

A person wearing a brown suit jacket is seated at a dark table. In the foreground, there is a white mug with a handle, a plate with a golden-brown croissant, and a stack of papers. The background is softly blurred, showing a warm, indoor setting.

 CIRENCESTER  
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**2025**

**ANNUAL REPORT  
& ACCOUNTS**

### PERFORMANCE

Building on our commitment to quality and sustainable growth, 2025 has been a successful year across the majority of key performance metrics for the Society, with positive investment returns contributing to a £2.6m surplus for our Members. We have continued to make significant investment in our infrastructure, completing the multi-year technology programme that has delivered a step-change in the capabilities of the Society, making us more resilient and competitive. We have more members than ever, with an increase of nearly 3,000 in our net Membership as we look to grow the Society for the long-term.

The past year has been marked by a challenging and uncertain economic environment, influenced by the ongoing geopolitical conflicts in Ukraine and the Middle East, leading to increased market uncertainty and volatility. Domestic policy headwinds and tax uncertainty persist, with a greater tax burden on individuals and elevated employment costs. Inflation (CPI) is not falling as fast as predicted and remains vulnerable to supply side shocks or the introduction of new tariffs. As at 31st December 2025, CPI was 3.4%, still well above the Bank of England target, despite the base rate reducing four times during the year to finish at 3.75%, meaning that long-term yield curves remain high.

Despite these headwinds, our new investment advisers Schroders have been able to deliver good returns compared to prior years, to fund business development. Global investment markets have been strong although volatile during the year, and Schroders have managed our low risk portfolio to optimise returns for our Members.

Our strategy remains focused on our Members, emphasising long-term decisions and creating value. This is clearly demonstrated by our consistently strong claims paid rate of 94% and member bonus payments amounting to £1.5m.

### CUSTOMER SERVICE

We continue to be recognised externally for our excellent service and are delighted with our Institute of Customer Service (ICS) survey results; achieving scores of 87% with brokers, 90% with Members and 86% with employees, which firmly placed us within the top quartile of the UK services sector. This is a testament to our unwavering commitment to excellent service.

We have also been honoured to have received many awards during the year, including 'Best Protection Service' from Moneyfacts for the third year in a row, 'Best Financial Protection Provider' from What Mortgage and the coveted "5 Star Award" with "Most Improved Provider" from the FT Financial Adviser Service Awards. We were particularly pleased that several employees were recognised for their individual achievements, including Sara Carpenter and Amy Hampson at the Cover Customer Care awards.

### THANK YOU

In 2025 we thanked Janice Banks for her dedicated service as she retired after nine years on the Board, the last two of which were as Chair. Congratulations to Ben Howe who has been promoted to Chief Operating Officer (COO), following a fond farewell to Shirley Fell who has retired after over six years of dedicated service to the Society. Congratulations also to Andy Morris, CEO, who has become Chair of the Association of Financial Mutuals, a distinguished role within the trade body of our sector. I am delighted that the Board elected Kate McIntyre to succeed me as Senior Independent Director (SID) and we have recruited Joanne Safo, with extensive digital and technology experience in financial services and beyond, as our newest Non-Executive Director (NED), completing our strong and diverse Board of eight members.

It has been a real privilege to be appointed as your Chair in 2025. I am very grateful to both current and former Board colleagues for their steadfast support and wise counsel throughout the year. My sincere thanks also go to our employees, whose positivity, dedication, and resilience amid numerous challenges have ensured the continued delivery of excellent service to our customers.

I am equally grateful to our Members and advisers for their continued recommendation, support, and trust. It has been a pleasure to work alongside you over the past year, and I look forward with confidence to building on this strong foundation together in 2026.

*Andy Lucas*

### ANDY LUCAS

Chair of the Board



**CHAIR**

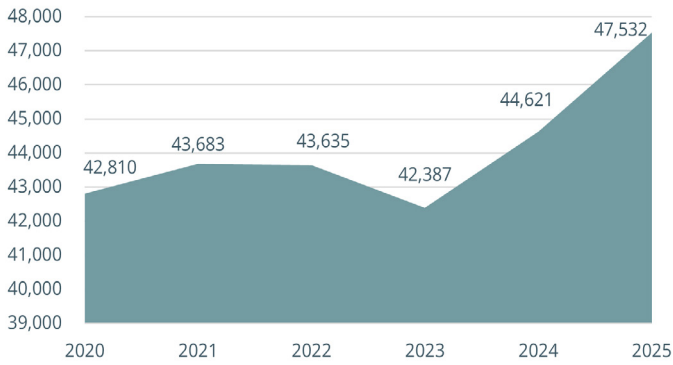
Andy Lucas

### 2025 SELECTED HIGHLIGHTS:

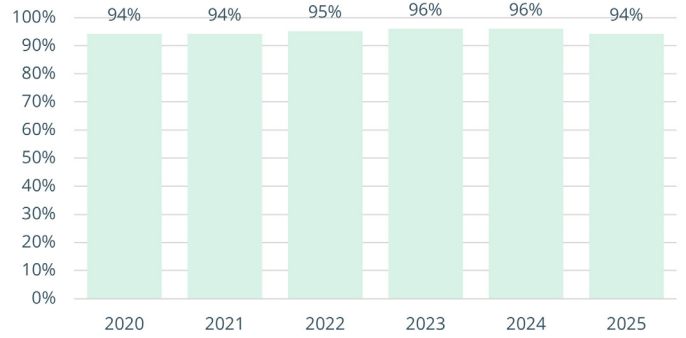
- **Strong financial performance from our growth strategy**
- **Member Bonuses maintained at £1.5m**
- **94% of Members Claims paid**
- **ICS top quartile for Brokers, Members and Employees**
- **5 Star Award from the FT and strong performance across other industry awards**

AT A GLANCE

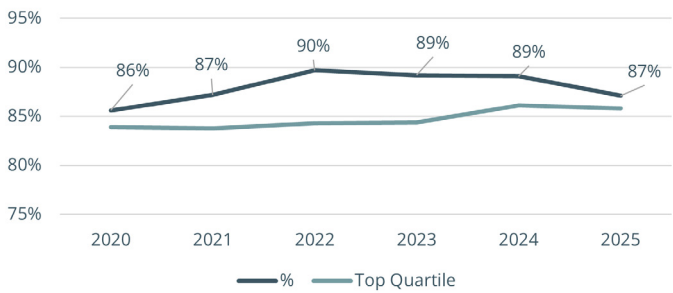
Active Membership



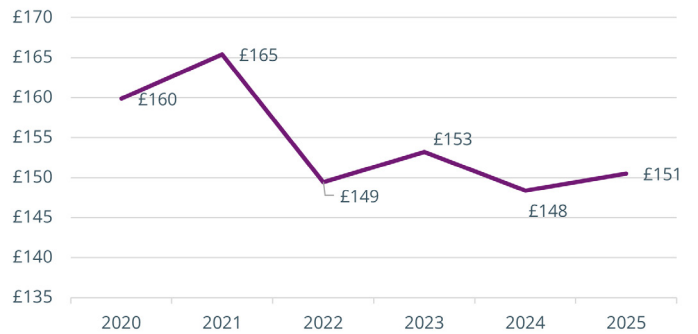
% of Claims Paid



Institute of Customer Service Survey Results



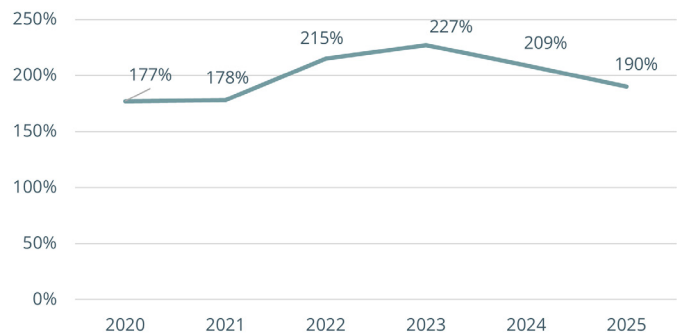
Total Assets (£m)



Fund For Future Appropriation (£m)



% Solvency Ratio





**CHIEF EXECUTIVE**

Andy Morris

2025 has been a very good year for the Society, not only through investing in and growing the Society but also by delivering a surplus of £2.6m for our Members. We are really pleased to have achieved strong Membership growth through the hard work of all our colleagues, adding nearly 3,000 to the organisation that sets us up well for a long-term, sustainable future.

The long term resilience of the Society is made possible by these ongoing successful results, all the more important in the current volatile and uncertain geopolitical and economic environment. The Board, senior management and our investment advisers are watching the emerging situation in the Middle East as I write this and are acutely aware of the uncertainty and concern these events raise across the globe. Our financial and operational strength allows Cirencester Friendly to weather these storms, just as we have done for the past 136 years.

We have made great progress in building the infrastructure and resources to help deliver our 2030 Vision for the Society. We have completed the major multi-year investment in our end-to-end platform, the significant administrative part of which went live towards the end of the year, thanks in large part to the resilient efforts of our colleagues.

The overall infrastructure transformation represents the biggest investment yet in the history of Cirencester Friendly, so to see this successfully implemented with minimal disruption and while delivering such strong business results is a real testament to the commitment and hard work of everyone involved.

Our new investment advisers, Schroders, have delivered strong returns despite very uncertain economic conditions, with realised and unrealised gains of nearly £7m. This is very pleasing, given the previous performance of the portfolio.

As a mutual Society, we strive to be there when our Members need us the most, when they need to make a claim, and it is with great satisfaction that we are able to report another high level of claims paid at 94% (2024: 96%).

2025 has been an important year for advancing the strategy of the Society. With our strategic priority on growth and quality, we have built on the foundations achieved in the previous year to deliver our highest premium income in the Society's history, putting us on track to succeed in our 2030 Vision.

The Society continues to invest in our people and resources to support the growth strategy of the 2030 Vision. To this end, administration expenses have increased slightly to £8.1m (2024: £8m). As a mutual, it is important that we are efficient in the way that we administer the Society but also that we invest for growth in a controlled way. This focus will be central to our 2026 goals.

We continuously aim to build trust in partnership with our advisers, who provide exemplary service to Members alongside ourselves. As well as building our distribution, we are also embarking on significant product proposition enhancements to ensure that we deliver quality for our advisers to continue to serve our Members with the best quality service to meet their needs.

**FINANCIAL RESULTS AND BUSINESS REVIEW**

As a Friendly Society, we adopt a long-term approach to business to support our owners, our Members, in the years to come, just as we have done for 136 years. Despite the challenging economic conditions, we have maintained the financial resilience of our business while investing for future success.

- Premium income now stands at another Society record of £25.8m (2024: £23.7m) due to the high growth achieved during 2025;
- Assets have increased by £1.8m (2024: decrease of £4.5m) thanks to the strong investment returns funding the ongoing investment in the business;
- Active Membership has increased by 2,911 (2024: increase of 2,325);
- £2.6m was transferred into the Fund for Future Appropriations due to our surplus (2024: transfer out of the fund of £2.7m);
- The key Solvency Ratio of the Society decreased at 190% (2024: 209%).

	2025	2024	Change
Active Membership	47,532	44,621	6.5%
Institute of Customer Service Survey	87.1%	89.1%	-2.2%
Claims Paid	94%	96%	-2.1%
Assets	£150.5m	£148.7m	1.2%
Fund for Future Appropriation	£110.9m	£108.2m	2.5%
Solvency Ratio	190%	209%	-9.1%

## CAPITAL AND SOLVENCY

At the end of the year, we had a level of solvency which covered the minimum capital resource requirements prescribed by the Regulator by over seven times. Our surplus funds over the requirement stands at a healthy £55.8m (2024: £59.6m), providing a significant buffer in our reserves to protect Members from unexpected events.

The Society's solvency ratio has declined from 209% to 190% during 2025, reflecting an increase in the solvency capital requirement (SCR). This movement is partially due to higher sales and retention year on year, increasing the value of the book, and higher investment gains. However, the majority of the movement is due to our short-term claims assumptions now being included in our long-term projections and a slight worsening of long-term recovery claims assumptions. We continue to hold a very good level of solvency, at the upper end of Board risk appetite, demonstrating the continued prudent management of the Society's capital resources.

We prepared an Own Risk and Solvency Assessment (ORSA) during 2025, adjusted to take account of the impact of the current macroeconomic conditions. The Society continues to exceed regulatory capital requirements in normal and modelled stressed conditions, ensuring that we are prepared for difficult situations such as a repeat of the pandemic or financial crash. In all the envisioned scenarios, the Society would continue to have a comfortable margin of capital resources over the minimum capital resource requirements.

## CLAIMS

We are committed to supporting Members financially when they need us most, at the point of needing to claim. It is a great source of pride to the Society that we have maintained our high level of claims paid at 94%. This has meant that payments have increased by 9.3% to £10.7m (2024: £9.8m).

The Society continues to invest in Claims Transformation, an initiative that commenced in 2024, delivering an online, more automated doctors review process. We have enhanced our back-office systems to enable the cumbersome return of premium process to be replaced by a premium waiver, improving the claims experience for our Members in need. Further automation initiatives are planned, prioritised to those that deliver an improved efficient service to our Members.

We rejected 6% of claims. The reasons for doing so include inability to provide proof of earnings or medical evidence, no loss of earnings and claims for previously undisclosed pre-existing medical conditions.

We are proud of our good record of results in relation to the payment of claims, as we believe this clearly demonstrates the importance of income protection insurance in financial planning. We also believe that education is the best way to ensure that everyone knows what is expected in the claims process and how to make a successful claim, as a commitment to our open and honest approach.

## REWARDS TO MEMBERS

One of the key benefits of mutuality is the opportunity for Members to share in our success. This is done in numerous ways but one of the most obvious is in the form of bonuses added to profit participating Members' credit balances, held by us until the end of their contract, and through the Members' Mutual Fund. We continue to operate a balanced, long-term approach to award bonuses that can be supported by the surplus we create over time, demonstrated by our sustained history of maintaining rewards.

As a consequence of this philosophy, bonus rates added to Members' credits for 2025 have been preserved. The Society paid out £1.5m in bonuses during the year, a similar level to the year before, helping to demonstrate the real value of the mutual ethos:

	2025	2024
Health & Wealth Dividend (maintained)	£1.56	£1.56
Income Assured (products) Surplus Allocation (maintained)	£10.80	£10.80
Income Assured (products) Investment Only - Surplus Allocation (maintained)	£0.53	£0.53
Bonus Allocation/Interest*	2.0%	2.0%

\* Interest Rate (which is set in advance) for retired Members is 2.0% (2024 - 2.0%). The interest added to retired Members' deposits should be declared by Members for tax purposes. (The Board has the right to revise the rate without prior notice).

Member benefits continue to be a focus for the Society, as we strive to deliver the best value proposition for our Members. The demand for our services, such as GP24, which provides telephone access to a medical general practitioner, has never been higher. It is a similar story with our mental and physical wellbeing offering through Friendly Voice.



## CONSUMER DUTY

As a mutual who puts the needs of our Members at the heart of our day-to-day decision making, the Consumer Duty has enabled the Society to further enhance our processes in a manner aligned with our ethos and values. We have collaborated closely with our professional advisers to ensure we not only meet the requirements of this regulation but build the spirit of the approach into the culture of the organisation, helping to promote the benefits to our Members and provide a competitive advantage to Cirencester Friendly as a result. Whilst there is no longer a regulatory requirement to have a Consumer Duty Board Champion, the Society has opted to retain this role, reflecting the central position the Consumer Duty has within the Society's values. In 2025, the Chair of the Board served as Champion until November and has now been succeeded by the Senior Independent Director.

We have defined and implemented detailed consumer outcomes metrics encapsulating every element of the Member journey, including product design, claims experience, complaints, closures, and quality assurance. Each metric is assessed using appropriate measures, including, where applicable a Red, Amber, Green (RAG) scale with investigation and remediation of any potential adverse trends being overseen by the Consumer Outcomes Working Group which meets monthly, and whose membership includes members of the Executive Committee (ExCo). A quarterly consumer outcomes metrics report with accompanying detailed narrative on key trends and ongoing material actions is reviewed by ExCo and the Audit & Risk Committee. On an annual basis, a detailed report is reviewed by Board which includes a summary of (i) improvements implemented during the year which have positively contributed to enhancing consumer outcomes; (ii) status update on any open actions reported to the Board in the prior year; (iii) log of actions to be completed in the coming year in the spirit of continuous improvement; (iv) summary of the outcome of any assurance activity completed in the year; and (v) annual trend of consumer outcomes metrics. In 2025, no material issues were identified which could impact continued compliance with the Duty. Consequently, the Board approved the annual report.

