Westfield Health

Westfield Contributory Health Scheme Limited
(A Company limited by guarantee and not having a share capital)
Company Number: 303523

Annual report

and consolidated financial statements

Year ended 31 March 2023

Company information

Chair
S Purdham

Senior Independent Director
J Hartley

Non-Executive Directors
R Copeland
T Nicholls
R Stubbs
N Webber

Chief Executive
D A Capper

Executive Directors
J S Hogan (Chief Operating Officer & Deputy Chief Executive Officer)
A M Mucci (Chief Growth Officer)

Registered Office
Westfield House
60 Charter Row
Sheffield
S1 3FZ

Auditor
BDO LLP
Chartered Accountants
55 Baker Street
London
W1U 7EU

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Statement from the Chair

31 March 2023

Westfield Health is deeply committed to making a positive impact on the lives of our customers, colleagues, and communities. This dedication has never been more evident. Despite the challenges of a high inflationary environment and the war in Ukraine, which have increased our operating costs, our team has once again risen to the occasion and achieved exceptional outcomes for all our key stakeholders.

Giving back has always been at the heart of our mission, and through our colleague-led initiative, Westfield One, we have taken decisive action to support the most significant social and environmental challenges of our time.

Over
£80m
Group revenue for the first time in our 104-year history.

Our strategic partnership with the Dame Kelly Holmes Trust has demonstrated, in its first year, the transformative effect it can have on the mental and physical well-being of underprivileged young people. Personally, I had the privilege of meeting many young people who participated in the “On Track to Achieve” programme. Witnessing the positive difference it made in their lives, particularly those who were previously facing mental health struggles, was truly inspiring.

During the year, we made the decision to support a newly established charity called The Baton of Hope. Moved by journalist Mike McCarthy’s heartbreaking story of losing his son Ross to suicide while waiting for mental health services, we joined the campaign for improved access to mental health support. Ross’s letter to his father asking him to advocate for better services resonated deeply with us. With the reflections we have gained we will be involved with the future creation of a workplace charter to start the conversation and raise awareness about suicide prevention.

In order to continue supporting these important causes, we understand the need for a sustainable and growing business.

In the following pages, you will find examples of our achievements. For the first time in our 104-year history, we have exceeded annual Group revenue of £80 million. Additionally, we have secured over half a million insurance customers and significant Health and Wellbeing contracts with globally recognised brands. Our presence now extends to ten countries across two continents, highlighting our commitment to sustainable growth.

"We actively listen to and engage with our colleagues through various communication channels, building an evidence-based people strategy.

We firmly believe in driving performance through wellbeing, and we incorporate this philosophy into our daily practices. Our progress has solidified our position as a leading international provider of health and well-being services. With this position comes the responsibility to transform people's mental and physical wellbeing, fostering happier individuals and more resilient businesses. We recognise that a one-size-fits-all approach to employee well-being falls short. Therefore, we actively listen to and engage with our colleagues through various communication channels, building an evidence-based people strategy.

We take immense pride in being recognised as the winner of the Investors in People Gold Employer of the Year (+250) category.

Despite the challenging high inflationary environment that affected businesses this year and is anticipated to persist in the future, we achieved a positive result by delivering a surplus on our insurance operations for the fourth consecutive year. This accomplishment showcases our resilience and adaptability. However, external factors including downward valuations on investments, buildings, and pension scheme assets, along with the impairment of our investment in new IT systems, resulted in a retained loss of approximately £8 million for the fiscal year ending March 2023. Nevertheless, we remain unwavering in our commitment to our strategy, mission, values, and purpose. By steadfastly operating in line with these principles, we are confident in our ability to effectively respond to challenges and drive sustainable growth. With this approach, we will continue to make a positive impact for many years to come.

One example of our commitment to our strategy, mission, and values is our ongoing investment in innovation. This year, we have continued to invest in our core IT systems, resulting in a seamless transition for more customers into our latest digital systems which will provide a foundation for supporting our customers more efficiently in the future. We will continue this transition in the years ahead. Additionally, we have introduced new digital health and well-being services, and we are exploring the use of virtual reality headsets to enhance mental well-being in corporate settings.

Winner of the Investors in People Gold Employer of the Year (+250) category.

From a Board perspective, we have successfully completed the transition to a new Board, with regulatory approval received for all Directors. We have appointed a Board Champion for Consumer Duty and are on track to meet the regulatory deadline by the end of July 2023. It has been gratifying to witness how our entire organisation has embraced this regulation, using it as an opportunity to seek innovative approaches and ensure customer value remains at the forefront of our decision-making.

Working closely with the Board, we will lead the way in advancing equity, diversity, and inclusion. This year, our focus has been on gathering meaningful baseline data to inform policy and decision-making, providing education for the Board of Directors and senior leaders, and embedding equity into all aspects of our recruitment process. We firmly believe these actions will have a profound impact on our colleagues, customers, and communities, as we strive to make them integral to our daily culture. We have already made progress in this area as a result of our recent pay review, which led to a reduction of the median gender pay gap from 35.9% to 11%. Equity, diversity, and inclusion are ongoing journeys that require continuous improvement.

In closing, I would like to express my gratitude to the Board, our Executive Leadership team, and all our colleagues for their unwavering commitment and energy. On behalf of the Group, I extend my heartfelt thanks to our customers for their continued support and confidence, particularly during another challenging year.

Stephen Purdham
21 July 2023

Strategic Report

For the year ended 31 March 2023

The strategic report is prepared in accordance with The Companies Act 2006. The report outlines the activities of Westfield Contributory Health Scheme Limited (the "Company", "Westfield") and its subsidiaries (together, the "Group", "Westfield Health") in the year and reviews the principal risks facing the Group.

Why we exist (our purpose)

We're dedicated to making a healthy difference to the quality of life of our customers and the communities in which they live and work.

What we do (our mission)

We inspire and empower each other to be the best that we can be, so we can deliver evidence-based health and wellbeing solutions that support people, communities, and workplaces to be healthier.

We're proud of our not-for-profit heritage and are passionate about making a healthy difference. We have no shareholders, so the more successful we are the more we can give back to those around us.

How we see the future (our vision)

Powering the world's most resilient businesses by transforming the mental and physical wellbeing of their people.

The Westfield Way
Guiding principles of our work & how we operate

- Contribute through informed, evidence-based thinking about how we can improve, whilst being accountable and taking ownership of our work.
- Be proud of our contribution and have clarity of how we all make a positive difference.

- Uphold an environment where there is mutual respect, compassion and care for the different types of work that we do and types of people we work with.
- Be proud of our individual differences, our relationships and commitment to each other.

- Get involved with how Westfield Health develops and progresses.
- Embrace changes and be curious about how we do things differently. Have the voice to be constructive, challenging and pioneering.

- Encourage, value and recognise ourselves and others to be the best team we can be.
- Consider how we can work better together by being open, supportive and listening to each other.

What we want to achieve

- **Be community-focused organisation** making a positive impact in the local communities that we serve.
- **Embed the 'Westfield Way' into the employee lifecycle** to ensure the values we have been building for over 100 years continue on in the way we operate.
- **Sustainable growth** with all business units, products and distribution channels contributing to the financial sustainability of our organisation.
- **Business diversification** into the health and wellbeing arena to reduce the reliance on individual product offerings and to maximise the benefit of strategic partnerships in place.
- **Drive efficiency and effectiveness through process optimisation** to streamline our operating model and ensure the best customer experience possible.
- **Complete the development of a secure and enabling technological platform** that will help us realise our strategic purpose.
- **Continue to develop our capability and experience** to be recognised as the go to provider of corporate wellbeing in the markets in which we choose to operate.

Highlights of the year

The Westfield Health Group's key performance indicators for the 2022-23 financial year.

£82m

Group revenue

The highest in our 104-year history.

Record new business sales.

Policyholders

515k

2022: 470k

Policyholders now exceed 500k for the first time.

Gross premiums

£67.1m

2022: £62.7m

Other trading income

£13.2m

2022: £9.2m

Giving back

£672k

(incl. £448k Gift Aid)

2022: £605k (incl. £435k Gift Aid)

Group net reserves

£72.0m

2022: £80.4m

Solvency II coverage ratio

261%

2022: 239%

A review of the year for the Group

Financial year 2022-23 was hopefully going to see a return to some form of "normality" following two years of significant disruption due to the Coronavirus pandemic. Although the pandemic now seems to be thankfully behind us, the uncertainty void was filled very quickly with both the war in Ukraine and the resulting inflationary environment that has spread across the global community.

