The Exeter Cash Plan

Annual Report and Accounts 2020

The Exeter

Protect tomorrow today.

Exeter Cash Plan Limited

Board:	
Wallace Dobbin, BA, Barrister	Board Chair and Independent Non-Executive Director
David Brand, BA, FIA	Senior Independent Non-Executive Director
Steve Payne, BSc, FIA	Independent Non-Executive Director
Helen McEwan, BA, AFPC	Independent Non-Executive Director
Keith Baldwin	Independent Non-Executive Director
Andy Chapman, ACII, APFS	Chief Executive
John Gunn, BSc, FFA	Executive Director
Steve Bryan, BA	Executive Director
Chris Pollard	Executive Director
Professor Willie Hamilton, CBE, MD, BSc, FRCP, FRCGP	Medical Director
Zoe Kubiak, FCG, MSc	Company Secretary
Registered Office:	Lakeside House, Emperor Way,
	Exeter EX1 3FD
Independent Auditors:	Mazars LLP (appointed 27 August 2020)

Cautionary statement: The Strategic Report and certain other sections of this annual report contain forward looking statements that are subject to risk factors associated with, amongst other things, the economic and business circumstances occurring from time to time in which the busines operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables which could cause actual results to differ from those currently anticipated.

Contents

Strategic Report

Principal Activities

The principal activities of The Exeter Cash Plan continued to be the underwriting of health insurance business and the sale of Health Cash Plans. The Company is authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA").

The strategic aim continues to be the consolidation and stabilisation of the business in order to support future growth.

Business review and key performance indicators

The key performance indicators of The Exeter Cash Plan focus on the performance of the health insurance business and are reviewed on a monthly basis through the Group's committee structures. The Exeter Cash Plan is a subsidiary of Exeter Friendly Society. The key performance indicators comprise:

- Claims ratio, measured on an individual product basis as well as on the overall book. The claims ratio in 2020 was 53% (2019: 82%);

- Net earned premiums. During 2020, net earned premium decreased to £3.1 million (2019: £3.5 million);

- Net assets as at 31 December 2020 were £3.8 million (2019: £3.1 million),

- The number of customers, which totalled 19,773 at the year end (2019: 24,050), and

- The profit before tax for the year ending 31 December 2020 was £712k (31 December 2019: Loss £122k).

2020 performance was heavily influenced by the covid-19 pandemic. Due to a reduction in provision of non-essential health services for a large part of the year, claims were significantly lower than in 2019. We also saw an increase in lapses as business and household budgets were squeezed by the pandemic, resulting in a reduction in earned premium and customers.

Movements on reserves and solvency

The Company's Solvency II solvency position is reported directly to the PRA. As allowed under International Financial Reporting Standards ("IFRS"), at present the 2020 statutory results shown in these financial statements are consistent with 2019 as the company has not adopted Solvency II as a basis for calculating the insurance contract liabilities within the financial statements.

Solvency II is the regime by which the Board runs the business' capital resources. The measure of capital used for management purposes is defined as "Solvency II own funds" and these resources are measured against the relevant capital levels as defined in the regulations:

- Minimum Capital Requirement ("MCR") which is the level calculated by prescribed standard formulae, below which a company must not fall to be compliant.

- Solvency Capital Requirement ("SCR") which is a requirement (also calculated by prescribed standard formulae) which creates a threshold for Regulatory intervention if it is breached.

- Companies are also required to assess their own capital requirement based on a forward looking assessment of future capital requirements know as an Own Risk and Solvency Assessment ("ORSA"). The ORSA may introduce even higher capital requirements if the Board believe it is necessary.

The Company closely monitors the available capital resources compared to the levels of capital required under relevant regulators or, if higher, the Board's assessment of the appropriate levels of capital to be held as identified in the ORSA. Throughout the year the Company met the capital requirements.

Whilst the ORSA is prepared on a Group basis the review assesses each element of the business separately, as the Group manages its capital requirements for each line of business separately. Any intra-group or intra-fund transactions take place at market value with any resultant balances being settled regularly where necessary.

The Company is a 100% owned subsidiary which has its own regulatory registration and capital resources requirement. On the basis of Solvency II regulations the unaudited total available capital resources of the subsidiary amount to £3.7 million (2019 £3.0 million).

The Solvency II results for the Company can be summarised as follows:

	2020	2019
	£000	£000
Available capital resources under Solvency II	3,673	3,041
Capital requirements:		
Minimum Capital Requirement ("MCR")	2,255	2,153
Solvency Capital Requirement ("SCR")	771	739
Available capital as a % of MCR	**163%**	**141%**
Available capital as a % of SCR	**477%**	**412%**
Capital requirements	**3.7**	**3.0**

Other developments

The emergence of coronavirus (Covid-19) has been identified as having the potential to materially impact:

- Market risk in respect of the economic impact on interest rates, investment returns, credit standing of investment counterparties and associated widening of credit spreads and equity values;

- Operational risks associated with revised working practices, increased claims volumes, delays to medical evidence from overwhelmed GP surgeries and, during lockdown periods, the inability of our health sector partners to provide their normal screening services; and

- Strategic risks, particularly economic risk where the impact of lockdowns and the longer-term need to recover the significant levels of government borrowing is likely to have an impact on disposable income for members and prospective members alike for some time to come.

As a result of the pandemic, there has been a decrease in claims and the initial market risk impact at the start of the pandemic has seen a marked recovery. The impact on the economy over future years will need to be monitored. However, at this time, we do not believe that Covid-19 will have a material adverse impact on The Company's financial results or result in The Company being unable to meet its capital requirements.

As we move into the second year of the pandemic, we are continuing to take a cautious, conservative approach to the potential future financial impacts, ensuring we have adequate provision in place.

