

# The Equitable Life Assurance Society

## ANNUAL REPORT AND FINANCIAL STATEMENTS

2024

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## Corporate Information

### Directors

Chairman	Michael J Merrick
Executive Directors	Andrew M Stoker, Chief Executive Officer (appointed 1 January 2025) Stephen Shone, Chief Executive Officer (resigned 31 December 2024) Robert A Kerry, Chief Actuary
Independent Non-Executive Directors	David M Baker Duncan A Finch Lord Daniel W Finkelstein (resigned 5 July 2024) Feilim Mackle Jeremy M Nurse (appointed 8 July 2024)
Group Non-Executive Directors	A Paul Thompson Ian G Maidens
Secretary	C Mark Utting

### Independent Auditors

Forvis Mazars LLP  
30 Old Bailey,  
London EC4M 7AU

### Registered Address

Walton Street  
Aylesbury  
Buckinghamshire  
HP21 7QW

Registered in England No: 00037038

## Strategic Report

The Directors present their Strategic Report for The Equitable Life Assurance Society ("the Society" or "the Company") for the year ended 31 December 2024. The Directors have prepared the Financial Statements in accordance with United Kingdom Accounting Standards, including "FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and "FRS103 - Insurance Contracts" ("FRS 103").

### Our business model

The Equitable Life Assurance Society is a mutual owned by its sole Member, Utmost Life and Pensions Limited ("ULP") following the acquisition of the Society by ULP in January 2020. The Society ceased writing new business in December 2000.

The Society's business model seeks to continue to provide a safe home for its policyholders through a strategy of efficient capital and operational management.

### Executive summary

The primary focus for the Society in 2024 has been to continue meeting our customers' needs on a day-to-day basis, achieving our customer service standards, and implementing the Consumer Duty regulations.

During 2024, we maintained a strong solvency position (unaudited). In relation to the Minimum Capital Requirement, we began the year with a minimum coverage ratio of 154% and ended it with a minimum coverage ratio of 147%. We therefore remain in a strong and resilient position, comfortably able to meet our capital requirements.

Further detail regarding the activities of 2024 are included in the Review of the Business section below.

### Review of the Business

Throughout 2024, we have actively executed our strategy, primarily through a combination of continuing to develop our customer proposition and experience, as well as maintaining an efficient operational model and a cautious investment strategy.

### Investment Performance

The majority of the Society's unit-linked Funds are managed by JP Morgan Asset Management ("JPMAM") within their Multi-Asset Moderate Fund. As at 31 December 2024, the JPMAM Multi-Asset Moderate fund returned 10.2% (net of fees) in the year, performing above the median for its peer group in 2024.

The non-linked assets of the Society continue to be managed by Goldman Sachs Asset Management ("GSAM"). GSAM has continued to perform in line with expectation throughout 2024 in providing a suitable range of assets to match against the non-linked liabilities.

### Sustainability Strategy

The Society is committed to making a positive difference, and continues to be part of the Sustainability strategy within Utmost Group Plc ("the Group" or "UGP") and ULP. This means we have a responsibility to consider the environmental, social and economic impacts of the actions we take now on our stakeholders – both present and future.

The Sustainability Strategy is defined along four pillars, which are underpinned by policies and targets, recognising that sustainable business encompasses a range of topics. The four pillars are:

- Stakeholder Outcomes
- People Development
- Environmental Impact
- Responsible Investment.

## Strategic Report continued

### Sustainability Strategy continued

Stakeholder Outcomes – The Society, as part of the wider Group, aims to make a positive difference to all our stakeholders. Aligned to creating an enduring business, it is crucial that we maintain strong, long-term relations with our external stakeholders and communities. This includes improving outcomes for clients and contributing to the communities in which the Group operates through volunteering initiatives.

People Development - Our people play a pivotal role in achieving our purpose, so are at the heart of our business. In 2024, the Society, as part of the wider Group has continued to ensure that we have the necessary skills to operate and develop our business.

Environmental Impact – The Utmost Group, including the Society, has a responsibility to continue to reduce its environmental impact and to protect the environment. We take this responsibility seriously. The emissions from our investment portfolio are the largest drivers of our overall carbon footprint and we continue to implement steps to reduce these by working with our strategic investment managers in line with our Responsible Investments policy.

Further information on this topic is also provided within our Task Force on Climate-Related Financial Disclosures (“TCFD”) report which can be found on the ULP website at [www.utmost.co.uk](http://www.utmost.co.uk).

Responsible Investments - We recognise the importance of our role as a long-term allocator of capital. We consider all three pillars of environmental, social and governance (“ESG”) in our decision making, alongside traditional frameworks to ensure a complete and full financial analysis. This also enables us to make an orderly transition and alignment of our shareholder investment portfolios with the aims of the Paris Agreement, the international treaty on climate change.

The Group is a signatory to the UN’s Principles of Responsible Investment initiative (“UNPRI”). The UNPRI is the world’s leading proponent of responsible investment. It works to understand the investment implications of environmental, social and governance (“ESG”) factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

We are committed to taking a proactive approach to sustainable investing and we will continue to embed it across our business – in our strategy, in our investments and in our ongoing stewardship. Being a signatory to the UNPRI demonstrates our commitment to this and encourages investments that contribute to prosperous and inclusive societies for current and future generations.

Further details on our responsible investment approach can be found in our Responsible Investment policy on our Group website and within ULP’s TCFD report on the ULP website.

### Our Customers

In line with our strategy, providing good customer outcomes is at the forefront of our business model. We provide a safe home for customers and policies, due to our strong capital position and efficient operational management. We help customers achieve future peace of mind, retaining customers and supporting their needs, now and in the future.

#### Consumer Duty

Consumer Duty regulations aim to provide customers with:

- the support they need, when they need it;
- communications that are understandable;
- products and services that meet customers’ needs and offer fair value.

## Strategic Report continued

### Our Customers continued

These are all areas that we believe strongly in and our staff take pride in being able to provide a good customer service through:

- our helpful and accessible contact centre and customer teams;
- provision of timely and clear information that customers can understand, helping them make good financial decisions;
- making sure that products and services continue to provide fair value;
- offering products and services that are appropriate for our customers.

### Our Community

As part of the wider Group, we strive to contribute to all of the communities in which we operate through local volunteering and fundraising projects, as we recognise the importance of doing so and the value that it adds.

This year, our people, supported by ULP matched funding, have raised £13,600 for charities, as well as generous donations of goods such as foodbank items, Easter eggs and selection boxes for Young Carers Bucks. Teams and individuals also use paid volunteering days to support local schools, community programmes and charities.

### Principal Risks and Uncertainties

The Society operates a comprehensive Risk Management Framework through which it identifies, monitors and reports on the principal risks to its strategic objectives. They are managed within a risk appetite set by the Board, which ensures that adequate capital is then held against these risks. While individual risks are important, the Board also considers certain combinations of risks. The following sets out the key risks to the Society.

The main risks facing the Society at the present time are as follows:

(i) Market risk

The Society receives annual management charges ("AMC") on the unit-linked business that are deducted from policies to meet the expenses of the Society. The level of these charges depends on the funds under management and is sensitive to changes in the market value of assets, which gives rise to exposure to equity risk. Unit-linked policyholders can choose to invest in non-euro based funds, resulting in exposure to currency risk.

(ii) Expense risk

The expenses of the Society include administration costs and investment management costs. The expense risk, which is primarily administration costs, is managed through an agreement with ULP. The agreement with ULP provides for a fixed cost per policy for administration plus an inflationary increase set by reference to RPI in order to manage expense risk, and are sensitive to future inflation rates.

Expenses are met from charges made against policy values, which give rise to exposure to market risk, being the sensitivity to changes in the market value of unit-linked and with-profits assets.

(iii) Lapse risk

The risk of an immediate withdrawal of a significant proportion of the Society's in-force business. The Society is also exposed to the risk that the Society's best estimate assumptions for the level of Guaranteed Annuity Options ("GAO") or Guaranteed Annuity Rate ("GAR") take-up are too low relative to actual experience.

(iv) Credit risk

The risk of default by counterparties such as the Society's largest reinsurer Scottish Widows, remains a credit risk faced by the Society. The credit rating of Scottish Widows is monitored closely and as at 31 December 2024 held an A rating from Moody's. In addition, there is a spread and default risk from corporate bonds held to match liabilities. These exposures are regularly reviewed with GSAM on the non-linked portfolio.

## Strategic Report continued

### Principal Risks and Uncertainties continued

#### (v) Operational risk

Operational risk covers a number of areas: financial crime, employment practices, damage to physical assets, business and system disruption, client/product/business practices, execution/delivery/process management, and governance risk. In this context, operating resilience is the ability of a firm, and the financial services sector as a whole, to prevent, respond to, recover and learn from operational disruptions. The Society's minimum standards for the assessment, measurement, monitoring, reporting and management of operational risk are set out in the Operational Risk policy. This, together with supporting policies, frameworks, processes and controls, all of which are subject to regular review, are designed to mitigate operational risk, ensuring that the Society has appropriate levels of operational resilience, in line with its risk appetite for operational risks. Operational risk is managed through ULP.

