The Equitable Life Assurance Society

ANNUAL REPORT
AND
FINANCIAL STATEMENTS

2023

Contents

Corporate Information

Directors

Chairman	Michael J Merrick
Executive Directors	Stephen Shone, Chief Executive Officer
	Robert A Kerry, Chief Actuary (appointed 1 January 2024)
Independent Non-Executive Directors	Duncan A Finch
	Lord Daniel W Finkelstein
	Feilim Mackle
	David M Baker (Appointed 6 October 2023)
Group Non-Executive Directors	A Paul Thompson
	Ian G Maidens
Company Secretary	C Mark Utting

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants
7 More London Riverside
London
SE1 2RT

Note: Mazars LLP will be appointed as the Company's auditor with effect from the financial year ending 31 December 2024

Registered Address

Walton Street
Aylesbury
Buckinghamshire
HP21 7QW

Registered in England No: 00037038

Strategic Report

The Directors present their Strategic Report for The Equitable Life Assurance Society ("the Society" or "the Company") for the year ended 31 December 2023. The Directors have prepared the audited Financial Statements in accordance with the UK financial reporting framework: Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and the Republic of Ireland ('FRS 102') and Financial Reporting Standard 103 Insurance Contracts ('FRS 103') and the Companies Act 2006.

Our business model

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

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

Executive summary

Key highlights for 2023 include the following:

Delivering for our customers on a day-to-day basis, meeting our monthly service standards and delivering on new Consumer Duty regulations.

Throughout 2023, we maintained a strong solvency position (unaudited). We began the year with a minimum coverage ratio of 146% and ended it with a minimum coverage ratio of 154%. We remain in a strong and resilient position, able to meet our capital requirements.

Further detail regarding the activities of 2023 are included in the Review of Business section below.

Review of the business

Throughout 2023, we have actively executed our strategy, primarily through a combination of continuing to develop our customer proposition and experience, as well as maintaining an efficient operational model.

Investment Performance

The majority of the Society's Unit Linked Funds are managed by JP Morgan Asset Management ("JPMAM") within their Multi-Asset Moderate Fund. As at 31 December 2023, the JPMAM Multi-Asset Moderate fund returned 9.5% (net of fees) in the year, performing above the median for its peer group in 2023.

The non-linked assets of the Society continue to be managed by GSAM. GSAM have continued to perform in line with expectation throughout 2023 in providing a suitable range of assets to match against our non-linked liabilities.

Sustainability Strategy

The Society is committed to making a positive difference, and continues to be part of the Sustainability strategy launched by Utmost Group Plc ("UGP") and ULP. Our responsibility to our customers combines with a sense of responsibility in all our corporate actions to the environment, to our people and to the wider society in which we operate in order to maximise the positive impacts we can create. As well as being an overall positive for society, this also makes business sense in keeping with our long-term vision. This is brought together in our Sustainability Strategy.

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

Sustainability Strategy continued

Stakeholder Outcomes
People Development
Environmental Impact
Responsible Investment

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

People Development - Our people play a pivotal role in achieving our purpose, so are at the heart of our business. In 2023, the Society, as part of the wider Group has continued to ensure that we have the necessary skills to operate and develop our business.

Environmental Impact – The Utmost Group, including the Society, strives to reduce its environmental impact and to protect the environment, through initiatives such as the Responsible Investments policy and the procurement of renewable energy in our offices in Aylesbury. We continue to achieve net zero carbon status in our operations.

Further information on this topic is also provided within our Task Force on Climate-Related Financial Disclosures ("TCFD") report which can be found on the ULP website.

Responsible Investments - We recognise the importance of our role as a long-term allocator of capital. Sustainable investing is a key issue facing our industry and wider society, and an important factor to our customers when allocating funds. We consider all three pillars of environmental, social and governance ("ESG") in our decision making, alongside traditional frameworks to ensure a complete and full financial analysis.

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

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

Further details on our responsible investment approach can be found in our Responsible Investment policy on our Group website.

Our Customers

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

Consumer Duty

New rules required by the Financial Conduct Authority, known as the Consumer Duty, came into force on 31 July 2023 setting a higher standard of consumer protection in financial services.

The Duty aims to provide customers with:

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

Strategic Report continued

Our Customers continued

At the Society, these are all areas that we believe strongly in and have been working towards for many years through our drive for continuous improvement. As part of the new rules, we have completed reviews of our open products and are continuing to work through all of our closed products ahead of the July 2024 deadline.

We are actively reviewing customer communications as part of the assessment process as well as in our day-to-day work. This has included making a number of changes to our communications to make them clearer and easier to read.

Our staff take pride in being able to provide a good customer service through:

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

Our Community

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

Matched donations of up to £200 can be provided either to match or top-up personal fundraising efforts on behalf of Utmost Life and Pensions Holdings (ULPH). Charities supported this year include The Children's Society, Cancer Research, Sobell House Hospice, Young Carers Bucks, Breast Cancer Now, Florence Nightingale Hospice, Aylesbury Vineyard Storehouse, Aylesbury Foodbank, Crohn's and Colitis UK, Macmillan Cancer Support, and MASKS (Make a Special Kid Smile).