Principal risks and uncertainties

The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. In meeting its obligations, the Board has carried out an assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The significant risks we are exposed to are as follows:

- General insurance risks resulting from writing health cash plan products. These risks are managed through regular monitoring of claim and persistency results against budget expectations;
- Market risk arising from changes in the value of assets or in the income from the assets. The key risk faced in this area is interest rate risk and the largest financial asset is a portfolio of Gilt investments. The Company manages market risk so that the returns generated are in line with members' expectations and support the Company's future strategic and operational objectives; and Business strategy arising from incorrect strategy pursued by the Board.

Other risks include:

- Credit Risk is the risk of loss due to default by debtors, customers and other counterparties to the Company in meeting its financial obligations. The Company takes on investment credit risk when it is considered beneficial to do so in support of the Company's strategic objectives;
- Liquidity risk is the risk that the Company, although solvent, is unable to meet its obligations as they fall due. In the event that further liquidity is required the Parent Company has agreed to support the Company as disclosed in the Director's report
- The impact of Covid-19 has been significant and at the time of writing, still much uncertainty remains. At this time, we do not believe that Covid-19 will have a material adverse impact on The Company's financial results or result in the Company being unable to meet its capital requirements. We have invoked our business resilience plans to ensure we sustain our usual quality of business operations.

There has not been an impact on our ability to service members policies and as a result of the Government advice to 'stay at home', all our departments were successfully managed and transferred to remote working, demonstrating our operational agility at very short notice. We are actively continuing to monitor the situation.

- Operational risk relating to direct or indirect loss arising from inadequate or failed internal processes, practices and people. This would include losses as a result of fraud or other forms of financial crime and is managed through regularly reviewed policies, procedures, process maps and oversight by management; and
- Legal and regulatory risk would arise from changes in government policy, regulation, economic and environmental approaches including the financial impact of climate change.

Having monitored and reviewed the Company's risk management and internal control systems during the year, the Board is satisfied that these are operating effectively.

S172 Directors' Duties and stakeholder engagement

The Directors have considered the Companies (Miscellaneous Reporting) Regulations 2018. For accounting years beginning on or after 1 January 2020, companies that meet certain thresholds will be required to report under this regime. They are fully aware of their responsibilities to promote the success of the company in accordance with Section 172 of the Act.

The Directors continue to have regard to the interests of the Company's stakeholders, including the impact of its activities on the community, environment and the Company's reputation, when making decisions. The Company does not have any employees. The Board considers its stakeholders to be:

- The affiliates and colleagues in the wider The Exeter Group of companies;
- Members or shareholders of the Exeter Cash Plan Limited;
- Regulators (organisations who regulate the conduct of the firm and financial stability);
- Suppliers (the companies providing the services, materials and resources from time to time to operate the business within the Group); and
- The wider community and the environment.

As is normal for companies that are part of a wider Group of entities, such as the Exeter Cash Plan Holdings Limited, day-to-day management of the company is delegated to executives who, in turn, engage management in setting, approving and overseeing execution of the business strategy and related policies. The Board of the Company, at every Board meeting, reviews financial and operational performance as well as legal and regulatory compliance.

The success of the Society depends on our ability to engage effectively with our stakeholders and take their views into account. Section 172 requires directors, in making their decisions and choices, to have regard to a non-exhaustive list of factors to ensure that, in promoting the success of the Company, broader implications of decisions are considered. To ensure the Company is acting fairly between its stakeholders, and to promote the success of the Company for the long-term, it must have regard for, amongst other matters, the following:

- the consequences of any decision in the long-term;
- the interest of any employees;
- the business relationships with suppliers, customers and other stakeholders;
- any impact the business may have on the community, stakeholders and the environment;
- continuing to maintain the reputation and high standards of business conduct; and
- the need to act fairly with the shareholders, members, employees and other stakeholders.

The Board regularly receives reports from management on issues in respect of members, suppliers, the community, the environment and regulators, which it takes into account in its decision-making process. In addition to this, the Board seeks to understand the interests and views of the organisations stakeholders by engaging with them directly as appropriate.

As a wholly owned subsidiary and in line with the duty to promote the success of the Company for the benefit of its shareholder, the Company must have regard to the overall strategy and direction of the Group. The Board considers decisions from its own perspective, ensuring that decisions are always beneficial to the C ompany and its stakeholders as well as having regard to the long-term sustainable success of the Group as a whole.

On behalf of the Board of Directors

W W Dobbin, BA, Barrister
Chair
14 April 2021

Directors' Report

The Directors present their annual report and audited financial statements of the Exeter Cash Plan Limited for the financial year ending 31 December 2020. As permitted by section 414C(11) of the Companies Act 2006, certain information is not included in the Directors' Report because it has instead been shown in the Strategic Report. This information is:

- Results and dividends;
- Principal activities of the Company;
- Business review and future prospects;
- Principal risks and uncertainties.

Directors and their interests

The present members of the Board and the members who were in office during the year and up to the date of signing the financial statements are shown below:

- A D S Chapman
- J R Gunn
- K R Baldwin
- W W Dobbin
- D S Brand
- S J Payne
- H S McEwan
- W T Hamilton
- S D Bryan
- C J Pollard

Parent company

The Company is a wholly owned subsidiary of Exeter Cash Plan Holdings Limited. The ultimate parent company is Exeter Friendly Society Limited ("Society"), a friendly society incorporated under the Friendly Societies Act 1992.

Preparation of financial statements

The financial statements for the current year and the prior year comparatives have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Employees

The Company did not directly employ any staff during 2020. All health insurance policy administration activities of the Company are outsourced to a third party, the Wessex Group, and the cost of this arrangement is charged directly to the Company. All other direct costs incurred are charged to the Company. All administrative activities, including Finance, Actuarial and Compliance services are provided by Exeter Friendly Society Limited.

Directors' and officers' liability insurance

Exeter Friendly Society Limited purchased and maintained throughout the year, on behalf of its subsidiaries, Directors' and Officers' liability insurance in respect of the Company. The registered address of the company is provided on page 29.