Cyber risk is the risk of financial loss, disruption or reputational damage due to breaches of, or attacks on, the Society's information technology ("IT") systems. The risks from a cyber-attack have continued to increase in 2024 with attackers continuing to evolve their capabilities. Any failure of the Society's IT systems could have a large impact on operation, which is assessed through operating resilience tests we perform.

The management of the Society's Cyber Risk exposure is primarily the responsibility of the ULP IT Director, with support from a central Utmost Group information security team. Cyber Risk is governed through monthly group-wide information security meetings, regular meetings of an executive-level Operations Security and Cyber Group, and through reporting to the ULP Risk and Compliance Committee.

To manage this risk, the Society, through ULP, ensures that staff are made aware of risk areas (e.g. phishing emails) and ensures that systems are regularly kept up to date with security software. In addition, ULP outsources IT services to Atos which has a dedicated security team and a Security Operations Centre. In the event of a cyber-attack the Security Operations Centre would manage investigation and resolution of a cyber-attack in conjunction with Utmost's Cyber Security Incident Response Team.

#### (vi) Regulatory risk

Regulatory risks are monitored through active scanning of the regulatory change environment and proactive engagement with Regulators and industry bodies. In doing so, the Society should be able, as far as possible, to adopt a proportionate approach to regulatory requirements and to agree with the Regulators the most appropriate way in which to respond to their requests.

Regulatory change applicable to the Society, announced or implemented in the future could have an adverse impact through the resources needed to comply with any significant change. Changes are monitored and managed appropriately by the Company.

#### European Union ("EU") regulation

The operational and policyholder impact of the UK's exit from the EU on the Society has been minimal and is expected to remain so, although this is monitored given that the Society has policies sold in the EU. The Society maintains dialogue with the relevant EU and UK regulators with a view to minimising any operational impact on customers.

The impact of the exit from the EU on the Society continued to be considered over the longer term. The Society believes that it has adequate mitigating controls and procedures in place to address these risk areas.

#### Geo-political risks

In 2025, with political pressures likely to continue across the world with the Middle-East conflict, the continuing Russia-Ukraine war and political change and uncertainty in a number of countries, geo-political risks look likely to remain high.

Geo-political risks can have significant impacts on the global economy, particularly through the impact of material fluctuations in commodity prices, disruption to supply chains, barriers to free trade, and monetary policy.

## Strategic Report continued

### Principal Risks and Uncertainties continued

Given our exposure to equity markets for our future income, any fall in the value of equity markets from geopolitical events will reduce the value of AMCs received. We will continue to monitor and manage our exposure to these risks to ensure we maintain resilient, through a combination of holding appropriate levels of capital for equity risk exposure and keeping our risk appetite for market risk exposures under regular review.

### Results and Performance

The results of the Society are presented on page 19. £0.1m was transferred from the Member's Fund (included within Funds for Future Appropriation (FFA)), which has a balance of £3.2m at 31 December 2024 (see Note 15).

The sections below highlight the performance in 2024, focusing on solvency and key performance indicators.

### Capital Management

Under the Solvency II regime (as restated and applicable in the UK), it is necessary to assess the capital requirement of the Society. The Society uses the Solvency II Standard Formula to calculate its Solvency Capital Requirement.

The Society aims to have capital in excess of the greater of 150% of the estimated Solvency Capital Requirement (SCR), and 125% of the Minimum Capital Requirement (MCR).

### Key Performance Indicators

We use a number of financial metrics to help the Board and senior management assess performance against our strategic vision. These metrics are reviewed regularly to ensure that they remain appropriate. Key Performance Indicators ("KPIs") are primarily based on a Solvency II basis and reflect the vision and mission of the Society in respect of profitability and financial strength. The most important indicators are shown in the table below.

The KPIs at 31 December were as follows:

	<b>2024</b>	<b>2023</b>
<b>Capital % of MCR (unaudited)</b>	<b>147%</b>	154%
<b>Member's Fund</b>	<b>£3.2m</b>	£3.3m
<b>Solvency Coverage Ratio (unaudited)</b>	<b>237%</b>	262%

### Financial Instruments

The Society has a low appetite for liquidity risk and a medium appetite for market and credit risk driven by investment policy of the assets adopted. The fixed-income assets held are matched to the liabilities by duration and are sterling denominated, investment grade securities. The Asset and Liability Committee ("ALCo") provides oversight to the monitoring, systems and controls required to manage and control the risks within a risk based capital framework.

### Section 172 Statement

We report here on how our Directors have performed their duty under section 172 (s172) of the Companies Act 2006. S172 sets out a series of matters to which the Directors must have regard in performing their duty to promote the success of the Society for the benefit of its Member, which includes having regard for its other stakeholders. Where this statement draws upon information included in other sections of the Strategic Report, this is signposted accordingly.

As a mutual, the actions of the Society are driven by the duty to promote the success of the Society for the benefit of its members as a whole. In 2020, the UK business was transferred to ULP, which became the sole member. However, decisions continue to be made in line with achieving the Society's strategy to provide a safe home for its policyholders through efficient capital and operational management.

## Strategic Report continued

### Stakeholder engagement

During the year, the Board considered the impact of its actions on different stakeholder groups. The table below sets out our approach to stakeholder engagement during the year.

Stakeholder	How we engaged them
Customers	<ul style="list-style-type: none"> <li>- The Board regularly receives and monitors reporting on the service provided to our customers, as well as details of any customer-focused initiatives, to ensure that we continue to meet acceptable service levels at all times.</li> <li>- The Board engages frequently with senior leadership, as well as the firm's investment management partners, to understand and track our investment performance.</li> <li>- The Board oversees any material IT developments which allow us to update and improve our proposition to customers.</li> <li>- Examples of areas of Board focus in 2024 also included close engagement on implementing the requirements of the FCA Consumer Duty regulations, with a first annual assessment of compliance produced for approval, monitoring work in relation to the retention of customers, and meeting operational resilience regulatory requirements to ensure we can continue to provide our most important business services to customers in the event of operational disruption.</li> </ul>
People	<ul style="list-style-type: none"> <li>- The Society has no direct employees but People initiatives are undertaken for the staff seconded to the Society to service its customers.</li> <li>- The Board engages with those people through regular informal meetings and internal communications on a wide range of topics.</li> <li>- Through ULP, regular employee surveys are carried out and Management acts on findings.</li> <li>- Together with our ultimate UK parent company, we provide volunteering opportunities.</li> </ul>
Strategic Partners	<ul style="list-style-type: none"> <li>- Members of the Board maintain oversight of the management of our main Strategic Partners, including our asset managers and IT services provider, who help us deliver services to our customers, and our senior management regularly review and report on performance.</li> </ul>
Communities and Environment	<ul style="list-style-type: none"> <li>- The Society is engaged in becoming resilient against climate change, and to promote a working environment which supports this, through the Sustainability strategy. In 2024, we were able to undertake a number of volunteering activities within the Community. More details of this are included in the "Our Community" section of this report.</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>- The Board maintains an open and engaging relationship with our regulators and the directors meet regularly with them.</li> </ul>
Member	<ul style="list-style-type: none"> <li>- The Board engages regularly with ULP, its only Member, and is consistently focused on generating a successful outcome for this stakeholder.</li> </ul>

Overall, the Board considers that it has given due regard to stakeholders' needs and the long-term decisions which will have an overall impact on the Society when performing its duty under section 172 (1) of the Companies Act 2006.

### Looking forward

Looking forward, the Society will continue to support its policyholders through its strategy of efficient capital and operational management.



Andrew Stoker  
Chief Executive  
8 April 2025

## Report of the Directors

The Directors have pleasure in presenting their Annual Report and audited Financial Statements for the year ended 31 December 2024.

### Principal Activities

The principal activity of the Society during 2024 remained the transaction of life assurance and pension business in the form of guaranteed, participating and unit-linked contracts, relating to policies in Ireland and Germany. The Society closed to new business on 8 December 2024. The Financial Statements of the Society are shown on pages 19 to 40. The operations of the Society are described in the Strategic Report, which includes reference to certain Key Performance Indicators.

### Directors

The following Directors and Secretary served throughout the year, and up to the date of signing the financial statements, except where otherwise noted:

Chairman:	Michael J Merrick
Executive Directors:	Andrew M Stoker, Chief Executive (appointed 1 January 2025) Stephen Shone, Chief Executive (resigned 31 December 2024) Robert A Kerry, Chief Actuary
Independent Non-Executive Directors	David M Baker Duncan A Finch Lord Daniel W Finkelstein (resigned 5 July 2024) Feilim Mackle Jeremy M Nurse (appointed 8 July 2024)
Group Non-Executive Directors	A Paul Thompson Ian G Maidens
Company Secretary	C Mark Utting

### Directors' Interests

As at 31 December 2024, the Directors and Secretary, and their spouses and dependent children, had no direct beneficial interest in the Society.