In spite of the volatile world in which we live, our colleagues have again shown incredible resilience throughout the year, continuing to deliver high quality service for our customers whilst also delivering significant annual revenue growth of just under £10m which saw our Group revenue exceed £80m for the first time.

Customer claim values in our insurance business remained strong, with average risk rates recovering to pre-pandemic levels during the year. Our pricing strategy, which was paused during the pandemic, will therefore recommence during 2023 ensuring we balance customer value against the inflationary environment in which we operate.

Following a re-organisation of our Sales function over two years ago, new business development was yet again exceptionally strong and saw us achieve the highest level of new business recorded in our 104-year history with just under 150k new policy sales. This resulted in a net increase of 45k policyholders during the year and also saw us break through another key milestone as we now insure in excess of half a million customers – again for the first time.

Importantly, account retention remained strong throughout the year, at 94%.

"Account retention remained strong throughout the year, at 94%.

Continued investment into our digital capability and IT infrastructure has allowed our cash plan customers to submit 100% of claims online, with digital adoption growing to well over 80%. We have introduced some structural changes within our non-customer-facing areas which will ensure our customer experience and service levels continue to improve over the coming years. We have focused on customer outcomes as part of the new consumer duty regulation and are making changes to our processes where deemed necessary.

Our UK diversified business unit, Westfield Health & Wellbeing Ltd, also saw another year of strong growth with a number of significant client wins secured throughout the year. A closer working relationship with our European business, High Five Health Promotion, also saw us win and subsequently implement a number of Active Spaces for some of the world's largest and most successful companies.

The continued growth of these business units again demonstrates the continued demand and appetite for these services. Clients are viewing onsite Active Spaces as an essential component of building attractive workplace environments to encourage their people back to the workplace.

Our wellbeing services have continued to benefit from the market demand for content and services to meet the changing and evolving challenges faced by businesses, whether delivered remotely through webinars or onsite. Over 50 health topics are now available to clients in the categories of 'Live Well', 'Work Well' and 'Think Well'. Health leadership training courses are also available for senior leaders and line managers and are CPD accredited.

Our whole of workforce proposition, supported and enabled by our corporate wellbeing platform, continues to evolve in line with the needs of the market and ensures that our proposition can be tailored to client needs.

45,548

net increase in policyholders

Driving performance through wellbeing

We recognise the important role we play in embedding health and wellbeing into everyday life. That's why we continually strive to improve and monitor the impact of our behaviour on not just our commerical performance, but also our colleagues, customers and community.

Colleagues

At Westfield Health we put our people first. We are dedicated to making Westfield Health a great place to work. Our commitment to our people drives us to create opportunities for colleagues to feel empowered to make a healthy difference in their own roles.

We firmly believe that the Westfield team is the Group's biggest asset. We aim to create a healthy workplace where we all feel connected, heard, developed, recognised and supported. Through our processes, policies and ways of working, we endeavour to drive behaviours that we believe support us to reach our strategic vision.

Our wellbeing strategy reflects what our people are telling us so we can put wellbeing at the heart of what we do. Our business results tell us that this has created a higher performing culture, increased engagement, and most importantly created a great place to work. We have used a number of sources to hear from our people about what we're doing well at Westfield Health and how we can improve further. This will help drive the activities needed to support our people's needs and wants.

472

employees across the Group

2022: 436

FTE: 368 (2022: 371)

Over the last year, we have continued to develop our Diversity, Equity and Inclusion strategy, working with an external consultancy to ensure Westfield Health is an inclusive employer that champions diversity and equity across the group. We have focused on driving change through the education and involvement of our colleagues and by reviewing our internal policies and processes.

DEI survey results

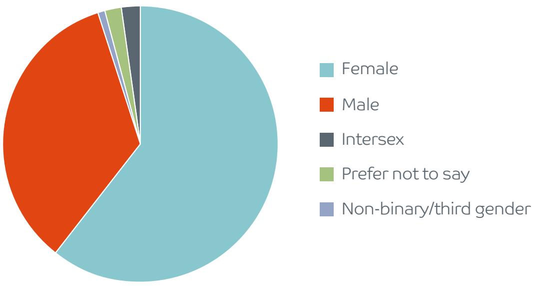
51%

of colleagues completed our DEI survey.

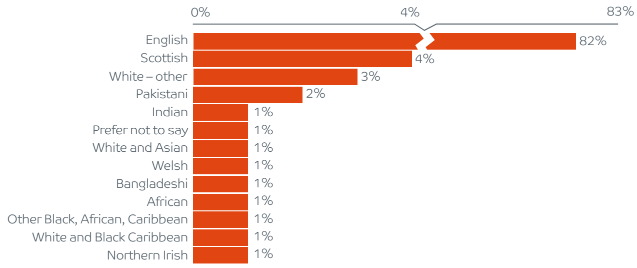
Three key DEI pillars identified:

- Women in leadership
- Increasing ethnic diversity
- Supporting colleagues with disabilities

Gender identity



Ethnicity



11% of colleagues consider themselves to be neurodivergent.
10% of colleagues have a disability or health condition.
45% of colleagues have caring responsibilities.

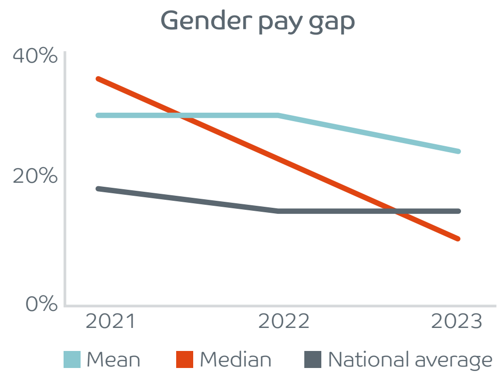
The DEI survey provides a baseline from which we can progress on our mission to foster a culture of inclusiveness for all colleagues.

Actions for the coming year:

- Review of recruitment processes
- Ongoing training for all colleagues
- Ongoing process reviews
- Partnering with charities
- National Inclusion Week
- Disability History Month

We've made progress towards reducing our gender pay gap in terms of both median and mean.

Gender pay gap	2021	2023
Mean	30.5%	25%
Median	35.9%	11%



Our median gender pay gap has decreased from 35.9% in 2021 to 11% in 2023 and now sits below the national average, but we have more work to do in this area to increase the number of women in leadership positions.

INVESTORS IN PEOPLE®
We invest in people Gold

Westfield is delighted to hold the Investors in People Gold accreditation. We achieved this back in 2019 and again in June 2022. At the November 2022 Investors in People Awards we won "Employer of the Year - Gold Category, 250+" which is testament to the amazing progress we have made across all indicators in the Investors in People framework. The framework reflects the latest workplace trends, essential skills and effective structures required to outperform in any industry and demonstrates our commitment to high performance through good people management.

At the heart of our people strategy is the support and development of our colleagues across the Group. Over the last year we have strengthened our learning and development offering through the implementation of our Learning Hub and through our development programmes which provide learning opportunities for all colleagues.

The work on our corporate culture continues with the Westfield Way, our values and competency framework. This was co-created by our colleagues and continues to be embedded through our leadership, systems, processes and working practices. The Westfield Way complements and reinforces our purpose and mission to ensure our strategic narrative is consistent. This clarity empowers our colleagues to be fully engaged with the direction of Westfield Health's purpose and make autonomous decisions that are aligned to our goals.

Customers

Connect, our customer services team, continued to deliver market leading customer service to our customers in the UK, despite external pressures making staff retention challenging.

During the year, we handled over 200,000 customer enquiries over the phone and by email. In the past year we processed over 700,000 claims within an average of less than four days from receipt.

Following either contact with us or having submitted a claim, we survey our customers for their feedback on our performance. We're proud of the feedback we receive from our customers who rate us 4.8 out of 5 (based on over 96,000 completed customer surveys) and our Net Promoter Score is a market leading 73%.

Throughout the year we have strived to develop self-service capability for our customers via My Westfield, and following extensive development all cash plan claim types can now be submitted online or via our app. This is a significant step forward in convenience for our customers and builds efficiency for the Connect teams. Customers take up of self-service remains strong, with over 85% of our claims now originating from either the website or our app. We will continue our focus on improving our online services to maximise the value to our customers.