Utmost Group also operates a matching donation scheme, the Utmost Challenge, providing the opportunity for employees across the Group to get extra support for exceptional charitable endeavours.

We undertake community volunteering initiatives in order to make a positive difference. We have been able to continue to undertake more community activities in 2023, post COVID pandemic, with teams and individuals using paid volunteering days to support local schools, community programmes and charities.

Principal Risks and Uncertainties

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

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

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

(ii) Expense risk
The expenses of the Society include administration costs and investment management costs. The expense risk, which is primarily administration costs, £0.1m, is managed through an agreement with ULP. The agreements with ULP provides for a fixed cost per policy for administration plus an inflationary increase set by reference to RPI in order to manage expense risk, and are sensitive to future inflation rates.

Strategic Report continued

Principal Risks and Uncertainties continued

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

(iii) Lapse risk

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

(iv) Credit risk

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

(v) Operational risk

Operational resilience is the ability of a firm, and the financial services sector as a whole, to prevent, respond to, recover and learn from operational disruptions. The Society's minimum standards for the assessment, measurement, monitoring, reporting and management of operational risk are set out in the Operational Risk policy. This, together with supporting policies, frameworks, processes and controls, all of which are subject to regular review, are designed to mitigate operational risk, ensuring that the Society has appropriate levels of operational resilience, in line with its risk appetite for operational risks. Operational risk is managed through ULP.

Cyber risk is the risk of financial loss, disruption or reputational damage due to breaches of or attacks on the Society's information technology ("IT") systems. The risks from a cyber-attack have continued to increase in 2023 with hackers becoming increasingly more sophisticated. Any failure of the Society's IT systems could have a large impact on operations.

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

(vi) Regulatory risk

Regulatory change applicable to business remaining in the Society, announced or implemented in the future could have an adverse impact through the resources needed to comply with any significant change.

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

<u>European Union regulation ("EU")</u>

The Society, together with ULP, has dealt with the regulatory changes that were introduced following the end of the Brexit transition period. The operational and policyholder impact of the UK's exit from the EU on the Society has been minimal and is expected to remain so, although this is continually monitored given that the Society has policies sold in the EU. The Society is in regular dialogue with the relevant EU and UK regulators to ensure that the operational impact on customers remains minimal.

There remains uncertainty on the degree of continuing equivalence between UK and EU financial services regulation. A significant divergence could lead to greater market volatility and increase certain other risks. The impact of the exit from the EU on the Society will need continued consideration over the longer term. The Society believes that it has adequate mitigating controls and procedures in place to address these risk areas.

<u>Geo-political risks</u>

In 2024, with political pressures likely to increase across the world due to the Middle-East conflict, the continuing Russia-Ukraine war and UK and US elections on the horizon, geo-political risks look likely to remain high.

Strategic Report continued

Principal Risks and Uncertainties continued

Geo-political risks can have significant impacts on the global economy, particularly through the impact of material fluctuations in commodity prices and disruption to supply chains, which we have seen from events of the last two years.

Given our exposure to equity markets for our future income, any fall in the value of equity markets from geo-political events will reduce the value of AMCs. We will continue to monitor and manage these risks to ensure we remain resilient.

Results and Performance

The results of the Society are presented on page 19. £0.3m was transferred to the Member's Fund (included within Funds for Future Appropriation (FFA)), which has a balance of £3.3m at 31 December 2023 (see Note 15).

The sections below highlight the performance in 2023, focusing on solvency and key performance indicators.

Capital Management

Under the Solvency II regime, it is necessary to assess the capital requirement of the Society. The Society uses the Solvency II Standard Formula to calculate its Solvency Capital Requirement.

Following the transfer to ULP in 2020, a new capital policy was introduced, which includes reference to capital based on the Minimum Capital Requirement (MCR). The Society aims to have capital in excess of the greater of 150% of the estimated Solvency Capital Requirement (SCR), and 125% of the MCR.

Key Performance Indicators

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

The KPIs at 31 December were as follows:

	2023	**2022**
Capital % of MCR (unaudited)	**154%**	146%
Member's Fund	**£3.3m**	£3.0m
Solvency Coverage Ratio (unaudited)	**262%**	237%

Financial Instruments

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

Section 172 Statement

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

Strategic Report continued

Section 172 continued

As a mutual, the actions of the Society over recent years have been driven entirely by the duty to promote the success of the Society for the benefit of its members as a whole. In 2020, the UK business was transferred to ULP, which also became the sole member. During 2023, decisions have been made in line with achieving the Society's strategy to continue to provide a safe home for its policyholders through efficient capital and operational management.