### Going Concern

The financial position of the Society is presented in the primary financial statements and disclosure notes on pages 19 to 40. The Directors have assessed the Society's going concern, considering both the Society's current performance and its outlook for a period of at least 12 months from the date of approval of these financial statements using the information available up to the date of issue of the Society's financial statements.

The Society manages and monitors its capital and liquidity, and various assessments and stresses are applied to those positions to understand potential impacts of market downturns. These stresses do not give rise to any material uncertainties over the ability of the Society to continue as a going concern. Based upon the available information, the Directors consider that the Society has the plans and resources to manage its business risks successfully and that it remains financially strong.

The Directors have assessed the principal risks and uncertainties discussed in the Strategic Report on pages 4 to 9 including the current economic climate. The Directors are confident that, despite being closed to new business, the Society will have sufficient funds to continue to meet its liabilities as they fall due for a period of, but not limited to, 12 months from the date of approval of the Financial Statements. Therefore, they have considered it appropriate to continue to adopt the going concern basis of accounting when preparing the Financial statements.

## Report of the Directors continued

### Review of the business

Key events during the year include delivering for our customers on a day to day basis, meeting our monthly service standards and delivering on new Consumer Duty regulations.

Further detail on the above is included in the Strategic Report on pages 4 to 9.

### Employees

The Society has no employees. As of 1 January 2020, all employees of the Society were transferred under TUPE legislation to Utmost Life and Pensions Services Limited ("ULPS"), which now second staff to ULP and ELAS in order to administer the business.

### Financial Risk Management

The Society's exposure to financial risk through its financial assets and liabilities is provided in detail in Note 18 of the Financial Statements.

### Liability Insurance

Since 28 February 2021, Directors' and Officers' liability insurance has been held by the Company's ultimate UK parent undertaking, UGP, and has covered all subsidiaries in the Group, as permitted by the Companies Act 2006.

Prior to the transfer to ULP, the Society also purchased liability run-off cover for a period of six years for each of the Directors who resigned on 31 December 2019, which is a qualifying third-party indemnity provision for the purposes of section 234 of the Companies Act 2006. This cover remains in place until the end of 2025.

### Streamlined Energy and Carbon Reporting (SECR)

Streamlined Energy and Carbon Reporting legislation came into effect in April 2019, requiring all large and/or quoted UK companies to report on their annual energy use and energy efficiencies taken. The Society is exempt from this reporting in its individual Financial Statements as it is included in the SECR statement included in the consolidated Financial Statements of its ultimate UK parent, UGP.

### Post Balance Sheet Event

There are no adjusting or non-adjusting post balance sheet events between 31 December 2024 and the approval of the Report and Accounts of the Society which require disclosure.

### Political and Charitable Donations

The Society made no political or charitable donations during 2024 (2023: £nil).

### Independent Auditors

Forvis Mazars LLP were appointed as the Company's auditor with effect from the financial year ending 31 December 2024, replacing the previous auditors, PricewaterhouseCoopers LLP (PwC).

### Disclosure in the Strategic Report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the Report of the Directors have been omitted and included in the Strategic Report on pages 4 to 9. These matters relate to indication of principal risk exposure and management, including the financial risk management objectives and policies, and the exposure of the Society to credit and other risks.

## Report of the Directors continued

### Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS103 "Insurance Contracts" and applicable law).

Under company law, Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the society and of the profit or loss of the society for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 and FRS 103 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the society will continue in business.

The Directors are responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

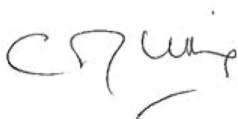
The Directors are responsible for the maintenance and integrity of information relating to the Society on the ULP website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as each Director is aware, there is no relevant audit information of which the Society's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

By order of the Board



C Mark Utting  
Company Secretary  
8 April 2025

# Independent auditor's report to the members of The Equitable Life Assurance Society

## Opinion

We have audited the financial statements of The Equitable Life Assurance Society (the 'company') for the year ended 31 December 2024 which comprise the Profit and Loss Account, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its result 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 Companies Act 2006.

## 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 company 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 audit procedures to evaluate the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- Obtain the Directors' going concern assessment, covering 12 months from the date of signing the audit opinion;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the company's future financial performance;
- Challenging the appropriateness of the directors' key assumptions underpinning the going concern basis of accounting, by assessing the reasonableness of underlying assumptions on liquidity and solvency. This considered their consistency with our understanding of the company's business and other available information, including our expectation of the future economic outlook;
- Considering the directors' assessment of the liquidity position and regulatory solvency coverage in the forward looking scenarios considered, which have been derived from the company's Own Risk and Solvency Assessment;
- Assessing the directors' consideration of stress and scenario testing by challenging the appropriateness of the selected variables and the severity of the stress scenarios;
- Assessing the historical accuracy of forecasts prepared by the directors; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

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 company’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.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) 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.

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

<b>Key Audit Matter</b>	<b>How our scope addressed this matter</b>
<p><b>Valuation of the long-term business provision – annuitant mortality assumptions</b></p> <p><b>Included in the gross long-term business provision of £13.6 million (2023: £14.7 million)</b></p> <p>Refer to Note 16. Technical Provisions, to the financial statements. The accounting and risk management policies are set out in Note 2. Summary of significant accounting policies, and Note 18. Financial risk management, respectively, with insurance risk being discussed in Note 18a.</p> <p>Annuitant mortality assumptions are an area of significant management judgement, due to the inherent uncertainty involved. Whilst the company manages the extent of its exposure to annuitant mortality risk through reinsurance, we consider these assumptions underpinning gross insurance contract liabilities to be a key audit matter given the company’s exposure to a large volume of annuity business.</p> <p>The annuitant mortality assumption has two main components:</p> <ul style="list-style-type: none"> <li>• The base mortality assumption which reflects management’s estimates of current levels of mortality and involves reliance on internal experience analysis with various management judgements applied; and</li> </ul>	<p>In conjunction with our actuarial specialists, we performed the following procedures to test the annuitant mortality assumptions (including base mortality assumptions and future mortality improvements):</p> <ul style="list-style-type: none"> <li>• We gained an understanding of the methodology, process and governance over the setting of annuitant mortality assumptions;</li> <li>• Evaluated the design and implementation of the key controls;</li> <li>• Validated the appropriateness of the data, models, and methodology used to perform the annual experience studies, including the Continuous Mortality Investigation (“CMI”) model selection and parameterisation used to model mortality improvements; and</li> <li>• Validated the appropriateness of areas of expert judgements used in the development of the mortality improvement assumptions.</li> </ul> <p><b>Our observations</b></p> <p>Based on these procedures, we consider the annuitant mortality assumptions used to value the long-term business provisions to be appropriate.</p>

- The rate of mortality improvements which reflects management's estimates of how much mortality rates will change across future projection periods and is inherently subjective.

**Our application of materiality and an overview of the scope of our audit**

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£164,000
How we determined it	2% of funds for future appropriation
Rationale for benchmark applied	<p>In determining our materiality, we considered the financial metrics we believe to be most relevant to the members of the company. Members' interests in the company are represented primarily by net assets, as this drives the company's ability to generate surplus and pay dividends, and this is the primary measure used by the relevant stakeholders in assessing performance.</p> <p>The company also issues unit-linked policies, which form a significant part of the book of business in terms of value. As a result, technical provisions are covered by assets held to cover linked liabilities and return on investment contracts derived on the assets, which is offset by the change in policyholder liabilities under investment contracts. In order to comply with the guidance on the audit of insurers issued in the United Kingdom by the Financial Reporting Council we have applied a higher materiality for these balances in order to identify and evaluate the effect of misstatements that are likely to only lead to a reclassification between line items within assets and liabilities. This materiality is based on 2% of unit-linked assets.</p>
Performance materiality	<p>Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.</p> <p>We set performance materiality at £98,000, which represents 60% of overall materiality.</p> <p>The primary factors we considered in determining the level of performance materiality include our understanding of the company's control environment, the fact that this was a first year audit engagement, our understanding of the errors detected in previous audits by the predecessor auditor and our expectation of the number of errors in the current year audit.</p>
Reporting threshold	We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £5,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks.

In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the company, its environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

### **Other information**

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 Companies Act 2006**

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.

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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 directors' responsibilities statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: breaches of the regulatory requirements of the Prudential Regulatory Authority (PRA) and Financial Conduct Authority (FCA).