## AWARD WINNING SERVICE

Exemplary service remains core to the Society's culture and business strategy. This is evident with the Institute of Customer Service (ICS) survey results; achieving scores of 87% with brokers and 90% with members, placing us firmly in the top quartile, as noted by Andy Lucas. These awards are a way of recognising the efforts and commitment of our people:

### Winners:

- Moneyfacts – Best Protection Service
- What Mortgage Awards – Best Financial Protection Provider
- WINNER – Financial Adviser Service Awards – 5\* Award and Most Improved Award
- COVER Customer Care – Customer Care Champion – Sara Carpenter
- COVER Customer Care – Newcomer of the Year – Amy Hampson

### Highly Commended:

- Protection Review – Do It Better

## DEVELOPING EMPLOYEES

We have an ongoing programme of developing people and it is particularly pleasing to see that our internal talent has thrived in this environment, with internal promotions that included Ben Howe joining the board on the retirement of Shirley Fell as COO.

We have deliberately retained the HEART values that are core to the Society and have instituted HEART awards for where employees demonstrate exceptional examples of these behaviours through the year:



Employee engagement is pivotal to the success of the Society, as well as the personal satisfaction of colleagues, and I am greatly encouraged that we have scored 86% top quartile satisfaction in the ICS employee survey, with participation at an incredible 100%.

In 2025 we delivered the HR Transformation initiative that put a new operating model in place to better support our colleagues. This has included the 'CFS Way', Society specific training courses delivered to our employees, and business partnering. Career pathways and succession planning are now fully embedded across the Society to ensure that we are more resilient and can better serve the needs of our employees.



## CIRENCESTER FRIENDLY 125 FOUNDATION

The Cirencester Friendly 125 Foundation provides financial support to individuals and causes to the benefit of Members and their communities. There are two types of awards which Members, or their Financial Adviser on their behalf, can apply for:

- **Individual Awards** are for the simple things that make an enormous difference. Members, or their Financial Adviser on their behalf, can nominate someone close to them who may be suffering hardship and could benefit from financial support.
- **Community Awards** are for local projects and causes that Members value and support.

The 125 Foundation continues to see another high level of applications from Members to help aid them through hardship, with over £41k paid out to over 70 Members. Additionally, we have supported over 30 community applications with a total exceeding £18k.

## 125 FOUNDATION STORIES

Throughout 2025, our 125 Foundation extended support to numerous Members and communities, making a significant impact. This year, we witnessed several remarkable stories from the people and communities we assisted. Here are just a few examples:

### Individual Awards:

- We helped a Member whose son had open heart surgery in a hospital over two hours away from home. The 125 Foundation helped towards costs of transport, parking and general costs to allow the Member to be close to their son.
- We supported a vulnerable Member who had sadly suffered physical, mental and financial abuse. The Member was helped financially through the 125 Foundation, as well as a claim and additional support via RedArc.
- We provided financial support to a Member who was in claim. The 125 Foundation helped cover the Member's re-training costs, which allowed them to change their career and return to work.

### Community Awards:

- We awarded £2,500 through the 125 Foundation to the 1st Gorock Scouts after a Member asked for help towards the cost of replacing the heat pump/heating in the building where the group meets. The building also serves as a community warm space, blood donation station, as well as for Scouts, Brownies and Beavers.
- The 125 Foundation supported various charities throughout the year. These include the Cirencester Food Bank, London & Country's Toy Drive for Bath's Children's Hospital, The Sepsis Trust, Make Space for Girls and the Oxford Food Hub.

## COMMUNITY CONTRIBUTION

The Churn Project was our charity of choice for 2025 and is a community hub dedicated to reducing loneliness, isolation and supporting the wellbeing of local residents in the Cirencester area. We have raised £2,059 which is matched by the Society.

Cirencester Friendly encourages staff to take volunteer days in areas they are passionate about, which has included The Churn Project, Lucy's Bowl that trains Guide Dogs for the blind, The Royal British Legion and Belief in Action to name but a few, and employees have been out cleaning up the neighbourhood by litter picking during the day.

## CLIMATE CHANGE

At the Society we take an active interest in the local environment and how we can make our contribution to the efforts to combat climate change. We are committed to and fully support the Prudential Regulation Authority (PRA) initiative to ensure that insurers prepare for the potential business challenges presented by climate change.

Following earlier consultation, the PRA has issued their final rules in respect of managing climate related risks, Supervisory Statement (SS) 4/25. We have conducted a gap analysis against these requirements; across governance, risk management, climate scenario analysis, data and disclosure, in which we have very few gaps. How we manage climate related risks is fully integrated into our risk management framework, processes and decision making. However, there are enhancements which we can make around third parties and data, which will improve our position further.

Through the production of the ORSA, we have collaborated with our Actuaries to model the potential detrimental impact climate change may have on the Society's assets, in the event that the effects are more serious than current predictions. This impact covers the three-year Business Plan and shows that the Society has the necessary financial resources and is well placed to manage the risk. This has been a useful input to Board discussions on investment strategy, proposition & pricing, concentration risk and long-term strategy.

We also work with our Investment Advisers Schroders to ensure that Environmental, Social and Governance (ESG) criteria are a core part of the investment portfolio of the Society.

The Society has its own Climate Change Working Group that has motivated volunteers who look at practical ways the Society and its people can make a difference at an individual and local level. We have calculated our carbon use for 2025 and will invest locally in tree planting through Stroud Valleys, planting 565 trees at a cost of around £4k. In September we installed over one hundred solar panels on the roof of our South Cerney office to help reduce our carbon use.

With volunteers from across the Society in October, we planted the outside space surrounding the office to encourage more wildlife. We have increased our recycling efforts to include food waste and batteries and implemented environmentally friendly cleaning products to minimise our impact on the environment. All these ideas came through colleagues and help the Society play its part in reducing the effects of Climate Change.

### DELIVERING ON OUR STRATEGY

We have achieved the strategic milestones targeted for 2025, as part of our overall 2030 Vision, of which everyone in the Society can be justly proud. This is reflected in the significant Membership growth achieved through distribution expansion, alongside significant infrastructure and resource investments. It is critical that we invest and build the Society for our long-term future, while continuing to serve our Members' needs and meet our obligations.

2026 has seen the launch of our new rebranding 'We Protect the Everyday' and places focus on delivering tangible results in helping to fulfil our 2030 Vision.

We are pleased to have maintained the government recognised Cyber Essentials Plus accreditation in 2025, evidencing the robust technology protection that the Society now has in place for all our Members and advisers.

Proactive dialogue with the Regulators has been welcome, with good engagement via the trade body the Association of Financial Mutuals, where I am proud to have been elected as Chair during 2025. We continue detailed interaction with the Law Commission review of the Friendly Societies Act to modernise legislation and put mutuals on an equal footing with corporates, which should make recommendations during 2026 for the government to adopt into legislation thereafter. Collaboration across the AFM has achieved some success, where I chair the working group looking for pragmatic ways to provide better service for Members and save money across the sector.

The Society has joined in with the AFM and other mutual trade bodies to support the government ambition to double the size of the mutual financial services sector. Work continues with the Mutual & Co-operative Business Sector Council, where the trade bodies all have representation to help drive forward the growth agenda. I have been working with the Association of British Insurers on their industry response to the Pure Protection Market Study for the FCA, helping to ensure that our interests and those of smaller insurers are put forward and hopefully acted upon. The collaboration with other mutuals has helped inform our interactions with government and regulators, facilitated through membership of the international mutual trade body ICMIF.

I would like to extend my heartfelt thanks to Shirley Fell, who has helped to transform the Society since becoming COO six years ago and has now retired, with my congratulations to Ben Howe who has been promoted to the Board to replace her. Andy Lucas has set out what a successful year it has been in the first year with him at the helm and my thanks also to Kate McIntyre for stepping up to be the SID, as well as a warm welcome to Joanne Safo as our new NED.

It remains for me to extend my thanks to each and every colleague for their continued unwavering support, hard work in challenging circumstances and making Cirencester Friendly such a delightful place to work!

*Andy Morris*

**ANDY MORRIS**

Chief Executive





**ANDY S LUCAS**  
BA (Hons), DipM  
**Chair**

**Term of Office:** Andy joined the Board in July 2021

**Independent:** Yes

**Skills and Experience:** Andy has spent most of his career in financial services, leading marketing & sales, eCommerce, customer service and technology developments. Following roles at Prudential and ACE European Group, he was Chief Operating Officer at Cambridge Building Society. Andy is a Non-Executive Director of Buckinghamshire Building Society, charity trustee and member of The Chartered Institute of Marketing.



**ANDY J MORRIS**  
MBA FCA MSCI  
**Chief Executive Officer**

**Term of Office:** Andy joined the Society in April 2019

**Independent:** No as an Executive

**Skills and Experience:** Andy has been CEO since September 2022, having previously been Director of Finance and Risk for the Society. Andy was elected Chair of the mutual financial services trade body the Association of Financial Mutuals during 2025 and is a Fellow of the Institute of Chartered Accountants with over 25 years of experience across Financial Services. He is also a Member of the Chartered Institute of Securities and Investments and holds a Masters in Business Administration from London Business School.



**DAVID M A EVANS**  
BSc (Hons), ACMA  
**Chief Financial Officer**

**Term of Office:** David joined the Society in August 2022

**Independent:** No as an Executive

**Skills and Experience:** An accountant by background, David is an experienced director who has worked in a wide variety of roles within financial services, mainly in the mutual sector for over 25 years. David has held many senior finance roles within Nationwide Building Society, including Finance Director of The Mortgage Works (TMW), Director of Financial Performance and Director of FP&A.



**BEN HOWE**  
BSc (Hons)  
**Chief Operating Officer**

**Term of Office:** Ben joined the Society in March 2019

**Independent:** No as an Executive

**Skills and Experience:** Ben joined the Society in 2019 and was appointed Chief Operating Officer in November 2025, having previously served as Director of Strategy & Transformation. With more than 20 years' experience across insurance, retail and technology, Ben has extensive expertise in delivering operational excellence, strategic growth and organisational transformation. Ben is responsible for Customer Operations, Technology, and Business Change & Transformation, as well as chairing the Society's Consumer Duty Working Group.



**KATE S MCINTYRE**  
BA (Hons), ACA  
**Senior Independent Director**

**Term of Office:** Kate rejoined the Board in October 2023 (with a previous term August 2017 - October 2022).

**Independent:** Yes

**Skills and Experience:** A chartered accountant by background, Kate trained and worked with PwC. She subsequently had a varied career spanning almost 40 years, primarily in financial services, with senior roles at Skipton Building Society, First Direct, AXA healthcare, Lloyds Banking Group and Engage Mutual Assurance. Kate is a big supporter of the mutual sector and is also Vice Chair and Senior Independent Director at Darlington Building Society.



**VICKY CHURCHER**  
**Non-Executive Director**

**Term of Office:** Vicky joined the Board in July 2023

**Independent:** Yes

**Skills and Experience:** Vicky, a Non-Executive Director and Co-Chair of the IPTF (Income Protection Task Force), has over three decades of experience in the financial services sector. Previously serving as the Intermediary Director at AIG, she held prominent sales, marketing, and distribution roles at Ageas and Bupa. Vicky's industry contributions have been acknowledged with three prestigious awards in 2023: the Lifetime Achievement Award from Protection Review, Outstanding Industry Contribution from Women in Protection & Cover Awards, and Outstanding Contribution from Lifesearch.



**JOANNE SAFO**

BSc (Hons)

**Non-Executive Director**

**Term of Office:** Joanne joined the Board in November 2025

**Independent:** Yes

**Skills and Experience:** With nearly two decades in the insurance sector, Joanne's career is rooted in data, technology and change management. She has held prominent roles, including at Munich Re, leading international teams across multiple markets, and is the Founder and CEO of Lukango, an InsurTech focused on making insurance simpler and fairer for small businesses. She also sits on the board of InsurTech UK. She is passionate about innovation and inclusion, working to ensure financial services are accessible and equitable for all.



**ANDREW PAYTON**

BSocSc FCA

**Non-Executive Director**

**Term of Office:** Andrew joined the Board in February 2023

**Independent:** Yes

**Skills and Experience:** Andrew is a Chartered Accountant and has spent the majority of his career working in financial services. He has been a building society director for a number of years, having previously been Finance Director at Loughborough Building Society and Chief Financial Officer and Deputy Chief Executive at Hinckley and Rugby Building Society. He is currently a Non-Executive Director at Bath Building Society. Andrew chairs the Society's Audit and Risk Committee.

# WE PROTECT THE EVERYDAY

## BY PUTTING OUR MEMBERS FIRST

Treating every individual with understanding, empathy and respect.

## BY BUILDING A STRONG FUTURE

Running a sustainable, responsible business for long-term value and security.

## BY INVESTING IN OUR PEOPLE

Creating a place where colleagues feel valued, supported, and able to grow.

## BY BEING EASY TO DO BUSINESS WITH

Building trusted relationships through clarity, consistency, and care.

## 2026 VISION & BEYOND



### 2026 KPIs

- Membership growth
- Service satisfaction
- Financial surplus & cost control
- Long term Member value

### 2026 STRATEGIC DELIVERABLES

- Technology simplification and efficiency
- Proposition development
- Business transformation
- Market expansion



  
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The Board is committed to the ongoing development of the Society, through the effective delivery of value for money protection products and enhancing Membership benefits for an increasing audience, through a range of distribution channels. This Strategic report and other reports form the Committee of Management annual report.

**BUSINESS REVIEW**

Key business developments and the future outlook for the business are reviewed in the Strategic Review from the CEO on pages 4 to 8. The Board of Directors is of the opinion that all activities performed during the year have been carried out within our respective powers.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Society manages 15 categories of risk, and the Board has defined clear statements and tolerances that sets out the type and amount of risk we are prepared to take in the fulfilment of the Society's strategic objectives.

The principal risks and uncertainties managed by the Society are reviewed quarterly by both the Executive Committee and Audit & Risk Committee. These are outlined below.

Risk	Risk Management	Movement	Commentary	Risk Appetite Position
<p><b>Strategic Risk:</b> Risks arising from an unsound business strategy, such as prolonged delay in the execution of business decisions, undertaking poorly resourced initiatives or failure to react promptly or appropriately to changes within the market in which the Society operates, including an increase in the activity of competitors.</p>	<p>Executive Committee and Board scrutiny of key business decisions, ensuring effective challenge prior to implementation.</p> <p>Executive Committee quarterly review of strategic change prioritisation. Regular review of market evolution and trends, implementing appropriate changes within the Society as required.</p>	↓	<p>Following implementation of the Contract Administration and Servicing (CAS) Functionality, the Society is well-positioned to further enhance its service offering to existing Members, whilst securing the technological foundations for further product enhancements.</p>	
<p><b>Insurance Risk:</b> A combination of risks, including consideration of CFS' Underwriting Philosophy, which could affect the level of premium income and payment of benefits which subsequently affects the value of the contracts issued by the Society: arising from uncertainty in the level of claims, the length of those claims, management costs and the closure rate of the insurance contracts issued.</p>	<p>Financial and Actuarial review of the performance of the Society's products.</p> <p>Proactive support of long-term claimants to aid their recovery and return to work, where appropriate.</p> <p>Quarterly Board reviews of the Society's performance against a pre-determined set of financial and non-financial measures.</p>	↔	<p>During the year, the Society has grown its net membership and continues to hold adequate funds to pay claims for the foreseeable future.</p> <p>Insurance Risk continues to be effectively managed to a stable position.</p>	
<p><b>Market Risk:</b> Risks arising from uncertainty in the future value of investments and the returns achievable from them, including interest rate, currency and credit spread risks.</p>	<p>Defined investment strategy whose implementation is overseen by the Board.</p> <p>Expert investment advisers engaged to oversee management of the Society's investments.</p>	↑	<p>The macro-economic environment continues to be challenging, with the ongoing uncertainty elevating the risk profile for the Society.</p> <p>Nonetheless, the Society's value of investments has grown over the year.</p>	
<p><b>Financial Risk:</b> The risk that the Society does not have enough liquidity or capital to run its business effectively or in the long-term interests of its Membership.</p>	<p>3-year Business Plan approved by the Board, and performance against plan reviewed quarterly.</p> <p>Own Risk Solvency Assessment (ORSA) produced annually with input from the Chief Actuary which assesses the Society's financial resilience under a range of plausible but extreme scenarios.</p>	↔	<p>Whilst increasing costs continue to be a challenge for the Society, as with the rest of the UK, the Society remains in a stable financial position.</p> <p>The Society pays close attention to cost management and has a healthy capital position, providing stability for the membership.</p>	