Stakeholder engagement

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

Stakeholder	How we engaged them
Customers	- The Board regularly receives and monitors customer-related reporting and details of any initiatives. - The Board engages frequently with senior leadership to understand and follow up on our investment performance. - The Board oversees any material IT platform developments which allow us to better support our customers. - Examples of areas of Board focus in 2023 include engagement on compliance with Consumer Duty regulations and monitoring of work in relation to retention of customers.
People	- The Society has no direct employees but People initiatives are undertaken for the staff seconded to the Society to service its customers. - The Board engages with those people through regular informal meetings and internal communications on a wide range of topics. - Through ULP, regular employee surveys are carried out and Management acts on findings. - Together with our ultimate UK parent company, we sponsor mentorships and volunteering opportunities. - This year, a focus for the Board included the impact of the cost of living on staff and included decisions on 2023 pay awards.
Strategic Partners	- Members of the Board maintain oversight of the management of our main Strategic Partners, including our asset managers and IT services provider, who help us deliver services to our customers, and our senior management regularly review and report on performance.
Communities and Environment	- The Society is engaged in becoming resilient against climate change, and to promote a working environment which supports this, through the Sustainability Strategy. In 2023, we were able to undertake a number of volunteering activities within the Community. More details of this are included in the "Our Community" section of this report.
Regulators	- The Board maintains an open and engaging relationship with our regulators and the directors meet regularly with them.
Member	- The Board engages regularly with ULP, its only Member, and is consistently focused on generating a successful outcome for this stakeholder.

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

Looking forward

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

Stephen Shone
Chief Executive
5 April 2024

Report of the Directors

The Directors have pleasure in presenting their Annual Report and audited Financial Statements for the year ended 31 December 2023.

Principal Activities

The principal activity of the Society during 2023 remained the transaction of life assurance and pension business in the form of guaranteed, participating and unit-linked contracts, relating to policies in Ireland and Germany. The Society closed to new business on 8 December 2000. The Financial Statements of the Society are shown on pages 19 to 41. The operations of the Society are described in the Strategic Report, which includes reference to certain Key Performance Indicators.

Directors

The following Directors served during the full year to 31 December 2023, and up to the date of signing the financial statements, unless stated otherwise:

Chairman:	Michael J Merrick
Executive Directors:	Stephen Shone, Chief Executive Jeremy S Deeks, Chief Financial Officer (Resigned 31 December 2023) Robert A Kerry, Chief Actuary (Appointed 1 January 2024)
Independent Non-Executive Directors	Duncan A Finch Lord Daniel W Finkelstein Feilim Mackle David M Baker (Appointed 6 October 2023)
Group Non-Executive Directors	A Paul Thompson Ian G Maidens
Company Secretary	C Mark Utting

Directors' Interests

As at 31 December 2023, the Directors and Secretary, and their spouses and dependent children, had no beneficial interest in the Society.

Going Concern

The financial position of the Society is presented in the primary financial statements and disclosure notes on pages 19 to 41. The Directors have assessed the Society's going concern, considering both the Society's current performance and its outlook for a period of at least 12 months from the date of approval of these financial statements using the information available up to the date of issue of the Society's financial statements.

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

The Directors have assessed the principal risks and uncertainties discussed in the Strategic Report on pages 4 to 9 in light of the current economic climate, and have taken into consideration the guidance provided by the Financial Reporting Council ("FRC") on 'Going Concern and Liquidity Risk' published in April 2016. The Directors are confident that the Society will have sufficient funds to continue to meet its liabilities as they fall due for a period of, but not limited to, 12 months from the date of approval of the Financial Statements. Therefore, they have considered it appropriate to continue to adopt the going concern basis of accounting when preparing the Financial statements.

Report of the Directors continued

Review of the business

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

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

Employees

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

Financial Risk Management

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

Liability Insurance

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

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

Post Balance Sheet Event

There are no adjusting or non-adjusting post balance sheet events between 31 December 2023 and the approval of the Report and Accounts of the Society which require disclosure.

Political and Charitable Donations

The Society made no political or charitable donations during 2023 (2022: £nil).

SECR Reporting

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

Independent Auditors

Mazars LLP will be appointed as the Company's auditor with effect from the financial year ending 31 December 2024, replacing the incumbent auditors PricewaterhouseCoopers LLP ("PwC"). The reason for the rotation is due to auditors rotation rules based on the period of time which PwC have audited the Society.

Disclosure in the Strategic Report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the Report of the Directors have been omitted and included in the Strategic Report on pages 4 to 9. These matters relate to:

- Indication of principal risk exposure and management including the financial risk management objectives and policies and the exposure of the Society to credit and other risks.

Report of the Directors continued

Statement of Directors' responsibilities

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

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

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

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

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

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

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

Directors' confirmations

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

- so far as the Director is aware, there is no relevant audit information of which the Society's auditors are unaware; and

- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

On behalf of the Board

C Mark Utting
Company Secretary
5 April 2024

Independent auditors' report to the members of The Equitable Life Assurance Society

Report on the audit of the financial statements

Opinion

In our opinion, The Equitable Life Assurance Society's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements 2023 (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2023; the Statement of Comprehensive Income for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company in the period under audit.

Our audit approach

Overview

Audit scope

- We have performed a full scope audit of the complete financial information of the company in accordance with our materiality and risk assessment.

