£32,000
Average Age	53
Participants with Deferred Benefits	33
Number	£5,200
Average Annual Deferred Benefits at census date	
Participants Receiving Benefits	
Number	82
Average Annual Benefits in Payment at census date	£9,000

Mortality

The mortality tables used for males and females are 106% and 102% respectively of SAPS 4 "All" tables (S4PXA) based on members' years of birth, projected in line with CMI 2023 projections from 2017 with a 1.5% pa long term trend rate and an initial addition to mortality improvements of 0.25% pa.

Expected lifetime

The expected lifetime of a participant who is age 65 and the expected lifetime (from age 65) of a participant who will be age 65 in 15 years are shown in years below based on the above mortality tables.

Age	Males	Females
65	21.2	23.9
65 in 15 years	22.2	25.2

Notes to the Financial Statements

	2024 £'000	2023 £'000
Income & Expenditure		
Current service cost	212	212
Past Service Cost – Plan Amendments	490	-
Net interest cost on net defined benefit liability	(280)	(232)
Defined benefit cost recognised in Income & Expenditure	337	(20)
Administration costs incurred during the period	363	183
Employer contribution	(454)	(484)
Cost recognised in Income & Expenditure	246	(321)
Other Comprehensive Income (OCI)		
Actuarial (gain) arising during period	(2,678)	(31)
Return on plan assets less / (greater) than discount rate	1,243	(1,004)
Remeasurement effects recognised in OCI	(1,435)	(1,035)
Total Defined Benefit Cost		
Cost recognised in Income & Expenditure	700	163
Remeasurement effects recognised in OCI	(1,435)	(1,035)
Total defined benefit cost	(735)	(872)

Assumptions Used to Determine Defined Benefit Cost	2024	2023
Discount rate	4.50%	4.75%
Price inflation (RPI)	3.35%	3.55%
Price Inflation (CPI)	2.65%	2.80%
Expected return on assets	4.50%	4.75%
Rate of salary increase	4.35%	4.55%
Pension increases for in-payment benefits:		
• pension increases for pre-1997 benefits (in excess of GMPs)	nil	nil
• pension increases for 1997 – 2006 benefits (RPI capped at 5% pa)	3.20%	3.55%
• pension increases for post 2006 benefits (RPI capped at 2.5% pa)	2.15%	2.20%
Pension increases for deferred benefits	2.65%	2.80%

¹These beginning of year assumptions were used to calculate the defined benefit cost recognised through Income & Expenditure. Rates are expressed on an annual basis.

Development of Net Balance Sheet Position	2024 £'000	2023 £'000
Defined benefit obligation (DBO)	(16,795)	(18,641)
Fair value of assets (FVA)	23,900	24,557
Defined benefit surplus	7,105	5,916

Reconciliation to the Balance Sheet	2024 £'000	2023 £'000
Net defined benefit liability at end of prior period	5,916	4,560
Current service cost	(617)	(212)
Net interest on net defined benefit liability	280	232
Remeasurement effects recognised in OCI	1,435	1,035
Employer contributions	454	484
Administration costs incurred during the period	(363)	(183)
Net defined benefit asset/(liability) at end of current period	7,105	5,916

Notes to the Financial Statements

Assumptions and Dates Used for Measurements

	2024	2023
Discount rate	5.45%	4.50%
Price inflation (RPI)	3.50%	3.35%
Price Inflation (CPI)	2.85%	2.65%
Expected return on assets	5.45%	4.50%
Rate of salary increase	4.50%	4.35%

Pension increases for in-payment benefits:

• pension increases for pre-1997 benefits (in excess of GMPs)	2.00%	nil
• pension increases for 1997 – 2006 benefits (RPI capped at 5% pa)	3.30%	3.20%
• pension increases for post 2006 benefits (RPI capped at 2.5% pa)	2.20%	2.15%
Pension increases for pre 2009 deferred benefits	2.85%	2.65%
Pension increases for post 2009 deferred benefits	2.50%	2.50%

Change in Defined Benefit Obligation (DBO)

DBO at end of prior period	18,641	18,395
Current service cost	127	212
Interest cost on the DBO	822	851
Remeasurement of the DBO	(2,678)	(31)
Scheme participants contributions	142	153
Benefits paid from Scheme assets	(749)	(939)
Past Service Cost – Plan Amendments	490	-
DBO at end of current period	16,795	18,641