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considering the risk of acts by the company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities including the PRA and the FCA;
- Reviewing minutes of directors' meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Companies Act 2006 and UK tax legislation.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the area as shown in our key audit matter, and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Critically assessing accounting estimates impacting amounts included in the financial statements for evidence of management bias;
- Identifying and testing journal entries, in particular any journal entries posted which meet our high-risk criteria;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing of material and immaterial financial statement line items; and
- Considering significant transaction outside the normal course of business. Our approach included attendance at all Audit Committee meetings as well as reviewing other relevant committee meeting minutes and correspondences with regulators.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the “Key audit matters” section of this report.

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

#### **Other matters which we are required to address**

Following the recommendation of the audit committee, we were appointed by the directors on 7 December 2023 to audit the financial statements for the year ending 31 December 2024 and subsequent financial periods. The period of total uninterrupted engagement is 1 year.

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

Our audit opinion is consistent with our additional report to the audit committee.

#### **Use of the audit report**

This report is made solely to the company’s members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’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 company and the company’s members as a body for our audit work, for this report, or for the opinions we have formed.

*Lionel Cazali*

[Lionel Cazali \(Apr 8, 2025 22:19 GMT+1\)](#)

Lionel Cazali (Senior Statutory Auditor)  
for and on behalf of Forvis Mazars LLP  
Chartered Accountants and Statutory Auditor  
30 Old Bailey, London, England, EC4M 7AU  
April 2025

## Profit and Loss Account

For the year ended 31 December 2024

### Technical Account – long-term business

	Notes	2024	2023
		£m	£m
Gross premiums written	4	0.5	0.6
Outward reinsurance premiums		(0.1)	(0.1)
Earned premiums, net of reinsurance		0.4	0.5
Investment income	5	2.7	1.6
Unrealised gains on investments	5	1.7	2.9
		4.4	4.5
Other technical income	6	0.2	0.2
Claims incurred, net of reinsurance			
Claims paid Gross amount		(2.4)	(2.1)
Claims paid Reinsurers' share		0.3	0.4
		(2.1)	(1.7)
Change in provision for claims			
Gross amount		(0.3)	0.1
Total claims incurred		(2.4)	(1.6)
Change in other technical provisions, net of reinsurance			
Long-term business provision Gross amount	16	1.1	0.6
Long-term business provision Reinsurers' share	16	(0.4)	(0.3)
		0.7	0.3
Changes in technical provisions for linked liabilities, net of reinsurance	16	(2.9)	(3.2)
		(2.9)	(3.2)
Net operating expenses	7	(0.1)	(0.1)
Investment expenses and charges		(0.1)	(0.2)
Tax attributable to the long-term business	9	(0.1)	(0.1)
Transfer (to)/from the fund for future appropriation – With-profits		(0.2)	0.0
Transfer from/(to) the fund for future appropriation – Member's Fund		0.1	(0.3)
Balance on the Technical Account		-	-
Total comprehensive income for the year		-	-

## Balance Sheet

as at 31 December 2024

### Assets

	Notes	2024 £m	2023 £m
<b>Investments</b>			
Shares, other variable yield securities and units in unit trusts	10	12.0	12.4
Debt and other fixed-income securities	10	4.6	4.9
		<u>16.6</u>	<u>17.3</u>
<b>Assets held to cover linked liabilities</b>	11	38.3	38.7
<b>Reinsurers' share of technical provisions</b>	16	5.6	6.0
<b>Debtors</b>	13	0.3	0.2
<b>Cash at bank and in hand</b>		1.8	1.1
<b>Prepayments and accrued income</b>		0.1	0.1
<b>Total assets</b>		<u>62.7</u>	<u>63.4</u>

## Balance Sheet

as at 31 December 2024

### Liabilities

	Notes	2024 £m	2023 £m
<b>Technical provisions</b>			
Long-term business technical provision - gross amount	16	13.6	14.7
Claims outstanding		1.5	1.0
		<b>15.1</b>	15.7
<b>Technical provisions for linked liabilities</b>	16	<b>38.3</b>	38.7
<b>Funds for future appropriation – With-profits</b>	15	<b>5.0</b>	4.8
<b>Funds for future appropriation – Member’s Fund</b>	15	<b>3.2</b>	3.3
<b>Related party loan payable after more than one year</b>	19	<b>0.6</b>	0.6
<b>Provisions for other risks</b>		<b>0.1</b>	0.1
<b>Creditors: amounts falling due within one year</b>	20	<b>0.1</b>	-
<b>Accruals and deferred income</b>		<b>0.3</b>	0.2
<b>Total liabilities</b>		<b>62.7</b>	63.4

The Notes on pages 22 to 40 form an integral part of these Financial Statements. The Society is a mutual with no equity holders and so has not presented a Statement of Changes in Equity.

These Financial Statements were approved by the Board of Directors on 3 April 2025 and were signed on its behalf on 8 April 2025 by:



Andrew Stoker  
Director

The Equitable Life Assurance Society registered company number 00037038

# Notes to the Financial Statements

## 1. General information

The Equitable Life Assurance Society is a UK private unlimited life assurance company without share capital, incorporated under the laws of England and Wales in the UK.

The Society's registered office and policyholder administration office is at Walton Street, Aylesbury, Buckinghamshire, HP21 7QW, England.

## 2. Summary of significant accounting policies

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

### a. Basis of preparation

These Financial Statements have been prepared under the provisions of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 relating to insurance companies and in accordance with FRS 102 and FRS 103. The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities to the extent required or permitted under accounting standards as set out in the relevant accounting policies.

The Financial Statements are presented in sterling (£) which is the functional and presentational currency of the Society and rounded to the nearest £0.1m, except where otherwise stated.

At the Balance Sheet date, the Society did not have subsidiary companies that required consolidation and these Financial Statements represent the results and position of the Society only.

The results of the Society are included in the group accounts of UGP. These consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards and are publicly available from Saddlers House, 44 Gutter Lane, 5<sup>th</sup> floor, London, EC2V 6BR.

In these consolidated Financial Statements, the Society is considered to be a qualifying entity (for the purposes of UK financial reporting standards). In the preparation of the individual Financial Statements, the Society has applied the exemptions available under FRS 102 in respect of the following disclosures:

- The requirement to prepare a cash flow statement and related notes;
- Related party disclosures;
- Key management compensation;
- Reconciliation of the number of shares outstanding at the beginning and end of the year.

### b. Going concern

The Society will continue in operation as a subsidiary of ULP. The Directors have considered the appropriateness of the going concern basis used in the preparation of these Financial Statements, having regard to the ability of the Society to be able to meet its liabilities as and when they fall due, and the adequacy of available assets to meet liabilities. In the opinion of the Directors, as laid in the Report of the Directors on page 10, the going concern basis adopted in the preparation of these Financial Statements continues to be appropriate.

### c. Foreign currency translation

Foreign currency monetary items are translated using the year end closing rate and any exchange differences are recognised in the income statement. Transactions during the year are translated using an average rate.

## Notes to the Financial Statements continued

### 2. Summary of significant accounting policies continued

#### d. Financial investments

The Society has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement and the disclosure requirements of FRS 102.

The Society classifies its financial assets into the following categories:

- Shares and other variable yield securities – Fair Value through Profit and Loss (“FVTPL”);
- Units in unit trusts – at FVTPL;
- Derivatives – at Held-for-Trading (“HFT”);
- Debt securities and other fixed-income securities – at FVTPL; and
- Deposits with credit institutions – Loans and Receivables – at amortised cost

#### (i) Financial assets – Fair Value through Profit and Loss

The fair values of financial assets traded in active markets are based on quoted bid prices on the balance sheet date.

The fair values of financial assets that are not traded in an active market are established using valuation techniques which seek to arrive at the price at which an orderly transaction would take place between market participants. More detail on these valuation models is provided in Note 12.

Net gains or losses arising from changes in the fair value of financial assets at FVTPL are presented in the Profit and Loss Account within Investment Income in the period in which they arise.

#### (ii) Financial assets – Held for Trading

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Net gains or losses arising from the change in fair value are presented in the Profit and Loss Account within Investment Income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

#### (iii) Financial assets – Loans and Receivables

Deposits with credit institutions are initially recognised at the fair value of the consideration paid including transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently they are measured at amortised cost, using the effective interest method.

Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

For financial assets not at FVTPL, the Society assesses at each balance sheet date, whether there is objective evidence that a financial asset is impaired. The impairment losses are incurred only if there is evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and the loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

#### e. Reinsurance

The Society cedes reinsurance in the normal course of business in order to limit the potential for losses and to provide financing. Such contracts are accounted for as insurance contracts, provided the risk transfer is significant. The amounts recoverable from reinsurers, recognised as assets on the Balance Sheet, are estimated in a manner consistent with the claim liability associated with the reinsured policy. Reinsurance receivables are reviewed for impairment at each reporting date.

The reinsurers' share of claims incurred, in the Profit and Loss Account, reflects the amounts received or receivable from reinsurers in respect of those claims incurred during the year.