Key audit matters

- Valuation of technical provisions - Expense assumptions

Materiality

- Overall materiality: £167,000 (2022: £150,000) based on 5% of Member's Funds.
- Performance materiality: £125,000 (2022: £112,500).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of technical provisions - Expense assumptions	
Refer to note 2 (f) subsection (a) Long term business provision and subsection (b) Technical provisions for linked liabilities (insurance only).	We performed the following procedures over maintenance expenses:
Future maintenance expenses and expense inflation assumptions are used in the measurement of the technical provisions and in addition, the methodology includes an allowance for diseconomies of scale as the business volumes decline.	● We understood and tested the governance process in place to determine the maintenance expenses, expense inflation assumptions and allowance for diseconomies of scale;
Management have based their maintenance expense assumptions by considering 2023 costs, shared across 2023 policy counts, then applying inflation (as opposed to considering 2024 costs and policy counts). This is because the 2024 budget costs include anticipated costs related to future new business in the BPA market, which are not relevant in determining the expenses to maintain the existing policies.	● We tested the methodology used by management to derive the assumptions (including expense inflation) with reference to relevant rules and actuarial guidance and by applying our industry knowledge and experience;
This includes several areas of judgement including the level of future expenses including the allocation between maintenance/acquisition, the allocation between products, the future policy levels and the margin for prudence.	● Compared the expense inflation assumption selected by management against those used by peers using our annual survey of the market;
	● We assessed the appropriateness of using the 2023 costs and policy counts, including inflation, to determine the future per policy costs;
	● We tested and challenged the 2023 forecast expenses by obtaining an understanding of management's assumptions for the forecast and assessed the reliability of management's forecasting by comparing the 2023 actuals against the 2023 budget;
	● We also assessed the appropriateness of the judgements made in the application of the methodology, in particular the allocation of expense categories between acquisition and maintenance costs,the appropriateness of the exclusion of certain one-off costs, and the appropriateness of the projected policy volumes;
	● We have reviewed and challenged significant judgements and assumptions used, particularly relating to the calculation of the diseconomies of scale reserve; and

	● Assessed the appropriateness of the margin for prudence benchmarking this to peer industry companies. The results of our procedures indicated that the valuation of technical provisions - Expense assumptions were supported by the evidence we obtained.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The company is a regulated insurance entity. The investment administration function is outsourced.

Our audit work focused on the testing of transactions and balances to appropriate supporting evidence. We obtained confirmation from the relevant third parties with regards to cash and investment balances.

Apart from controls operated at the company, we also relied on outsourced investment administration service providers. We were able to obtain appropriate evidence through a review of assurance reports on internal control that monitor the procedures carried out by the service providers.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the process that has been adopted to assess the extent of the potential impact of climate risk on the financial statements and to support disclosures made. We remained alert when performing our audit procedures for any indicators of the impact of climate risk, including in our testing of going concern. We also considered the consistency of the disclosures in relation to climate change between the Annual Report and the financial statements based on the knowledge obtained from our audit.

Materiality

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

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

Overall company materiality	£167,000 (2022: £150,000).
How we determined it	5% of Member's Funds
Rationale for benchmark applied	Consistent with the prior year, since the company does not report a profit or loss, we believe that Member's Funds is the most appropriate benchmark on which to base materiality, as it represents the amount available to meet liabilities in excess of those provided for at the balance sheet date, as well as to increase payouts to the member in the future. Regarding specific materiality for assets held to cover linked liabilities, technical provision for linked liabilities (non-insurance) and associated income statement line items, the benchmark applied is Assets Held to Cover Linked Liabilities, which is equal to the technical provisions for linked liabilities (non-insurance only) and reflects the primary measure used by the relevant stakeholders as it is a key performance indicator of the business.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £125,000 (2022: £112,500) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £8,000 (2022: £7,500) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- Obtaining the directors' going concern assessment and challenging the rationale for downside scenarios adopted and material assumptions made, using our knowledge of the company's business performance, review of regulatory correspondence and obtaining further corroborating evidence;
- Considering management's assessment of the regulatory solvency coverage and liquidity position in the forward looking scenarios considered;
- Assessing the impact of severe, but plausible, downside scenarios; and
- Reviewing the disclosures included in the financial statements, including the Basis of Preparation.

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' 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 auditors' 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries and management bias in accounting estimates and judgemental areas of the financial statements, such as the valuation of the technical provisions. Audit procedures performed by the engagement team included:

- Discussions with management, Internal Audit and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Reading key correspondence with the Prudential Regulation Authority and the Financial Conduct Authority in relation to compliance with laws and regulations.
- Reviewing relevant meeting minutes including those of the Audit Committee, Risk and Compliance Committee and Investment Committee.
- Reviewing the company's internal audit reports and compliance reports in so far as they related to noncompliance with laws and regulations and fraud.
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to technical provisions, with a specific focus on expense assumptions.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations and those posted by unexpected users.
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.
- Reviewing the company's register of litigation and claims, Internal Audit reports, and Compliance reports in so far as they related to non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations.

We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the directors on 23 May 2001 to audit the financial statements for the year ended 31 May 2001 and subsequent financial periods. The period of total uninterrupted engagement is 23 years, covering the years ended 31 May 2001 to 31 December 2023.