Change in Scheme Assets

	2024 £'000	2023 £'000
Fair value of assets at end of prior period	24,557	22,955
Interest income on Scheme assets	1,102	1,083
Return on plan assets (less)/greater than discount rate	(1,243)	1,004
Employer contributions	454	484
Scheme participants' contributions	142	153
Benefits paid	(749)	(939)
Administrative costs paid	(363)	(183)
Fair value of assets at end of current period	23,900	24,557

Scheme Asset Information

	Target Allocation Range	Allocation Percentage 31/12/24	Allocation Percentage 31/12/23
Equity securities*	30.00%	30.03%	37.12%
Debt securities	70.00%	67.68%	62.76%
Real estate/property	0.00%	0.00%	0.00%
Cash	0.00%	2.29%	0.12%
Other	0.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%
Fair value of Society assets (£'000)		£23,900	£24,557

*Includes Diversified Collective Investments and absolute return funds.

Notes to the Financial Statements

18 INVESTMENT INCOME

	2024 £'000	2023 £'000
Technical account: Long Term Business:		
Investment Property	1,701	1,839
Shares and other variable yield securities	8,208	8,077
Debt and other fixed income securities	2,593	2,737
Bank and building society interest	51	38
(Losses) on Realisation of Investments	(466)	(2,512)
	<u>12,087</u>	<u>10,179</u>

Non Technical Account:

	2024 £'000	2023 Restated £'000
Land & Buildings	1,791	3,808
Shares and other variable yield securities	1,656	1,847
Debt and other fixed income securities	1,476	1,299
Bank and sundry interest	441	473
	<u>5,364</u>	<u>7,427</u>

19 TAXATION

	2024 £'000	2023 £'000
(a) Analysis of the tax charge for the year is		
Corporation tax	-	-
Current year policyholder tax (credit)	-	-
Prior year policyholder charge/(credit)		
Deferred tax		
Timing differences, origination and reversal Prior year charge	-	-
	-	-
Total tax charge/(credit)	-	-

The tax charge for the group is £nil (2023: £nil).

The applicable UK corporation tax rate is 25% for the subsidiary (2023: 23.5%), due to the increase of the UK corporation tax rate from 19% to 25% which was effective from 1 April 2023.

The Society primarily writes tax exempt business, with a small proportion of taxable business. The UK rate of income tax applicable to this business is 20% (2023: 20%). Deferred tax in the Society has been measured using the effective rate of 20% that is expected to apply in the period.

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

	Society 2024 £'000	Society 2023 Restated £'000
(b) Reconciliation of total tax (credit)/charge		
Deficit of income over expenditure before tax	(1,122)	(899)
Tax on result	(280)	(225)
Factors affecting tax charge:		
Accounting profit not subject to policyholder tax	280	225
Items taxed on a different basis	-	-
Total tax charge/(credit) for the year	-	-

Notes to the Financial Statements

(c) Analysis of deferred tax asset/(provision)	Society 2024 £'000	Society 2023 £'000
Fixed Asset Timing differences	(2)	(2)
Deferred tax provision on unrealised gains	(367)	(19)
Deferred tax asset on acquisition expenses	6	16
Losses recognised	570	212
Total recognised deferred tax asset	207	207
Unrecognised deferred tax assets	557	1,017
Total tax charge for the year	764	1,224

(d) Movement in recognised deferred tax asset/(provision)	Society 2024 £'000	Society 2023 £'000
Provision at start of the period	207	207
Deferred tax (charge)/credit to Technical Account – Long-term business	-	-
Deferred tax charge to Non Technical Account	-	-
Provision at end of the period	207	207

Taxation services are provided by PwC LLP and their remuneration for services in 2024 was £38k excluding VAT (2023: £37k).