## Notes to the Financial Statements continued

### 2. Summary of significant accounting policies continued

#### f. Product classification – Insurance contracts

Contracts which transfer significant insurance risk to the Society at the inception of the contract are classified as insurance contracts. Any contracts not considered to be insurance contracts are classified as investment contracts.

Some investment contracts contain a discretionary participation feature ("DPF"). This feature entitles the policyholder to additional discretionary benefits as a supplement to guaranteed benefits. Investment contracts with a DPF are recognised, measured and presented as insurance contracts.

Insurance contract liabilities are included in the long-term business provision and the Technical provisions for linked liabilities in the Balance Sheet.

##### **(i) Long-term business provision**

The long-term business provision is determined on the basis of recognised actuarial methods and in accordance with the regulations contained in the Prudential Regulation Authority (PRA) Rulebook, with adjustments to align to FRS 103 requirements. All relevant guidance from the Financial Reporting Council has been followed. The long-term provision also includes the non-unit liabilities in respect of unit-linked insurance contracts.

All long-term business technical provisions are determined in accordance with the Solvency II (as restated and applicable in the UK) regulatory valuation adjusted as follows:

- The removal of the impact of Transitional Measures on Technical Provisions ("TMTPs"), if applicable;
- The use of discount rates are based on swap rates;
- The addition of a margin to best estimate expense, mortality and longevity assumptions as well as the take-up of Guaranteed Annuity Options ("GAOs") to ensure sufficient prudence in the provisions and no allowance is made for lapses;
- Confirmation that, at an individual policy level, the provision calculated will not be less than the amount immediately due (this applied primarily to unit-linked insurance policies); and
- The removal of future final bonuses from with-profit provisions because these are not guaranteed. The excess of assets over liabilities in the with-profits fund shall be used to enhance the bonuses in these funds and meet the costs of managing those assets.

##### **(ii) Technical provisions for linked liabilities**

Liabilities under unit-linked contracts are recognised as and when the units are created and are dependent on the value of the underlying financial assets, derivatives and/or investment property.

Unit-linked contracts which transfer significant insurance risk, including guaranteed benefits, are classified as insurance contracts and are carried in the balance sheet at an amount determined by the valuation of the related units on the valuation date.

The Technical Provisions for linked liabilities also include amounts in respect of unit-linked contracts which principally involve the transfer of financial risk (see Note 2(g)).

The change in insurance liability reflects the assumption changes relating to claims expectations, expenses, and the unwind of the previous year's expectations. It also includes the reduction in liability due to the payment of claims in the year.

Premiums, including reinsurance premiums, and consideration for annuities are recognised as income when due for payment, except for unit-linked insurance premiums, which are recognised when units are created.

## Notes to the Financial Statements continued

### 2. Summary of significant accounting policies continued

Maturity claims and annuities are recognised when due for payment.

Surrenders are accounted for when paid or, if earlier, on the date the policy ceases to be included within the calculation of the long term business provision and/or the technical provision for linked liabilities.

Death claims are recognised on the basis of notifications received.

Claims payable include the related internal and external claims handling costs.

#### **g. Product classification – Investment contracts**

Contracts which transfer financial risk (e.g. change in interest rate), but not significant insurance risk are classified as investment contracts.

Amounts received in respect of unit-linked investment contracts which principally involve the transfer of financial risk are accounted for under deposit accounting, with amounts collected credited directly to the Balance Sheet.

Financial liabilities in respect of unit-linked investment contracts are measured at fair value, determined by reference to the value of the underlying net asset values of the unitised investment funds at the balance sheet date. These are presented in the Balance Sheet within 'Technical Provisions for linked liabilities'.

Fees receivable from unit-linked investment contracts (included in 'Other technical income') as well as investment income and interest payable on contract balances are recognised in the Profit and Loss Account in the year they are accrued.

Claims are not included in the Income Statement but are deducted from investment contract liabilities. The movement in investment contract liabilities (included in 'Change in other technical provisions, net of reinsurance') consists of claims incurred in the year less the corresponding elimination of the policyholder liability originally recognised and the investment return credited to policyholders.

#### **h. Cash**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

#### **i. Debtors**

Debtors' balances arise from the normal operating activities of the Society. Debtors that are expected to be received within one year of the balance sheet date are recorded at their undiscounted amounts. Balances greater than one year or which constitute financing transactions are recorded at fair value less transaction costs and subsequently at amortised cost, net of impairment.

#### **j. Creditors**

Creditors are initially recognised when due and are measured at fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost.

#### **k. Investment return**

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

## Notes to the Financial Statements continued

### 2. Summary of significant accounting policies continued

Investment income, including interest income from fixed-interest investments, is accrued up to the balance sheet date. Other income is recognised when it becomes payable.

Realised gains and losses on investments are calculated as the difference between net sales proceeds and the original cost.

Unrealised gains and losses on investments represent the difference between the valuation of investments at the balance sheet date and their purchase price or, if they have been previously valued, their valuation at the last balance sheet date. The movement in unrealised gains and losses recognised in the year also includes the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

#### l. Taxation

The charge for taxation in the Technical Account is based on the method of assessing taxation for long-term funds.

Deferred tax is calculated on the differences between the accounting value of assets and liabilities and their respective tax values. Deferred tax is also recognised in respect of unused tax losses to the extent that it is probable that future taxable profits will arise against which the losses can be utilised. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

#### m. Segmental reporting

In the opinion of the Directors, the Society operates in one business segment, being that of long-term insurance business.

#### n. Funds for Future Appropriation

The Funds for Future Appropriation ("FFA") represent the accumulated excess funds yet to be allocated to with-profit policyholders and the member.

### 3. Critical accounting estimates and judgements

The preparation of the Financial Statements which conform to UK GAAP FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Society's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are reflected in the judgements made about carrying amounts of assets and liabilities that are not objectively verifiable. Actual results may differ from the estimates made. Estimates and underlying assumptions are reviewed regularly by Management and the Board, and, where necessary, are revised to reflect current conditions.

#### *Critical accounting estimates*

##### - Insurance and investment contract liabilities

The calculation of insurance and investment contract liabilities is a critical estimate, based on the fact that although the process for the establishment of these liabilities follows specified rules and guidelines, the provisions that result from the process are the subject of estimations of future cash flows. As a consequence, the eventual claims could vary from the amounts provided to cover future claims. The Society seeks to provide appropriate levels of contract liabilities taking known facts, market conditions and past experience into account but, regardless, such liabilities remain uncertain. The calculation methodology is discussed further in accounting policy Note 2(f) and 2(g), and sensitivities arising from significant non-economic assumptions are detailed in Note 18.

## Notes to the Financial Statements continued

### 3. Critical accounting estimates and judgements continued

#### Critical judgements

##### - Product classification

The Society's classification between which products are insurance contracts and which are investment contracts is a critical judgement as the classification dictates the relevant presentation and measurement that is applied to each type of contract in the financial statements.

Insurance contracts are defined as those containing significant insurance risk if, and only if, an insured event could cause the insurer to make significant additional payments. These contracts may also include the transfer of financial risk. As a general guideline, the Society defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur. Any contracts not considered to be insurance contracts are classified as investment contracts.

### 4. Gross premiums written

Premiums received in respect of investment contracts without discretionary participation features are not included in the Technical Account or in the table below, as stated in Note 2(g). The total of these investment contract premiums received in 2024 was £0.1m and represents linked pension business (2023: £0.1m).

Premium income from insurance contracts included in the Technical Account is analysed in the table below.

	2024 £m	2023 £m
<b>Gross premiums written comprise:</b>		
<b>Direct insurance</b>	0.5	0.6
<b>Gross direct premiums written in respect of insurance contracts and with-profits investment contracts</b>		
<b>Regular premiums</b>	0.3	0.4
<b>Single premiums</b>	0.2	0.2
	0.5	0.6
<b>Gross premiums written comprise:</b>		
<b>Life insurance contracts</b>	0.5	0.6
	0.5	0.6
<b>Gross premiums written comprise:</b>		
<b>With-profit insurance contracts</b>	0.2	0.2
<b>Unit-linked insurance contracts</b>	0.1	0.1
<b>Non-profit insurance contracts</b>	0.2	0.3
	0.5	0.6
<b>Geographical analysis</b>		
<b>Overseas</b>	0.5	0.6
	0.5	0.6

## Notes to the Financial Statements continued

### 4. Gross premiums written continued

The Society closed to new business on 8 December 2000. The Society recognises new business premiums and deposits where it is contractually obliged to do so, for example where new business is written as a result of options on existing contracts, and on new annuity business for existing customers.