Risk Management

The Company sets its risk appetite based on the results of its assessment of risk. The overall risk appetite is expressed as a percentage of capital resources over and above the capital requirements with maximum and minimum levels set and pre-determined points for review and corrective action. As a minimum the Board would always aim to have available capital equal to at least 100% of solvency capital requirements.

The key risks faced by the Company are outlined in the Strategic Report.

Capital management

Capital resources result from either accumulated reserves or capital supplied by Exeter Friendly Society through Exeter Cash Plan Holdings. There are no other capital tiers or capital instruments in issue; subordinated or unsubordinated. Therefore, all surplus capital is available to support the business.

Proposed dividend

The Directors do not recommend the payment of a dividend for the year (2019: £nil).

Going concern

The ultimate parent company of The Exeter Cash Plan is Exeter Friendly Society Limited. Exeter Friendly Society Limited has prepared a business plan for itself and its subsidiaries and has projected the future working capital requirements of The Exeter Cash Plan. The Directors of The Exeter Cash Plan have presented the financial statements on a going concern basis as Exeter Friendly Society Limited has confirmed, as part of the business plan, its commitment to funding the future working capital requirements of The Exeter Cash Plan for a period of at least twelve months from the date of the signing of the financial statements.

Statement of disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has 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 company's auditors are aware of that information.

Approved by the Board of Directors and signed on behalf of the Board

W W Dobbin, BA, Barrister
Chairman
14 April 2021

Wallace Dobbin

Directors' Responsibilities Statement

The following statement, which should be read in conjunction with the independent auditor's report, is made with a view to distinguishing for shareholders the responsibilities of the Directors and the auditor in relation to these financial statements.

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the directors have elected to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the 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 company and of the profit or loss of the company 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of The Exeter Cash Plan

Opinion

We have audited the financial statements of The Exeter Cash Plan ("the company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- Obtaining and reviewing the 'Going Concern and Viability Review' prepared by management for the Board of Exeter Friendly Society Limited (the company's ultimate parent);
- Obtaining a copy of the letter of support provided by Exeter Friendly Society Limited to the Board of the company;
- Reviewing regulatory correspondence;
- Reviewing the Group ORSA which gives a forward-looking assessment of own risks and solvency requirements for Exeter Friendly Society Limited and the company. It also considers the capital position of the Exeter Friendly Society Limited and its subsidiaries based on different stresses and scenarios applied by the Board and contains Reverse Stress and Scenario Tests;
- Considering information obtained during the course of our audit for any evidence that would contradict management's assessment of going concern (including the impacts of COVID-19); and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

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

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

Key audit matters

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

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

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

Key Audit Matter	How our scope addressed this matter
Valuation of insurance contract liabilities The true and fair presentation of the company's financial position and operating results depends, to a significant degree, on the reasonableness and consistency of the provision for insurance contract liabilities. The provision for insurance contract liabilities includes an estimate of the ultimate cost of claims reported at the balance sheet date and the cost of claims incurred but not reported ("IBNR"). The valuation of the IBNR liability of £192k (2019: £280k) is dependent on a number of assumptions including expected loss ratios, exit rates and expenses. We identified a significant risk that the insurance contract liabilities calculated by management are materially misstated.	In conjunction with our actuarial specialist team members, our procedures to address the valuation of the insurance contract liabilities included, but were not limited to, the following: • Reviewing the processes, checks and reconciliations on the claims development data which is used for modelling; • Considering the appropriateness of the methodology and assumptions applied by the company's actuaries; and • Performing independent re-projections of the appropriate level of IBNR reserves and comparing the results with the reserves calculated by the company. **Our observations** Based on the work performed, we consider the valuation of the insurance contract liabilities was supported by the evidence obtained.

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

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

Overall materiality	Overall materiality was £39k.
How we determined it	1.25% of net earned premiums.
Rationale for benchmark applied	In determining our materiality, we considered financial metrics which we believed to be relevant. We concluded that net earned premiums was the most stable and relevant benchmark and represents a fair reflection of revenue from the company's operations.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. Performance materiality of £25k was applied in the audit representing 65% of overall materiality.
Reporting threshold	We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1.2k as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as making assumptions on significant accounting estimates.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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 its industry, we identified that the principal risks of non-compliance with laws and regulations related to non-compliance with the regulatory requirements of the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"), 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 preparation of the financial statements such as the Companies Act 2006.

In identifying and assessing risks of material misstatement in respect to irregularities including non-compliance with laws and regulations, our procedures included but were not limited to:

- At the planning stage of our audit, gaining an understanding of the legal and regulatory framework applicable to the company, the industry in which it operates and considering the risk of acts by the company which were contrary to the applicable laws and regulations;
- Discussing with the directors and management the policies and procedures in place regarding compliance with laws and regulations;
- Discussing amongst the engagement team the identified laws and regulations, and remaining alert to any indications of non-compliance; and
- During the audit, focusing on areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussions with the directors (as required by auditing standards), from inspection of the company's regulatory and legal correspondence and review of minutes of directors' meetings in the year.

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

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud, such as opportunities for fraudulent manipulation of the financial statements, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the valuation of insurance contract liabilities and significant one-off or unusual transactions; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

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

The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under 'Key audit matters' within this report.

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

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 27 August 2020 to audit the financial statements for the year ending 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement is one year, covering the year ended 31 December 2020.

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

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Sam Porritt (Senior Statutory Auditor)

for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

Tower Bridge House
St Katharine's Way
London E1W 1DD

15 April 2021

Statement of Comprehensive Income

for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Net earned premiums	4	**3,128**	3,501
Investment income	5	**9**	8
Net gains on investments	6	**19**	5
Total Income		**3,156**	3,514
Net benefits and claims		**(1,741)**	(2,866)
Net change in insurance contract liabilities	7	**116**	(23)
Net operating expenses (excluding commission to brokers)	8	**(567)**	(522)
Commission and introductory fees to Brokers	8	**(252)**	(225)
Total Benefit, Claims and Expenses		**(2,444)**	(3,636)
Profit / (Loss) before tax		**712**	(122)
Income Tax Expense	11	**0**	0
Profit / (Loss) for the year		**712**	(122)

All income and expenditure relates to continuing operations. There is no other comprehensive income and hence no other comprehensive income statement has been prepared.