20 INVESTMENT RETURN TO INVESTING BRANCHES

	2024 £'000	2023 Restated £'000
Investment income	(4,945)	(5,639)
(Gains)/losses on realisation of investments	(1,225)	1,489
Movement in unrealised (gains) on investments	(2,745)	(6,947)
	<u>(8,915)</u>	<u>(11,097)</u>

21 NET OPERATING EXPENSES

	2024 £'000	2023 £'000
Technical Account		
Staff Costs	1,328	1,355
Operating And Administrative Expenses	1,051	1,067
Actuarial Fees	366	356
Audit & Other Professional Fees	491	406
Computer Systems and Development	251	304
Marketing and Sponsorship	126	215
	<u>3,613</u>	<u>3,703</u>

Notes to the Financial Statements

	2024 £'000	2023 £'000
Non Technical Account		
Staff Costs	1,677	1,617
Operating and Administrative Expenses	754	464
Audit & Other Professional Fees	189	152
IT Costs	672	736
Marketing & Sponsorship	448	438
Depreciation	168	153
	<u>3,908</u>	<u>3,560</u>

Auditor's remuneration

During the year the Society obtained Audit services from PKF Littlejohn LLP. Total fees payable amounted to £239k (2023: £240k). No other services were undertaken.

Total Minimum lease payments payable under non-cancellable operating leases amounted to £2k (2023: £7K)
Other financial commitments payable within one year not provided for in the accounts amounted to £40k (2023: £108k).

22 CHIEF ACTUARY

The Society has requested the Chief Actuary to furnish to it the particulars specified in Section 77 of the Friendly Societies Act 1992 and the particulars furnished pursuant to the request are identified below:

- (a) The Chief Actuary of the Society, between 1 January 2024 and 31 December 2024, was Mr Scott Robinson FIA, of Zenith Actuarial Limited. Mr Robinson is not a member of the Society.
- (b) Mr Robinson had no other pecuniary interest in any transaction between the actuary and the Society subsisting at any time during the year save their interests in respect of the amounts disclosed in (c) below.
- (c) Mr Robinson was an employee of Zenith Actuarial Limited during the period of his appointment. The only remuneration was the fees for professional services paid to Zenith Actuarial Limited for the services provided by the firm, and the amount payable in this respect amounted to £435,019 (2023: £415,349) exclusive of Value Added Tax.
- (d) Mr Robinson did not receive, nor will receive any other pecuniary benefit.

23 RELATED PARTY DISCLOSURES

The Society is controlled by its members through an Annual Movable Conference of Deputies. The Board governs the affairs of the Society between each conference. The Society is a related party to the following:

MU Pension Scheme
MU Pension Trustees Limited
Manchester Unity Housing Association Limited

In every case members of the Society's Directors including the Chief Executive have substantial control or influence by their involvement in the management structure of each organisation.

The Society operates disbursement accounts with the concerns as appropriate. In addition, the Society provides financial support and sponsorship to the Unity Credit Union Limited in respect of direct overhead costs, which totalled £21k (2023: £20k).

24 CONTINGENT LIABILITIES

The Society's General Rule 77D contains provisions to underwrite liabilities and guarantee performance of all Branches.

The Directors are not aware of any such potential liabilities arising at 31 December 2024 (2023: £Nil).

Notes to the Financial Statements

25 FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction. The tables below show the determination of fair value according to a three-level valuation hierarchy. Fair values are generally determined at prices quoted in active markets (level 1). However, where such information is not available, the Society applied valuation techniques to measure such instruments. These valuation techniques make use of market observable data for all significant inputs where possible (level 2). Where inputs for the assets or liabilities are not based on observable market data (that is unobservable), fair values are classified as level 3. There are no non-recurring fair value measurements as at 31 December 2023 and 2024. The majority of the Society's instruments are valued based on quoted market information or observable market data. Owner-occupied and investment properties are stated at their revalued amount, as assessed by qualified external valuers in line with the Society's valuation policy on pages 78-79.

The investment contract liabilities in level 2 of the valuation hierarchy represent the fair value of linked and non-linked liabilities valued using established actuarial techniques utilising market observable data for all significant inputs, such as investment yields. There have been no transfers between levels 1, 2 and 3 in 2024.

In the case of investment properties and owner-occupied properties, there are limited market observable inputs and therefore the fair value is determined using a valuation technique based on numerous assumptions. The assumptions used with in the determination of the fair value may depend on inputs drawn from the Society's own data, including; tenure, letting, floor space, condition, environmental matters, statutory and local authority requirements.