73% Net Promoter Score

200,000 customer communications via phone and email

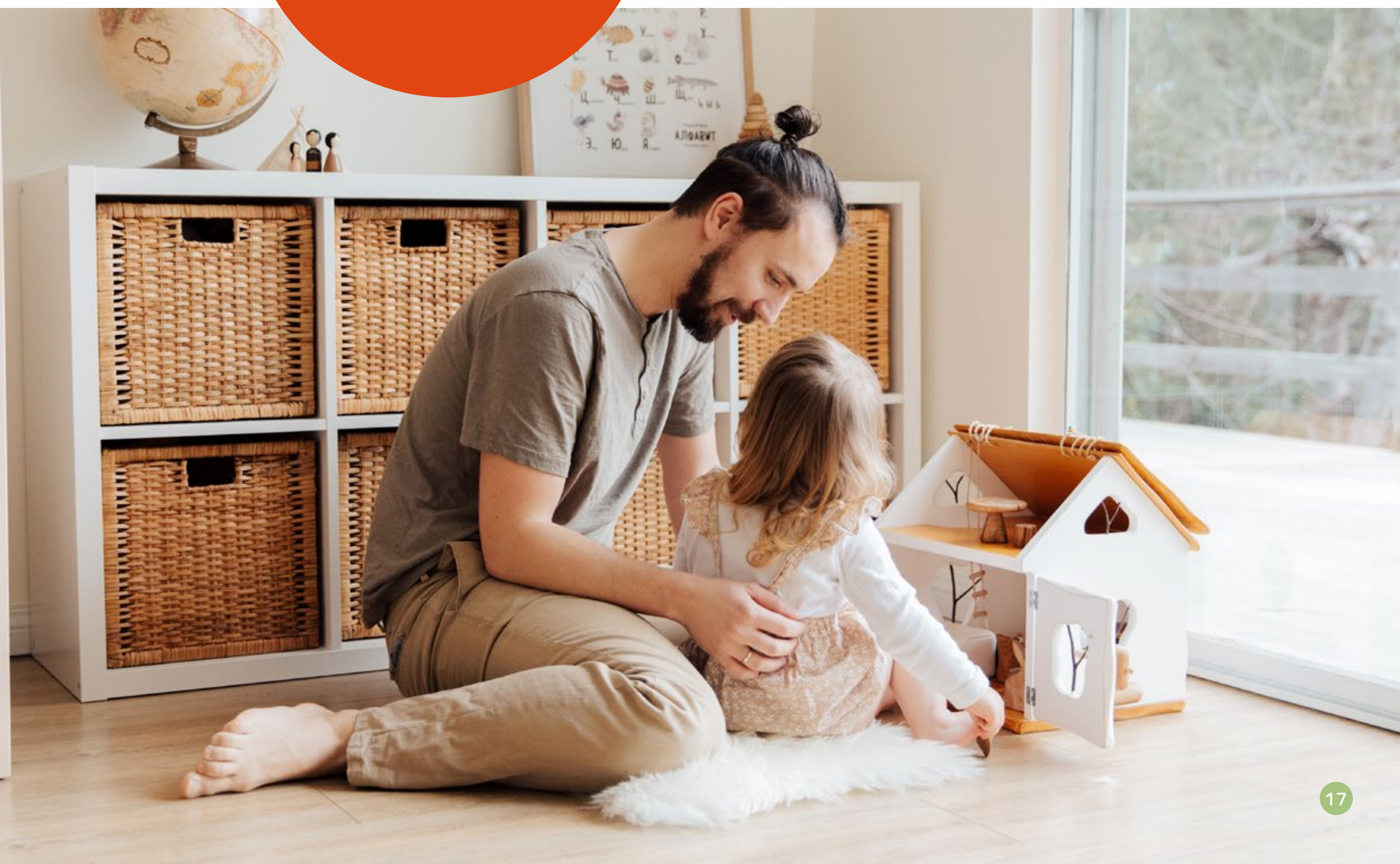
To address some operational challenges we were experiencing, we announced changes to our ways of working which will see improvements to our end to end customer experience for claims handling.

We've continued to focus on process improvement throughout Connect, introducing changes to many of our 'back office' processes where we've streamlined ways of working, reducing the effort required from our customers, and the overhead to process the tasks.

Our Active Space clients across the UK and Europe continue to show great belief in us as their wellbeing partner of choice. We have opened a number of high profile, new Active Spaces throughout the year and continue to extend the standard of service that we deliver to existing clients.

Our proposition continues to adapt to meet the needs of clients who want delivery of wellbeing services virtually, onsite or via a hybrid of the two.

Average customer survey rating: 4.8 out of 5



Community

As part of our dedication to making a healthy difference to the quality of life of our customers and the communities in which they live and work, we have donated over £6million to health and wellbeing related causes over the last 10 years.

Our community focus is carried out through the 'Westfield One' initiative which is our inclusive give back strategy and enables us to demonstrate our commitment to our purpose, create a sense of belonging, and take action on some of the biggest social challenges our communities face today.

We deliver this through the **Westfield One Movement Committee** who are responsible for identifying more strategic ways to deliver against our founding purpose, the **Giving Back Committee**, our colleague-led Committee who have their own budget and make one-off donations to charities and other causes, as well as through **volunteering** for any cause colleagues see as worthy.

Highlights include:

- The Westfield One Movement Committee agreed spend of £471k to make a healthy difference.
- The Giving Back Committee donated £201k to charities and causes across the UK and Europe.
- The Westfield One Movement Committee donated to 137 causes.
- The donation of 16 defibrillator units across the UK.

£672,000 given to good causes in 2022-23

This year, Westfield has provided sponsorship to three key initiatives:

The British Transplant Games help deliver Transplant Sports' aims to: demonstrate the benefits of transplantation; increase public awareness of the need for organ donation; encourage transplant recipients to lead active lives; and show appreciation for donors and their families.

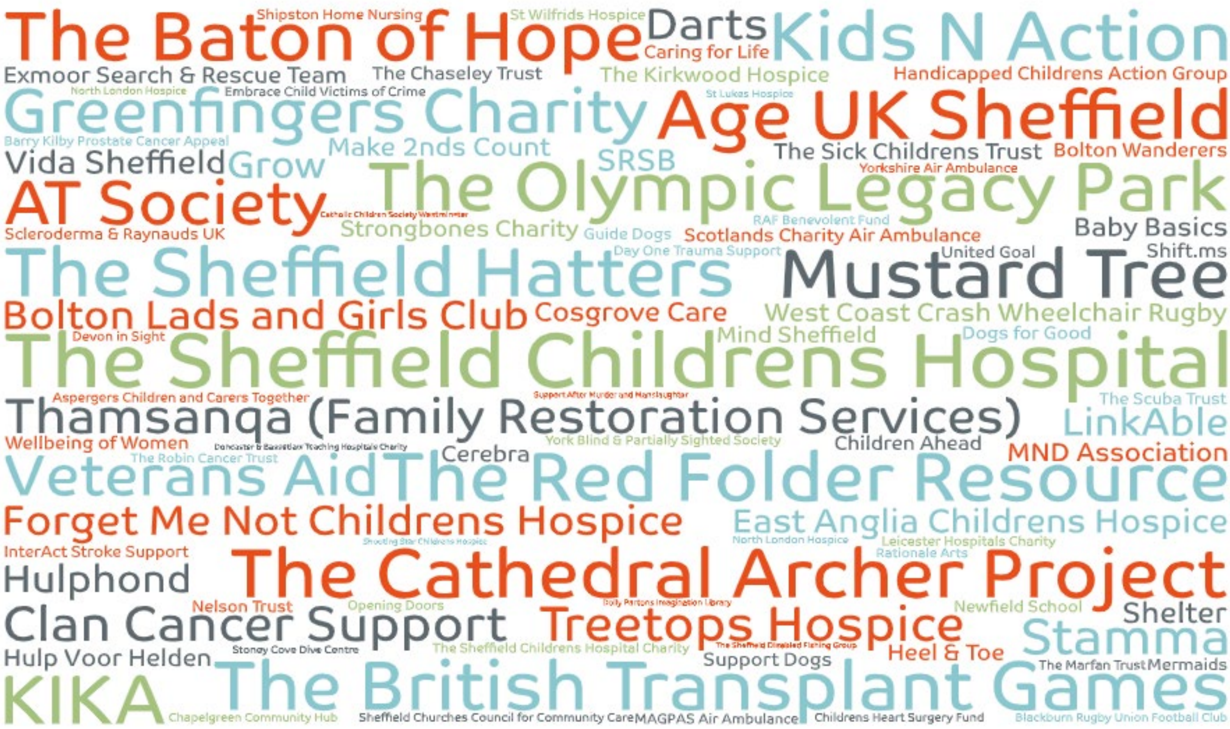
DAME KELLY HOLMES TRUST

The Dame Kelly Holmes Trust aims to transform the mental and physical wellbeing of young people. Our partnership with the trust supports the provision of coaching, mentoring, and life skills by elite athletes for disadvantaged young people in Sheffield.