### 5. Investment return

	2024 £m	2023 £m
<b>Interest income on financial investments</b>	0.1	0.1
<b>Dividend income</b>	1.2	1.1
<b>Realised gains on investments</b>	1.4	0.4
<b>Unrealised gains/(losses)</b>	1.7	2.9
	4.4	4.5

### 6. Other technical income

Other income, which is included in 'Other technical income' includes fees for policy administration and asset management services arising from non-participating investment contracts, which is recognised over the period based on the value of assets under management.

	2024 £m	2023 £m
<b>Other technical income</b>		
<b>Fee income from investment contracts</b>	0.2	0.2
	0.2	0.2

### 7. Net operating expenses

	2024 £m	2023 £m
<b>Administration expenses</b>	0.1	0.1
	0.1	0.1

The Society has no employees, and all services are undertaken by employees seconded to ULP and the Society by ULPS under a Secondment Agreement, which was amended to incorporate the ELAS subsidiary from 1 January 2020. ULPS makes a management charge to ULP for secondment services in accordance with the agreement.

The Society bears a per policy charge in consideration of the administration services provided by the secondees and other infrastructure costs such as the IT systems and premises costs that ULP incurs.

#### Services from auditors

During the year, the Society received the following services from the Society's auditors:

	2024 £'000	2023 £'000
Fees payable for the audit of the Society's statutory Financial Statements	55	56
	55	56

Fees shown are net of VAT.

Audit fees of £55k (2023: £56k) have been paid by ULP in accordance with the cost agreement.

## Notes to the Financial Statements continued

### 8. Employees and Directors

The Society has no employees, and all services are undertaken by employees seconded to ULP and the Society by ULPS under a Secondment Agreement, which was amended to incorporate ELAS from 1 January 2020. ULPS makes a management charge to ULP for secondment services in accordance with the Agreement.

Staff costs are incurred via a management charge from the Society's parent company, ULP, and are included in administrative expenses in net operating expenses (Note 7). The staff costs cannot be split out from the total management charge.

#### Emoluments of Directors

Executive Directors and independent non-executive Directors have been remunerated by ULPS; the cost for which is recharged to the Society and included within administrative expenses (Note 7). An allocation has been made according to the percentage of policies ELAS administers, resulting in an allocation of remuneration to ELAS of £11,580 (2023: £9,700).

No additional emoluments were paid to any Group Non-executive Directors in respect of services to the Society (2023: £nil).

### 9. Taxation attributable to the long-term business

	2024	2023
	£m	£m
<b>Balance on the technical account</b>	-	-
<b>Income at main rate of UK corporation tax of 25% (2023: 23.5%)</b>	-	-
<b>Current tax charge</b>	-	-
<b>Current year movement in deferred tax</b>	0.1	0.1
<b>Total deferred tax charge in the long-term account</b>	0.1	0.1
<b>Total tax charge</b>	0.1	0.1

The Society is subject to UK corporation tax at 25.0% (2023: 23.5%). It is also subject to Irish tax at the Irish policyholder rate of 20% (2023: 20%) with respect to investment income and gains accruing for the benefit of certain Irish resident policyholders.

The deferred tax liability on the balance sheet of £0.1m (2023: £0.1m) relates to Irish tax.

The UK Government has legislated for the Global Anti-Base Erosion Model Rules (Pillar Two) ("GloBE") 15% minimum tax effective from 1 January 2024. The Utmost Group, of which the Society is a part, did not fall into scope in 2024 but expects to do so in future years, meaning it will be subject to the UK's Pillar 2 Domestic Top-Up Tax regime. However, the Society does not foresee any material additional tax exposure in future, due to the existing local tax rate already being above the 15% minimum.

## Notes to the Financial Statements continued

### 10. Financial investments

	2024		2023	
	Market Value £m	Cost £m	Market Value £m	Cost £m
<b>Financial assets at fair value through profit and loss (designated at initial recognition)</b>				
Shares and other variable yield securities and units in unit trusts	12.0	10.6	12.4	12.1
Debt securities and other fixed income securities	4.6	5.6	4.9	5.8
<b>Total financial assets</b>	<b>16.6</b>	<b>16.2</b>	<b>17.3</b>	<b>17.9</b>

### 11. Net assets held to cover linked liabilities

	2024		2023	
	Market Value £m	Cost £m	Market Value £m	Cost £m
Shares, other variable yield securities and units in unit trusts	38.4	30.7	38.8	34.2
Other liabilities	(0.1)	(0.1)	(0.1)	(0.1)
	<b>38.3</b>	<b>30.6</b>	<b>38.7</b>	<b>34.1</b>

Assets held to cover linked liabilities include other net liabilities of £(0.1m) (2023: £(0.1m)) such as creditor balances and corporation tax payable.

### 12. Fair value hierarchy

In accordance with FRS 102, investments carried at fair value have been categorised into a fair value hierarchy:

#### **Assets valued at quoted market prices from active markets ("Level 1")**

Inputs to Level 1 fair values are unadjusted quoted prices in active markets for identical assets.

#### **Prices substantially based on market observable inputs ("Level 2")**

Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset either directly or indirectly. Level 2 inputs include the following:

- Quoted prices for similar (i.e. not identical) assets in active markets; and
- Quoted prices for identical or similar assets in markets that are not active, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly.

#### **Prices based on unobservable inputs where observable inputs are not available ("Level 3")**

Significant inputs to Level 3 fair values are unobservable inputs for the asset, for example, assets valued by a model or securities for which no recent market observable price is available.

## Notes to the Financial Statements continued

### 12. Fair value hierarchy continued

#### Analysis of investments according to fair value hierarchy as at 31 December 2024

	Level 1 £m	Total £m
<b>Assets</b>		
<b>Financial assets at fair value through profit and loss:</b>		
Shares and other variable-yield securities and units in unit trusts	12.0	12.0
Debt securities and other fixed income securities	4.6	4.6
	<u>16.6</u>	<u>16.6</u>
<b>Financial assets held to cover linked liabilities</b>	<b>38.3</b>	<b>38.3</b>
	<u>54.9</u>	<u>54.9</u>

#### Analysis of liabilities according to fair value hierarchy as at 31 December 2024:

	Level 1 £m	Total £m
<b>Liabilities at fair value through profit and loss:</b>		
Technical Provisions for linked liabilities	38.3	38.3
	<u>38.3</u>	<u>38.3</u>

#### Analysis of investments according to fair value hierarchy as at 31 December 2023:

	Level 1 £m	Total £m
<b>Assets</b>		
<b>Financial assets at fair value through profit and loss:</b>		
Shares and other variable-yield securities and units in unit trusts	12.4	12.4
Debt securities and other fixed income securities	4.9	4.9
	<u>17.3</u>	<u>17.3</u>
<b>Financial assets held to cover linked liabilities</b>	<b>38.7</b>	<b>38.7</b>
	<u>56.0</u>	<u>56.0</u>

#### Analysis of liabilities according to fair value hierarchy as at 31 December 2023:

	Level 1 £m	Total £m
<b>Liabilities at fair value through profit and loss:</b>		
Technical Provisions for linked liabilities	38.7	38.7
	<u>38.7</u>	<u>38.7</u>

## Notes to the Financial Statements continued

### 13. Debtors

	2024 £m	2023 £m
Other debtors	0.3	0.2
	<u>0.3</u>	<u>0.2</u>

The carrying values of these items equate closely to fair values and are expected to be realised within a year of the balance sheet date. Other debtors consist of net management charge, creations/liquidation receivables and tax receivable from unit-linked funds.

### 14. Cash at bank and in hand

	2024 £m	2023 £m
Cash at bank	1.8	1.1

### 15. Funds for Future Appropriation

	2024 £m	2023 £m
With-profits Fund	5.0	4.8
Member's Fund	3.2	3.3
	<u>8.2</u>	<u>8.1</u>

The Funds for Future Appropriation (FFA) represents the accumulated excess funds yet to be allocated to with-profit policyholders and the member. This has been apportioned, on a best estimate basis, between policyholder obligations and an ultimate balancing obligation due to the member, ULP (Member's Fund).