Risk	Risk Management	Movement	Commentary	Risk Appetite Position
<p><b>Operational Risk:</b> The risk that inadequate or failed internal processes and systems result in an adverse impact on the Society or its membership.</p>	<p>Change Governance Process embedded within the Society.</p> <p>Risk Events Process embedded with mechanisms to detect and remediate potential process failures.</p>	↔	<p>Continued focus on service excellence, and the successful embedding of CAS has resulted in this risk remaining stable over the year. The Society's investment in technology provides a stable platform for continuity of excellent service for the membership.</p>	
<p><b>Reputational Risk:</b> The risk of the Society losing its reputation can materialise through many actions, or inaction by the Society and its staff. It may also arise due to problems within the market tainting the Society by association.</p>	<p>Embedded complaints handling process aligned to regulatory expectations. Defined external communications protocols.</p> <p>Close engagement with the Association of Financial Mutuals, Association of British Insurers and International Cooperative and Mutual Insurance Federation.</p>	↔	<p>The Society continues to focus on service excellence, whilst embracing the opportunity to learn and put things right when things don't go as planned for our Members. We have been independently awarded a distinction accreditation from the Institute of Customer Service.</p> <p>We continue to take proactive roles in engagement with the trade bodies that the Society is a member (AFM, ABI and ICMIF).</p>	
<p><b>Regulatory Compliance Risk:</b> The risk that the Society does not fulfil its legal and regulatory obligations relevant to the delivery of its products and services to the membership and running of the Society.</p>	<p>Three Lines of Defence Model embedded throughout the Society.</p> <p>2nd line support and oversight, to ensure ongoing compliance with regulatory expectations.</p>	↔	<p>Ongoing focus on embedding regulatory change as it arises, with a focus on monitoring to ensure continued compliance has maintained the stable position.</p>	
<p><b>Climate Change Risk:</b> The risk that the Society does not adapt for and mitigate against the impacts of climate change in all affected areas of its business.</p>	<p>Climate Change Working Group in place which oversees the Society's activities in respect of Climate Change.</p> <p>ESG objectives within the Society's investment policy.</p> <p>Participation in a carbon offset programme (tree planting in Scotland). Installation of Solar Panels in Mutuality House.</p> <p>Impact of climate change included within the ORSA scenarios (referenced above).</p>	↔	<p>The Society has invested in Solar panels in 2025 to further contribute towards its net-zero target. We are currently on track to meet our net zero target by 2030.</p>	
<p><b>Regulatory Conduct Risk:</b> The risk of poor outcomes for members resulting from the acts of the Society, associated third parties, or individuals within the Society.</p>	<p>Consumer Outcomes Working Group embedded which reviews management information focussed on identifying any actual potential risk of poor Member outcomes.</p> <p>The Working Group has defined protocols for escalation and remediation as required.</p>	↔	<p>The controls in place to ensure the Society remains compliant with the requirements of the Consumer Duty remain effectively embedded, minimising the risk of consumer harm. These controls include detailed management information which is reviewed monthly by a cross-functional team to ensure potential anomalies are promptly detected and investigated.</p>	
<p><b>Operational Resilience Risk:</b> The risk that the Society is unable to effectively respond to a business interruption event, such that this results in either member detriment or threatens the ongoing continuity of the Society.</p>	<p>Operational Resilience Framework that encompasses, Business Continuity and Disaster Recovery Plans which are periodically tested.</p>	↔	<p>The Society has appropriate and regularly tested plans in place to protect our Important Business Service, overall Business Continuity and ability to recover from an IT Interruption, with continued investment to keep pace with an evolving landscape.</p>	

Risk	Risk Management	Movement	Commentary	Risk Appetite Position
<p><b>Macroeconomic Risk:</b> The risk that external factors within the macroeconomic, or political environment have a detrimental impact on the Society.</p>	<p>Monthly oversight of the financial performance of the Society.</p> <p>Investment Policy in place which defines the parameters of investment risk that the Society is prepared to accept.</p>	↑	<p>The macroeconomic environment continues to be challenging, with the ongoing uncertainty elevating the risk profile for the Society.</p> <p>The Society continues to maintain healthy capital balances to sustain the Society for the longer-term, enabling successful navigation of macroeconomic headwinds.</p>	
<p><b>Commercial Risk:</b> The risks associated with the Society's chosen business distribution model.</p>	<p>Distribution Strategy in place ensures CFS partners with reputable regulated intermediaries who serve the Society's target market.</p>	↔	<p>The Society's effective oversight of distribution quality has strengthened the profile of the contracts placed on risk which is in the best interest of the Membership as a whole. The Society continues to manage its spread of intermediary partners in order to reduce concentration of risk.</p> <p>There continues to be uncertainty on the impact of the FCA's Pure Protection Market Study on the future outlook for the sector which is being closely monitored.</p>	
<p><b>People Risk:</b> The risk of events transpiring which have a detrimental impact on the Society's workforce.</p>	<p>Robust HR Policies &amp; Procedures in place to support colleagues in a range of areas including (i) learning and development; (ii) reward and recognition; (iii) wellbeing; and (iv) equity, diversity and inclusion.</p>	↔	<p>Whilst the Society has a relatively small workforce, and consequently a number of 'key person dependencies' robust processes are in place to (i) maintain colleague engagement; and (ii) appropriately plan for succession.</p> <p>The Society was independently accredited 'Gold' by Investors In People in 2023 and continues to focus on ongoing investment in our colleagues.</p>	
<p><b>Information Security Risk:</b> The risk of unauthorised access, use, disclosure, disruption, modification or destruction of information and/ or systems.</p>	<p>Cyber Strategy and Response Plan which is periodically tested. Cyber Essentials accreditation.</p>	↔	<p>The Society has successfully retained Cyber Essentials Plus Accreditation in 2025, providing assurance that our control environment remains appropriate.</p>	
<p><b>Financial Crime Risk:</b> The risk that either internal or external fraudulent/ dishonest behaviour occurs which could have a detrimental impact on the Society or its members and remains undetected.</p>	<p>Controls in place to identify potential fraud and investigate and escalate accordingly. Processes in place to manage the risk of Money Laundering in accordance with regulatory expectations.</p>	↔	<p>Income protection has a low risk of being utilised as a vehicle for Financial Crime. Nonetheless, the Society invested in enhanced controls in 2024 which were independently assessed as operating effectively by Internal Audit in 2025.</p>	

**RISK APPETITE POSITION - RATING KEY**

	This is the risk appetite tolerance limit, i.e. the limit of risk that CFS does not want to exceed when delivering its strategic objectives. Usually when a red tolerance limit is reached, action will be required to reduce risk exposure.
	This is an early warning indicator, i.e. identifies when action should be considered to avoid breach of appetite tolerance limit and reduce risk exposure.
	This is the risk target, i.e. the Society's 'usual' operating level under normal conditions.

The Board performs a robust and ongoing assessment of risks and uncertainties facing the Society including a detailed review by the Audit and Risk Committee. Our approach for managing these risks is explained in more detail further on in the report.

The Board has assessed the Society's going concern over a three-year period to December 2028. This is based on our three-year rolling Strategic Plan. The three-year Strategic Plan was last approved by the Board in November 2025. This assessment included consideration of the Society's resilience in severe but plausible scenarios (as detailed in the ORSA), supported using stress testing and sensitivity analysis around the central assumptions of the strategic plan. The scenarios considered included significant variations in the levels of new business and claims compared to those expected. We also have a good range of systemic, idiosyncratic and combined stress scenarios within our 2025 ORSA.

The Directors believe that the Society is well placed to manage its risks successfully, having considered its business activities and overall financial position, including liquidity and capital adequacy levels.

Based on this assessment, the Directors are confident that the Society will be able to continue in operation and meet all its liabilities as they fall due over the period considered.

The Board has reviewed the summary of the Guidance for Directors published by the Financial Reporting Council and concluded that in the light of:

- the published year end position on statutory solvency
- available financial resources in liquid form
- the capital projections within our agreed business plans
- the results of our ORSA

There are no material uncertainties that cast significant doubt about our ability to continue as a viable going concern.



**EMPLOYEES**

The average number of employees (including Executive Directors but excluding Non-Executive Directors) totalled 114 (2024: 106). The aggregate remuneration paid to Directors and employees employed during the year, amounted to £7.9m including pension and National Insurance contributions (2024: £7.6m).

We have an Equal Opportunities Policy for new and existing employees and are committed to the ongoing development of employees. Our employees are key to our operations, and we support the continued learning and development of our employees through regular analysis of training needs and by the provision of a broad range of training opportunities.

**BOARD OF DIRECTORS**

A list of Directors who held office during the year appears in the Board Members' Emoluments table on page 28.

We maintain Directors' and Officers' liability insurance cover in respect of legal action against our Directors and Officers. Combined Professional Indemnity, Directors & Officers and crime liability insurance was reviewed and renewed in 2025 at a cost of £43,381 excluding insurance premium tax (2024 £75,219).

**SUPPLIER PAYMENT POLICY**

It is our policy and practice to settle invoices within 30 days of receipt, unless specifically agreed otherwise in advance with suppliers.

**MEMBERSHIP**

Membership of the Society stood as follows:

	2025	2024
Active Members	47,532	44,621
Retired Members	644	652
Total Membership	48,176	45,273

**COMPLAINTS POLICY**

We aim to deliver a high standard of service to our Members. If any Member believes that we have failed in this aim, they have recourse to our complaints procedures. We have documented procedures for the handling and recording of complaints. We deal with all complaints with due care, ensuring that they are thoroughly investigated. The Audit and Risk Committee regularly reviews the number and type of complaints received in order to monitor that complaints are properly dealt with and corrective action is taken to prevent recurrence. Senior management deals with serious complaints. In the unlikely event that a complaint cannot be resolved to the complainant's satisfaction, they will be made aware of the option to appeal to the Financial Ombudsman Service.

**PENSION ARRANGEMENTS**

We are committed to assisting our employees to make adequate provision for their retirement. For all employees, we have a Defined Contribution arrangement in place whereby we make an agreed percentage contribution of salary, unless they choose to opt out.

**ENVIRONMENTAL, SOCIAL AND COMMUNITY ISSUES**

We take our role as a socially responsible organisation very seriously, be that in the way we treat our employees or in the role we play helping and protecting the environment in which we work and live. Please see our climate commitments and activities separately detailed within the Strategic Review from the Chief Executive on page 7. Our community work has seen us support local charities, which has made a positive contribution to our working environment and the wider community. In 2025, we raised funds for several charities, including our charity of the year - The Churn Project, a Community Hub supporting people in and around Cirencester. The charity's aim is to reduce isolation and improve wellbeing for those from birth to old age.

**APPOINTMENT OF AUDITORS**

The Board has re-appointed PKF Littlejohn LLP and as a result, a resolution to appoint PKF Littlejohn LLP as Statutory Auditors will be proposed at the forthcoming Annual General Meeting. PKF Littlejohn LLP are entirely independent of the Society and no member of the Board has a business relationship with PKF Littlejohn LLP.

**DISCLOSURE OF INFORMATION TO AUDITORS**


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

By order of the board

*Karen Purnell*

**KAREN PURNELL**

Company Secretary  
25th March 2026



*"I'm grateful to Cirencester Friendly, the sessions have benefitted and I feel like I've got somewhere to go. It's been brilliant, I can't thank you all enough, I feel like I'm getting my life back."*

- Cirencester Friendly Member

To find out more about our Friendly Voice service, visit:  
[www.cirencester-friendly.co.uk/member/added-value-benefits](http://www.cirencester-friendly.co.uk/member/added-value-benefits)

Good corporate governance provides a framework for the way in which the Board and the rest of the organisation operates. It is also vital in providing effective leadership and in assisting us to continue as a successful organisation, run for the benefit of our current and future Members, in a legal, ethical and transparent manner.

Our approach to corporate governance is based on the principles and provisions of the UK Corporate Governance Code as summarised in the AFM Corporate Governance Code, which the Board supports.

<p><b>Purpose and leadership</b></p> 	<p>An effective board promotes the purpose of an organisation, and ensures that its values, strategy and culture align with that purpose.</p>
<p><b>Board composition</b></p> 	<p>Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the organisation.</p>
<p><b>Director responsibilities</b></p> 	<p>The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision making and independent challenge.</p>
<p><b>Opportunity and risk</b></p> 	<p>A board should promote the long-term sustainable success of the organisation by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.</p>
<p><b>People &amp; Remuneration</b></p> 	<p>A board should promote executive remuneration structures aligned to the long-term sustainable success of an organisation, taking into account pay and conditions elsewhere in the organisation.</p>
<p><b>Stakeholder relationships and engagement</b></p> 	<p>Directors should foster effective stakeholder relationships aligned to the organisation's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.</p>

## 1. PURPOSE AND LEADERSHIP

Everyone who works for the Society has a clear understanding of the key drivers behind what we do. We have distilled this into a clear and succinct Mission, which is fundamentally to provide financial support to our Members and can simply be expressed as "We Protect the Everyday". In developing the Society's business, we have a clear Vision of our over-arching intention, which is to give people the confidence to face life's uncertainties with financial peace of mind.

These succinct statements show our determination to go beyond traditional income protection, to offer our Members a range of products to meet their wider needs and demonstrate our commitment to the concept of Mutuality.

### THE ROLE OF THE BOARD

The organisation is headed by the Board, whose principal role is to:

- Safeguard the interests of Members, ensuring our long-term success;
- Focus on our strategy;
- Ensure that the necessary resources are in place for us to meet our objectives;
- Provide general direction to the organisation;
- Monitor the performance of the Executive Directors.

The Board are presented with numerous documents for its consideration and challenge. During the November Strategy meeting, the Board conducted a detailed review of the Society's strategy and vision, product proposition, business plan, and long-term strategic opportunities. Key decisions and actions were integrated into management's planning, with the Board regularly reviewing progress on key strategic projects throughout the current and following year. Other crucial responsibilities of the Board encompass the oversight of management of its investments including the review of its Investment Policy and strategic asset allocation, the utilisation of technology and its strategic alignment with the Society's goals.

### MATTERS RESERVED FOR THE BOARD

The Board maintains a schedule of reserved matters in order to ensure that it exercises control over our affairs. These include the approval of our annual results and strategic aims, as well as setting the risk appetite, the tone for our culture, the approval of policies and matters which must be approved by the Board under legislation and our Rules. The Board is also responsible for the recruitment and terms of employment of the Executive Directors. Other matters are delegated to the Executive Committee (ExCo) or to other specified colleagues or Committees, including the Board Committees referred to below.

## BOARD ATTENDANCE

The Board held 7 meetings in 2025. The attendance record of each Director at these meetings and at relevant Board Committee Meetings is set out below:

Name (Alphabetical)	Board	Audit & Risk	People & Remuneration
J W Banks	4 of 4	1 of 1	4 of 4
V Churcher	7 of 7	4 of 4	4 of 4
D M A Evans	7 of 7	6 of 6	4 of 4
S E Fell	4 of 5	3 of 4	3 of 3
B Howe	2 of 2	2 of 2	N/A
A S Lucas	7 of 7	1 of 1	4 of 4
K S McIntyre	7 of 7	6 of 6	N/A
A J Morris	7 of 7	1 of 1	4 of 4
A Payton	7 of 7	6 of 6	N/A
J Safo	2 of 2	2 of 2	1 of 1

## BOARD FOCUS AND ACTIVITIES DURING THE YEAR

The activities undertaken by the Board are designed to support and advise executive management on the delivery of the Society's strategy, within a framework of effective corporate governance. Focused discussion assists the Board in making good decisions, based on the long-term needs of the business, our Members and stakeholders. Key areas of focus in the year were:

- Review the Society's vision, mission, values and strategy:** The Board has had full oversight of the progress of the Society's strategy during the year. This included a detailed strategy review with the CEO and Executive Committee in November 2025, where the Business Plan 2026-28 and the progression of the CFS Vision 2030 were discussed. This has given the Board long term confidence in our growth strategy. At each meeting the Board had the opportunity to question and challenge the work being undertaken.
- Review of principal risks:** The Board and Audit & Risk Committee undertake a regular formal review of the principal risks to the Society.
- Board evaluation:** Internal Board evaluation is carried out annually and comprehensive reviews every three years. An external review was last conducted by Board Excellence at the end of 2021 the findings of which were implemented during 2022 where required, with a thorough review carried out by Risk & Compliance in 2024.
- Operational performance updates:** The Board receives regular operational performance updates from each of the Society's key business streams, giving executive management the opportunity to further interact with the Board on their specialist areas of responsibility.