BATON OF HOPE

The Baton of Hope aims to be the biggest suicide awareness and prevention initiative the UK has ever seen, opening up necessary conversations, and prompting appropriate actions. We have partnered with them in order to try and work towards a zero suicide society.

Westfield One has donated to 137 causes over the course of the year:



Other key developments

Strategic Partnerships

Westfield's strategic partnership with the Advanced Wellbeing Research Centre at Sheffield Hallam University (AWRC) continues to be a cornerstone of our business, supporting our ambition to be pioneering and evidence-based in our approach to wellness at work. We work with a multi-disciplinary team, with access to specialists including exercise physiologists, physical therapists, psychologists, behaviour change specialists, nutritionists, and sports coaches, providing a huge range of expertise and resources to support our work.

Knowledge Transfer Partnership

In May 2022, Westfield Health and the AWRC successfully concluded their three-year Knowledge Transfer Partnership (KTP), which carried out ground-breaking research into the impact of workplace interventions on employee wellbeing. The project was graded 'Outstanding' by Innovate UK and awarded a Certificate of Excellence upon completion, and the KTP Associate joined Westfield Health as Head of Research & Innovation to lead Westfield's new client-facing Research & Consultancy proposition.

Sheffield Hallam University | Advanced Wellbeing Research Centre

> "The KTP was was graded 'Outstanding' by Innovate UK and awarded a Certificate of Excellence upon completion.

Research and consultancy

We help our clients make effective investment choices by understanding the things that motivate, block, and enable people to improve their wellbeing at work. Our client roster for professional research services has grown throughout 2022-23, with numerous clients actively engaged in using research to support the development and evaluation of their Westfield Health wellbeing programmes or Active Spaces. Our partners at the AWRC are a critical part of the research process, providing an independent and credible perspective, and ensuring that our methodology is always grounded in science.

Investing in research

Through our partnership with the AWRC, we actively fund and participate in multiple research projects each year. These projects range in scale and scope and cover a wide spectrum of concepts and ideas: better understanding the needs of local communities through ethnographic research over several years; developing wellbeing programmes and interventions for specific workforce cohorts (such as strength-training for women in midlife); small-scale test-and-learn pilots for new technologies or products in the workplace. The aim of our research is improving our understanding of what works, and for whom, when it comes to wellness at work, and developing the most effective, inclusive, and accessible offer for our customers and colleagues.

Information Technology

Progress continues with the development of our new IT system, with significantly more functionality added and a new working approach.

During Q1 2022, the delivery approach of our new IT system was reviewed by a market leading consultancy, to assess the development completed so far and the processes in place to deliver more functionality more quickly.

The findings from the review were largely positive, however changes in the way we work were proposed, to improve our pace of delivery. The recommendations from the consultancy were accepted in full and in Q3 2022, the consultancy started work alongside our own teams to help embed best-practice methodology and introduce new ways of working where required.

In the six months since this work began, we have witnessed a step change in the way we work, and an increase in momentum of the delivery of the system overall. We anticipate an increased pace of delivery in 2023-24 with a significant proportion of our insurance customers migrated across to the new system.

As more customers migrate across to the new system, the intent is to allow greater self-service functionality for our customers, and additional automation of regular, routine tasks.

The development of the system has taken longer than expected and is therefore costing more. As a result we have decided that it is prudent that an impairment of £2.9m of development costs should be provided for in these accounts.

We have also instigated steps to modernise other aspects of our network and infrastructure, with firm plans in place to migrate most of our technology from on-premise to cloud computing.

Consumer duty

Following the appointment of Judith Hartley as our Consumer Duty Champion and the Board approval of the Consumer Duty implementation plan, we began a gap analysis to identify where we were as a business and where we need to be for the implementation date of 31 July 2023. For this piece of work, we took the FCA's finalised rules and guidance and turned them into questions specific to our products across all areas of the business from governance, product and pricing and communications to operational activities, partners and management information. We looked at 261 requirements and although no material changes to products, services or processes were flagged as required, we did identify a number of improvements we wanted to make. Following the gap analysis, the focus shifted to working through each of these improvements in time for the implementation date.

Governance

We have completed the refresh of our Board with regulatory approval received for all new Directors. As part of this refresh three Board members left us during the year, we would like to thank Philip Gregory, Nicholas Hutton and David Palmer for the significant contribution they have made to Westfield Health during their time on the Board.

The Board is made up a cross section of appropriately experienced individuals, in both Executive and Non-Executive roles, to ensure the right level of challenge and support in contributing to the delivery of the business' strategic goals.

"We would like to thank Philip Gregory, Nicholas Hutton and David Palmer for the significant contribution they have made to Westfield Health during their time on the Board.

Key performance indicators

KPI		2023	2022	Change
Net Promoter Score	%	73.0	74.5	-1.5
CSAT	/5	4.8	4.9	-0.1
Gross Premiums	£m	67.1	62.7	4.4
Gross Claims Ratio	%	69.0	68.3	0.7
Operating Expense Ratio	%	26.6	24.6	2.0
Combined Ratio	%	103.1	99.0	4.1
Solvency Ratio	%	261	239	-22.0

Net Promoter Score

Net Promoter Score ("NPS") is a customer loyalty metric that asks policyholders (amongst other questions) "How likely is it that you would recommend Westfield to family, friends or colleagues?" We are pleased to report a high Net Promoter Score of 73% and an overall customer satisfaction rate of 4.8/5.

Gross premiums

There has been a net increase in total policyholder numbers year on year of 9.7%. There has been a reduction in voluntary policies, which have a higher premium, but an increase in the lower premium corporate customers, resulting in a 7.0% increase in gross premiums year on year.

4.8
out of 5
customer
satisfaction

73.0%
Net Promoter
Score

Gross claims ratio

The gross claims ratio returned to more standard levels in the year to March 2023 as claims returned to pre-pandemic levels during the year. The impact of COVID related lockdowns on the availability of medical services suppressed our gross claims ratio in the year to March 2022.

The gross claims ratio does not include the benefits provided to policyholders through third parties, a number of which are seeing a sustained increase in usage post-pandemic. These include counselling helplines and access to telephone consultations with a GP.

Operating expense ratio

The increase in the operating expense ratio is due to investment in developing new product offerings as well as the cost inflation experienced across the Group. We are constantly looking to innovate to lead the market and have also taken steps to support our colleagues during the cost-of-living crisis. The close management of operating costs for Westfield remains a priority to ensure we operate in as efficient a manner as possible whilst providing the quality of service that our customers have learnt to expect from us. We are constantly looking at how we can do things differently or do different things.

Combined ratio

The combined ratio was expected to be around 100% as claims return to normal levels. The figure for 2023 includes the £598k revaluation loss on our own usage of Westfield House, without this revaluation loss the combined ratios would be 102.2%

Solvency ratio

The Solvency Capital Requirement (SCR) for the year ended 31 March 2023 will be submitted in line with the Solvency II reporting timetable, which is due in July 2023. The Company's capital resources valued under Solvency II guidelines for the year ended 31 March 2023 were in excess of two times of our requirement, demonstrating a very strong capital position. The increase year on year is a result of changes to the asset allocation within the investment portfolio, with a greater proportion of assets that incur a lower charge, along with a reduction in the overall value of the portfolio. bringing down the capital requirement and so increasing our coverage.

Non-insurance KPIs

KPI		2023	2022	Change
UK Health & Wellbeing Trading Income	£m	5.6	2.6	3.0
UK Health & Wellbeing Gross Profit Margin	£m	1.7	1.3	0.4
High Five Trading Income	£m	7.6	6.6	1.0
High Five Gross Profit Margin	£m	2.4	4.8	-2.4

Trading income in UK Health & Wellbeing grew over the year. Over 480 clients have purchased services from the UK Wellbeing division during the year, accessing a number of different products offered by the division. Three new active space clients contributed £1.5m of additional trading income in the year; a further £0.6m increase in active space income came from existing clients opening new sites with us and gym equipment sales.