Fair value measurement at 31 December 2024				
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Financial Assets				
Shares and other variable yield securities	88,949	-	-	88,949
Debt and other fixed income securities	104,800	-	-	104,800
Assets held to cover linked liabilities	228,629	-	-	228,629
Investment properties	-	-	77,919	77,919
Total	422,378	-	77,919	500,297
Financial liability				
Investment contracts at fair value through profit and loss	-	240,442	-	240,442
Total	-	240,442	-	240,442

Fair value measurement at 31 December 2023				
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Financial Assets				
Shares and other variable yield securities	76,431	-	-	76,431
Debt and other fixed income securities	120,071	-	-	120,071
Assets held to cover linked liabilities	227,855	-	-	227,855
Investment properties	-	-	84,412	84,412
Total	424,357	-	84,412	508,769
Financial liability				
Investment contracts at fair value through profit and loss	-	237,642	-	237,642
Total	-	237,642	-	237,642

Management of financial risk

The risk management strategy forms an integral part of ensuring that risks are managed on alignment with the Society's objectives and business strategy and to maintain the financial stability of our policyholders, our reputation, employees and assets. Further detail on corporate governance structure and the impact of current market conditions are provided in the Strategic Report on pages 6 to 28.

Notes to the Financial Statements

The key financial risks faced by the Society are as follows:

- Market risk;
- Insurance risk;
- Credit risk;
- Operational risk; and
- Liquidity risk

Market risk

The Society manages its market risks within asset liability matching (ALM) frameworks that have been developed to reduce the degree to which asset and liability values diverge when investment markets change. The following table presents an analysis of the Balance Sheet for each distinct category of assets and liabilities which are referred to in this Note:

31 December 2024	With-profit business	Non-profit business	Unit-linked	Other	Total
	£'000	£'000	£'000	£'000	£'000
Assets					
Land and buildings	15,249	8,095	-	54,575	77,919
Shares and other variable yield securities	6,725	3,570	227,867	78,653	316,815
Debt and other fixed income securities	47,936	25,446	213	31,418	105,013
Loans secured by mortgage	22	11	-	139	172
Other debtors	-	-	-	1,182	1,182
Tangible assets	-	-	-	4,706	4,706
Cash at bank and in hand	3,263	1,733	550	10,541	16,087
Other assets	760	403	-	8,068	9,231
Total assets	73,955	39,258	228,630	189,282	531,125
Liabilities					
Reserves provided for, by the rules and other specific purposes		-	-	2,576	2,576
Insurance contract provision	38,452	15,499	1,957	-	55,908
Investment contract provision	33,840	23,760	216,682	-	274,282
Claims outstanding	1,251	-	-	-	1,251
Other liabilities	-	-	-	197,108	197,108
Total liabilities	73,543	39,259	218,639	199,684	531,125

Notes to the Financial Statements

Asset price risk

31 December 2023	With-profit business	Non-profit business	Unit-linked	Other	Total
	£'000	£'000	£'000	£'000	£'000
Assets					
Land and buildings	17,274	8,793	-	58,345	84,412
Shares and other variable yield securities	2,751	1,400	226,976	72,279	303,406
Debt and other fixed income securities	58,192	29,622	208	32,257	120,279
Loans secured by mortgage	24	12	-	147	183
Other debtors	-	-	-	1,213	1,213
Tangible assets	-	-	-	4,537	4,537
Cash at bank and in hand	1,316	670	671	9,098	11,755
Other assets	707	360	-	6,862	7,929
Total assets	80,264	40,857	227,855	184,738	533,714
Liabilities					
Reserves provided for, by the rules and other specific purposes	-	-	-	2,534	2,534
Insurance contract provision	40,321	17,781	1,993	-	60,095
Investment contract provision	39,264	23,076	214,566	-	276,906
Claims outstanding	1,475	-	-	-	1,475
Other liabilities	-	-	-	192,704	192,704
Total liabilities	81,060	40,857	216,559	195,238	533,714

Equity risk is the risk that the fair value or future cash flows of an asset or liability will fluctuate because of changes in market prices, other than those arising from interest rate risks. Those changes may be caused by factors specific to the asset or liability, or its issuer, or by factors affecting all similar assets or liabilities.