Gary Shaw (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
5 April 2024

Statement of Comprehensive Income

For the year ended 31 December 2023

Technical Account – long–term business

	Notes	2023	2022
		£m	£m
Earned premiums, net of reinsurance			
Gross premiums written	4	**0.6**	0.6
Outward reinsurance premiums		**(0.1)**	(0.1)
		0.5	0.5
Other technical income	6	**0.2**	0.2
Revenue		**0.7**	0.7
Investment income	5	**1.2**	1.2
Unrealised gains/(losses) on investments	5	**2.9**	(8.4)
Realised gains on investments	5	**0.4**	1.3
Investment return		**4.5**	(5.9)
Total technical income		**5.2**	(5.2)
Claims incurred, net of reinsurance			
Claims paid – gross amount		**(2.1)**	(2.6)
Reinsurers' share		**0.4**	0.4
		(1.7)	(2.2)
Change in provision for claims			
Gross amount		**0.1**	(0.1)
Total claims		**(1.6)**	(2.3)
Transfer from the FFA – With Profits		**0.0**	0.8
Transfer (to)/from the FFA – Member's Fund		**(0.3)**	0.3
Changes in other technical provisions, net of reinsurance			
Long–term business provision – gross amount	16	**0.6**	3.9
Reinsurers' share	16	**(0.3)**	(2.3)
		0.3	1.6
Changes in technical provisions for linked liabilities, net of reinsurance	16	**(3.2)**	4.9
		(3.2)	4.9
Net operating expenses	7	**(0.1)**	(0.1)
Investment expenses and charges		**(0.2)**	(0.2)
Taxation attributable to the long–term business	9	**(0.1)**	0.2
		(0.4)	(0.1)
Total technical charges		**(5.2)**	5.2
Balance on the Technical Account		**-**	-
Total comprehensive income for the year		**-**	-

Balance Sheet

as at 31 December 2023

Assets

	Notes	2023 £m	2022 £m
Investments			
Shares, other variable yield securities and units in unit trusts	10	**12.4**	12.5
Debt and other fixed-income securities	10	**4.9**	4.8
		17.3	17.3
Net assets held to cover linked liabilities	11	**38.7**	38.6
Reinsurers' share of technical provisions	16	**6.0**	6.3
Debtors	13	**0.2**	0.1
Cash at bank and in hand	14	**1.1**	1.4
Prepayments and accrued income		**0.1**	0.1
Total assets		**63.4**	63.8

Balance Sheet

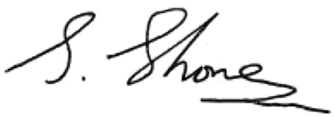
as at 31 December 2023

Liabilities

	Notes	2023	2022
		£m	**£m**
Technical provisions			
Long–term business technical provision - gross amount	16	**14.7**	15.3
Claims outstanding		**1.0**	1.3
		15.7	16.6
Technical provisions for linked liabilities	16	**38.7**	38.6
Funds for future appropriations – With Profits	15	**4.8**	4.8
Funds for future appropriations – Member's Fund	15	**3.3**	3.0
Related party loan payable after more than one year	19	**0.6**	0.6
Provisions for other risks and charges		**0.1**	-
Accruals and deferred income		**0.2**	0.2
Total liabilities		**63.4**	63.8

The Notes on pages 22 to 41 form an integral part of these Financial Statements. The Society is a mutual with no equity holders and so has not presented a Statement of Changes in Equity.

These Financial Statements were approved by the Board on 5 April 2024 and were signed on its behalf on 5 April 2024 by:



Stephen Shone
Director

The Equitable Life Assurance Society registered company number 37038

Notes to the Financial Statements

1. General information

The Equitable Life Assurance Society is a UK private unlimited life assurance company without share capital.

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

2. Summary of significant accounting policies

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

a. Basis of preparation

The Financial Statements have been prepared in compliance with United Kingdom Accounting Standards, including 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ("FRS 102"), 'Insurance Contracts' ("FRS 103") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

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

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

The results of the Society are included in the group accounts of UGP, the ultimate parent company. These consolidated Financial Statements are prepared in accordance with IFRS and are publicly available from Saddlers House, 44 Gutter Lane, 5th floor, London, EC2V 6BR.

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

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

b. Going concern

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

c. Foreign currency translation

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

Notes to the Financial Statements continued

2. Summary of significant accounting policies continued

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

The Society classifies its financial assets into the following categories:

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

a. Financial assets – Fair Value through Profit and Loss

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

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

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

b. Financial assets – Held for Trading

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

c. Financial assets – Loans and Receivables

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

Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables. This basis of valuation is viewed by the Directors as being prudent with regard to the likely realisable value.

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

e. Reinsurance

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

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

Notes to the Financial Statements continued

2. Summary of significant accounting policies continued

f. Product classification – Insurance contracts

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

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

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

a. Long-term business provision

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

All long-term business technical provisions are determined in accordance with the Solvency II regulatory valuation adjusted as follows:

- The removal of the impact of Transitional Measures on Technical Provisions ("TMTPs"), if applicable;
- The addition of a margin to best estimate expense, mortality and longevity assumptions as well as the take-up of Guaranteed Annuity Options ("GAOs") to ensure sufficient prudence in the provisions;
- Confirmation that, at an individual policy level, the provision calculated will not be less than the guaranteed amount immediately due (this applied primarily to unit-linked insurance policies); and
- The removal of future final bonuses from with-profit provisions because these are not guaranteed. The excess of assets over liabilities in the with-profits fund shall be used to enhance the bonuses in these funds.

b. Technical provisions for linked liabilities

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

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

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

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

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

2. Summary of significant accounting policies continued

Maturity claims and annuities are recognised when due for payment.