In continental Europe, income in High Five for 2023 had a solid increase as we saw trading patterns returning to more normal, pre-COVID 19, levels. The reduction in the profit margin is due to an adjustment to how costs are allocated for that division between trading costs and administrative expenses.

Over 480
UK Wellbeing clients this year

Investment portfolio

Investment portfolio		2023	2022	Change
Listed Equity Instruments	£m	3.2	13.0	-9.8
Government and Corporate Fixed Income Securities	£m	4.2	11.5	-7.3
Multi-Asset Funds	£m	34.2	30.8	3.4
Real Estate Fund	£m	2.1	1.9	0.2
Alternative Assets	£m	2.3	0.2	2.1
Fixed Term Cash Deposits	£m	12.5	5.6	6.9
TOTAL		**58.5**	**63.0**	**-4.5**
Investment return	%	-5.4	2.0	-7.4

The investment portfolio was negatively impacted by the volatility in global markets as the expectation of persistent high inflation led to sharp rises in interest rates. This resulted in losses during the twelve-month period on our bond and property investments, leaving our total investment return for the year as -5.4%.

During the year the Investment Committee continued in their strategy to change the style of investment, moving towards multi-asset funds that manage a diverse asset allocation rather than having to manage the appropriate asset allocations themselves. To facilitate this, funds were moved out of equity and government and corporate fixed interest securities towards the end of the year and invested in new multi-asset funds. With the rise in interest rates we took the opportunity to increase our holding in fixed term cash deposits as the return is currently favourable given their relatively low risk exposure.

Group companies

- Westfield Contributory Health Scheme Ltd
  - Westfield Health & Wellbeing Ltd
    - Westfield High Five B.V.
      - High Five Health Promotion B.V.
      - High Five Fitness Network B.V.
  - Westfield Employment Services Ltd
  - Westfield Health Ltd
    - Bolton & District Hospital Saturday Council
      - UK Healthcare Limited

Bolton & District Hospital Saturday Council ("BDHSC", trading as "UK Healthcare")

Bolton and District Hospital Saturday Council, trading as UK Healthcare provides all claims handling, administration and acquisition activity for UK Healthcare cash plans. UK Healthcare also distributes and administers health and wellbeing services as provided by Westfield Health & Wellbeing Ltd.

During the year BDHSC paid a dividend of £627k to its parent Westfield Health Ltd.

High Five group of companies ("High Five")

High Five is a key enabler to realise the Group diversification strategy, building Westfield Health's capabilities in the rapidly growing corporate health and wellbeing market.
The High Five Group of companies comprises the following:

Westfield Health High Five BV – A Dutch parent company set up to facilitate the acquisition of the High Five Group and provide a management function to the subsidiary companies.
High Five Health Promotion BV – A Dutch company advising and implementing wellbeing and health promotion through fitness programs across continental Europe.
High Five Fitness Network BV – A Dutch company promoting fitness and healthy lifestyles for companies and governments.

In February 2023, High Five Fitness Network BV sold their customer list for €2.0m. The company continued to trade as usual during a transition phase up to May 2023 to allow the acquirer time to transfer membership details to their administration system. The intention is to wind up High Five Fitness Network BV once final trading operations have been settled. This will allow High Five to concentrate on their core operations out of High Five Health Promotion BV.

Westfield Health & Wellbeing Ltd ("Westfield Health & Wellbeing")

Westfield Health & Wellbeing provides the UK wellbeing services of the Group, including onsite corporate gym management services and whole of workplace wellbeing solutions. The operations of two other UK-based non-insurance subsidiaries (The Working Health Company Ltd and High Five Health Promotion Ltd) were transferred to Westfield Health & Wellbeing on 31 March 2021.

Westfield Health Ltd

Westfield Health Ltd is the non-trading parent company of BDHSC. During the year it received a dividend of £627k from BDHSC. Following this it reduced its share capital by the same amount, returning the funds to the ultimate parent of the group, Westfield Contributory Health Scheme Ltd.

Westfield Employment Services Ltd

Westfield Employment Services Ltd employs the people who provide services to the other Group companies in order to deliver the Group's vision of helping people to improve their quality of life. The turnover for the year relates wholly to the recharge of staff costs to other Group companies. The administrative expenses for the year relate wholly to the staff costs of Westfield Employment Services Ltd.

3Rings Care Ltd

3Rings Care Ltd ceased active trading in 2019, an application to dissolve the company was submitted to Companies House in March 2023 and was confirmed in June 2023.

All other companies within the group structure were dormant for the year.

Companies Act 2006 section 172 statement

The Directors continue to prioritise the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. Acting in good faith, the Directors consider what is most likely to promote the success of the Company in the long term. We explain here in more detail how the Board engages with our stakeholders, thus seeking to comply with the requirement to include a statement setting out how our Directors have discharged their duty.

- The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006. The Directors are assisted by the Executive Leadership Team (ELT), comprising senior management from around the business, as well as three Executive Directors of the Board, who further support decision making and enhance the consideration of multiple stakeholder interests.

- Stakeholders are considered by the Board throughout the annual cycle through information provided by management and also by direct engagement with stakeholders themselves. Our key stakeholders are listed below. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision making.

- As stated in our mission, we have no shareholders, so the more successful we are, the more we can invest to enable longer term provision of benefits and give back to those around us. Having no shareholders removes a significant conflict that usually arises between different stakeholders. All decisions made in the year were for the long-term benefit of the members, policyholders and colleagues.

- The Board continues to enhance its methods of engagement with our people. Regular Employee Wellbeing seminars have been held throughout the year as well as opportunities provided for all employees to meet with members of the ELT for open discussions. Firm-wide communications from the Chief Executive have been made via online meetings and in person meetings held at head offices throughout the year. The 'Westfield Way' is an initiative to reinforce the foundation legacy principles that have served Westfield so well for over 100 years.

- We aim to work responsibly with our suppliers. Our Slavery and Human Trafficking Statement sets out the steps taken to prevent modern slavery in our business and supply chains. We have a procurement manager and procurement policy to ensure good practice and management of new and existing supplier relationships.

Our Key Stakeholders are:

- Policyholders/Members/Customers
  We continually strive to achieve an excellent customer experience, both in the products that we sell and through the way they can be accessed and utilised. In a highly competitive and regulated market it's important that we treat our customers well and fairly so we can deliver our strategy. With no shareholders, we strive to return the best value to policyholders.

- Colleagues
  Our commitment to our people drives us to empower employees to make a healthy difference in their own roles. We believe the Westfield team is the Group's biggest asset. We aim to create a healthy workplace where we all feel connected, heard, developed, recognised and supported. Through our processes, policies and ways of working, we endeavour to drive behaviours that support us to reach our strategic vision.

- Suppliers/Brokers
  We aim to maintain the highest possible standards of integrity in business relationships with suppliers and brokers. We are committed to prompt payment terms to ensure fair payment practice.

- The Community
  The Board are aware of Westfield's wider role in society and of the importance of supporting the local communities in which we live and work. Westfield has a Colleague Giving Back Committee which reviews donation opportunities submitted by our colleagues for good causes in their communities. Westfield also sponsors the British Transplant Games and has a partnership with the Dame Kelly Holmes Trust via the Westfield One Movement.

- Our Regulators
  The Board are aware of their regulatory responsibilities and consider regulatory requirements when making decisions.

Risk Management

The principal risks and uncertainties facing the Group relate to:

Underwriting risk

Underwriting risk is the risk of Westfield's insurance products not performing in line with expectations.

The nature of Westfield's core health cash plan where claims are low in value, high in volume and largely driven by customer behaviour, tends to produce only small fluctuations in claims relative to the pricing of premiums.

Customer claims returned to pre-lockdown levels during the financial year. It appears that customer behaviour has now stabilised following the pandemic, which saw exceptionally rapid changes; however, an extended period of instability increases the inherent risk of policyholder behaviour being different to expectations.

Product performance is under constant review with active monitoring of all products for indications of trends in behaviour. Claim trends, purchasing behaviour and other signals from the broader healthcare market are all monitored for indications that customer behaviour may not be in line with underwriting assumptions. When identified, appropriate actions are taken to mitigate risk.

Market risk

Market risk is the risk of loss arising from movements in investment markets.