The Society's exposure to this risk arises principally from its holdings in equities and investment properties. The Board sets the Society's investment policy and strategy. Day to day responsibility for implementation is delegated to the Society's investment management with monitoring procedures in place.

The investment management agreement in place between the Society and the Investment Manager specifies the limits for holdings in certain asset categories. Asset allocation and performance benchmarks are set, which ensure that each fund has an appropriate mix of assets and is not over or under-exposed to a particular category or specific investment. The Society's Commercial Board monitor the actual asset allocation and performance against the benchmark.

A sensitivity analysis to changes in the market prices of equities and property is included in Sensitivity below.

Liquidity

Liquidity risk is the risk that adequate liquid funds are not available to settle liabilities as they fall due and is managed by forecasting cash requirements and by adjusting investment management strategies to meet those requirements. Liquidity risk is generally mitigated by holding sufficient investments which are readily marketable in sufficiently short timeframes to allow the settlement of liabilities as they fall due. The Society's substantial holdings of money market assets also serve to reduce liquidity risk. The table below represents our best estimate of the undiscounted claim profile arising from the in force contracts. The claim profile allows for full and partial surrenders, regular withdrawals, death claims and retirements as well as maturities. All assumptions on expected rates are consistent with our valuation assumptions.

Notes to the Financial Statements

31 December 2024						
Carrying values and cash flows arising from:	0-5 years	5-10 years	10-15 years	15-20 years	>20 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
GIB	14,492	-	-	-	-	14,492
Non-Linked (exc GIB)	42,795	19,631	12,893	6,743	10,504	92,566
Unit Linked	138,002	45,776	64,032	2,795	5,503	256,108
Total	195,289	65,407	76,925	9,538	16,007	363,166

31 December 2023						
Carrying values and cash flows arising from:	0-5 years	5-10 years	10-15 years	15-20 years	>20 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
GIB	14,803	-	-	-	-	14,803
Non-Linked (exc GIB)	43,379	22,072	13,322	7,044	10,663	96,480
Unit Linked	120,428	53,168	65,302	2,221	4,015	245,134
Total	178,610	75,240	78,624	9,265	14,678	356,417

Cashflows shown include claims, premiums and expenses for all guaranteed benefits considered on Solvency II basis. Cashflows relating to future discretionary benefits are excluded.

All cashflows assume best estimate assumptions and investment return based on the Solvency II risk free curve prescribed by the PRA.

Interest rate

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will vary as market rates of interest vary. For the Society, interest rate risk arises from holding assets and liabilities – actual or notional – with different maturity or re-pricing dates, creating exposure to changes in the level of interest rates, whether real or notional. It mainly arises from the Society's investments in debt and fixed income securities, which are exposed to changes in interest rates.

Exposure to interest rate risk is monitored using scenario testing, stress testing and asset and liability duration control.

The Society manages interest rate risk using performance benchmarks with appropriate durations. A sensitivity analysis to interest rate risk is included in section below.

Sensitivity

All sensitivities consider the change in Solvency II Own Funds.

It is assumed that the Risk Margin and liabilities relating to Future Discretionary Benefits are unchanged from the base position under all of the sensitivities considered.

Approximations have been made in the derivation of some of the figures backing these sensitivities.

The Expense sensitivity considers a $\pm 10\%$ change in the expense assumption alongside a $\pm 1\%$ change in expense inflation.

It is assumed that the decrease sensitivity would lead to an equal and opposite change in Own Funds compared to the increase sensitivity.

Notes to the Financial Statements

The equity price sensitivity considers the changes in prices of UK and other equities as defined under Solvency II. This is a change in equity prices of $\pm 36.10\%$ for Type 1 equities.

It is assumed that the increase sensitivity would lead to an equal and opposite change in Own Funds compared to the decrease sensitivity.

The interest rate sensitivities shown are based on the Solvency II Standard Formula interest rate stresses which are expressed as a duration dependent multiplicative factor applied to the base curve.

This stress is not applied symmetrically which results in a more onerous increase sensitivity (compared to the decrease sensitivity) when interest rates are low.

The property value sensitivity considers a $\pm 25\%$ change in property values. It is assumed that the increase sensitivity would lead to an equal and opposite change in Own Funds compared to the decrease sensitivity.