The notes on pages 18 to 31 form part of these financial statements.

Statement of Financial Position

as at 31 December 2020

	Note	2020 £000	2019 Restated £000
Assets			
Deferred acquisition costs			
- General business	12	**124**	138
Loans and other receivables:			
- Insurance receivables	14	**914**	1,557
- Prepayments and accrued income		**4**	1
Financial assets, fair value through profit and loss	13	**2,024**	2,005
Amounts due from group undertakings		**1,966**	1,418
Total Assets		**5,032**	5,119
Equity			
Share capital	19	**5,000**	5,000
Capital Contribution	20	**800**	800
Accumulated losses		**(2,009)**	(2,721)
Total Equity		**3,791**	3,079
Liabilities			
Insurance contract liabilities	15	**901**	1,298
Trade and other payables			
- Insurance payables	16	**210**	602
- Other payables including tax and social security		**92**	102
- Accruals and deferred income	17	**38**	38
Total Liabilities		**1,241**	2,040
Total Equity and Liabilities		**5,032**	5,119

See note 21 for details of a restatement in relation to a prior period error.

The financial statements beginning on page 15 were approved by the Board of Directors on 14 April 2021 and were signed on its behalf by:

Wallace Dobbin, BA, Barrister
Chairman

A D S Chapman, ACII, APFS
Chief Executive

Company number 00515058

Statement of Changes in Equity

For the year ended 31 December 2020

2020

	Share capital	**Capital Contribution**	**Accumulated Losses**	**Total**
	£000	**£000**	**£000**	**£000**
At 1 January	**5,000**	**800**	**(2,721)**	**3,079**
Capital Contribution	**0**	**0**	**0**	**0**
Profit for the year	**0**	**0**	**712**	**712**
Balance at 31 December	**5,000**	**800**	**(2,009)**	**3,791**

2019

	Share capital	Capital Contribution	Accumulated Losses	Total
	£000	£000	£000	£000
At 1 January	5,000	800	(2,599)	3,201
Capital Contribution	0	0	0	0
Loss for the year	0	0	(122)	(122)
Balance at 31 December	5,000	800	(2,721)	3,079

The notes on pages 18 to 29 form part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2020

1 Accounting Policies

1.1 General Information

The Exeter Cash Plan is a private company domiciled and incorporated in England, the United Kingdom.

1.2 Basis of preparation

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through income.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies. The accounting policies have been applied consistently and the financial statements have been prepared on a going concern basis.

1.3 Significant accounting judgements, estimates and assumptions

The key accounting estimates and judgements relate to the following areas:

i. Valuation of insurance contract liabilities

Estimates are made for the expected ultimate cost of claims reported as at the year end date and the cost of claims incurred but not yet reported (IBNR) to the Company. It can take many months before the ultimate cost of claims can be established with certainty, and the final outcome may be better or worse than provided. Standard actuarial claims projection techniques are used to estimate outstanding claims. These techniques use past patterns of delay between claims being incurred and settled, either combining them with estimates of ultimate loss ratios or applying them to claims already reported for each time period. Judgement is used to adjust the results for any elements that may not be fully reflected in the modelling.

To the extent that the ultimate cost is different from the estimate, where experience is better or worse than expected, the surplus or deficit will be credited or charged to gross claims within the Statement of Comprehensive Income in future years.

The Company follows a process of reviewing its reserves for outstanding claims on a quarterly basis. This involves an appraisal of each product with respect to ultimate claims liability for the recent exposure period as well as for earlier periods, together with a review of the factors that have the most significant impact on the assumptions used to determine the reserving methodology. The work conducted on each portfolio is subject to an internal peer review and a management sign-off process. The most significant assumptions in determining the net insurance reserves are the forecast claims loss ratios by homogeneous risk group.

There have been no significant changes in assumptions during the year.

1.4 Principal accounting policies

i. Contract classification

All policies issued by the Company are insurance contracts under IFRS 4.

ii. Premiums

Written premiums are accounted for in the period in which contracts are entered into. Premiums are recognised as earned over the period of the policy, premiums applicable to periods after the year end date being carried forward to the following year.

iii. Claims

Claims are approved benefit claims incurred in the year, together with changes in the provision for outstanding claims at the year end. Claims incurred but not reported (IBNR) are projected using a triangulation method together with estimated loss ratios, supplemented by estimates for factors not fully reflected in the data. The date at which a claim is deemed to be incurred is the date at which the corresponding treatment occurs. The IBNR provision is then calculated as the ultimate projected cost of claims less cumulative claims incurred already reported. Provision is also made for claims notified but not settled and are estimated on an individual case by case basis.

iv. Reinsurance

Insurance contracts written are not reinsured.

v. Operating costs including commission and introductory fees to brokers

Operating expenses including commission and introductory fees to brokers are accounted for as incurred.

vi. Acquisition costs

Acquisition costs represent commission payable and other related expenses of acquiring insurance policies written during the financial year. Acquisition costs which relate to a subsequent period are deferred and charged to the accounting year in which the related premiums are earned.

vii. Investment income

Investment income is recognised on an accruals basis. Realised and unrealised gains and losses on investments are taken to the Statement of Comprehensive Income. Unrealised gains and losses on investments represent the difference between the valuation of investments at the year end date and their original cost, or if they have been previously re-valued, at that valuation. The movement in unrealised gains and losses recognised in the period includes the reversal of unrealised gains and losses recognised in earlier accounting years in respect of investment disposals in the current period. Realised gains and losses on investments are calculated as the difference between the net sale proceeds and original cost.

viii. Taxation

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax repayable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it's is no longer probable that the related tax benefit will be realised.