Movement in equity markets, interest rates, credit spreads or other financial market movements can lead to losses in Westfield's investment portfolio. Any gains or losses arising on market movements remain unrealised until the investment is sold, when they become realised. These risks have remained the same throughout the year.

With operations in continental Europe, the Group's operating results are exposed to fluctuations in foreign exchange markets, particularly between Sterling and the Euro.

Market risks are measured through the following metrics and reported regularly to the Investment Committee, both at a detailed and an aggregate level:

- Asset allocation and performance compared to benchmarks.
- Losses for the current portfolio under specific stresses.

The measures are key metrics that provide clear and insightful information to the Investment Committee.

Westfield Health's Investment Policy specifies:

- A risk/return objective, whilst ensuring that a significant proportion of assets are invested in very low-risk investments.
- Concentration limits for any one investment counterparty.
- Risk and return reporting requirements.
- Asset allocation reporting requirements to ensure the diversification of the whole portfolio is monitored and reviewed.
- The selection process of managers for investments.

Westfield invests in a number of different multi-asset funds and portfolios. This diversifies risk by using multiple asset classes with differing correlation levels between each asset class. In addition, using a number of different asset managers ensures we are not relying on one company's market view.

Throughout the year an investment consultant was also engaged to provide investment risk management advice.

Credit risk

Credit risk is the risk that failure of a supplier or counterparty could lead to financial or other loss for the Group or its customers.

Westfield Health does not have material exposure to credit risk other than its banking relationships, which are mitigated by holding cash with reputable banks, whose credit ratings are regularly monitored.

Some premiums are collected on Westfield's behalf by an intermediary. These are paid over on a monthly basis and there is never a material balance owing. Policyholder debtors are low in value.

Credit checks are undertaken on suppliers and credit ratings are periodically reviewed for major financial partners (such as banks). Credit risk exposure in the investment portfolio is managed by imposing a limit on the total exposure to individual counterparties.

Policyholder debtors are reviewed, and overdue balances investigated.

Liquidity risk

Liquidity risk is the risk of not having sufficient liquid resources to meet liabilities as they fall due.

Liquidity risk could arise from failures in cash flow forecasting and planning. It could also arise from actual cash flows being materially different to expectations due to either higher-than-expected claims or the failure of an expected cash inflow (e.g. premium collection).

Forecasting and monitoring of historic cash flows allows an estimate of the maximum realistic cash which may be required over a given period and hence exposure to liquidity risk. The Finance department prepares a regular cash flow forecast to allow cash to be managed efficiently, comparing anticipated cash requirements to available cash to manage liquidity.

Westfield aims to hold at least half of one month's average gross premium income, over and above its working capital requirements, in cash. This is estimated to be enough to allow for unexpected fluctuations and large cash outflows. A minimum of two month's gross premiums is held in assets with a liquidity term of a maximum of one month, in order to allow for severe unexpected cash flows.

Operational risk

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

Key risk areas include:

Business strategy

There is a risk that senior management may set an inappropriate strategy; there is also the risk that an appropriate strategy is undermined by misaligned management action.

To help mitigate strategic risk, key management information is shared with the Board monthly. The Board also regularly meets to review the Group's business planning and strategy development. This includes the review of detailed budgets, and high-level projections which extend over the next ten years, including the impact of the strategy on capital and solvency requirements. Departmental functional plans are reviewed and prioritised as part of the development of the strategic plans, to ensure that the business is focussed on delivering the right projects and prioritising appropriately. Governance is supported by the Board and its committees, including the Investment Committee and the Underwriting Steering Group.

There is a long-term HR strategy in place to support the delivery of strategic objectives. The Group's acquisition history has also developed the relevant skills and experience to support the operational delivery of the Group's future strategy which acts as further mitigation. There are Executive Leadership Team sponsors for main strategic objectives to enhance accountability and there are functional plans in place for delivery.

New IT system

Significant resources and business energy are being invested into the creation of a new system. The requirements of a large project can lead to resource conflicts with other strategic projects, or between projects and business as usual operations.

Risks to projects include a failure to deliver the benefits expected, cost over-runs and delays in delivery.

Management provides oversight of the portfolio of projects, aiming to ensure that projects are appropriately prioritised and conflicts are managed – the new system development is classed as a "critical" project.

Updates are regularly provided to the Board to allow oversight and steering as required. The agile approach to project management is designed to achieve ongoing smaller, deliverables so that the business sees improvements during the life of the project rather than just at its completion.

A steering group monitors the project's progress and is made aware of any issues. They challenge the deliverables and time frame in line with the proposed work plan. This Steering Group reports regularly to both management and the Board.

External expertise and project assurance is sought when appropriate, and key strategic projects are also subject to internal audit.

Data availability and security

IT failures could lead to significant issues, for example system downtime, lost productivity and data corruption, theft, or loss.

Cyber security is high on the Board and Risk Committee's agenda. Westfield's Information Security Management System (ISMS) is certified to the ISO27001 standard and operates a process of continuous improvement. During the year additional investments have been made in cyber defences and vulnerability scanning, further reducing the likelihood of significant breaches. The IT infrastructure and application security and resilience are under constant review and are periodically tested by independent specialists.

All staff undergo annual training in Information and Data Security to ensure the appropriate standards.

Most Westfield staff now work from home for a significant proportion of their time. This greatly reduces the impact of interruptions caused by issues arising at the head office but increases the inherent risk to physical security of data. All staff working from home across the Group use Westfield-issued equipment, secure logins, and use of a corporate provided Virtual Private Network (VPN) which ensures a secure connection to Westfield systems. No removable disks are permitted (USB ports are restricted by IT) and all machines use full volume disk encryption (Bitlocker).

Westfield also has comprehensive cyber-insurance.

IT infrastructure is located at specialised co-located data centres for additional resilience (Sheffield & Leeds), with migration to cloud services scheduled to be complete by the end of 2023. The replacement IT system being developed is entirely cloud hosted to satisfy resilience and scalability requirements. A business continuity/disaster recovery plan is in place.

Key personnel

There is inevitably a degree of reliance on key personnel, whose departure could increase the risk that core processes may not operate as designed. There can be key person dependency in some areas where experience/knowledge is very difficult to replace in the short to medium term.

This risk is mitigated by people development, coaching and training strategies. Succession planning is ongoing at all levels of the business and there is a programme in place that ensures colleagues remain engaged and perform at their best. Documentation of core processes is performed so that they can be undertaken by other colleagues if necessary. Skill sets across the business are reviewed to ensure gaps are found and filled, remuneration is regularly reviewed against the marketplace to ensure that benefits are competitive. Key staff are on three to six months' notice periods.

Suppliers and counterparties

Failure of a supplier could lead to financial or other loss for the Group or customers.

All significant suppliers and counterparties are credit checked. For key suppliers, regular performance monitoring takes place and contingency plans are developed to mitigate the consequences of supplier failure.

The contracts register is centrally held and is reviewed and updated regularly.

Regulation

Key areas of regulation relevant to Westfield include financial services regulation and data protection, where Westfield holds considerable "special category" data on our policyholders.

Regulation is constantly evolving and regulatory breaches could have serious consequences for the Group, including fines, reputational damage and potentially even loss of permission to operate. We monitor changes to the regulatory environment carefully and regularly work with outside experts to review specific areas of our regulatory compliance.

All staff receive relevant continuous professional development & training, which supports our compliance with regulations as well as ensuring that our staff's expertise remain current. Data security arrangements – as discussed under cyber risk – reduce the likelihood and impact of data breaches.

A Compliance Manager supports the business in compliance with financial services regulation, whilst our Data Protection Officer supports data protection compliance.

Customer experience

Customers have come to expect an excellent customer experience with Westfield Health. If this is not delivered the Group's relationship with customers would be compromised, leading to loss of business.

The Group has adopted a number of time-based quality standards in respect of its primary operations. The performance against these standards as well as the Net Promoter Score is reported internally on a monthly basis and every year the Group prepares a formal performance statement on its achievement of these standards.

Other material risks

Pension Funding Requirements

Westfield has a defined benefit pension scheme which closed to future accrual in 2016. The closure of the scheme to future accrual significantly reduces the expected cost of providing benefits in the future. Changes in financial markets, actuarial assumptions, regulatory requirements and other factors can all result in changes to the funding requirements for this scheme.