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

Death claims are recognised on the basis of notifications received.

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

g. Product classification – Investment contracts

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

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

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

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

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

h. Cash

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

i. Debtors

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

j. Creditors

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

k. Investment return

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

Notes to the Financial Statements continued

2. Summary of significant accounting policies continued

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

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

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

l. Taxation

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

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

m. Segmental reporting

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

n. Funds for Future Appropriation

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

3. Critical accounting estimates and judgements

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

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

Critical accounting estimates

- Insurance and investment contract liabilities

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

3. Critical accounting estimates and judgements continued

Critical judgements

-Product classification

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

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

4. Gross premiums written

Premiums received in respect of investment contracts without discretionary participation features are not included in the Technical Account or in the table below, as stated in Note 2(g). The total of these investment contract deposits received in 2023 was £0.1m and represents linked pension business (2022: £0.1m). There were no new premium deposits in the year and no corresponding 'annual premium equivalent' (2022: £nil).

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

	2023 £m	2022 £m
Gross premiums written comprise:		
Direct insurance	**0.6**	0.6
Gross direct premiums written in respect of insurance contracts and with profits investment contracts		
Periodic premiums	**0.4**	0.4
Single premiums	**0.2**	0.2
	0.6	0.6
Gross premiums written comprise:		
Life insurance contracts	**0.6**	0.6
	0.6	0.6
Gross premiums written comprise:		
With-profit insurance contracts	**0.2**	0.2
Unit linked insurance contracts	**0.1**	0.1
Non-profit insurance contracts	**0.3**	0.3
	0.6	0.6
Geographical analysis		
Overseas	**0.6**	0.6
	0.6	0.6

Notes to the Financial Statements continued

4. Gross premiums written continued

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

5. Investment return

	2023 £m	2022 £m
Interest income on financial investments	**0.1**	0.2
Dividend income	**1.1**	1.0
Realised gains on investments	**0.4**	1.3
Unrealised gains/(losses)	**2.9**	(8.4)
	4.5	(5.9)

6. Other technical income

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

	2023 £m	2022 £m
Other technical income		
Fee income from investment contracts	**0.2**	0.2

7. Net operating expenses

	2023 £m	2022 £m
Administration expenses	**0.1**	0.1

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

The Society bears a per policy charge in consideration of the administration services provided by the Secondees and other infrastructure costs such as IT systems and premises costs ULP makes payment for.

Audit fees of £56k (2022: £54k) have been paid by ULP in accordance with the cost agreement.

Notes to the Financial Statements continued

7. Net operating expenses continued

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

	2023 £'000	2022 £'000
Fees payable for the audit of the Society's statutory Financial Statements	**56**	54

Fees shown are net of VAT.

8. Employees and Directors

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

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

Emoluments of Directors

Executive Directors and independent non-executive Directors have been remunerated by ULPS; the cost for which is recharged to the Society and included within administrative expenses (Note 7). An allocation has been made according to the percentage of policies ELAS administers, resulting in an allocation of remuneration to ELAS of £9,700 (2022: £11,000).

No incremental emoluments were paid to any Group Non-executive Directors in respect of services to the Society (2022: £nil).

9. Taxation attributable to the long-term business

	2023 £m	2022 £m
Balance on the technical account	**-**	-
Income at main rate of UK corporation tax of 23.5% (2022: 19%)	**-**	-
Current tax (credit)/charge	**-**	-
Current year movement in deferred tax	**0.1**	(0.2)
Total deferred tax charge/(credit) in the long-term account	**0.1**	(0.2)
Total tax charge/(credit)	**0.1**	(0.2)

Notes to the Financial Statements continued

9. Taxation attributable to the long-term business continued

The Society is subject to UK corporation tax at 23.5% (2022: 19%). It is also subject to Irish tax at the Irish policyholder rate of 20% (2022: 20%) with respect to investment income and gains accruing for the benefit of certain Irish resident policyholders.

The deferred tax liability on the balance sheet of £0.1m (2022: £0.0m) relates to Irish tax.

The UK Government has legislated for the Global Anti-Base Erosion Model Rules (Pillar Two) ("GloBE") 15% minimum tax effective from 1 January 2024. The Utmost Group, of which the Society is a part, is currently analysing the scope of this regime with respect to it's operations and currently anticipates that it is not immediately in scope. If the Utmost Group were to fall in scope in future the requirements of GloBE should not have any impact on the Society as it is subject to UK Corporation tax at 23.5% for year ended 31 December 2023 and 25% thereafter.