### 16. Technical Provisions

Technical Provisions:	2024 £m	2023 £m
<b>Gross technical provisions</b>		
Insurance contract liabilities	13.6	14.7
Investment contract liabilities	-	-
Long-term business Technical Provision – gross amount	<u>13.6</u>	<u>14.7</u>
Unit-linked insurance contract liabilities	7.7	7.9
Unit-linked investment contract liabilities	30.6	30.8
Total technical Provisions for linked liabilities	<u>38.3</u>	<u>38.7</u>
Total Technical Provisions	<u>51.9</u>	<u>53.4</u>
Reinsurers' share of:		
Insurance contract liabilities	(5.6)	(6.0)
<b>At 31 December</b>	<u>46.3</u>	<u>47.4</u>

## Notes to the Financial Statements continued

### 16. Technical provisions continued

<b>2024 Movement during the year – Non-linked contract liabilities</b>	<b>Investment Contract Liabilities Gross</b>	<b>Investment Contract Liabilities Reinsured</b>	<b>Insurance Contract Liabilities Gross</b>	<b>Insurance Contract Liabilities Reinsured</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
As at 1 January 2024	-	-	14.7	6.0
Policyholder premiums	-	-	0.4	0.1
Policyholder claims	-	-	(1.8)	(0.3)
Unwind of discount rates	-	-	0.3	0.2
Effect of change in economic assumptions	-	-	(0.1)	-
Effect of change in non-economic assumptions	-	-	-	-
Model and methodology changes	-	-	-	-
Other	-	-	0.1	(0.4)
As at 31 December 2024	-	-	13.6	5.6

<b>2023 Movement during the year – Non-linked contract liabilities</b>	<b>Investment Contract Liabilities Gross</b>	<b>Investment Contract Liabilities Reinsured</b>	<b>Insurance Contract Liabilities Gross</b>	<b>Insurance Contract Liabilities Reinsured</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
As at 1 January 2023	0.2	-	15.1	6.3
Policyholder premiums	-	-	0.5	0.1
Policyholder claims	-	-	(1.6)	(0.4)
Unwind of discount rates	-	-	0.2	0.1
Effect of change in economic assumptions	-	-	0.5	0.3
Effect of change in non-economic assumptions	-	-	(0.3)	(0.3)
Model and methodology changes	-	-	(0.1)	(0.1)
Other	(0.2)	-	0.4	-
As at 31 December 2023	-	-	14.7	6.0

## Notes to the Financial Statements continued

## 16. Technical Provisions continued

<b>2024 Movement during the year – Linked contract liabilities</b>	<b>Investment Contract Liabilities Gross</b>	<b>Investment Contract Liabilities Reinsured</b>	<b>Insurance Contract Liabilities Gross</b>	<b>Insurance Contract Liabilities Reinsured</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
As at 1 January 2024	30.8	-	7.9	-
Policyholder premiums	0.1	-	0.1	-
Policyholder claims	(3.2)	-	(0.8)	-
Other changes in liabilities	(0.2)	-	(0.1)	-
Effect of change in economic assumptions	3.0	-	0.5	-
Other	0.1	-	0.1	-
As at 31 December 2024	<b>30.6</b>	-	<b>7.7</b>	-

<b>2023 Movement during the year – Linked contract liabilities</b>	<b>Investment Contract Liabilities Gross</b>	<b>Investment Contract Liabilities Reinsured</b>	<b>Insurance Contract Liabilities Gross</b>	<b>Insurance Contract Liabilities Reinsured</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
As at 1 January 2023	31.0	-	7.6	-
Policyholder premiums	0.1	-	0.1	-
Policyholder claims	(3.0)	-	(0.4)	-
Other changes in liabilities	(0.2)	-	(0.1)	-
Effect of change in economic assumptions	2.5	-	0.6	-
Other	0.4	-	0.1	-
As at 31 December 2023	<b>30.8</b>	-	<b>7.9</b>	-

The charge of £2.9m in Change in Technical Provisions for linked liabilities in the P&L Technical Account (2023: £3.2m income) includes deposits/premiums received, payments made to policyholders, annual management charges under linked insurance contracts and changes in technical provisions.

Financial liabilities in respect of unit-linked investment contracts are carried in the balance sheet at fair value.

## Notes to the Financial Statements continued

### 17. Capital management (unaudited)

The Society is required to hold capital at a level of financial resources that do not fall below a minimum as determined in accordance with the PRA regulations for insurance and other PRA regulated business.

For the purposes of determining its Regulatory Capital, the Society uses the Solvency II Standard Formula without adjustment. The appropriateness of the Standard Formula approach has been reviewed by Management and the Actuarial function and approved by the Board.

The capital of the Society comprises Tier 2 loan capital and retained earnings. The loan capital from the immediate parent company, qualifies as Tier 2 capital under Solvency II.

In order to reconcile capital or available financial resources on a UK GAAP accounting basis to a Solvency II basis, a number of adjustments are required. In addition to Solvency II restrictions applicable to Tier 2 capital, adjustments include deductions for valuation differences on policyholder liabilities, including prudent margins required on a regulator basis. The following table sets out the reconciliation.

	<b>Total £m</b>
<b>Member's Fund under UK GAAP at 31 December 2024</b>	<b>3.2</b>
<b>Adjustment for Tier 2 Loan Capital</b>	<b>0.6</b>
<b>Difference in the measurement of technical provisions<sup>1</sup></b>	<b>1.4</b>
<b>Solvency II Eligible Own Funds at 31 December 2024</b>	<b>5.2</b>

	<b>Total £m</b>
Member's Fund under UK GAAP at 31 December 2023	3.3
Adjustment for Tier 2 Loan Capital	0.6
Difference in the measurement of technical provisions <sup>1</sup>	1.5
Solvency II Eligible Own Funds at 31 December 2023	5.4

<sup>1</sup> Unaudited

The level of capital (at both a sub-fund and overall Society level) required to maintain alignment with the Society's solvency related risk appetite limits provides a direct link between risk appetite and capital management. If the current level of capital cover falls below the target solvency cover ratios, this will indicate that the Society is outside risk appetite.

The approach to capital management is closely linked to the Society's risk appetite, since many of the most material risk exposures have the potential to lead to significant adverse capital impacts on its balance sheet. The Society considers its risk appetite in context of the Solvency II regulatory regime by maintaining a capital buffer above its Solvency II regulatory Solvency Capital Requirement ("SCR"). The SCR reflects a level of financial resources that enable insurance undertakings to absorb significant losses and provide reasonable assurance to its policyholders that payments will be made as they fall due.

## Notes to the Financial Statements continued

### 17. Capital management (unaudited) continued

The Society aims to have a Solvency Capital Ratio (Own Funds/SCR) of at least 150% and Minimum Capital Ratio of 125%.

The Society continually manages and monitors its capital position from a regulatory perspective, by reference to the performance of its assets and liabilities and by giving due consideration to:

- (i) Its internal view of the operational and financial risks to which it is exposed (Note 18), both now and over the business planning period;
- (ii) The capital needed to support delivery of the business plan and make progress towards the Society's long-term strategic objectives; and
- (iii) Its regulatory capital requirements.

For further information on the Society's approach to risk and capital management and on its regulatory capital, see the 'Solvency & Financial Condition Report (SFCR)', which is available on the Utmost Life & Pensions website [www.utmost.co.uk](http://www.utmost.co.uk)

### 18. Financial Risk Management

The Society is exposed to both insurance and financial risk as a consequence of its business activities. These are managed in accordance with ULP's, of which the Society is a subsidiary, Enterprise Risk Management ("ERM") Framework which sets out the overall strategy towards and appetite for risk. This has been approved by the Board of Directors.

The principal risks faced by the Society are:

- Insurance risk;
- Market risk;
- Credit risk;
- Liquidity risk.

#### a. Insurance risk

Insurance risk is defined as the uncertainty attaching to the occurrence, amount and timing of insurance liabilities. The Society is closed to new business and does not take on new insurance risk.

The most material insurance risks for the Society in run-off were expense, persistency, and option take-up risk.

The Society manages these risks by:

- setting and monitoring appropriate risk appetite limits;
- monitoring the amount of capital it holds;
- use of reinsurance;
- claims underwriting; and
- a cost sharing agreement with the Society's parent company.

#### Sensitivity

The long-term business provisions are sensitive to the assumptions used in respect of these risks, which are set periodically by the Board of Directors, with appropriate levels of prudence based on analysing actual experience.

While the impact of a short-term variation in the experience may not be material, if these assumptions were to be changed, this would impact on the long-term business provisions, which would generate a profit or a loss in the calendar year in which the change to assumptions was applied.

## Notes to the Financial Statements continued

### 18. Financial Risk Management continued

The table below illustrates the impact of the increase in mathematical reserves, non-financial assumptions:

Sensitivities	Increase / (Decrease) £m
Additional 5% in GAO take-up rates	(<0.1)
10% decrease in mortality rates	(<0.1)

The Society does not currently carry out any formal investigation into or analysis of concentrations of underwriting risk, on the basis that these are not considered to be material. In particular, the Society does not believe that the current in-force book contains any material concentrations of policyholders by location, health, lifestyle or socio-economic group.

#### b. Market risk

Market risk is the adverse financial impact from changes in fair values or cash flows of the Society's assets and liabilities from fluctuations in interest rates, movement in currency exchange rates, and changes due to equity and property risk.

It is recognised that market risk is part of managing the portfolios and that a certain level of market risk is acceptable.

The Society receives Annual Management Charges ("AMCs") on the unit-linked and with-profits business that are deducted from policies to meet the expenses of the Society. The level of these charges depends on the funds under management and is sensitive to changes in the market value of assets, which gives rise to exposure to equity risk. Unit-linked policyholders can choose to invest in non-Euro based funds, resulting in exposure to currency risk. The Society is also exposed to market risk from owning a portfolio of invested assets.