31 December 2024	Expenses		Equity prices		Interest rates		Property values	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Change in LTB Own Funds	(3,948)	3,948	9,361	(9,361)	(1,058)	1,584	5,836	(5,836)

31 December 2023	Expenses		Equity prices		Interest rates		Property values	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Change in LTB Own Funds	(4,129)	4,129	7,173	(7,173)	(1,470)	1,793	6,604	(6,604)

Credit risk

The Society has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Society is exposed to credit risk are:

- Counterparty risk with respect to debt securities and cash deposits;
- Reinsurers' share of insurance liabilities;
- Amounts deposited with reinsurers in relation to investment contracts;
- Amounts due from reinsurers in respect of claims already paid; and
- Insurance and other receivables.

In addition, there will be exposures to individual policyholders, on amounts due on insurance contracts. These are tightly controlled, with contracts being terminated or benefits amended if amounts owed are outstanding for more than a specified period of time, so that there is no significant risk to the results of the Society.

The Society structures the levels of credit risk taken in by placing limits on their exposure to a single counterparty, or group of counterparties. Such risks are subject to at least an annual review, whole watch lists are maintained for exposures requiring additional review.

Although the Society holds a significant proportion of financial assets in debt securities, the risk of default on these is mitigated to the extent that any losses arising in respect of unit-linked assets backing the insurance and investment contracts which the Society issue, would effectively be passed on to the policyholders and investors through the unit-linked funds backing the insurance and investment contracts.

Notes to the Financial Statements

The following table presents the assets of the Society which are subject to credit risk and reconciliation to the balance sheet carrying value of each item:

31 December 2024			
	Amounts not subject to credit risk	Amounts subject to credit risk	Balance Sheet carrying value
	£'000	£'000	£'000
Shares and other variable yield securities	88,949	-	88,949
Debt and other fixed income securities	-	104,800	104,800
Assets held to cover linked liabilities	228,629	-	228,629
Loans secured by mortgage	-	172	172
Cash at banks and in hand	-	15,538	15,538
Total	317,578	120,510	438,088

31 December 2023			
	Amounts not subject to credit risk	Amounts subject to credit risk	Balance Sheet carrying value
	£'000	£'000	£'000
Shares and other variable yield securities	76,431	-	76,431
Debt and other fixed income securities	-	120,071	120,071
Assets held to cover linked liabilities	227,855	-	227,855
Loans secured by mortgage	-	183	183
Cash at banks and in hand	-	11,084	11,084
Total	304,286	131,338	435,624

The amounts presented above as not being subject to credit risk, represent unit-linked assets where the risk is borne by the holders of unit-linked insurance and investment contracts, except for (i) reinsurers' share of insurers' contract provisions and (ii) amounts deposited with reinsurers in respect of investment contracts.

The amounts in the table above represent the maximum exposure to credit risk as at 31 December 2024.

Notes to the Financial Statements

The Society's exposure to credit risk is summarised as:

Credit rating						
31 December 2024						
	AAA	AA	A	Below A	Unrated	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Shares and other variable yield securities	-	-	-	-	88,949	88,949
Debt and other fixed income securities	-	42,455	17,723	16,895	27,727	104,800
Assets held to cover linked liabilities	-	-	550	-	228,079	228,629
Loans secured by mortgage	-	-	-	-	172	172
Cash at banks, building societies and in hand	-	-	10,580	-	4,958	15,538
Total	-	42,455	28,853	16,895	349,885	438,088

Credit rating						
31 December 2024						
	AAA	AA	A	Below A	Unrated	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Shares and other variable yield securities	-	-	-	-	76,431	76,431
Debt and other fixed income securities	-	46,979	19,229	23,433	30,430	120,071
Assets held to cover linked liabilities	-	-	671	-	227,184	227,855
Loans secured by mortgage	-	-	-	-	183	183
Cash at banks, building societies and in hand	-	-	7,717	23	3,344	11,084
Total	-	46,979	27,617	23,456	337,572	435,624

No credit rating exposures were exceeded during the year ended 31 December 2024 or 2023.

26 Post Balance Sheet events

The completion, by transfer of engagements, of Tees Mutual was made effective on 28 February 2025. Approximately 3,400 Tees members joined the Society, transferring across approximately 15,500 policies and £4.5m of assets.