10. Financial investments

	2023		2022	
	Market Value £m	Cost £m	Market Value £m	Cost £m
Financial assets at fair value through profit and loss (designated at initial recognition)				
Shares and other variable yield securities and units in unit trusts	**12.4**	**12.1**	12.5	13.1
Debt securities and other fixed income securities	**4.9**	**5.8**	4.8	6.2
Total financial assets	**17.3**	**17.9**	17.3	19.3

11. Net assets held to cover linked liabilities

	2023		2022	
	Market Value £m	Cost £m	Market Value £m	Cost £m
Shares, other variable yield securities and units in unit trusts	**38.8**	**34.2**	38.6	36.9
Other liabilities	**(0.1)**	**(0.1)**	-	-
	38.7	**34.1**	38.6	36.9

Assets held to cover linked liabilities include other net liabilities of £(0.1m) (2022: £nil) such as broker debtor and creditor balances and corporation tax payable.

Notes to the Financial Statements continued

12. Fair value hierarchy

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

Assets valued at quoted market prices from active markets ("Level 1")
Inputs to Level 1 fair values are unadjusted quoted prices in active markets for identical assets.

Prices substantially based on market observable inputs ("Level 2")
Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset either directly or indirectly. Level 2 inputs include the following:

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

Prices based on unobservable inputs where observable inputs are not available ("Level 3")
Significant inputs to Level 3 fair values are unobservable inputs for the asset, for example, assets valued by a model or securities for which no recent market observable price is available.

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

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

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

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

Notes to the Financial Statements continued

12. Fair value hierarchy continued

Analysis of investments according to fair value hierarchy as at 31 December 2022:

	Level 1 £m	Total £m
Assets		
Financial assets at fair value through profit and loss:		
Shares and other variable-yield securities and units in unit trusts	12.5	12.5
Debt securities and other fixed income securities	4.8	4.8
	17.3	17.3
Financial assets held to cover linked liabilities	38.6	38.6
	55.9	55.9

Analysis of liabilities according to fair value hierarchy as at 31 December 2022:

	Level 1 £m	Total £m
Liabilities at fair value through profit and loss:		
Technical Provisions for linked liabilities	38.6	38.6
	38.6	38.6

13. Debtors

	2023 £m	2022 £m
Debtors arising out of insurance operations	-	0.1
Other debtors	**0.2**	-
	0.2	0.1

The carrying values of these items equate closely to fair values and are expected to be realised within a year of the balance sheet date (other debtors in respect of 2022 were nil). Other debtors consist of net management charge and creations/liquidation receivables.

14. Cash at bank and in hand

	2023 £m	2022 £m
Cash at bank	**1.1**	1.4

Notes to the Financial Statements continued

15. Funds for Future Appropriation

	2023 £m	2022 £m
With Profits Fund	**4.8**	4.8
Member's Fund	**3.3**	3.0
	8.1	7.8

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

16. Technical Provisions

Technical Provisions:	2023 £m	2022 £m
Gross technical provisions		
Insurance contract liabilities	**14.7**	15.1
Investment contract liabilities	**-**	0.2
Long-term business Technical Provision – gross amount	**14.7**	15.3
Unit linked insurance contract liabilities	**7.9**	7.6
Unit linked investment contract liabilities	**30.8**	31.0
Total technical Provisions for linked liabilities	**38.7**	38.6
Total Technical Provisions	**53.4**	53.9
Reinsurers' share of:		
Insurance contract liabilities	**(6.0)**	(6.3)
At 31 December	**47.4**	47.6

Notes to the Financial Statements continued

16. Technical provisions continued

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

2022 Movement during the year – Non-linked contract liabilities	**Investment Contract Liabilities Gross**	**Investment Contract Liabilities Reinsured**	**Insurance Contract Liabilities Gross**	**Insurance Contract Liabilities Reinsured**
	£m	**£m**	**£m**	**£m**
As at 1 January 2022	0.1	-	19.0	8.6
Policyholder premiums	-	-	0.5	0.1
Policyholder claims	-	-	(1.9)	(0.4)
Unwind of discount rates	-	-	(0.1)	-
Effect of change in economic assumptions	(0.2)	-	(4.3)	(2.1)
Effect of change in non-economic assumptions	0.2	-	0.7	(0.3)
Model and methodology changes	0.1	-	(0.1)	-
Other	-	-	1.3	0.4
As at 31 December 2022	0.2	-	15.1	6.3

Notes to the Financial Statements continued

16. Technical Provisions continued

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

2022 Movement during the year – Linked contract liabilities	**Investment Contract Liabilities Gross**	**Investment Contract Liabilities Reinsured**	**Insurance Contract Liabilities Gross**	**Insurance Contract Liabilities Reinsured**
	£m	**£m**	**£m**	**£m**
As at 1 January 2022	38.3	-	8.9	-
Policyholder premiums	0.1	-	0.1	-
Policyholder claims	(3.6)	-	(0.8)	-
Other changes in liabilities	(0.2)	-	(0.1)	-
Effect of change in economic assumptions	(3.5)	-	(0.6)	-
Other	(0.1)	-	0.1	-
As at 31 December 2022	31.0	-	7.6	-

Notes to the Financial Statements continued

16. Technical provisions continued

The charge of £3.2m in Change in Technical Provisions for linked liabilities in the P&L Technical Account, (2022: £4.9m income) includes deposits/premiums received, payments made to policyholders, annual management charges under linked insurance contracts and changes in technical provisions.