The Society tolerates a level of market risk exposure. It does not actively seek exposure to equity and property risk, but recognises that some exposure is accepted as a result of its exposures to future AMC income on unit-linked business. It also does not actively pursue a trading strategy in financial instruments that are vulnerable to gains or losses from fluctuations in interest rates or other economic values.

The table below illustrates the impact on the change in net assets:

Sensitivities	2024 Increase / (Decrease) £m	2023 Increase / (Decrease) £m
1% increase in interest rates	<0.1	(<0.0)
1% decrease in interest rates	(<0.1)	0.0
20% fall in the value of non sterling holdings	(1.3)	(1.1)
10% decrease in equity and property values	<0.1	0.0

Interest rate risk arises primarily from investments in fixed interest securities. In addition to the extent that claims costs are related to interest rates, liabilities to policyholders are exposed to interest rate risk.

A variety of risk management techniques are utilised to control and mitigate the market risks that the business is exposed to, including:

- an asset liability matching strategy, with the Society's investment portfolio held in respect of future liabilities is managed in such a way that the maturities have a duration that is matched to the estimated liability cash out flow profile;
- regular review of the sector diversification of the portfolio;
- regular monitoring of solvency levels; and
- review of timely market updates and forecasts from the investment advisors covering interest rates, credit spreads and market development by sectors.

## Notes to the Financial Statements continued

### 18. Financial Risk Management continued

#### c. Credit risk

The Society has exposure to credit risk, which is the risk or movements in credit spreads and/or that a counterparty will be unable to pay amounts in full when due. The Society is exposed to the following credit risks:

- widening of credit spreads on, or default of, certain assets held within unitised funds, to the extent that this would reduce future AMC income;
- amounts due from debt securities held to match liabilities;
- amounts due from insurance and other receivables; and
- reinsurers' share of insurance liabilities and of claims paid.

The Society manages these risks by:

- setting and monitoring appropriate risk appetite limits;
- monitoring the amount of capital it holds;
- maintaining investment guidelines/limit structures and;
- through asset optimisation.

<b>2024</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Debt and other fixed-income securities</b>	<b>3.3</b>	<b>1.3</b>	<b>-</b>	<b>4.6</b>
<b>Reinsurers' share of technical provision</b>	<b>-</b>	<b>-</b>	<b>5.6</b>	<b>5.6</b>
<b>Total assets bearing credit risk</b>	<b>3.3</b>	<b>1.3</b>	<b>5.6</b>	<b>10.2</b>
<hr/>				
<b>2023</b>				
<b>Debt and other fixed-income securities</b>	3.5	1.4	-	4.9
<b>Reinsurers' share of technical provision</b>	-	-	6.0	6.0
<b>Total assets bearing credit risk</b>	3.5	1.4	6.0	10.9

None of the assets assessed above are past due or impaired.

The risk of default by the largest reinsurer Scottish Widows, remains a key credit risk faced by the Society. The credit rating of Scottish Widows is monitored closely.

Reinsurance has been included with those non-linked assets with a credit rating of A, in the above table.

The above does not include cash balances, £1.8m (2023: £1.1m). Cash is held with the following institutions; Barclays Plc £1.7m (rated A+) and HSBC £0.1m (rated A+).

The Investment Committee sets exposure limits and assesses them periodically. The Investment Committee is also responsible for reviewing actual exposure against limits on a regular basis and for monitoring the performance of the Investment Managers. Reinsurance credit risk is managed by the Risk and Compliance Committee, which operates under direction from the Board and approves new reinsurance agreements. There are no financial assets for which income is overdue or that have been impaired during the year.

A key area where the Society is exposed to credit risk is through its investment in corporate bonds. The Society manages the level of risk via sector and rating analysis and uses this analysis to help define the optimal balance between the risk taken and the returns earned on the underlying assets.

On a quarterly basis, the Society analyses invested assets by market value, issuer, credit rating, sector and geographical region, in order to assess the risk of concentration within the portfolio. This analysis allows the Society to regularly monitor exposure to the default, risk of a given issuer and performance of an individual sector.

## Notes to the Financial Statements continued

### 18. Financial Risk Management continued

Through regular meetings with the Society's Investment Managers and monthly watch lists, the risk of a fall in the value of fixed-interest securities from changes in the perceived creditworthiness of the issuer is considered. In addition, sector and geographical exposure is monitored to ensure diversification and that there is not an excessive concentration in either sector or geographical region. In cases where the Society is particularly exposed to credit risk (e.g. sector concentration), this risk is actively managed through the investment guidelines.

#### d. Liquidity risk

The Society's liquidity risk stems from the need to have sufficient liquid assets to meet policyholder and third-party payments as they fall due. This is managed by weekly cash forecasts and also by holding sufficient cash and other assets in investments which are readily marketable in a sufficiently short timeframe to be able to settle liabilities as they fall due.

The Society has internal sources of liquidity, which are sufficient to meet all our expected cash requirements for a period of 12 months from approval date, without having to resort to external sources of funding.

The uses and sources of liquidity are reviewed by the Asset and Liability Committee ("ALCo") quarterly, on a base and stressed basis. The Society has various mitigation of liquidity risk in place, as follows:

- a Liquidity Risk policy;
- access to Group short-term loans;
- maintaining a Risk appetite, trigger levels, and monitoring against these;
- weekly and monthly cash reporting; and
- Regular stress testing.

The tables below provides a maturity analysis of the Society's financial liabilities.

2024	On demand £m	Up to 1 year £m	Between 1-5 years £m	>5 years £m	Total £m
<b>Financial liabilities under non-profit investment contracts</b>	<b>30.5</b>	-	-	-	<b>30.5</b>
<b>Creditors falling due within one year</b>	-	<b>0.1</b>	-	-	<b>0.1</b>
<b>Related party loan payable after more than one year</b>	-	-	-	<b>0.6</b>	<b>0.6</b>
<b>Financial liabilities at amortised cost</b>	<b>30.5</b>	<b>0.1</b>	-	<b>0.6</b>	<b>31.2</b>
<b>Financial liabilities under with-profits investment contracts included in long term business provision</b>	<b>7.0</b>	-	-	-	<b>7.0</b>
<b>At 31 December 2024</b>	<b>37.5</b>	<b>0.1</b>	-	<b>0.6</b>	<b>38.2</b>

2023	On demand £m	Up to 1 year £m	Between 1-5 years £m	>5 years £m	Total £m
Financial liabilities under non-profit investment contracts	30.8	-	-	-	30.8
Related party loan payable after more than one year	-	-	-	0.6	0.6
Financial liabilities at amortised cost	30.8	-	-	0.6	31.4
Financial liabilities under with-profits investment contracts included in long term business provision	7.5	-	-	-	7.5
At 31 December 2023	38.3	-	-	0.6	38.9

## Notes to the Financial Statements continued

### 19. Related Party Loan Payable After More Than One Year

	2024 £m	2023 £m
<b>Tier 2 loan</b>	<b>0.6</b>	0.6

The Society's immediate parent granted a Tier 2 loan of £650k on 21 April 2020. Interest at 7% is payable twice yearly provided the Society has a Solvency Capital Ratio of at least 150% immediately after payment. The loan is redeemable on 21 April 2031.

### 20. Creditors: amounts falling due within one year

	2024 £m	2023 £m
<b>Other creditors: corporation tax</b>	<b>0.1</b>	0.0

### 21. Related Party Transactions

In accordance with FRS 102 Section 33 paragraph 1A, the Company has taken advantage of the exemption from disclosing related party transactions with other companies that are wholly owned within the Group. There were no related party transactions with non-wholly owned companies with the Group.

The Directors and key management of the Company had no transactions with the Company or any group undertakings that require disclosure.

### 22. Capital and other commitments

The Society has no material operating lease or other commitments.

### 23. Contingent liabilities

There are no contingent assets or liabilities (2023: £nil).

### 24. Post Balance Sheet Events

There are no events which have occurred after the reporting date but before the signing of these Financial Statements, which require amendment of any balances or further disclosure.

### 25. Ultimate controlling party

The Society's immediate parent is ULP, an indirect subsidiary of UGP, which is the Society's ultimate UK holding company.

The ultimate parent company which maintains a majority controlling interest in the Society is recognised by the Directors as OCM Utmost Holdings Limited: a Cayman Islands incorporated entity. Advantage has been taken of the exemption under section 33 of FRS 102 not to disclose transactions between entities wholly-owned within the UGP group of companies. OCM Utmost Holdings Limited is an investment vehicle owned by funds which are managed and advised by Oaktree Capital Management L.P. (a subsidiary of the ultimate controlling party, Oaktree Capital Holdings LLC).

ELAS is consolidated into Utmost Group plc financial statements, copies of which are available at Saddlers House, 44 Gutter Lane, 5th floor, London, EC2V 6BR.