The pension scheme has a professional trustee, who is actively involved with the Group to ensure that the scheme is adequately funded and appropriately managed. The scheme's chosen investment strategy aims to ensure the scheme is sufficiently funded, mitigating the risk of future costs being incurred by the Company.

The last full actuarial valuation was performed as at 31 March 2021 and showed a surplus of £0.6m. The scheme shows a surplus of £0.7m as at 31 March 2023 under the FRS 102 valuation.

Economic environment

Recent years have seen an extended period of economic uncertainty and upheaval with Brexit, the global pandemic, significant inflation leading to a cost-of-living crisis, a major land war in Europe and a period of marked political instability in the UK. Uncertainty, inflation and recession have an impact on economic growth and particularly on discretionary spending, including Westfield Health products. Westfield's insurance products fared relatively well during the 2008 recession. Employee wellbeing is an area of focus for many businesses as they seek to attract and retain talent, which creates opportunities for the Group.

The risks from economic uncertainty cannot be fully mitigated. Westfield Health model a range of economic scenarios including recession, so have various contingency plans in place. Our pricing strategy takes account of projected inflation and pressure on business and household finances.

Insurance Premium Tax (IPT) increases

The likelihood of an increase in IPT has increased following the pandemic as the government will need to increase its revenue. Even a small rise in IPT would result in a large reduction in Westfield's technical result. The harmonisation of IPT with VAT in a single step increase is improbable, but not impossible; if the current 12% rate of IPT were increased to 20% to align with VAT this would represent a huge cost for Westfield without management action. Increases in the cost of mandatory insurances due to IPT increases may also reduce client appetite for discretionary insurance products including health insurance.

Westfield has considered the impact on policyholders of an increase of IPT and how or when this would be passed on to policyholders through scheme changes. Given the disparity between IPT rates on health insurance across Europe and the positive benefits that health cash plans provide to the UK healthcare system, it would appear unfair to raise the cost to the end consumer following further rate increases. Therefore, we are working with trade bodies who lobby the Government on the issue of charging IPT on health insurance.

Competitive marketplace

In the health cash plan market, there is the risk of competitors underwriting business at a loss or at very competitive pricing levels. This is mitigated by having good awareness of what is happening in the market so that we can react to pricing changes as necessary as well as by training the sales team to be aware of potential market actions.

In the non-insurance market, the cost of entering the market can be relatively low, and more attractive given the increased importance and awareness of employee wellbeing over the last few years. There is therefore the risk that competitors could replicate our existing propositions at scale and at speed.

Westfield Health mitigates this by conducting market research and analysis, peer review and networking with third parties. Investment is being made in accelerating proposition development for both insurance and non-insurance to deliver relevant and proven new products which will enable future growth

Risk Management Structure

Westfield Health uses a standard "three lines" model for risk management. The Chief Operating Officer/Deputy Chief Executive holds the regulatory responsibility for risk management as the nominated Chief Risk Officer / SMF4 holder.

Board
Set direction and define objectives for the Group.

Management
Support Board in setting objectives; take actions to achieve those objectives.

First line — operational management
Take the actions needed to achieve objectives & manage risks.

Second line — risk & compliance functions
Provide expertise, support, monitoring and challenge on risk & compliance.

Third line — Independent assurance
Provide independent assurance to the Board on risks.

The first line is operational management. Managers within the business are responsible for implementing systems and controls so that risks are appropriately identified and managed.

The second line consists of oversight functions who provide support, review and constructive challenge to the first line. A dedicated Risk Manager provides guidance, oversight and review of the risk management framework, and a Compliance Manager supports management and the Board in ensuring that there are adequate procedures in place to meet compliance and legal requirements and to manage compliance risk.

The Risk Committee reports directly to the Board. It comprises a mixture of non-executive Directors, members of the Executive Leadership Team and the Risk Manager. The Compliance Manager is in attendance and it is regularly attended by other operational managers from across the business. It provides regular scrutiny of risk management across the group.

The third line is internal audit, whose role is to provide independent assurance, and which reports directly to the Audit Committee. Internal audit conducts risk-based audits throughout the Group during the year based on an annual plan which is agreed with the Audit Committee and the Board. Internal audit was outsourced throughout the year to ensure access to the widest possible range of expertise.

Key processes for ensuring that risks remain within appetite include:

- Regular Board reporting includes metrics comparing key risks against risk appetite.
- The Risk Committee's regular agenda includes discussion of risks identified both by management and the second line functions. The Committee also has an annual workplan which covers all identified key risk areas.
- Maintenance of a risk register covering key strategic risks.
- An annual "Own Risk and Solvency Assessment" (ORSA) process, led by the Risk Committee on behalf of the Board, where key risks & their controls are identified & assessed.
- The ORSA process contributes to Westfield's capital and financial planning. Models are prepared in detail for five years and at high level to ten years under both the base case and various adverse scenarios.

Future developments

Our significant growth last year provides further evidence that employee wellbeing remains a key focus for organisations of all sizes. The continual quest to seek innovative ways to entice employees back into the workplace creates a huge opportunity for greater adoption of 'whole of workforce' health and wellbeing solutions.

This is why our five-year business plan represents even more ambitious growth, with revenue from all three business units expected to grow substantially.

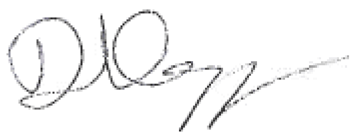
Key enablers to achieve this growth are:

- Continued investment (both organic and inorganic) in building our capacity and capability in research and innovation
- Operational cost management to drive out operational inefficiencies and optimise customer value.
- Business process re-engineering to maximise our operating model and ensure the best customer experience possible.

The inflationary environment we are operating in has really increased the cost of doing business. When you combine this with a return to pre-pandemic levels for claim volumes and our strategic investments to provide long-term customer value, this results in a more challenging financial outlook in the short term.

As a Board, we always try to balance our strategic business planning process as equally and as equitably as possible in terms of the impact on our four Cs – Colleagues, Customers, Commercial and Community – now and in the future.

Approved by the Board and signed on its behalf by:



D A Capper
Chief Executive

Directors’ Report

For the year ended 31 March 2023

The Directors present their report and the audited financial statements of the Group for the year ended 31 March 2023.

Principal activities

The principal activities of the Group remain unchanged. Westfield continues to operate a pecuniary loss and personal insurance business on a contributory basis. The Group also provides products and wellbeing services, including onsite corporate fitness services, health screening and campaigns to improve people's quality of life by encouraging and enabling them to make more informed wellbeing choices.

Directors

The Directors of the Company at the date of the report were:

S Purdham
Chair of Board

D A Capper,
Chief Executive

R Copeland
Non-Executive Director

J Hartley,
Senior Independent Director

J S Hogan
Chief Operating Officer
& Deputy CEO

A Mucci
Chief Growth Officer

T Nicholls
Risk Committee Chair

R Stubbs
Non-Executive Director

N Webber
Audit Committee Chair

R Copeland was appointed on 14 April 2022 and R Stubbs was appointed on 20 April 2022.
N J A Hutton, P A Gregory and D E Palmer retired from the Board on 23 November 2022.

There are no Directors retiring by rotation in the coming year.
The Group maintains Directors' and Officers' liability insurance cover.

Appointment of auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of BDO LLP as auditor of the Group is to be proposed at the forthcoming Annual General Meeting.

Streamlined Energy and Carbon Reporting (SECR)

The below table shows the energy usage and greenhouse gas emissions (GHG) for the year to 31 March 2023 with figures to 31 March 2022 included as a comparative.

An intensity metric is also provided showing the GHG emissions per square foot to allow easier comparisons between annual results. The data is for Westfield Contributory Health Scheme Limited only as the subsidiaries are not in scope of the reporting requirement.

		2023	2022
Energy Usage	MWh	646	656
Green House Gas (GHG) Emissions	tCO2e	170	156
Intensity Metric: GHG Emissions	tCO2e /sq ft	0.0005	0.0006

Westfield Health have a climate change risk plan and consider the impact of climate change on their business as part of the annual ORSA process. Climate change and associated transitions are expected to have a material impact on financial markets. The Investment Committee is working with asset managers to understand the extent of our exposure to climate change risks and ensure that ESG matters are appropriately considered in their investment decisions. The diversification of the investment portfolio ensures that there is no concentration of investment by sector or asset class. Amongst other things this reduces the risk of losses being incurred due to the impact of climate change on certain investments.