Premiums where applicable are recorded net of insurance premium taxes.

ix. Financial assets

The Company classifies all of its financial assets as financial assets at fair value through income.

Financial assets at fair value through income

The Company classifies all of its investments upon initial recognition as financial assets at fair value and subsequent valuation movements are recognised in the Statement of Comprehensive Income as they arise. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through income include listed and unlisted investments, and units in collective investment vehicles. Fair value is based on the bid value at the year end.

x. Other payables

Other payables are recognised as they fall due. They are measured initially at fair value and subsequently at amortised cost.

xi. Insurance receivables and payables

Insurance receivables and payables include amounts due to and from agents, brokers and insurance contract holders. They are initially held held at fair value and subsequently amortised cost. Where there is objective evidence that the carrying value is impaired then the impairment loss will be recognised in the Statement of Comprehensive Income either as an operating expense, or in the case of premium receiveables, premium income.

xii. Unexpired risks

A provision is made for unexpired risks in respect of certain products to the extent that the expected claims, related expenses and deferred acquisition costs are expected to exceed unearned premiums for those products, after taking account of future investment income on the unearned premium provision

2 Capital management

Capital resources result from accumulated capital with no capital tiers or capital instruments in issue; subordinated or unsubordinated. Therefore, all surplus capital is available to support the business. The Society owns shares within the subsidiary companies which are fully paid up with no other forms of financing available.

Solvency II assesses capital on a number of bases:

- Minimum Capital Requirement ("MCR") which is the level calculated by prescribed standard formulae below which a company must not fall to be compliant.
- Solvency Capital Requirement ("SCR") which is a requirement (also calculated by prescribed standard formulae) which creates a threshold for Regulatory intervention if breached.
- Companies are also required to assess their own capital requirement based on a forward looking assessment of future capital requirements know as an Own Risk and Solvency Assessment ("ORSA"). The ORSA may introduce even higher capital requirements if the Board believe it is necessary to do so.

The Company closely monitors the available capital resources compared to the levels of capital required under relevant regulators or, if higher, the Board's assessment of the appropriate levels of capital to the held as identified in the ORSA.

Set out below are the details of how the available capital resources have been calculated for the company, the restrictions in place over the available capital resources, the basis of calculating the regulatory capital requirements and an explanation of the change in available capital. The available capital has been determined in accordance with the Prudential Regulation Authority's (PRA) regulations. The available capital resources of the company are available to meet regulatory and solvency requirements of the company. Adjustments have been made to restate the assets and liabilities in line with PRA regulations.

	Note	2020	2019
Available Capital Resources		**£000**	£000
Share capital		**5,000**	5,000
Opening accumulated losses		**(2,721)**	(2,599)
Capital Contribution		**800**	800
Profit / (Loss) for the year		**712**	(122)
Total available Capital Resources		**3,791**	3,079
Reconciliation to Solvency II own funds (unaudited)			
Closing capital resources		**3,791**	3,079
Adjustments required for Solvency II		**(118)**	(40)
Own funds under Solvency II		**3,673**	3,039

On the basis of Solvency II regulations total available capital unaudited resources of the Company amount to £3.7 million (2019: £3.1 million).

3 Risk management

This section summarises the principal risks that the Company is exposed to and the way the Company manages them.

The Board reviews the risk register composition on a regular basis and then monitors key risk indicators as part of its monthly performance management.

The Board has set a risk appetite measured as a proportion of available capital for each of the funds. The utilisation of capital against this appetite is measured and considered regularly and appropriate action taken to address any issues.

3.1 Insurance risk

Insurance risk arises on insurance contracts when The Exeter Cash Plan agrees to compensate a policyholder if a specified uncertain future event adversely affects the policyholder. A prudent approach is taken in managing the potential exposure to risks arising from its insurance contracts. Trends in claim rates and other market data are reviewed on a regular basis and premiums for new and renewing contracts adjusted accordingly. The company also maintains a claims reserve based on claims reported at the balance sheet date as well as claims incurred but not yet reported. The Company's business is wholly concentrated on the underwriting of health insurance in the United Kingdom.

Concentration risk is allowed for in the Solvency II calculations using the Standard Formula. The market risk SCR incorporates the risk of any concentration of assets and the catastrophe risk SCR incorporates a concentration of insurance risks.

3.2 Financial risk

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, and insurance liabilities. In particular, the key financial risk is that in the long term its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are market risk, credit risk and liquidity risk. However, the Company also faces financial risks in respect of concentration of investments and counter-party exposures.

Each of the exposures to risk are analysed regularly to assess their likely impact and probability. The overall level of risk is then compiled into a detailed report taking into account the correlation of individual risks to arrive at a required level of capital. The Board is responsible for reviewing the risks faced by the Company and approving the required level of capital to be held against each risk element.

i. Market risk

Market Risk is the risk of losses arising from changes in the value of assets or in the income from the assets. The key risk faced in this area is interest rate risk. The Company manages market risk to ensure that all liabilities can be met as and when they fall due and to support the Company's future strategic and operational objectives. There are no investments in equities or foreign currency assets. At the year end the estimated impact of a 1% increase in interest rates is a £50,000 decrease in free assets (2019: £50,000 decrease in free assets).

The investments of The Exeter Cash Plan are managed as part of the investment portfolio of the group as a whole, which is overseen by the Investment Committee of the Society. This Committee oversees the investment policy and strategy, which the Company implements through the use of investment mandates. Each mandate aims to manage the market risk using some or all of the following mechanisms:

1. Defined performance benchmarks;
2. Limits on asset allocation by asset type;
3. Limits on duration of the fixed interest portfolio.