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

17. Capital management

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

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

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

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

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

	Total £m
Member's Fund[1] under UK GAAP at 31 December 2022	3.0
Adjustment for Tier 2 Loan Capital	0.6
Difference in the measurement of technical provisions[1]	1.4
Solvency II Eligible Own Funds at 31 December 2022	5.0

[1] Unaudited

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

The approach to capital management is closely linked to the Society's risk appetite, since many of the most material risk exposures have the potential to lead to significant adverse capital impacts on its balance sheet. The Society considers its risk appetite in context of the Solvency II regulatory regime by maintaining a capital buffer above its Solvency II regulatory Solvency Capital Requirement ("SCR"). The SCR reflects a level of financial

Notes to the Financial Statements continued

17. Capital management continued

resources that enable insurance undertakings to absorb significant losses and provide reasonable assurance to its policyholders that payments will be made as they fall due.

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

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

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

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

18. Financial Risk Management

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

The principal risks faced by the Society are:

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

a. Insurance risk
Insurance risk is the risk that the actual timing, frequency and severity of insured events differ from that assumed in policy valuations. The Society is closed to new business and does not take on new insurance risk.

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

- The Society manages these risks by:
- Setting and monitoring appropriate risk appetite limits through a controlled governance framework;
- Monitoring the amount of capital it holds;
- Use of reinsurance;
- Claims underwriting; and
- A cost sharing agreement with the Society's parent company.

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

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

Notes to the Financial Statements continued

18. Financial Risk Management continued

The table below illustrates the impact of the increase in long term business provisions, non-financial assumptions:

Sensitivities	**Loss £m**
Additional 5% in GAO take-up rates	**<£0.1m**
10% decrease in mortality rates	**<£0.1m**

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

It is recognised that market risk is part of managing the portfolios and that a certain level of market risk is acceptable. The Society is exposed to market risk from owning a portfolio of invested assets and has a low/medium appetite for this type of risk. The Society does not actively pursue a trading strategy in financial instruments that are vulnerable to gains or losses from fluctuations in interest rates or other economic values.

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

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

- Asset liability matching strategy. The Society's investment portfolio is managed in such a way that the maturities have a duration that is matched to the estimated liability cash out flow profile, Matching is achieved in total by portfolio and fund.
- Regular review of the Sector diversification of the portfolio.
- Solvency monitoring though regular reviews.
  Timely market updates and forecasts from the investment advisors covering interest rates, credit spreads and market development by sectors.

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

- Amounts due from debt securities;
- Amounts due from insurance and other receivables; and
- Reinsurers' share of insurance liabilities and of claims paid.

The Society manages these risks by:
- Setting and monitoring appropriate risk appetite limits;
- Monitoring the amount of capital it holds;
- Investment guidelines/limit structures and;
- Asset optimisation.

Notes to the Financial Statements continued

18. Financial Risk Management continued

	2023 £m	2022 £m
Non-linked assets subject to credit risk		
Sovereign debt	**4.9**	4.8
A rated debt investments	**6.0**	6.3
Total assets bearing credit risk	**10.9**	11.1

	2023 £m	2022 £m
Debt securities	**4.9**	4.8
Assets arising from reinsurance contracts held	**6.0**	6.3
Total assets bearing credit risk	**10.9**	11.1

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

Reinsurance has been included with those non-linked assets with a credit rating of A.

The above does not include cash balances, £1.1m (2022: £1.4m). Cash is held with the following institutions; Barclays Plc £1.0m (rated A) and HSBC £0.1m (rated A).

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

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

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

Through regular meetings with the Society's Investment Managers and monthly watch lists, the risk of a fall in the value of fixed-interest securities from changes in the perceived credit worthiness of the issuer is considered. In addition, sector and geographical exposure is monitored to ensure diversification and that there is no concentration in either sector or geographical region. In cases where the Society is particularly exposed to credit risk (e.g. sector concentration), this risk is actively managed through the investment guidelines.

d. Liquidity risk

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

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

Notes to the Financial Statements continued

18. Financial Risk Management continued

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

- Liquidity risk policy;
- Access to Group short term loans;
- Risk appetite, triggers levels and limits in place;
- Weekly formal cash reporting; and
- Regular stress testing.

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

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

2022	On demand £m	Up to 1 year £m	Between 1-5 years £m	>5 years £m	Total £m
Financial liabilities under non-profit investment contracts	31.0	-	-	-	31.0
Creditors	-	-	-	0.6	0.6
Financial liabilities at amortised cost	31.0	-	-	0.6	31.6
Financial liabilities under with profits investment contracts included in long term business provision	7.7	-	-	-	7.7
At 31 December 2022	38.7	-	-	0.6	39.3

Notes to the Financial Statements continued

19. Related Party Loan Payable After More Than One Year

	2023 £m	2022 £m
Tier 2 loan	**0.6**	0.6

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

20. Related Party Transactions

There were no material related party transactions during 2023 (2022: £nil), other than the payment of loan interest (Note 19).

21. Capital and other commitments

The Society has no material operating lease or other commitments.

22. Contingent liabilities

There are no contingent assets or liabilities (2022: £nil).

23. Post Balance Sheet Events

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

24. Ultimate controlling party

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

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

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