## 2. BOARD COMPOSITION

### COMPOSITION OF THE BOARD

The size and composition of the Board and the Board Committees are kept under review by the Chair and are reviewed formally by the People & Remuneration Committee at least annually. This is to ensure that there is adequate succession planning for Executive and Non-Executive Directors and that there is the optimum mix of skills and experience on the Board for the direction of our activities and to populate and chair the Board Committees.

### APPOINTMENTS TO THE BOARD

The appointment of new Directors is initially considered by the People & Remuneration Committee, which is made up of Andy Morris, Andy Lucas and Joanne Safo, with Vicky Churcher as Chair.

The Committee is responsible for considering matters relating to the composition of the Board, considering the balance of skills, knowledge, and experience of Directors, and making recommendations to the Board as appropriate. The Board believes that there is ample provision for the refreshment of the Board and that the introduction of annual elections would not provide any material benefit to the Membership.

### DIVERSITY

The Board considers all aspects of diversity, including but not limited to gender, on the Board although it continues to adopt the principle that all appointments should be based on merit and the skills and experience that the individual can bring, and consider the composition, skills and experience on the Board. The Society considers diversity across all employee practices, such as, succession planning, training and development opportunities, recruitment, and selection and talent management.

As a result, the Board has not set an aspirational target for diversity or gender split. As at the end of 2025, the percentage of females on our Board is 38%, females in Exco is 38% and 60% of the Senior Managers are female. The equivalent percentage for all employees (excluding the Non-Executive Directors) is 60%.

### BOARD EVALUATION

The Board undertakes an annual evaluation of the performance and effectiveness of the Board together with an annual review of the performance of individual Directors.

Annual effectiveness reviews are also carried out by both the Audit & Risk and the People & Remuneration Committee by their own Committee Members. Results are discussed by the relevant Committees, any appropriate improvements are identified for action and then referred to the Board for noting.

Each Board Member, as part of their formal appraisal with the Chair of the Board, provides comments on their own effectiveness and that of their fellow Board Members. The Senior Independent Director carried out a formal appraisal of the Chair of the Board and the Chair carried out an appraisal of the Chief Executive. The Chief Executive appraises the Executive team members in their respective operational functions and the Chair confines the appraisal of the Executive Directors to their role on the Board.

### INDUCTION AND DEVELOPMENT

The Chair ensures that, on appointment, Non-Executive Directors receive a comprehensive tailored induction programme on our business and regulatory environment. All Non-Executive Directors update their skills, knowledge, and familiarity, through relevant external and internal courses. Individual training requirements for Non-Executive Directors are discussed as part of the performance evaluation process. All Directors have access to independent professional advice if required and have the benefit of appropriate liability insurance cover at the Society's expense. In addition, they have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are complied with and for advising the Board, through the Chair, on governance matters.

### RE-APPOINTMENT

All Directors are subject to election by Members at the first Annual General Meeting after their appointment, and to re-election thereafter by rotation at an interval of no more than three years.

Andy Lucas and Kate McIntyre were re-elected at the 2025 AGM. Following their 2025 appointment, Ben Howe and Joanne Safo will be put forward for election at the 2026 AGM with Andrew Payton, Kate McIntyre, Andy Morris and David Evans all up for re-election.

## 3. DIRECTORS' RESPONSIBILITIES

### THE ROLES OF THE CHAIR AND THE CHIEF EXECUTIVE

The roles of the Chair and Chief Executive are held by different people and are distinct in their purpose. The Chair is responsible for leadership of the Board and for ensuring that the Board acts effectively, promoting high standards of corporate governance. The Chair is key in setting the tone of the Board Meetings to ensure, amongst other things, that there is a culture of openness. The Chief Executive has overall responsibility for managing the organisation and for implementing the strategies and policies agreed by the Board, supported by the Executive. It is current practice and policy that no former Chief Executive will serve as Chair of the Board.

### NON-EXECUTIVE DIRECTORS

The Non-Executive Directors are responsible for bringing independent judgement to Board debate and decisions using their own experience and skills, and for constructively challenging the Executive Team. The Non-Executive Directors meet, without the Executive Directors present, at least annually to discuss relevant matters including the overall performance of the Executive Team and the viability of the Society. The Senior Independent Director would act, if required, as an intermediary for the other Directors. The Senior Independent Director is also the main point of contact for Members should the normal channels of communication with the Chair or Chief Executive fail or be inappropriate. The Board has a conflict-of-interest policy which sets out procedures for regularly reviewing, and if appropriate, dealing with any potential conflicts as they arise. The letters of appointment of Non-Executive Directors give an indication of the time commitment required. The Board is satisfied that all the Non-Executive Directors are independent.

### COMPANY SECRETARY

The Company Secretary is responsible to the Board for ensuring Board procedures are complied with, and that Directors are supplied with information in a timely manner.

## 4. OPPORTUNITY AND RISK

### INTERNAL CONTROL

The Board is responsible for the system of internal control. The Audit & Risk Committee report sets out the internal control framework which is designed to safeguard Member and Society assets and to facilitate the effectiveness and efficiency of operations. This helps to ensure the reliability of internal and external reporting and assists in compliance with applicable laws and regulations. The Board is also responsible for setting our risk appetite and ensuring that there is a robust system for risk management in place. The Board has delegated to the Audit & Risk Committee oversight of the relationship with the External and Internal Auditors (who are external to the Society) to ensure that they remain independent and objective. The Board confirms that it has conducted a review of the effectiveness of the Society's risk management and internal control systems in operation during the year. The Board considers that the risk review activities addressed the key aspects of risk management and internal control for the year under review.

### ANTI-BRIBERY AND THE PREVENTION OF CORRUPTION

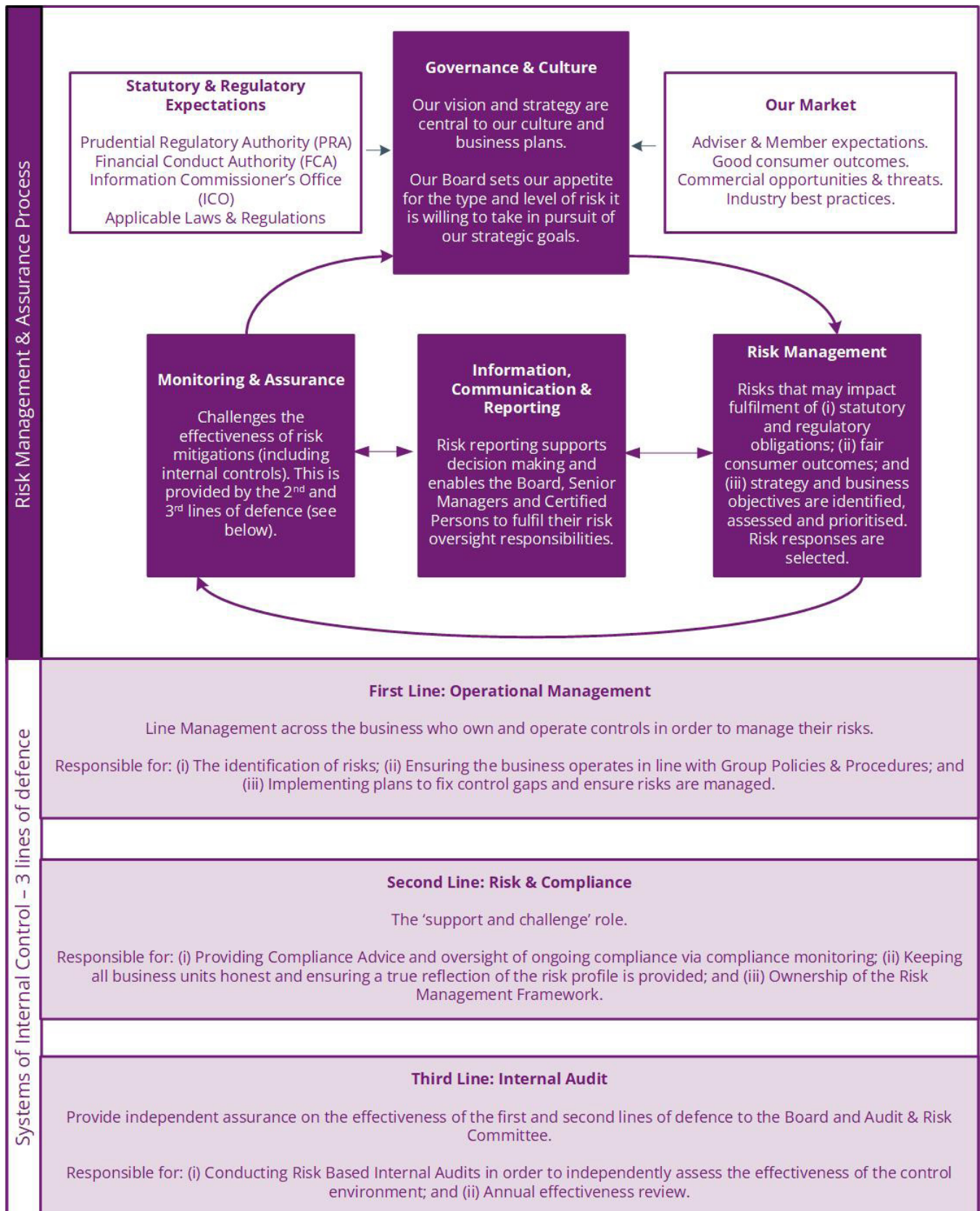
The Society has internal procedures in place that are designed to ensure compliance with the UK Bribery Act 2010. The Society's anti-bribery and corruption e-learning is also mandatory for new employees, along with regular refresher training for existing employees.

### WHISTLEBLOWING

The Society operates an independent whistleblowing procedure to allow employees to confidentially raise any concerns about business conduct.

**RISK GOVERNANCE**

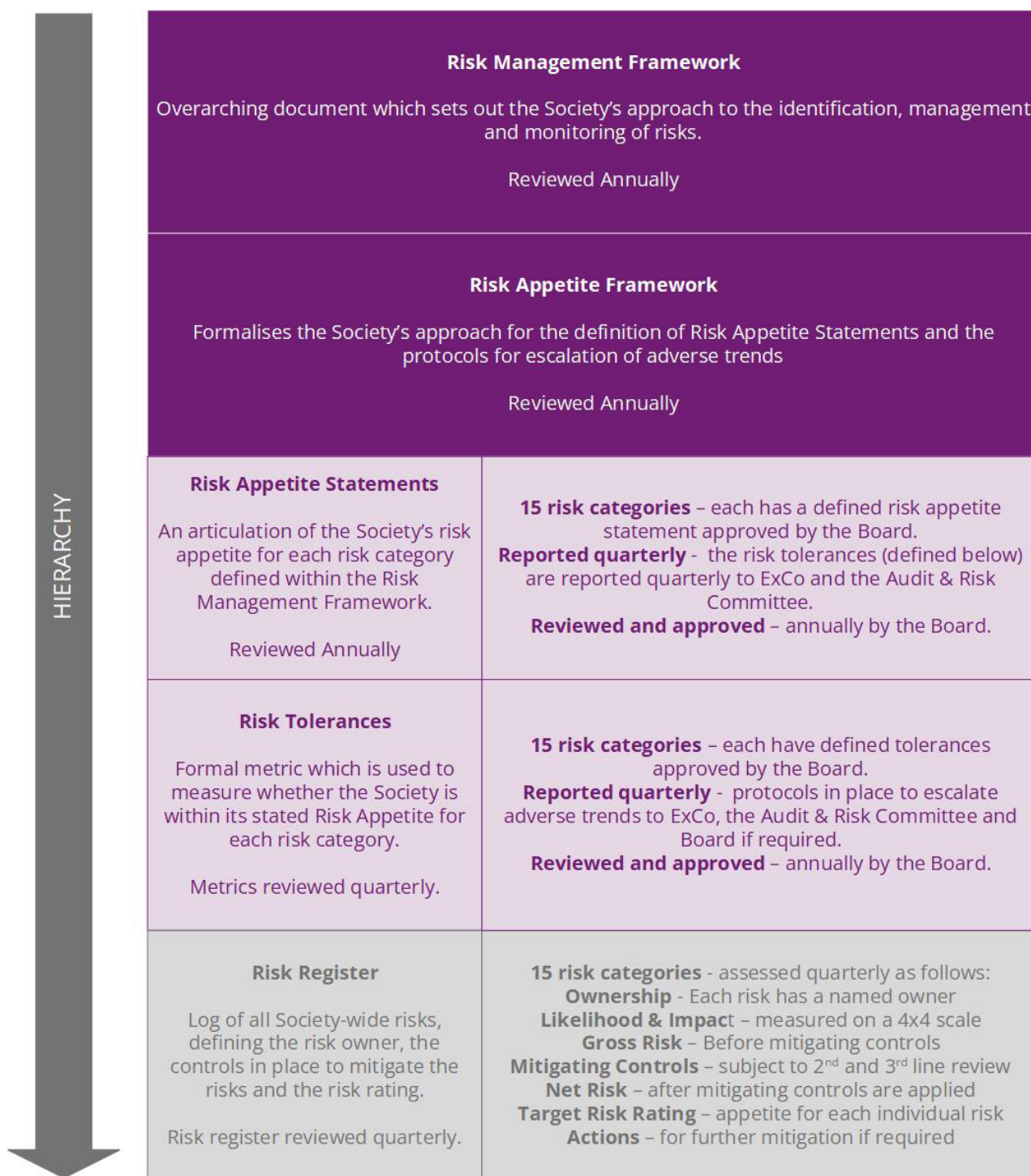
The Society has a risk management process embedded throughout the organisation via the 'Three Lines of Defence' model, as follows:



As a regulated entity, we consider risks to be matters which could prevent us from (i) achieving our strategic goals; (ii) ensuring our Members receive good outcomes; or (iii) fulfilling our regulatory obligations.

**RISK MANAGEMENT FRAMEWORK**

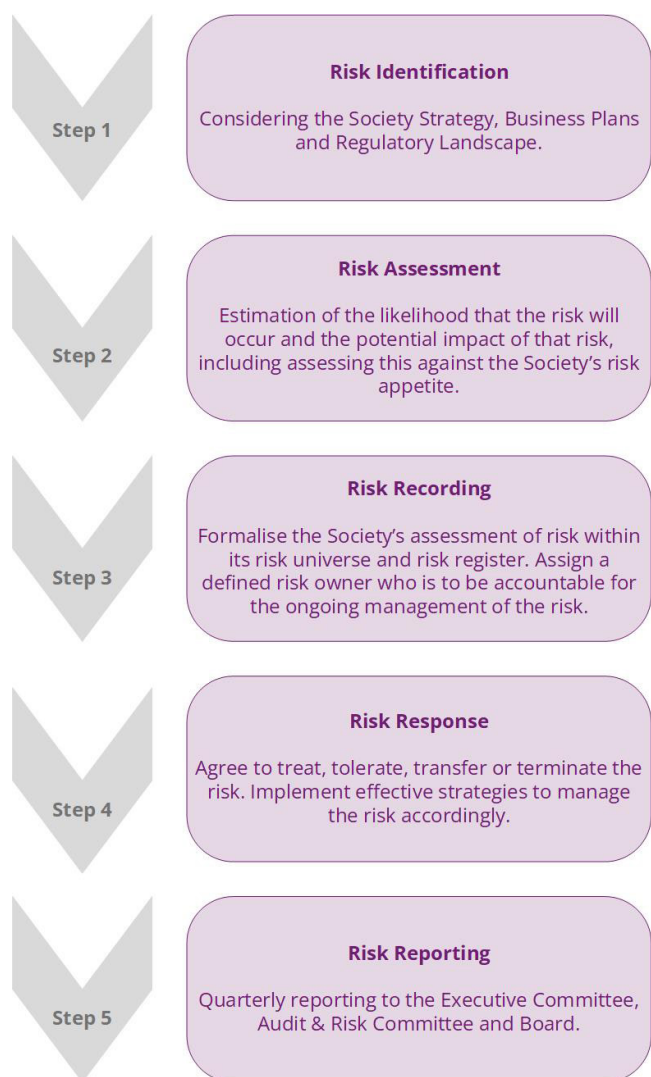
We have a Risk Management Framework embedded within the Society which includes underlying governance protocols that enable formal identification, management and reporting of risk as follows:



The Board has overall responsibility for setting the Society's risk appetite and ensuring there is an effective risk management process in place. Applying the principles of risk management effectively allows the Society to take informed decisions in the delivery of our strategy, meeting our Members' needs and fulfilment of our regulatory obligations.

## RISK MANAGEMENT PROCESS

The Society manages risk via a five-step process. These steps are designed to identify problems before they occur, enabling risk management activity to be invoked as needed to effectively manage risk within appetite.