The Company is exposed to interest rate risk where changes in interest rates result in changes to market values or cash flows.

ii. Credit risk

Credit risk is the risk that counterparties will be unable to pay amounts due in full when they fall due. The Exeter Cash Plan is primarily exposed to credit risk on its financial investments, which are all pooled fixed interest investments. The Exeter Friendly Society Group regularly monitors the financial strength of its counterparties by reviewing credit rating agencies and other publicly available information. There is no significant credit risk relating to amounts due from contract holders since policy benefits are directly related to the payment of outstanding premiums.

Assets are invested primarily in gilts. In addition, the Company has taken the following steps to mitigate credit risk:

1. Diversified the portfolio of investments to reduce the potential impact of a credit event;
2. Counterparty limits are in place for each cash deposit.

Maximum exposure to credit risk:

	2020	2019 Restated
	£000	£000
Debt securities at fair value through income:		
Listed securities	**2,024**	2,005
Insurance Receivables	**914**	1,557
Total assets bearing credit risk	**2,938**	3,562

iii. Liquidity risk

Liquidity risk is the risk that the Company, although solvent, is unable to meet its obligations as they fall due. The Company's objective on liquidity risk management is to ensure that sufficient funds are available over the short and medium term to meet the needs of the Company. This includes new business costs, planned strategic activities, claims payments and day to day cash flow requirements.

Liquidity risk is managed as follows:

1. Budgets are prepared to forecast the short term and medium term liquidity requirements;
2. Assets of suitable marketability and maturity are held to meet the member liabilities as they fall due;
3. Credit risk of deposit takers is managed by having appropriate counterparty and credit limits in place.

The table below summarises the maturity profile of the financial liabilities of the Company based on the term to maturity of the underlying policies or benefits.

Maturity profile of financial liabilities 2020	**Within 1 year**	**1-5 years**	**Over 5 years**	**No term**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Insurance contract liabilities	**901**	**0**	**0**	**0**	**901**
Trade and other payables					
- Insurance payables	**210**	**0**	**0**	**0**	**210**
- Other payables including tax and social security	**92**	**0**	**0**	**0**	**92**
- Accruals and deferred income	**38**	**0**	**0**	**0**	**38**
Total financial liabilities	**1,240**	**0**	**0**	**0**	**1,240**

Maturity profile of financial liabilities 2019 Restated	Within 1 year	1-5 years	Over 5 years	No term	Total
	£m	£m	£m	£m	£m
Insurance contract liabilities	1,298	0	0	0	1,298
Trade and other payables					
- Insurance payables	602	0	0	0	602
- Other payables including tax and social security	102	0	0	0	102
- Accruals and deferred income	38	0	0	0	38
Total financial liabilities	741	0	0	0	741

iv. Fair value estimation

The principal financial assets held at 31 December 2020, analysed by their fair value hierarchies were:

2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:	**£000**	**£000**	**£000**	**£000**
Financial assets at fair value through income:				
- Equity securities	**0**	**0**	**0**	**0**
- Debt securities	**2,024**	**0**	**0**	**2,024**
Total assets	**2,024**	**0**	**0**	**2,024**

2019	Level 1	Level 2	Level 3	Total
Assets:	£000	£000	£000	£000
Financial assets at fair value through income:				
- Equity securities	0	0	0	0
- Debt securities	2,005	0	0	2,005
Total assets	2,005	0	0	2,005

3.3 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal and regulatory risk. Senior managers in the Exeter Friendly Society Group are responsible for the identification, assessment, control and monitoring of operational risks, including those that arise on its outsourced activities, and for reporting these in accordance with the Company's escalation criteria.

4 Net earned premium

	2020	2019
	£000	£000
Gross written premiums	**2,846**	3,505
Change in gross provision for unearned premiums	**282**	(4)
Gross earned premiums	**3,128**	3,501
Net earned premiums	**3,128**	3,501

5 Investment income

	2020 £000	2019 £000
Income from investments at fair value through proft and loss:		
Interest income	**9**	8
Total investment income	**9**	8

6 Net gains / (losses) on investments

	2020 £000	2019 £000
Investments at fair value through income - unrealised gains:		
- Debt securities	**19**	5
Net gains on investments	**19**	5

7 Net change in insurance contract liabilities

	2020 £000	2019 £000
(Decrease) / Increase in Gross insurance contract liabilities	**(397)**	27
Less change in provision for unearned premium	**281**	(4)
Gross change in insurance contract liabilities	**(116)**	23
Net change in insurance contract liabilities	**(116)**	23

Further analysis regarding the movement in insurance contract liabilities can be found in note 15.

8 Net operating expenses

	2020 £000	2019 £000
Acquisition costs (excluding commissions)	**231**	160
Decrease / (Increase) in deferred acquisition costs (excluding commissions)	**(33)**	(8)
Administrative expenses	**368**	370
Net operating expenses (excluding commission to brokers)	**567**	522
Commission and introductory fees	**205**	236
Decrease / (Increase) in deferred acquisition costs (commission)	**47**	(11)
Commission to brokers	**252**	225
Net operating expenses (including commission to brokers)	**819**	747
Net operating expenses include:		
Auditors remuneration:		
- Fees payable to the Society's auditors for the audit of current year financial statements	**12**	12
- Fees payable to the Society's auditors for other services pursuant to legislation	**0**	0

9 Employee information

The Company did not directly employ any staff during 2020 (2019: 0).

All health insurance policy administration activities of the Company are outsourced to a third party, the Wessex Group, and the cost of this arrangement is charged directly to the Company.

All other administrative activities, including Finance, Actuarial and Compliance services are provided by Exeter Friendly Society Limited. All direct costs incurred are charged to the Company.

10 Directors' emoluments

The emoluments of the Directors are paid by the ultimate parent company, Exeter Friendly Society Limited, which makes no recharge to the company. Each of the Directors are also directors of the company's immediate parent company, Exeter Cash Plan Holdings Limited and the company's ultimate parent company, Exeter Friendly Society Limited. It is not possible to make an accurate apportionment of their emoluments in respect of each the company and its immediate parent company, Exeter Cash Plan Holdings Limited. Accordingly, no emoluments have been included within this disclosure. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of Exeter Friendly Society Limited.

11 Income tax expense

11.1 Amounts recognised in profit or loss

	2020	2019
	£000	£000
Current tax expense		
Tax expense	**0**	0
Adjustment for prior years	**0**	0
Deferred Tax	**0**	0
Total tax expense	**0**	0

The current rate of Corporation Tax in the UK is 19% (2019: 19%). The Government has proposed that this rate will remain at 19% until 1 April 2023, when it will increase to 25%.

11.2 Reconciliation of current tax expense

	2020	2019
	£000	£000
Profit / (Loss) before tax from continuing operations	**712**	(122)
Current tax at standard corporation tax rate	**135**	(23)
(Decrease) / Increase in tax losses carried forwards	**(135)**	23
Current tax on income for the year	**0**	0

Total accumulated tax losses as at the reporting date is £12,576,000 (2019: £13,288,395). These losses my be utilised against future trading profits and have no expiry date.

A deferred tax asset has not been recognised due to the uncertainty of future taxable profits arising.

12 Deferred acquisition costs

		2020 £000	2019 £000
Cost:			
At 1 January 2020		**138**	119
Total acquisition costs deferred			
	Commission and introductory fees	**75**	122
	Other Acquisition costs	**49**	16
Total acquisition costs amortised			
	Commission and introductory fees	**(122)**	(111)
	Other Acquisition costs	**(16)**	(8)
At 31 December 2020		**124**	138

13 Financial assets, fair value through profit and loss

In accordance with IFRS recognition and measurement principles, all the Company's investments are classified as investments designated at fair value through income and are described in these financial statements as investments held at fair value. All investments are designated as held at fair value upon initial recognition and are measured at subsequent reporting dates at fair value, which is the bid price of the exchange on which the investment is quoted. The composition and nature of the assets held are set out below.

Reconciliation of movements per classification in the year

	2020 £000	2019 £000
At 1 January	**2,005**	2,000
Additions	**0**	0
Disposals at cost	**0**	0
Changes in Market value	**19**	5
At 31 December	**2,024**	**2,005**

Fair value through income

	2020		2019	
	Market value	**Cost**	Market value	Cost
Debt securities:	**£000**	**£000**	£000	£000
UK listed	**2,024**	**1,996**	2,005	1,996
	2,024	**1,996**	2,005	1,996
Total	**2,024**	**1,996**	2,005	1,996

14 Insurance receivables

2020	Contract Holders	Agents / Brokers / Intermediaries	Total
	£000	£000	£000
Due as at 31 December 2020 - Less than 30 days in arrears	**15**	**246**	**261**
Due as at 31 December 2020 - More than 30 days in arrears	**0**	**0**	**0**
Not yet due as at 31 December 2020	**659**	**0**	**659**
Provision for impairment as at 31 December 2020	**(6)**	**0**	**(6)**
Total insurance receivables	**668**	**246**	**914**

2019	Contract Holders	Agents / Brokers / Intermediaries	Total
	£000	£000	£000
Due as at 31 December 2019 - Less than 30 days in arrears	1	310	311
Due as at 31 December 2019 - More than 30 days in arrears	0	311	311
Not yet due as at 31 December 2019	936	0	936
Provision for impairment as at 31 December 2019	(1)	0	(1)
Total insurance receivables	936	620	1,557

Debtors greater than 30 days are considered to be impaired. Provision is made on impaired debt to the extent to which recovery is expected based on experience of similar debtors. Provisions relating to Contract Holders premium due amounts are recognised as an adjustment to premium in the Statement of Comprehensive Income.

15 Insurance contract liabilities

15.1 Analysis of insurance contract liabilities

	2020	2019
	£000	£000
Unearned premiums	**676**	957
Claims incurred but not reported (IBNR)	**192**	280
Claims liabilities	**33**	18
Unexpired risk provision	**0**	43
Total	**901**	**1,298**

15.2 Movement in unearned premiums

	2020	2019
	£000	£000
Balance at 1 January	**957**	953
Premiums written in the year	**2,847**	3,505
Premiums earned during the year	**(3,128)**	(3,501)
Balance at 31 December	**676**	**957**

15.3 Movement in other insurance contract liabilities

	Claims incurred but not reported	Claims liabilities	Unexpired risk provision	Total
	£000	**£000**	**£000**	**£000**
At 1 January 2020	**280**	**18**	**43**	**341**
Utilised in the year	**(231)**	**(18)**	**(43)**	**(292)**
Provided in the year	**144**	**33**	**0**	**177**
Balance at 31 December 2020	**192**	**33**	**0**	**226**

	Claims incurred but not reported	Claims liabilities	Unexpired risk provision	Total
	£000	£000	£000	£000
At 1 January 2019	291	14	13	318
Utilised in the year	(245)	(14)	0	(259)
Provided in the year	234	18	30	282
Balance at 31 December 2019	280	18	43	341

The company has not presented claims development tables as the uncertainty around the amount and timing of claims payments are typically resolved within one year.

16 Insurance payables

	2020	2019
	£000	£000
Due to contract holders	**128**	142
Due to agents/brokers/intermediaries	**82**	460
Total insurance payables	**210**	**602**

17 Other payables including tax and social security

	2020	2019
	£000	£000
Tax and social security	**92**	102
Total other payables including tax and social security	**92**	**102**

18 Related party transactions

The company is a wholly owned subsidiary of Exeter Friendly Society Limited. IAS 24 requires the subsidiary to disclose any balances due or from other group companies.

	2020	2019 Restated
	£000	£000
Capital contribution from Holding Company - treated as a capital contribution	**0**	0
Amounts recharged from the ultimate parent company	**(1,068)**	(898)
Amounts settled during the year with the ultimate parent company	**1,012**	923
Intercompany Balance	**(1,966)**	(1,418)

The amounts due from group undertakings as at the year end was £1,966k (2019 Restated): £1,418k) .