## BOARD COMMITTEES

Certain matters are referred to Board Committees in order that they can be considered in more detail by those Directors with the most relevant skills and expertise.

- **The Audit & Risk Committee** which met on 6 occasions during 2025 considering matters of finance, audit, risk and compliance.
- **The People & Remuneration Committee** which met on 4 occasions during 2025 - considering Board membership, COO and Senior Independent Director succession, staff pay and performance bonus arrangements. This meeting count excludes interviews conducted for recruiting Non-Executive Directors during the year.

The terms of reference of the Committees are available on request from the Company Secretary or on our website at [www.cirencester-friendly.co.uk](http://www.cirencester-friendly.co.uk).

The Chair of each Committee reports to the subsequent Board Meeting on the matters discussed at each Committee Meeting. The minutes of each Committee Meeting are available to all Directors.

## AUDIT & RISK COMMITTEE

At the end of the year (31 December 2025), the Audit & Risk Committee consists of Kate McIntyre, Joanne Safo and David Evans with Andrew Payton as Chair. All the Committee Members have relevant financial sector experience.

The responsibilities of the Committee are in line with the provisions of the Financial Reporting Council Guidance on Audit Committees. The main function of the Committee is to assist the Board in fulfilling its oversight responsibilities, specifically the ongoing review, monitoring and assessment of:

- **The integrity of the financial statements** and reviewing significant financial reporting judgements contained in them;
- **The effectiveness of systems** of internal control;
- The Internal and External **Audit processes**;
- **Compliance** with applicable laws and regulations;
- **The recommendation to the Board on the appointment, re-appointment and removal of External Auditors**; and the periodic review of their performance and independence and the policy on the use of the External Auditor for non-audit work.

During 2025 the Committee met 6 times in the execution of its responsibilities. During the meetings the Committee considered reports on:

- **The system of internal control** – the Committee receives reports from the Internal and External Auditors on control matters;
- **The integrity of financial statements** – a review of viability considers the impact on our capital, liquidity and profitability;
- **Compliance with laws and regulations, including adherence to money laundering regulations** – the Committee receives reports from the Risk and Compliance function on conduct matters, and the risk profile of the Society;
- **The activities of Internal Audit and External Auditors** – the Committee receives reports from both the External Auditor and Internal Auditor and closely monitors all issues raised until they have been resolved satisfactorily by management;
- **The level of non-audit fees paid to the External Auditor** – in 2025 was £nil. 2024 (£nil)

The Committee considers that it has met its responsibilities and performed its duties with appropriate levels of care and expertise during 2025.

## 5. REMUNERATION

The Board has delegated to the People & Remuneration Committee the policy on remuneration for the Chair, the Executive and Non-Executive Directors and other members of the Executive Team. A review of its activities and the Remuneration Policy is set out in the Remuneration Report.

## 6. STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT

### MEMBER ENGAGEMENT

As a mutual business, our owners are our individual Members. We encourage dialogue from our Members on any aspect of our activities. This dialogue takes various forms, including issue of Annual Renewal Notices, Annual Bonus Statements, occasional newsletters, and the distribution of the shortened version of our Annual Report & Accounts which is sent to every Member annually, along with a personal invitation to attend the Annual General Meeting. During the year we maintained regular telephone contact with Members and continue to conduct regular satisfaction surveys on a variety of topics, the results of which are used to inform our business development.

We also have a Member Reward programme, in conjunction with Parliament Hill Limited, to enable our Members to gain access to exclusive offers.

Our Member Services Department has as its major objective the provision of care and high service standards to Members, Financial Advisers and other Stakeholders. The Senior Independent Director, Kate McIntyre, is a further point of contact for our Members.

### CONSTRUCTIVE USE OF THE ANNUAL REPORT AND ACCOUNTS

At the Annual General Meeting, the Chair and the Chief Executive make presentations on the previous year's performance and future plans. This gives Members who attend the Annual General Meeting the opportunity to ask direct questions about their Society. All Board Members attend the Annual General Meeting (unless their absence is unavoidable) and each Chair of the respective Board Committees makes themselves available to answer direct questions from Members.

All Members who are eligible to vote at the Annual General Meeting receive a proxy voting form, which includes a 'vote withheld' option, and a pre-paid reply envelope to encourage them to exercise their vote if they cannot attend and vote at the meeting. Members are also able to vote online. The results of the proxy votes, and the votes cast at the Annual General Meeting, are published on our website. A separate resolution is proposed on each issue, including a resolution on the Annual Report and Accounts.

By order of the Board

*Karen Purnell*

### KAREN PURNELL

Company Secretary  
25th March 2026



We are required to prepare accounts in accordance with the Friendly Societies Act 1992 and applicable accounting standards. This report provides details of the remuneration of the Executive and Non-Executive Directors.

### **POLICY ON REMUNERATION FOR EXECUTIVE DIRECTORS**

The People & Remuneration Committee has established a Remuneration Policy for Executive Directors of the Board that has a clear focus on Member value. To this end, the remuneration packages of the Executive Directors of the Board are linked to our success and personal performance of the individual.

Their remuneration package is based upon the following principles:

- **Executive Directors** are rewarded for creating long-term value for Members;
- **Performance related rewards** form part of the total remuneration package;
- **They are competitive** in the market in which we operate;
- **Failure is not rewarded;**
- **Contractual terms** agreed ensure that rewards are fair to the individual and the organisation on termination.

The remuneration includes a performance related element which is linked to the achievement of business and personal objectives. Throughout the business, we aim to ensure that our people are rewarded fairly for their contribution. To achieve this, we obtain independent benchmarking data from external, independent, professional HR consultants and set remuneration for each Executive Director. The People & Remuneration Committee thereby ensures that Executive Director remuneration is set at a level designed to reflect similar roles carrying comparable responsibility in other organisations.

### **REWARD COMPONENTS FOR EXECUTIVE DIRECTOR REMUNERATION**

#### **Base Salary**

It is the Committee's policy to ensure that the basic salary for each Executive Director is appropriate and competitive for the responsibilities involved. Base salaries for Executive Directors are reviewed annually to recognise the individual's role and performance. These are set with reference to comparative data from independent external HR consultants.

#### **Performance Related Pay**

We operate a discretionary performance related pay scheme for employees. The People & Remuneration Committee meets annually to agree objectives and set incentive targets. The measures used to assess performance in 2025 comprised:

- Society Financial Performance
- Membership levels
- Customer service
- Delivery of Key Strategic Initiatives

The maximum bonus payable to the Executive Directors under the scheme is 50% of basic salary. The People & Remuneration Committee retains absolute discretion in the final determination of awards.

### **Pension Arrangements**

We have arranged a Defined Contribution Scheme available for all employees into which both employee and employer contributions may be made.

The employer contribution made on behalf of all Executive Directors is 10% of base salary.

### **Service Contracts**

Executive Directors are employed on contracts subject to no more than 12 months' notice in accordance with Corporate Governance best practice. The People & Remuneration Committee endorses the principle of mitigation of damages in the event of the early termination of service agreements.

### **Share Options**

As a mutual institution we do not have share capital and as a consequence, we do not operate a share or share option plan.

### **REWARD COMPONENTS FOR NON-EXECUTIVE DIRECTOR REMUNERATION**

The remuneration of our Non-Executive Directors is recommended and set by the Chief Executive and the People and Remuneration Committee annually. The remuneration of Non-Executive Directors is intended to reflect the time commitment and responsibilities of the role.

The remuneration is determined on the basis of an agreed minimum number of days committed to Society business and is also benchmarked against Non-Executive remuneration in other financial services organisations of similar size, including other mutuals.

The remuneration of Non-Executive Directors does not include any incentive element and Non-Executive directors are not entitled to participate in any of our pension scheme or bonus arrangements.

Non-Executive Directors are elected for a period of three years. The Board may resolve to reappoint a Non-Executive Director at or before the expiry of their term. It is our policy to allow Non-Executive Directors to serve no more than nine years in aggregate, except in extenuating circumstances.

The terms and conditions of the Non-Executive Directors are available for inspection by Members before the Annual General Meeting.

## REMUNERATION REPORT

Details of the fees of our Directors are shown below.

Board Members' Emoluments						
	Basic Salaries / Fees	Performance Related Pay	Benefits and other Emoluments <sup>1</sup>	Defined Contributions Pension <sup>2</sup>	Total 2025	Total 2024
	£000's	£000's	£000's	£000's	£000's	£000's
J W Banks (retired 20/06/2025)	25.6				25.6	47.7
V Churcher	33.1				33.1	27.8
D M A Evans	191.0	90.2	32.3		313.5	293.5
S E Fell <sup>3</sup>	198.7	93.8	35.2		327.7	314.8
B Howe (appointed 01/11/2025)	28.5	13.5	2.0	2.9	46.9	
A S Lucas	45.1				45.1	34.3
I M Maude (retired 13/06/2024)						12.4
K S McIntyre	33.1				33.1	27.8
A J Morris	275.0	129.8	36.5	10.0	451.3	423.4
A Payton	36.5				36.5	34.3
J Safo (appointed 01/11/2025)	5.0				5.0	
M C Sedgley (retired 13/06/2024)						12.4
<b>Total</b>	<b>871.6</b>	<b>327.3</b>	<b>106.0</b>	<b>12.9</b>	<b>1317.8</b>	<b>1,228.4</b>

### Notes

- The amounts shown under the heading "Benefits and other Emoluments" represent the taxable benefit based on car allowances, amounts due in respect of pension contributions where direct payment into the pension were limited by legislation and private medical benefit.
- The amounts represent the contributions made on behalf of the Executive Directors to the defined contribution pension scheme.
- The amounts paid to S E Fell relate to services whilst in the employment of the Society following her resignation as COO in October 2025. She remained in the employment of the Society until she retired in February 2026.

On behalf of the Board of Management

*Vicky Churcher*

### **VICKY CHURCHER**

Chair of the People & Remuneration Committee  
25th March 2026

### DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND ACCOUNTS AND THE DIRECTORS' REPORT

The following statement, which should be read in conjunction with the Independent Auditors' Report on pages 32 to 35, is made by the Directors to explain their responsibilities in relation to the preparation of the Annual Accounts and Directors' Report.

The Directors are required by the Friendly Societies Act 1992 ("the Act") to prepare, for each financial year, Annual Accounts which give a true and fair view of the state of the affairs of the Society as at the end of the financial year and of the income and expenditure and cash flows of the Society for the financial year.

In preparing the Annual Accounts, the Directors are required to:

- Select **suitable accounting policies** and apply them consistently;
- Make **judgements and estimates** that are reasonable and prudent;
- State whether applicable **UK Accounting Standards** have been followed, subject to any material departures disclosed and explained in the Annual Accounts; and
- **Prepare the Accounts** on the going concern basis, unless it is inappropriate to presume that the Society will continue in business.

In addition to the Annual Accounts, the Act requires the Directors to prepare, for each financial year, a Report of the Board of Management, each containing prescribed information relating to the business of the Society. This is covered by the Strategic Report and Strategic Review from the Chief Executive.

### DIRECTORS' RESPONSIBILITIES FOR ACCOUNTING RECORDS AND INTERNAL CONTROLS

The Directors are responsible for ensuring that the Society:

- Keeps accounting records in accordance with the Friendly Societies Act 1992; and
- Takes reasonable care to establish, maintain, document and review such systems and controls as are appropriate to its business in accordance with the rules made by the Regulator under the Financial Services and Markets Act 2000 and Financial Services Act 2012.

The Directors have general responsibility for safeguarding the assets of the Society and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### GOING CONCERN

The current economic conditions present risks and uncertainties for all businesses. The Directors have carefully considered the risks and uncertainties and the extent to which they might affect the preparation of the financial statements on a going concern basis.

The Directors concluded that in the light of:

- The published year end position on **statutory solvency**;
- **Available financial resources** in liquid form;
- **The capital projections** within our agreed business plans;
- The results of **the ORSA**.

The Society has adequate resources to continue in business for the foreseeable future. For this reason, the Accounts are prepared on a going concern basis.

# WE PROTECT THE EVERYDAY

We protect the everyday - by providing income protection that supports real lives, real families, and real futures. Our mission is to ensure financial resilience and peace of mind for all, no matter what life brings.

**WATCH HOW WE PROTECT  
THE EVERYDAY BY  
SCANNING THE QR CODE**



Or visit our website [www.cirencester-friendly.co.uk/about-us](http://www.cirencester-friendly.co.uk/about-us)



## OPINION

We have audited the financial statements of Cirencester Friendly Society Limited (the 'Society') for the year ended 31 December 2025 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

## BASIS FOR OPINION

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

## CONCLUSIONS RELATING TO GOING CONCERN

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

- reviewing and assessing the historical accuracy of the Society's forecasting process, including the consideration of post-year-end performance;
- obtaining management's forecast, which is the main source of information used in the director's going concern assessment, and critically reviewing and challenging key assumptions and inputs applied by management and agreeing them to supporting evidence where appropriate;
- ensuring that calculations applied in the forecasts are mathematically accurate and in line with management's forecasting method;
- evaluating the appropriateness of the stress test scenarios performed by the directors;
- reviewing the Society's significant correspondence with regulators up to the date of signing our audit report;

- reviewing the Society's current capital position and Own Risk and Solvency Assessment (ORSA) reports submitted to ensure the Society are meeting the minimum solvency requirements of Solvency UK;
- assessing the completeness of the key risks identified by the Society, which include strategic risk, insurance risk, market risk, counterparty risk, financial risk, operational risk, reputational risk, climate change risk and compliance risk (including minimum solvency capital requirements); and
- reviewing management's going concern disclosures to ensure they are fair, balanced and understandable to users of financial statements, as well as consistent with management's going concern assessment.

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

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

## OUR APPLICATION OF MATERIALITY

The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing, and extent of our audit procedures. The materiality applied to the Society's financial statements was £1,850k (2024: £1,650k), which equates to 1.75% (2024: 1.5%) of the Funds for Future Appropriation. Funds for Future Appropriation is selected as the most appropriate benchmark as it serves as a key measure of the Society's financial strength, as viewed by the members of the Society.

The performance materiality was £1,380k (2024: £1,230k). We set performance materiality at 75% (2024: 75%) of the overall materiality due to the high degree of estimation applied in calculating certain material balances of the Society.

We agreed with those charged with governance that we would report all differences identified during the course of our audit in excess of £92,000 (2024: £82,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

No significant changes have come to light through the audit fieldwork which has caused us to revise our materiality figure.

**OUR APPROACH TO THE AUDIT**

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

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

- The valuation of technical provisions for the future value of long-term insurance contracts. We assessed this as a significant risk and key audit matter during the year – please refer to the Key audit matters section for details;
- The carrying value of land and buildings and management’s consideration of the potential impairment thereof; and
- Management override of the system of internal controls, including, amongst other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We performed a combination of substantive and analytical procedures, including obtaining direct confirmations from third parties where we considered this to be necessary, to address the risks of material misstatement for financial statement line items.

**KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
<p><b>Valuation of technical provisions (Future value of long-term insurance contracts) £68,640k (2024: £67,640k)</b></p> <p><b>The valuation of technical provisions (“TPs”) involves significant judgement in the selection of key assumptions covering both demographic and economic assumptions. As a result, the technical provisions balance is inherently uncertain and subjective by nature and therefore more susceptible to misstatement.</b></p> <p><b>The use of an inappropriate assumption, whether through fraud or error, could result in a material misstatement, particularly because of the high sensitivity of the provision to this assumption.</b></p> <p><b>The key assumptions are:</b></p> <ul style="list-style-type: none"> <li>• <b>Morbidity (inception and recovery) - based on standard industry tables with some weight placed on Society’s own experience. The TP balance is sensitive to changes in these highly judgemental assumptions that are impacted by changing trends in morbidity and potential longer-term impacts of Covid-19.</b></li> <li>• <b>Lapse rates and expenses - based on the Society’s long-term view of the expected future renewals and costs of administering the underlying insurance contracts, respectively.</b></li> </ul> <p><b>Assumptions take into consideration the Society’s product characteristics and relevant claims experience. Small changes to these assumptions can have a material impact on the TP balance as a high level of judgement is required to:</b></p> <ul style="list-style-type: none"> <li>• <b>Identify all relevant expenses required to maintain the insurance contracts and adjusting those to known and expected future changes in expenses base which is becoming increasingly challenging under current economic uncertainties; and</b></li> <li>• <b>Identify appropriate management actions to maintain or achieve desirable lapse rates.</b></li> <li>• <b>Economic assumptions - due to current economic uncertainty, the economic assumptions, most notably inflation, will also require heightened judgement.</b></li> </ul>	<p>Our work in this area included:</p> <p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• Involving our auditor’s expert, we obtained and reviewed the actuarial reports prepared by the Society’s actuary. We reviewed and challenged the methodology and all material judgements and estimates applied in calculation of technical provisions;</li> <li>• Reviewed and assessed the changes in assumptions used in the valuation of technical provisions for reasonableness and comparing them to our range of acceptable parameters, based on our independent assessment;</li> </ul> <p><b>Model</b></p> <ul style="list-style-type: none"> <li>• Reviewed the accuracy of the calculations of the technical provisions;</li> <li>• Involving our auditor’s expert, we reviewed the baselining performed on the actuarial model and checks performed by the Society’s actuary to assess the accuracy of the outputs, in addition to independent review of the key outputs;</li> </ul> <p><b>Data</b></p> <ul style="list-style-type: none"> <li>• Reconciled the data used by the Society’s actuaries in their calculations to the nominal ledger, where appropriate;</li> <li>• Tested a sample of data for both new and existing members, agreeing them to the policy admin system to check that underlying policy data used in the calculation is accurate; and</li> </ul> <p><b>Other</b></p> <ul style="list-style-type: none"> <li>• Challenged the conclusions reached by our auditor’s expert and confirmed their work was carried out in accordance with Technical Actuarial Standards and industry practice.</li> </ul> <p>Based on the work performed and evidence obtained, we consider the assumptions used by management in their estimation of the future value of long-term insurance contracts to be appropriate and the future value of long-term insurance contracts calculated to be reasonable.</p>

**In addition, modelling for income protection business is inherently complex and is not uniform across the market, hence will also be a focus of our audit procedures.**

**There is also a risk that incomplete or inaccurate data is used in the actuarial models due to the manual data extraction and preparation process.**

**The Society's accounting policies regarding the valuation of technical provisions are detailed in note 1.8 and discussed further in notes 1.18 & 19.**

## OTHER INFORMATION

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

We have nothing to report in this regard.

## OPINIONS ON OTHER MATTERS PRESCRIBED BY THE FRIENDLY SOCIETY ACT 1992

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

- the information given in the Strategic Review, the Strategic Report and the Report of the Board of Management for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Review, the Strategic Report and the Report of the Board of Management have been prepared in accordance with applicable legal requirements.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the 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 Review, the Strategic Report or the Report of the Board of Management.

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

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

## RESPONSIBILITIES OF DIRECTORS

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- We obtained an understanding of the Society and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and the application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the Society in this regard to be those arising from:
  - o Friendly Societies Act 1992;
  - o Friendly Societies (Accounts and Related Provisions) Regulations 1994;

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CIRENCESTER FRIENDLY

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- o The Association of Financial Mutuals Corporate Governance Code;
- o Financial Conduct Authority (FCA) Handbook; and
- o Prudential Regulation Authority (PRA) Rulebook
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Society with those laws and regulations. These procedures included, but were not limited to:
  - o discussing with management any potential instances of non-compliance;
  - o inspecting correspondence with the PRA and FCA;
  - o reviewing the legal and professional fees to understand the nature of the costs and the existence of any non-compliance with laws and regulations; and
  - o reviewing the minutes of meetings of those charged with governance.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the potential for management bias in relation to the future value of the long term insurance contracts. We addressed this by challenging the assumptions and judgements made, actuarial model applied and data used by management in estimating the balance of the future value of the long term insurance contracts.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

### OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

We were appointed by board of directors on 28 April 2022 to audit the financial statements for the period ending 31 December 2022 and subsequent financial periods. Our total uninterrupted period of engagement is four years, covering the periods ended 31 December 2022 to 31 December 2025.

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 the additional report to the audit committee.

### USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Section 73 of the Friendly Societies Act 1992. Our audit work has been undertaken so that we might state to the 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.

*Martin Watson*

**Martin Watson (Senior Statutory Auditor)**  
**For and on behalf of PKF Littlejohn LLP**  
**Statutory Auditor**

12 King Street,  
Leeds,  
LS1 2HL

27th March 2026

*"I've been completely blown away by the generosity I've received by the team and the compassion for my traumatic and unsettling situation. Your support has completely shifted the weight of stress I was feeling, which will now improve my wellbeing. Thank you all, so very much."*

- Cirencester Friendly Member



To find out more about ways we can support you, visit:  
[www.cirencester-friendly.co.uk/member/additional-support](http://www.cirencester-friendly.co.uk/member/additional-support)

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

		Group and Society	
		2025	2024
		£'000	£'000
<b>TECHNICAL ACCOUNT: LONG TERM BUSINESS</b>			
<p>These are the premiums paid by Members to the Society during the year.</p>	<p>→ Earned premium income</p>	4 25,657	23,591
<p>This is the investment income earned by the Society on the investments that it holds.</p>	<p>→ Investment income</p>	5 615	1,045
	<p>→ Realised gains on investments</p>	6 1,152	604
	<p>→ Unrealised gains on investments</p>	7 5,535	817
<p>This amount includes increases and decreases in the value of investments held.</p>	<p>→ Other income</p>	8 155	102
<b>TOTAL TECHNICAL INCOME</b>		<b>33,114</b>	<b>26,159</b>
<p>This is the amount paid and due to Members in respect of sick pay benefit claims during the year.</p>	<p>→ Claims for benefits</p>	9 (10,786)	(9,750)
<p>These amounts represent the bonuses added to Members' credits during the year.</p>	<p>→ Bonuses and rebates</p>	10 (1,503)	(1,458)
<p>This is what it has cost to run the Society during the year, including commission paid to advisers.</p>	<p>→ Net operating expenses</p>	11 (19,813)	(18,423)
	<p>→ Investment expenses and charges</p>	(223)	(240)
	<p>→ Movements in the future value of long-term insurance contracts</p>	21 1,837	1,957
<p>This is the amount of (surplus) / deficit after all income and expenditure for the year has been taken into account. It is added to the reserves held by the Society as required.</p>	<p>→ Transfer (to)/from the fund for future appropriations</p>	17 (2,626)	1,755
<b>BALANCE ON THE TECHNICAL ACCOUNT: LONG-TERM BUSINESS</b>		<b>-</b>	<b>-</b>

The above results relate wholly to continuing activities. The Society had no other comprehensive income other than what has been included in the movements on the Technical Account and therefore no separate statement of other comprehensive income has been presented.

The Society has not presented a Statement of Changes in Equity as there are no equity holders in the Society as it is a mutual organisation.

## STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2025

		Group and Society	
ASSETS	Notes	2025	2024
		£'000	£'000
<b>Investments at fair value through comprehensive income</b>			
Other financial investments	13	70,688	70,492
<b>Intangible assets</b>			
	16	4,676	4,907
		75,364	75,399
<b>Other assets</b>			
Tangible assets	15	3,693	3,992
Cash at bank and in hand		1,139	887
		4,832	4,879
<b>Prepayments and accrued income</b>			
Accrued interest and rent		72	73
Other prepayments and accrued income		818	676
		890	749
<b>Future value of long-term insurance contracts (net of risk margin)</b>			
	21	69,477	67,640
<b>Total assets</b>		150,563	148,667
<b>LIABILITIES</b>			
<b>Funds for future appropriations</b>			
Surplus Funds	17	55,765	59,621
Solvency Capital Requirement		55,110	48,628
		110,875	108,249
<b>125 Foundation</b>			
Members' funds	18	4,142	4,206
Technical provisions	19	31,895	33,608
Claims outstanding		447	410
<b>Creditors</b>			
Arising out of direct insurance operations		852	585
Other creditors including taxation and social security	20	2,042	1,381
		2,894	1,966
<b>Accruals and deferred income</b>			
		310	228
<b>Total liabilities</b>		150,563	148,667

These are the amounts currently standing to the credit of contributing Members and also those who have chosen to leave money with the Society after their contract has reached maturity.

The financial statements on pages 37 to 38 were approved by the Board of Directors on 25th March 2026 and signed on its behalf by:

*Andy Lucas*

Chair

*Andy Morris*

Chief Executive

## 1. ACCOUNTING POLICIES

### GENERAL INFORMATION

The Society is a Friendly Society incorporated in the United Kingdom under the Friendly Societies Act. The address of the registered office is given on page 59. The nature of the Society's operations and its principal activities are set out in the Strategic Review on pages 4 to 8.

### GOING CONCERN

The Society's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Review on pages 4 to 8. Note 2 and 3 also describes the financial position of the Society; its cash flows, liquidity position and borrowing facilities; the Society's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Society meets its day to day working capital requirements through its own cash reserves. The Directors have a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### SIGNIFICANT ACCOUNTING POLICIES

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

#### 1.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) and Financial Reporting Standard 103 (FRS 103) as issued by the Financial Reporting Council and the Friendly Societies (Accounts and Related Provisions) Regulations 1994 ('the Regulations').

In accordance with FRS 103 on Insurance Contracts, the Society has applied existing accounting practices for insurance contracts, modified as appropriate to comply with applicable standards. The financial statements comply with FRS 103 Insurance Contracts.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies selected for use by the Society. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1.19. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

After making enquiries, the directors have a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. The Society therefore continues to adopt the going concern basis in preparing its financial statements.

#### 1.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the results of the Society and its subsidiary made up to 31 December each year. A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities. The results of a subsidiary undertaking are included in the consolidated statement of income and expenditure from the date that control commences until the date that control ceases. On consolidation all inter-company balances and transactions are eliminated.

Cirencester Friendly Member Rewards Limited, has been controlled by the Society since its incorporation on 8 December 2017. Accounts were produced in the previous year with this subsidiary included.

The amounts in the consolidated financial statements all arise from continuing operations made up until 31 December each year. Where consolidation into the Group does not change the I&E or balance sheet from the Society's position, we have not shown these separately.

#### 1.3 ACCOUNTING FOR EARNED PREMIUMS

Regular premiums on long-term insurance business are recognised as income upon receipt. The Society has not entered into a reinsurance treaty.

The Society currently offers the Holloway based 'Income Assured Enhanced' product, which can only be sold via qualified investment advisers. This is a refreshed version of the Income Assured and Income Assured Plus products, which in turn replaced the original Health & Wealth product. These Holloway products are complemented by My Earnings Protected (MEP), a non-Holloway protection product, itself an enhanced version of the original My Earnings Insurance that is also sold via Advisers, though it is a simpler 'pure' protection offering that more Advisers can market for the Society.

#### 1.4 ACCOUNTING FOR INVESTMENT INCOME

Investment income includes dividends and interest from financial investments, as well as deposits and rents. Dividends are included on an ex-dividend basis. All other investment income is included on an accruals basis.

#### 1.5 ACCOUNTING FOR FINANCIAL INVESTMENTS AND NET GAINS/(LOSSES) ON INVESTMENTS

Financial investments are recorded at fair value with movements taken through the Statement of Comprehensive Income.

Realised gains and losses on investments are calculated as the difference between net sales proceeds and their valuation at the last Statement of Financial Position date or, where purchased during the year, the purchase price.

Unrealised gains and losses on investments represent the difference between the valuation of fair value assets at the Statement of Financial Position date and their valuation at the last Statement of Financial Position date or, where purchased during the year, the purchase price. Fair value for financial investments is by reference to market value, where they are publicly traded, or where they can be measured reliably, for example by using a valuation technique (see 1.19).

### 1.6 ACCOUNTING FOR OTHER INCOME

Other income relates to deductions from Members capital accounts upon early termination of their contract with the Society and Member Benefits charged through our subsidiary.

### 1.7 ACCOUNTING FOR CLAIMS AND BENEFITS

Claims for benefits under the terms of the contracts issued to Members are accounted for on the accruals basis. Surrenders are accounted for on the date when the policy ceases to be included within the calculation of the long-term business provision.

### 1.8 ACCOUNTING FOR LONG TERM LIABILITIES

The long-term business provision is determined by the Board on the advice of the Chief Actuary as part of the annual actuarial valuation of the Society's long-term business. The provision is determined in accordance with the requirements of Solvency UK equal to the value of the best estimate liabilities plus the risk margin.

The Society performs a liability adequacy assessment in accordance with FRS 103 through its annual actuarial valuation of long-term insurance liabilities, and no deficiency was identified at the reporting date.

Future bonuses and interest are allowed for within the valuation of these liabilities. These liabilities are calculated using historic Society experience and include short term contingency reserves and a reserve for claims already in payment.

The best estimate liabilities are the present value of future estimated sickness benefits and expenses, less future premiums. These cashflows are projected on a best estimate basis for each future year and discounted back to the valuation date using prescribed Solvency UK discount rates. The sum of these items is generally negative for the Society and these negative reserves effectively represent an asset of the Society.

### 1.9 ACCOUNTING FOR MUTUAL BONUSES AND INTEREST

Bonuses and interest are allocated to participating Holloway Members of the Society, with reference to the terms of the contracts for insurance that they hold with the Society and are agreed by the Board. Bonuses to members in the form of interest and allocations are recognised in the Technical Account Long-Term Business when declared. Transfers to or from the Members Mutual Fund are made when declared. Payments from this fund are made, dependent upon set criteria, to Members on the termination of their contract with the Society.

### 1.10 ACCOUNTING FOR TANGIBLE ASSETS

Buildings utilised by the Society for its ongoing business are initially recognised at cost, typically the cost of purchase or construction, and are depreciated over fifty years. Land is not depreciated as it is deemed to have an infinite useful life.

Buildings are subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses. An impairment assessment is conducted at each reporting date to consider whether there is any indication that an asset may be impaired.

If there is any indication that an asset is impaired, the recoverable amount of the asset is estimated, being the higher of its fair value less costs to sell and its value in use.

Plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The residual values and useful lives of tangible assets are reviewed, and adjusted if appropriate, at the end of each reporting period if there are indicators of change. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is assessed as greater than its estimated recoverable amount.

Depreciation is charged on assets so as to write off the cost or valuation of assets, over their estimated useful lives, less estimated residual value, using the straight-line method on the following bases:

Buildings	4%
Plant	5% to 10%
Fixtures, Fittings and Furniture	25% to 50%
Computer Equipment	25% to 33.33%

### 1.11 ACCOUNTING FOR INTANGIBLE ASSETS

Intangible assets relate to the development of computer software for the management of all aspects of Members' contracts within the Society. The assets are amortised over their estimated useful life of up to ten years, from the date of being finalised and being brought into service by the Society. Amortisation is included within administration expenses within the Statement of Comprehensive Income.

### 1.12 ACCOUNTING FOR IMPAIRMENTS OF NON-FINANCIAL ASSETS

At each reporting date, the Society reviews the carrying amounts of its tangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Society estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation.

### 1.13 INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries are measured at cost less impairment.

### 1.14 ACCOUNTING FOR CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments which are readily convertible, being those with original maturities of three months or less.

### 1.15 ACCOUNTING FOR LEASES

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

The Society does not hold any assets subject to finance leases.

### 1.16 ACCOUNTING FOR RETIREMENT BENEFITS

The Society operates a defined contribution plan under which it pays fixed contributions to a separate entity.

### 1.17 ACCOUNTING FOR FOREIGN CURRENCIES

The value of the Society's investments denominated in foreign currencies are calculated at the closing market exchange rates as at 31 December. The Society does not have any liabilities denominated in foreign currencies.

### 1.18 FUND FOR FUTURE APPROPRIATIONS

The Fund for Future Appropriations represents the excess of assets over and above the long-term insurance contract liabilities and other liabilities. It represents amounts that have yet to be formally declared as bonuses for the participating contract policyholders together with the free assets of the Society. Any profit or loss for the year arising through the Statement of Comprehensive Income is transferred to or from the unallocated divisible surplus.

### 1.19 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the financial statements in line with FRS 102 and 103, the Group uses judgement in applying its accounting policies and estimates where uncertainty exists that affect the reported amounts of assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The key source of estimation uncertainty is:

- **Valuation of the long-term business provision**

The valuation of the Society's long-term business provision is based on assumptions reflecting the best estimate at the time. The assumptions used for morbidity, mortality and longevity are based on standard industry tables, adjusted where appropriate to reflect the Society's own experience. Assumptions for expenses, lapse and surrender rates are based on product characteristics and relevant claims experience.

The assumptions used for discount rates are based on risk-free rates of return specified by the Prudential Regulation Authority ("PRA"). Due to the long-term nature of these obligations, the estimates are subject to significant uncertainty.

The main assumption underlying these techniques is that past claims development experience is used to project ultimate claims costs. Allowance for one-off occurrences or changes in legislation, policy conditions or portfolio mix are also made in arriving at the estimated ultimate cost of claims in order that it represents the most likely outcome, taking account of all the uncertainties involved. To the extent that the ultimate cost is different from the estimate, where experience is better or worse than that assumed, the surplus or deficit will be credited or charged to gross benefits and claims within the Statement of Comprehensive Income in future years.

The critical accounting judgement is:

- **Carrying value of Land & Buildings**

The Society completes two value in use assessments for Mutuality House, one based on the future cashflows attributed to its use, and the other representing the asset's service potential.

The future cashflow methodology is sensitive to the proportion of cashflow attributable to Mutuality House, along with the discount rate and terminal value of the land and building. Sensitivities have been conducted for each assumption.

The asset's service potential, taken to be costs avoided by possession of the asset is less judgemental than the future cashflow methodology, however, remains sensitive to rental inflation assumptions, discount rates used and terminal value also. Sensitivity analysis has also been conducted for this methodology.

### 1.20 CASH FLOW STATEMENT

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

## 1.21 TAXATION

Friendly Societies are taxed on their life or endowment business so far as the annual premiums or sums assured exceed limits prescribed in tax law, and on certain investment returns referable to their subsidiaries (where applicable). No tax is due in the current or prior year.

## 1.22 ACCOUNTING FOR COMMISSION

Commission is paid to intermediaries on the sale of Income Protection Contracts and forms part of the Society's operating expenses. This is paid on an indemnity basis which is expensed in the period that it is paid or to a lesser degree on a non-indemnity basis which is accounted for on an accruals basis.

The Society defers only the commission paid to agents and expenses this over 36 months which is the clawback period within agency contracts.

## 2. CAPITAL MANAGEMENT

### POLICIES AND OBJECTIVES

The Society's key capital management objectives are:

- (i) To ensure the Society's strategy can be implemented and is sustainable;
- (ii) To ensure the Society's financial strength and to support the risks it takes on as part of its business;
- (iii) To give confidence to policyholders and other stakeholders who have relationships with the Society; and
- (iv) To comply with capital requirements imposed by its UK regulator, the PRA.

These objectives are reviewed at least annually, and benchmarks are set by which to judge the adequacy of the Society's capital. The capital position is monitored against those benchmarks to ensure that sufficient capital is available to the Society.

The assessment depends on various actuarial and other assumptions about potential changes in market prices, future operating experience and the actions management would take in the event of particular adverse changes in market conditions. The capital requirement in the annual PRA return is the statutory minimum capital. The statutory minimum capital requirement is based on Solvency UK.

Management intends to maintain surplus capital in excess of the Risk Capital Requirements to meet the PRA's total requirements and to maintain an appropriate additional margin over this to absorb changes in both capital and capital requirements.

The Society complied with all externally imposed capital requirements to which it was subject throughout the reporting period.

### CAPITAL STATEMENT

	Notes	2025	2024
		£'000	£'000
Funds for future appropriations		110,875	108,249
Members' Mutual Fund	19	10,944	11,126
Total capital resources before deductions		121,819	119,375
Regulatory solvency adjustments			
Other Assets*		(6,441)	(6,763)
Capital available to meet regulatory capital requirements		115,378	112,612

\*These are the assets deemed inadmissible for the valuation of the Solvency UK balance sheet.

A reconciliation of the movements in the Excess Available Capital over Resource Requirement is set out below:

	<b>2025</b>	<b>2024</b>
	£'m	£'m
Available capital at the start of the year	101.5	103.8
Investment returns	7.1	2.2
Policy cashflows	(0.2)	(4.0)
New business	0.6	(0.1)
Model and methodology changes	0.0	0.0
Assumption changes (exc economic)	(2.9)	3.4
Assumption changes (economic)	(1.3)	(4.3)
Change in additional reserves	1.4	0.2
Change in Retired Members' deposits	0.4	0.8
Change in the Members Mutual Fund	0.0	(0.1)
Change in Current liabilities	(1.0)	0.4
Change in admissible assets	0.3	(0.5)
Change in Risk Margin	(1.4)	(0.3)
Available capital at the end of the year	<u>104.4</u>	<u>101.5</u>

### MEASUREMENT AND MONITORING OF CAPITAL

The capital position of the Society is monitored on a regular basis and reviewed formally by the Board at scheduled meetings. These objectives are reviewed and benchmarks are set by which to judge the adequacy of the Society's capital and ensure that sufficient capital is available. The Society's capital requirements are forecast annually and compared against the available capital as part of the regular ORSA procedures.

In the event that sufficient capital is not available, actions would be taken either to raise additional capital or to reduce the amount of risk accepted thereby reducing the capital requirement through, for example, reinsurance, reducing business volumes or a change in investment strategy.

The liabilities in respect of the Society's participating (with-profits) business are determined in accordance with the regulations of the PRA.

### SENSITIVITY OF LONG-TERM INSURANCE CONTRACT LIABILITIES

Assumptions used in the calculation, such as morbidity and persistency rates.

Market conditions – Assumptions are made about future investment returns and interest rates when valuing the liabilities, based on current market conditions. These also have an effect on the value placed on the assets held to support the liabilities. An adverse change in market conditions may therefore reduce the level of the available capital resources.

Demographic assumptions – Changes in the morbidity, mortality, expense or persistency experienced by the business may result in the need to change the assumptions used to value the liabilities. This may increase or reduce the value placed on the liabilities. The sensitivity of the liabilities to changes in the assumptions varies according to the type of business.

## 3. RISK MANAGEMENT AND CONTROL

### 3.1 INSURANCE RISK

Insurance risk is the combination of risks that the Society is exposed to, by the issuance of long term insurance contracts, arising from the uncertainties of morbidity, both inception and recovery rates, mortality, the level of expenses and the rate of closure of contracts. The Society has systems in place to monitor and control, as far as is practicable, the risks as stated above.

The Society has underwriting procedures in place for the assessment of risk in relation to new long term contracts being issued and also in respect of requests by existing members to amend their contracts. All claims are subjected to rigorous validation, including the use of external agencies where appropriate, prior to payment. The Society does not currently use reinsurance to mitigate insurance risk.

The insurance contracts issued by the Society are all initiated within the United Kingdom, though they may be retained by holders who move to reside within Europe, in order that it does not incur additional risks in geographical areas in which it has no knowledge.

The Board undertake to ensure that the Society retains sufficient assets to cover the liabilities in relation to its insurance risk. The decisions taken in respect of this undertaking include the allocation of investments between different asset classes, the level of distributions made to Members and the control of expenses.

### 3.2 MARKET RISK

Market risk arises from the possibility that the value or cash flows of the Society's assets and liabilities fluctuate as a result of movements in market prices. The most important components of market risk are set out below:

#### (i) Interest Rate Risk

Interest rate risk is the risk that the fair value or cash flows arising from financial instruments will vary as market rates of interest change. Changes within market rates of interest will also affect the value of the Society's reserves against long term insurance liabilities due to a commensurate rate of change in the discount rates used in the calculation of those liabilities. This risk is mitigated as far as is practicable by the matching of asset types to relevant classes of liabilities.

#### (ii) Property price risk

The property price risk is the risk that the fair value or the future cash flows arising from the affected property will fluctuate because of changes in market prices, other than those arising from interest rate risk.

#### (iii) Currency risk

Currency risk is the risk that the relative value of Sterling compared to other currencies changes affecting the fair value of assets denominated in those other currencies. The schedule below sets out the value of investments held by the society, either directly or held within collective investments, in currencies other than sterling.

	2025	2024
	£'000	£'000
US Dollars	3,882	6,450
Euro	808	532
Other currencies	4,720	2,867
	9,410	9,849

#### (iv) Credit spread risk

Credit spread risk results from the sensitivity of fixed interest investments to changes in the risk-free interest rates and the subsequent change in value of the underlying investment. The risk is mitigated by the quality of the investments held and the Society's policy to limit the exposure to any one counterparty. A summary of the fixed interest holdings, including those held within collective investments, excluding those issued by UK and EU governments, by credit rating is set out below.

	2025	2024
	£'000	£'000
AAA	294	227
AA	1,089	1,175
A	10,752	10,325
BBB	13,994	15,436
BB	861	608
B	65	124
CCC	4	156
NR	626	559
	27,685	28,610

### 3.3 COUNTERPARTY RISK

Counterparty risk is defined as the risk of loss if another party fails to perform its obligations or fails to perform them in a timely fashion. Exposure to counterparty risk may arise in connection with a single transaction or to an aggregation of transactions with a single counterparty.

The Society has, in order to mitigate this risk, set out within its investment policy statement both the quality of counterparties in which the Society may invest and the level at which investment may be made with those counterparties.

### 3.4 LIQUIDITY RISK

Liquidity risk is the risk that the Society does not have adequate funds to settle its liabilities as they fall due.

The Society has, in order to mitigate this risk, set out within its investment policy statement that the Society will at all times hold assets in readily realisable form where they are held to cover the liabilities of the Society.

### 3.5 OPERATIONAL RISK

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

The Society has defined procedures for the monitoring of operational risk and reporting to the Board.

### 3.6 CAPITAL RESOURCE SENSITIVITIES

The capital position of the Society is sensitive to changes in market conditions, due both to the changes in the value of the assets and the effect that changes in investment conditions may have on the value of liabilities. It is also sensitive to assumptions and experience relating to expenses, persistency and morbidity.

The table below demonstrates the sensitivity of available capital to movements in assumptions:

Variables	Potential movement in available capital	
	£'000	
An increase in the inception rate of claims of 10%	(7,465)	Decrease
A decrease in the inception rate of claims of 10%	7,465	Increase
An increase in the recovery rate of claims of 10%	14,782	Increase
A decrease in the recovery rate of claims of 10%	(19,751)	Decrease
An increase in the rates of mortality of 10%	703	Increase
A decrease in the rate of mortality of 10%	(713)	Decrease
An increase in the discount rate of interest of 0.5%	(1,649)	Decrease
A decrease in the discount rate of interest of 0.5%	1,712	Increase
An increase in lapses of 10%	(5,449)	Decrease
A decrease in lapses of 10%	5,940	Increase
An increase in expenses of 10%	(5,124)	Decrease
A decrease in expenses of 10%	5,124	Increase
An increase in the value of investment assets of 10%	7,095	Increase
A decrease in the value of investment assets of 10%	(7,095)	Decrease

The timing and ultimate extent of any impact on the reserves would depend on the interaction of past experience and assumptions about future experience and management actions taken to mitigate that impact. Possible management actions would be to amend the investment strategy, reduce where practical the discretionary expenditure of the Society or to reduce the level of future distributions (including the Members Mutual Fund) until any adverse conditions were resolved.

The term 'inception rate' refers to the proportion of the Society's Members claiming on the funds of the Society in respect of sickness benefit, an increase in the inception rate would result in a greater level of claims being paid within a year and would also require the Society to increase the level of reserves held to pay future benefits. A reduction in the rate would have the converse effect.

The term 'recovery rate' refers to the rate at which Members in claim recover from their incapacity and are able to resume their occupation so ending their claim for benefits. An increase in the rate of recovery would reduce the level of payments being made to Members within a year and would also reduce the level of reserves required to be held to pay future benefits. A decrease in the recovery rate would have the converse effect.

The term 'mortality rate' relates to the number of members dying during the term of their contract with the Society. An increase in the mortality rate would, in respect of members claiming during the period immediately preceding death, reduce the level of benefits being paid by the Society. It will also reduce the future sickness benefits and the future premium income. A decrease in the mortality rate would have the converse effect.

The term 'discount rate' refers to the rates used to bring potential future claims liabilities back to present day values. An amendment to this rate will affect the current reserving requirements of the Society to ensure adequate reserves are held to defray the cost of those potential future claims.

Unless otherwise stated, the above movements in available capital relates only to the effect on the best estimate liabilities.

#### 4. EARNED PREMIUM INCOME

##### Group and Society

	<b>2025</b>	<b>2024</b>
	£'000	£'000
Gross premiums written in respect of income protection contracts	25,657	23,591

All contracts are written in the UK and relate to single premiums on contracts written for individuals.

#### 5. INVESTMENT INCOME

##### Group and Society

	<b>2025</b>	<b>2024</b>
	£'000	£'000
Income from investments:		
Interest income	342	593
Dividend income	62	452
Other Investment Income	211	-
	<u>615</u>	<u>1,045</u>

#### 6. REALISED GAINS/(LOSSES) ON INVESTMENTS

##### Group and Society

	<b>2025</b>	<b>2024</b>
	£'000	£'000
Investments at fair value through income – realised gains and (losses)		
Debt securities	115	134
Equity securities	847	1,119
Derivative securities	190	(649)
	<u>1,152</u>	<u>604</u>

#### 7. UNREALISED GAINS/(LOSSES) ON INVESTMENTS

##### Group and Society

	<b>2025</b>	<b>2024</b>
	£'000	£'000
Investments at fair value through income – unrealised gains and (losses)		
Debt securities	1,222	205
Equity securities	3,489	901
Derivative securities	824	(289)
	<u>5,535</u>	<u>817</u>

## 8. OTHER INCOME

### Group and Society

	<b>2025</b>	<b>2024</b>
	£'000	£'000
Gain on Disposal of Fixed Assets	49	-
Deductions from Member Capital Accounts on early termination	85	72
Bank interest	21	30
	<u>155</u>	<u>102</u>

## 9. CLAIMS INCURRED

### Group and Society

	<b>2025</b>	<b>2024</b>
	£'000	£'000
<b>Long-term insurance</b>		
Benefits and claims paid	10,749	10,063
Change in the provision for claims	37	(313)
<b>Total claims incurred</b>	<u>10,786</u>	<u>9,750</u>

## 10. BONUSES

### Group and Society

The Board has declared bonuses as set out below, along with allocated interest and transfers to the Members Mutual Fund:

	<b>2025</b>	<b>2024</b>
	£'000	£'000
Members' Bonus	909	1,005
Members' Interest	351	374
Retired Members' Interest	63	79
Member Benefits	180	-
Transfer to Members' Mutual Fund	-	-
	<u>1,503</u>	<u>1,458</u>

## 11. OPERATING EXPENSES

### Group and Society

	<b>2025</b>	<b>2024</b>
	£'000	£'000
<b>Long-term insurance</b>		
Acquisition costs	4,429	4,318
Commissions paid and payable	7,232	6,069
Administrative expenses	8,152	8,036
<b>Net operating expenses</b>	<u>19,813</u>	<u>18,423</u>

Net operating expenses include the following:

	<b>2025</b>	<b>2024</b>
	£'000	£'000
<b>Long-term insurance</b>		
Fees payable to the Society's auditor for the audit of the annual accounts		
- Audit	148	133
- Other services	-	-
Depreciation on tangible fixed assets	180	153
Amortisation of intangible assets	624	567
Operating lease rental charges	17	24

## 12. EMPLOYEE BENEFITS EXPENSE

### Group and Society

	<b>2025</b>	<b>2024</b>
	£'000	£'000
Wages and salaries (excluding Non-Executive Directors)	6,660	6,242
Social security costs	714	656
Pension costs	540	717
<b>Employee benefits expense</b>	<b>7,914</b>	<b>7,615</b>

The number of employees during the year, including Executive Directors, calculated on a monthly average basis was as follows:

	<b>2025</b>	<b>2024</b>
Board and senior management	11	12
Acquisition and Member contact	28	26
Administration	75	68
	<b>114</b>	<b>106</b>

The aggregate remuneration of key management personnel, being the Executive Directors and the Company Secretary, was as follows:

	<b>2025</b>	<b>2024</b>
	£'000	£'000
Salaries, bonuses and taxable benefits	1,149	1,043
Social security costs	172	133
Loss of office	-	-
Pension costs	13	12
	<b>1,334</b>	<b>1,188</b>

Shirley Fell announced her decision to retire as COO and embarked upon a period of formal Garden Leave (until February 2026).

Fees paid to Non-Executive Directors were £178.5k (2024: £196.7k).

Full details of directors' emoluments are contained in the Directors Remuneration report on pages 27 to 28.

**13. INVESTMENTS**
**Group and Society**

	<b>2025 Valuation</b>	<b>2024 Cost</b>	<b>2025 Valuation</b>	<b>2024 Cost</b>
	£'000	£'000	£'000	£'000
<b>Financial assets – fair value through income</b>				
Shares, other variable yield securities and units in unit trusts	31,407	28,905	26,916	28,004
Fixed income securities	38,706	41,290	37,249	41,055
Deposits	-	182	-	182
Alternative cash products	-	404	-	403
Currency forwards	575	-	-	-
<b>Financial liabilities</b>				
Currency forwards	-	(289)	-	-
	<b>70,688</b>	<b>70,492</b>	<b>64,165</b>	<b>69,644</b>

**DERIVATIVE FINANCIAL INSTRUMENTS**

The Society enters into forward foreign currency contracts to mitigate the exchange rate risk for our investment portfolio. At 31 December 2025, the outstanding contracts all mature on 27 January 2026.