19 Share capital

	2020	2019
	£000	£000
5,000,001 issued and fully paid ordinary shares of £1 each	**5,000**	5,000

The £1 Ordinary shares have attached to them full voting, dividend and capital distribution rights. They do not confer any rights of redemption.

20 Capital Contribution

	2020	2019
	£000	£000
Capital Contribution as at 01 January 2020	**800**	800
Capital Contribution in the year	**0**	0
Capital Contribution as at 31 December 2020	**800**	800

21 Restatement of a prior period error

2019 figures have been restated. This was due to a material error in the presentation of cash balances. The funds were previously treated as a cash balance within The Exeter Cash Plan, however the cash balance is within the ulitmate parent company Exeter Friendly Society with a corresponding intercompany movement.

The effect of the restatement on the 2019 Financial Statements is detailed below.

	Effect on 2019
	£000
Statement of Financial Position:	
Decrease in Cash and Cash equivalents	(1,432)
Increase in amounts due from group undertakings	1,432

22 Ultimate parent company

The ultimate parent company and the ultimate controlling party is Exeter Friendly Society Limited, a UK incorporated Friendly Society registered under the Friendly Societies Act 1992.

The immediate parent company is Exeter Cash Plan Holdings Limited, a limited liability company, incorporated in the UK.

The largest and smallest group whose financial statements this company is consolidated into is Exeter Friendly Society Limited.

Both the ultimate and immediate parent companies are registered at the below address.

The consolidated financial statements of Exeter Friendly Society Limited are available to the public and may be obtained from: The Company Secretary, Lakeside House, Emperor Way, Exeter, EX1 3FD or at www.the-exeter.com.

23 IFRS developments

Standards, amendments and interpretations effective for 2019, which are considered to have no significant impact on the Company's results, are set out below.

24.1 New standards which are now effective

Amendments to UK accounting standards - UK exit from the European Union

From the 1 January 2021 the Company will report under "UK-adopted international accounting standards".

IFRS 9 'Financial Instruments'

Effective for annual accounting periods beginning on or after 1 January 2018. This standard replaces guidance on IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities. For Insurance entities within the scope of IFRS 17 an optional deferment on the application of this standard is available, which the Group has adopted.

24.2 Amendments to standards which are now effective

Amendment to IFRS 4 'Insurance Contracts': Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'

IFRS 9 'Financial Instruments' (effective for accounting periods beginning on or after 1 January 2018). Management have taken the decision to apply the temporary exemption for IFRS 9 until the earlier of the effective date of IFRS 17: Insurance Contracts or 1 January 2022. This is consistent with other insurers who issue insurance contracts under the scope of IFRS 4.

Under the temporary exemption, insurers are permitted to continue to apply IAS 39, instead of adopting IFRS 9, if their activities are 'predominantly connected with insurance'. The assessment of whether activities are predominantly connected with insurance is initially performed as at the annual reporting date immediately preceding 1 April 2016. To assess whether activities are 'predominantly connected with insurance', two tests have to be performed. Only if both tests are passed are an insurer's activities considered to be predominantly connected with insurance. First, an insurer assesses whether the carrying amount of its liabilities arising from contracts within IFRS 4's scope is significant, compared to the total carrying amount of all of its liabilities. Secondly, the insurer compares the total carrying amount of its liabilities connected with insurance with the total carrying amount of all of its liabilities. The second test is passed if the resulting percentage is either: greater than 90%; or, if it is less than or equal to 90% but greater than 80%, the insurer is not engaged in a significant activity unconnected with insurance.

The Exeter Cash Plan meets the criteria to apply the temporary exemption from IFRS 9. The carrying value of liabilities within IFRS 4's scope at 31 December 2015 was significant compared to the total carrying amount of all of its liabilities and in excess of the 90% threshold for liabilities connected with insurance. Reassessments of eligibility for the temporary exemption at subsequent annual reporting dates are only made where there is a significant change in the entity's activities. As there has been no significant change in the Company's activities, no such reassessment has been performed.

Separate disclosure is required of financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and not categorised as Fair Value through Profit and Loss (FVTPL) due to either being managed on a fair value basis or held for trading. Within the Company's operations there are no such financial assets that require separate disclosure.

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform

Effective 1 January 2020. The amendments will affect entities that apply the hedge accounting requirements of IFRS 9 or IAS 39 to hedging relationships directly affected by the interest rate benchmark reform. The Company is not impacted by these changes.

Amendments to IAS 1 'Presentation of financial statements' and IAS 8 'Accounting policies, changes in accounting estimates and errors' – Definition of Material

Clarity has been provided on the definition of material. The definition effective 1 January 2020 is as follows.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments clarify the definition of material, but will not have a significant impact on the preparation of the financial statements for the Company.

Amendment to IFRS 16 – Covid-19-Related Rent Concessions

On 28 May 2020 the IASB published an amendment to IFRS 16 that provides an optional exemption for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. This amendment does not impact the Company.

24.3 New standards and amendments to standards not yet effective

As at the date of authorisation of these financial statements, the following Standards and Interpretations as well as amendments to existing Standards and Interpretations, which have not been applied in these financial statements, were in issue but not effective:

IFRS 17 'Insurance Contracts'

IFRS 17 was issued in May 2017 and replaces IFRS 4 'Insurance contracts'. The original effective date of IFRS 17 was 1 January 2021; however a one year deferral to 2022 has been agreed. Management are currently assessing the impact of this standard, and will invest significant effort in transitioning its accounting to this new standard.

IFRS 3 'Business Combinations'

IFRS 3 provides clarification over what can be defined as a business. The Company will not be impacted by these changes.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

Effective for periods on or after 01 January 2022. This amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. Managements expectation does not affect the classification. The Company does not expect this change to materially impact the financial statements.