As of 31 December 2025, the Society has commitments under three contracts to purchase USD 755,000 and AUD 4,325,000 in exchange for a fixed GBP amount. Additionally, it is committed under eleven contracts to sell AUD 2,144,000 USD 31,072,360, EUR 1,042,056, and JPY 94,340,000, receiving a fixed GBP amount in return.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for GBP:USD, GBP:EUR, GBP:AUD and GBP:JPY.

**FAIR VALUE MEASUREMENT**

Fair value is the amount for which an asset could be exchanged between willing parties in an arm's length transaction. Fair values are generally determined at prices quoted in an active market (level 1). Where such information is not available it may be possible to apply calculation techniques making use of market observable data for all significant inputs (level 2). Where inputs are not based on observable market data, fair values are classified as level 3.

The classification of the Group's and Society's financial assets that have been measured at fair value has been assessed by management, in conjunction with information received from the Investment Manager, and is set out below:

	<b>2025</b>		<b>2024</b>	
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 1</b>	<b>Level 2</b>
<b>Financial assets – fair value through income</b>				
Shares, other variable yield securities and units in unit trusts	1,066	30,341	999	27,906
Fixed income securities	12,373	26,332	7,051	34,239
Deposits	-	-	182	-
Alternative cash products	-	-	404	-
Currency forwards	-	575	-	-
<b>Financial liabilities</b>				
Currency forwards	-	-	-	(289)
	<b>13,439</b>	<b>57,249</b>	<b>8,636</b>	<b>61,856</b>

## 14. INVESTMENTS IN SUBSIDIARY

Cost of Shares in Group Undertaking £100 (2024 - £100). The Society holds 100% of the share Capital of Cirencester Friendly Member Rewards Limited, a Company registered in England. Company No: 11103686 with registered office address the same as the Society.

The subsidiary is an insurance intermediary for the Society in regards to the provision of member benefits. No monies were due to or from the subsidiary as of 31 December 2025 (2024: Nil).

Under s479C of the Companies Act the Society being the parent undertaking of Cirencester Friendly Member Rewards Limited has given a declaration of guarantee to enable the subsidiary company audit exemption.

## 15. TANGIBLE ASSETS

	Group and Society				Total
	Land & Buildings	Plant & Machinery	Fixtures, Fittings and Furniture	Computers and Office Equipment	
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 January 2025	4,173	157	421	915	5,666
Additions	45	-	-	7	52
Disposals	(200)	-	-	(172)	(372)
At 31 December 2025	4,018	157	421	750	5,346
<b>Accumulated depreciation</b>					
At 1 January 2025	361	36	394	883	1,674
Provided in the year	141	8	10	21	180
Depreciation on disposal	(29)	-	-	(172)	(201)
At 31 December 2025	473	44	404	732	1,653
<b>Net book value</b>					
Net Book Value at 31 December 2025	3,545	113	17	18	3,693
Net Book Value at 31 December 2024	3,812	121	27	32	3,992

## 16. INTANGIBLE ASSETS

	Group and Society		
	Software	Assets under Construction	Total
	£'000	£'000	£'000
<b>Cost or valuation</b>			
At 1 January 2025	9,302	545	9,847
Additions	854	393	1,247
Assets capitalisation	-	(854)	(854)
<b>At 31 December 2025</b>	10,156	84	10,240
<b>Accumulated depreciation</b>			
At 1 January 2025	4,940	-	4,940
Provided in the year	624	-	624
<b>At 31 December 2025</b>	5,564	-	5,564
<b>Net book value</b>			
Net Book Value at 31 December 2025	4,592	84	4,676
Net Book Value at 31 December 2024	4,362	545	4,907

**17. FUND FOR FUTURE APPROPRIATIONS**

**Group and Society**

	<b>2025</b>	<b>2024</b>
	£'000	£'000
<b>Long-term business</b>		
At 1 January	108,249	110,004
Transfer included within comprehensive income for the year	2,626	(1,755)
<b>Balance at 31 December</b>	<u>110,875</u>	<u>108,249</u>

**REALISED AND UNREALISED SURPLUSES**

Within the Balance Sheet the Best Estimate Reserves represents future profits of the Society on insurance contracts. It is considered that these amounts are not immediately available for appropriation. The division of the Fund for Future Appropriation between funds immediately realised and unrealised on realisation are set out below:

	<b>2025</b>	<b>2024</b>
	£'000	£'000
Realised surpluses	41,398	40,609
Unrealised surpluses	69,477	67,640
	<u>110,875</u>	<u>108,249</u>

**18. 125 FOUNDATION**

**Group and Society**

	<b>2025</b>	<b>2024</b>
	£'000	£'000
<b>Balance at 31 December</b>	<u>4,142</u>	<u>4,206</u>

The Cirencester Friendly 125 Foundation was set up in 2016 to provide financial support to individuals and causes, for the benefit of Members and their communities. This has been funded by early redemption charges where Members chose to exit contracts before maturity.

19. MEMBERS' FUND

Group and Society

	2025	2024
	£'000	£'000
<b>Contributing Members</b>		
<b>Bonuses and rebates:</b>		
- Interest on Members' balances	351	374
- Apportionment	909	1,005
	1,260	1,379
<b>Withdrawals during the year:</b>		
- Deaths	(17)	(39)
- Retirements	(1,173)	(1,285)
- Withdrawals	(44)	(56)
- Resignations and lapses	(1,134)	(1,090)
- Other Member Debits	(75)	(84)
Net increase/(decrease) in Member Funds during the year:	(1,183)	(1,175)
Balance at 1 January	19,064	20,239
Balance at 31 December	17,881	19,064
<b>Non-contributing Members</b>		
Transfers in and interest:		
- Interest on Members' balances	57	71
- Transfers from Members' accounts on retirement	326	311
	383	382
<b>Withdrawals during the year:</b>	(731)	(1,225)
Net increase during the year	(348)	(843)
Balance at 1 January	3,418	4,261
Balance at 31 December	3,070	3,418
<b>Members' Mutual Fund</b>		
<b>Transfers in:</b>		
- Apportionment of surpluses/(losses)	-	-
<b>Withdrawals during the year:</b>		
- Payments on cessation of contracts	(182)	(155)
- Transfer of adjustments on closures to the 125 Foundation	-	(1)
- Net payments for Member benefits	-	(155)
Net increase/(decrease) during the year	(182)	(311)
Balance at 1 January	11,126	11,437
Balance at 31 December	10,944	11,126
<b>Total Members' fund</b>	31,895	33,608

The Members' Mutual Fund represents an allocation of part of the Society's surpluses, when available, over and above specific rights conferred to Members by virtue of the contracts they hold for income protection. The amounts held within the fund are not guaranteed and may be transferred back to the general reserves should they be required to support the ongoing operations of the Society. The fund was established in December 2012. At the date of termination of a Member's contract with the Society the Member may participate in the fund in accordance with the rules of the Members' Mutual Fund.

There was no transfer to the MMF Fund in 2025 (nil in 2024).

**20. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY**

**Group and Society**

	<b>2025</b>	<b>2024</b>
	£'000	£'000
Employee bonus	947	827
PAYE	212	196
Holiday Pay	40	34
Investment Synthetics	689	-
Other	154	324
<b>Total</b>	<b>2,042</b>	<b>1,381</b>

Investment synthetics represent derivative instruments used to obtain economic exposure to certain markets without directly holding the underlying assets. These positions are typically implemented through futures or similar derivatives while cash is retained within the portfolio. Balances included within creditors represent obligations arising from these derivative arrangements, including margin or settlement amounts.

**21. FUTURE VALUE OF LONG-TERM INSURANCE CONTRACTS**

**a) Movement in long-term insurance contracts valuation**

**Group and Society**

	<b>2025</b>	<b>2024</b>
	£'000	£'000
Balance at 1 January	67,640	65,683
Movement within comprehensive income for the year	1,837	1,957
<b>Balance at 31 December</b>	<b>69,477</b>	<b>67,640</b>

The value of the long-term insurance contracts is tabled by their term to maturity as follows:

	<b>1 year or less</b>	<b>2 - 5 years</b>	<b>6 - 15 years</b>	<b>Over 15 years</b>	<b>Total</b>
	£'000	£'000	£'000	£'000	£'000
Balance as at 31 December 2024	(138)	968	16,067	50,743	67,640
Balance as at 31 December 2025	(191)	888	16,546	52,234	69,477

The long term provisions are shown at a value representing the value of future cashflows arising from the Society's insurance business less a Risk Margin. The future cashflows are the present value of future estimated sickness benefits and expenses, less future premiums, which is a well-established actuarial valuation method for this class of business to create a best estimate of liabilities. These cashflows are projected on a best estimate basis for each future year and discounted back to the valuation date using prescribed Solvency UK discount rates. The sum of these items is generally negative for this type of business and these negative reserves effectively represent an asset of the Society.

For Solvency UK purposes the value of the long term provisions are taken as the net value of the future cashflows less balances due to Members, as detailed in note 19, and the Risk Margin as shown below.

	<b>2025</b>	<b>2024</b>
	£'000	£'000
Valuation of future cashflows arising from insurance contracts	78,667	75,435
Less: Risk Margin	(9,190)	(7,795)
Per Balance Sheet	69,477	67,640
Less: Members' funds	(31,895)	(33,608)
Net Solvency UK valuation	<u>37,582</u>	<u>34,032</u>

**b) Long term insurance valuation assumptions**

The assumptions for the calculation of the long term business provisions

	<b>2025</b>	<b>2024</b>
Interest rate	PRA risk free rates	PRA risk free rates
Morbidity Incidence rate (shown as a percentage of CMIR 12 table with morbidity recovery rates below)		
Health and Wealth contracts	21%	25%
Income Assured Plus and Enhanced contracts	12%	13%
My Earnings Insurance Contracts (level)	16%	17%
My Earnings Protected Contracts (level) (LTB)	16%	16%
My Earnings Insurance and Protected Contracts (escalating) (LTB)	26%	26%
My Earnings Protected Contracts (level) (STB)	16%	22%
My Earnings Protected Contracts (escalating) (STB)	26%	26%
Morbidity recovery rates (shown as a percentage of CMIR 12 table)		
Health and Wealth contracts		
month 1 (weeks 0 to 1)	5%	5%
month 2 (weeks 1 to 4)	35%	75%
month 2	70%	100%
month 3	100%	100%
months 4 - 6	105%	135%
months 7 - 12	165%	175%
months 12 - 24 (year 2)	215%	255%
months 24 - 36 (year 3)	250%	255%
months 36 - 48 (year 4)	350%	255%
thereafter	450%	255%

	2025	2024
Income Assured Plus and Enhanced contracts		
month 1 (weeks 0 to 1)	7.5%	10%
month 1 (weeks 1 to 4)	35%	45%
month 2	45%	50%
month 3	65%	75%
months 4 - 6	105%	120%
months 7 - 12	165%	165%
months 12 - 24 (year 2)	215%	255%
months 24 - 36 (year 3)	250%	255%
months 36 - 48 (year 4)	350%	255%
thereafter	450%	255%
My Earnings Insurance and Protected contracts (level) (LTB and STB)		
month 1 (weeks 0 to 1)	7.5%	10%
month 1 (weeks 1 to 4)	35%	45%
month 2	45%	50%
month 3	65%	75%
months 4 - 6	105%	120%
months 7 - 12	165%	165%
months 12 - 24 (year 2)	215%	255%
months 24 - 36 (year 3)	250%	255%
months 36 - 48 (year 4)	350%	255%
thereafter	450%	255%
My Earnings Insurance and Protected contracts (escalating) (LTB and STB)		
month 1 (weeks 0 to 1)	5%	5%
month 1 (weeks 1 to 4)	25%	25%
month 2	45%	50%
month 3	65%	75%
months 4 - 6	105%	120%
months 7 - 12	165%	165%
months 12 - 24 (year 2)	215%	255%
months 24 - 36 (year 3)	250%	255%
months 36 - 48 (year 4)	350%	255%
thereafter	450%	255%

	2025	2024
Lapse Rates		
Health and Wealth contracts		
Year 6+	4%	5%
Income Assured Plus and Enhanced contracts		
Year 1	6%	6%
Year 2	6%	6%
Year 3	8%	8%
Year 4	9%	9%
Year 5	9%	9%
Year 6	9%	9%
Year 7	9%	9%
Year 8+	8%	8%
My Earnings Insurance contracts (level)		
Year 1	Not applicable	Not applicable
Year 2	Not applicable	Not applicable
Year 3	Not applicable	10%
Year 4	10%	10%
Year 5	10%	9%
Year 6	9%	9%
Year 7	9%	9%
Year 8+	8%	8%
My Earnings Insurance contracts (escalating)		
Year 1	Not applicable	Not applicable
Year 2	Not applicable	Not applicable
Year 3	Not applicable	15%
Year 4	14%	14%
Year 5	12%	12%
Year 6	12%	10%
Year 7	11%	10%
Year 8+	11%	10%
My Earnings Protected contracts (level) (LTB and STB)		
Year 1	9%	9%
Year 2	11%	12%
Year 3	12%	12%
Year 4	12%	12%
Year 5	12%	12%
Year 6	11%	12%
Year 7	10%	12%
Year 8	10%	12%

	2025	2024
My Earnings Protected contracts (escalating) (LTB and STB)		
Year 1	16%	15%
Year 2	16%	15%
Year 3	16%	15%
Year 4	16%	15%
Year 5	16%	15%
Year 6	16%	12%
Year 7	12%	12%
Year 8+	12%	12%
Mortality Rates (shown as a percentage of CMIR 12 table)	50%	50%

## 22. WITH-PROFITS ACTUARY

The Society has made a request to the With-Profits Actuary, Mrs C Spinks of Broadstone Limited (formerly OAC Limited), to furnish it with the particulars specified in Rule 9.36 of the Accounts and Statements Rules and the particulars furnished pursuant to the request are identified below:

Mrs Spinks has confirmed that neither she, nor any of her family, nor any of her partners were Members of the Society, nor have they any financial or pecuniary interest in the Society, with exception of fees paid to Broadstone Limited for professional services, which amounted to £347,222.40 (including VAT) (2024: £260,573.86 including VAT).

## 23. RELATED PARTIES

There were no loans outstanding from Board members at the year-end (2024: £nil).

During the year no services were provided directly to the Society by any Member of the Board (2024: £nil). However, the Society paid for its annual subscription of £8.4k (2024 £8.4k) to the Income Protection Task Force to which we have been a member since 2022. The IPTF are a not-for-profit group funded by their members, who make up most of the personal protection industry. Vicky Churcher, one of our Non-Executive Directors is an Executive Director of the IPTF.

## 24. COMMITMENTS

	Group and Society	
	2025	2024
Capital commitments of the Society at the end of the year for which no provision has been made are as follows:		
	£'000	£'000
Contracted	93	93
Approved by the Board of Management but not contracted for	-	-
Commitments of the Society under non-cancellable operating leases are as follows:		
	£'000	£'000
Operating leases which expire		
Within one year	11	16
In the second to fifth years inclusive	17	14
Over five years	-	-
	28	30

## 25. CONTINGENT LIABILITIES

The Society had no contingent liabilities at the year end.

Founded 1890  
Registered No.149F

**Registered Office:**

Mutuality House, The Mallards, South Cerney, Cirencester, Gloucestershire, GL7 5TQ Telephone: 01285 653073 or 652492 Fax: 01285 641246  
Email: info@cirencester-friendly.co.uk Web: www.cirencester-friendly.co.uk

**Board of Management:**

Chair:	Andy S Lucas BA (Hons), DipM
Chief Executive:	Andy J Morris MBA FCA MCSI
Chief Financial Officer:	David M A Evans BSc (Hons), ACMA
Chief Operating Officer:	Ben Howe BSc (Hons)
Board Members:	Kate S McIntyre BA (Hons), ACA Andrew Payton BSocSc FCA Vicky Churcher Joanne Safo BSc (Hons)

**Chief Executive:**

Andy J Morris MBA FCA MCSI

**Company Secretary:**

Karen Purnell FCCA

**Senior Independent Director (Board Member):**

Kate S McIntyre BA (Hons), ACA

**External Auditors:**

PKF Littlejohn LLP

**Internal Auditors:**

RSM LLP

**Actuary:**

Chief Actuary and With Profits Actuary Cara Spinks, Broadstone Limited

**Investment Managers:**

Schroders

**Bankers:**

Lloyds Bank PLC

# ANNUAL REPORT & ACCOUNTS 2025



## **Cirencester Friendly**

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