Westfield Health are in the process of developing a Sustainability and ESG Strategy. The strategy will encompass energy efficiency and carbon emissions. We will look into opportunities for energy efficiency investment and develop a pathway towards net zero emissions through this process. Our net zero pathway will assist in providing us with the steps towards delivering net zero emissions — in the meantime, we will continue to implement the energy hierarchy to ensure that energy and carbon is conserved to the best of our ability.

The usage has been calculated from the following sources:

- Combustion in owned or controlled boilers and vehicles
- Purchased electricity and district heat
- Business travel in vehicles where employees are responsible for purchasing the fuel

The methodology used to calculate emissions followed the guidance from the revised edition of the GHG Protocol Corporate Accounting and the Reporting Standard and the UK Government Guidance on SECR.

Board and committee membership and attendance

Board Member	Board	Nominations Committee	Remuneration Committee	Audit Committee	Investment Committee	Risk Committee	Pensions Committee
Stephen Purdham	6/6	0/0	1/1	4/4		5/6	
David Capper	6/6	0/0				5/6	2/2
Jason Hogan	6/6				4/4	5/6	2/2
Tony Mucci	5/6				3/4		
Nick Hutton	3/4						2/2
Philip Gregory	3/4			3/3		5/5	2/2
David Palmer	4/4					5/5	
Trevor Nicholls	6/6					6/6	1/1
Nicola Webber	6/6			4/4		6/6	
Judith Hartley	6/6		1/1	4/4			2/2
Richard Stubbs	5/6						0/1
Rob Copeland	6/6	0/0	1/1				

Distributions

Westfield is a company limited by guarantee, without share capital. The Company's constitution forbids members of the Company from benefitting financially from their membership. There will therefore be no distribution to members.

Financial and risk management policies and objectives

Risk management is addressed in the strategic report.

Exposure to insurance contract, credit and liquidity risks

Exposure to these risks is included in the notes to the accounts.

Expected future developments

Expected future developments are addressed in the strategic report.

Political and charitable donations

Westfield makes no political donations. Gift Aid payments totalling £448k (2022: £435k) have been paid during the year to a number of charities. In 2022 £200k was paid to the related charity The Westfield Health Charitable Trust, this trust provides grants for various charitable organisations, medical research and hospital amenities. In 2022 a further £235k was paid to other charities via our newly formed Giving Back Committee. In 2023 all Gift Aid payments were made via the Giving Back Committee, with donations made to over 100 charitable causes. The committee allows colleagues to have a say in how our giving back budget is deployed, bringing them closer to the people who benefit from our charitable donations. Donations from the committee this year included £49.5k to The Sheffield Childrens Hospital and £25k to the Baton of Hope.

In addition to this, Westfield One aims to create clear links between our work and the healthy difference it makes across four key pillars: people, social equality, the environment and the community. Our three-year partnership with the Dame Kelly Holmes Trust continued into its second year, seeing world-class athletes being paired with young people who may lack confidence or have other issues, so the sportsmen or women can help the students develop their skills and confidence.

On behalf of the Board, I’d like to extend a personal thank you to all colleagues who have engaged with these ambitious new giving back initiatives — your commitment to making a difference embodies our mission of supporting healthier, happier people and communities.

Provision of information to the Auditor

Each of the persons who are Directors at the time when this Directors’ report is approved has confirmed that:

- So far as that director is aware, there is no relevant audit information of which the Group’s auditor is unaware.
- The director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Group’s auditor in connection with preparing its report and to establish that the Group’s auditor is aware of that information.

Concluding remarks

Westfield Health exists to make a healthy difference to the quality of life of our colleagues, customers and the communities in which they live and work.

During the past year we have taken huge strides in delivering against our founding purpose and for that I would like to send a heartfelt thank you to all of our colleagues, customers and strategic partners for helping us to make a difference.

The last five years has seen a huge turnaround in business performance. The transition from consecutive years of stagnant growth and operating losses, to what has now been our fourth consecutive year of significant revenue growth (+40% since 2018) and a return to sustainable surpluses on our Insurance Business operations.

But our business is built around our greatest asset — our people — and to be recognised during the year as the winner of the Gold Award for the Investors in People "Employer of the Year 250+" category, was a special accolade to win and demonstrates how by adopting a colleague focussed approach you can still drive complex organisational change whilst maintaining a work environment that feels a great place to be.

The hard work of everyone within the business has created a strong platform for us to go on and achieve our aspirations of being recognised internationally as the go to provider of corporate wellbeing. The success we have achieved in the past few years has seen us more than double our workforce. This is a direct result of winning significant contracts with world leading brands who trust us to improve the wellbeing of their people.

Like every other business we are not immune to the effects of the ongoing uncertainty that exists in the world today and the cost of doing business has risen significantly for many. This will make the next couple of years a challenge, but our determination to continue to focus on driving positive change through innovative new propositions, ensuring our wellbeing services are being continually enhanced to better support our customers' ever- changing needs and building our research and innovation capability in order to help our clients solve some really complex organisational wellbeing challenges, means we are ideally placed to achieve our goals.

Our health cash plan business continues to prosper, and I am so proud of the team for driving record breaking growth in the year. Our continued investment in our IT infrastructure, although significant, will create a solid foundation for many years to come and ensure we can tailor our services to support people's changing priorities. I would also like to thank all colleagues involved in Consumer Duty. The business has embraced the new regulation and taken an opportunity to improve many aspects of our customer experience.

Customer value is at the heart of our culture and the return to pre pandemic claiming levels, combined with our decision during the pandemic to pause our pricing strategy, will result in a planned and managed re-balance of customer value over the next financial year , as well as continued investment in our IT infrastructure and people which will have a short-term impact on profitability but a medium to long-term benefit of sustainability.

Our continued focus on sustainable growth will ensure the Group moves forward stronger and will continue to provide us with the privilege of being able to support the communities we serve via our Westfield One initiative. It has been a key aspiration of ours to sustainably grow so that we can maintain a level of community give back that exceeds £1m per annum. This goal will soon become a reality and that is a great testament to all of our colleagues, customers and key stakeholders.

Thank you.

D A Capper
Chief Executive

Statement of Directors' Responsibilities

Statement of Directors’ Responsibilities

The Directors are responsible for preparing the strategic report, the Directors’ report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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. They 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.

Financial statements are published on the company’s website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company’s website is the responsibility of the Directors. The Directors’ responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent Auditor’s Report

Independent auditor's report to the members of Westfield Contributory Health Scheme Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2023 and of the Group's result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Westfield Contributory Health Scheme Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023 which comprise the consolidated statement of comprehensive income, the consolidated and parent company balance sheets, the consolidated statement of movement in reserves, the parent statement of movement in reserves, and the consolidated cash flow statement and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors to audit the financial statements for the year ending 31 March 2019 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 5 years, covering the years ending 31 March 2019 to 31 March 2023. We remain independent of the Group and the Parent 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. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

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

- Review and challenge of the Group and Parent Company's current plans and budget forecasts with reference to member number projections and pricing strategy, challenging the growth assertions and checking that movements were in line with justifiable assumptions;
- Checked the basis of solvency projections for the next 12 months, considering whether an appropriate method for calculating solvency had been applied; and
- Challenge and discussion around the latest Own risk and Solvency Assessment to check the Group and the Parent Company have sufficient capital to meet their solvency requirements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent 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.

Overview

Coverage[1]	*97% (2022: 97%) of Group profit before tax* *98% (2022: 98%) of Group revenue* *98% (2022: 98%) of Group total assets*		
Key audit matters		2023	2022
	Valuation of Insurance Provisions	✓	✓
	Valuation of Westfield House	✓	✓
Materiality	*Group financial statements as a whole* £720k (2022: £800k) based on 1% (2022: 1%) of net assets		

[1] These are areas which have been subject to a full scope audit by the group engagement team

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The significant component was identified as Westfield Contributory Health Scheme Limited which was subject to full scope audit. Non-significant components were identified as Bolton & District Hospital Saturday Council and Westfield Health & Wellbeing Limited which were also subjected to a full scope audit. Other non-significant components included the Westfield High Five B.V. ("High Five") group of entities, and these were subject to specific audit procedures, including analytical review, on all material balances and classes of transactions.

All audit work was performed directly by the group engagement team with the assistance of appointed experts.

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) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of Insurance provisions (claims incurred but not reported (“IBNR”)) *Refer to the accounting policy in note 1.6 and further information given in notes 2, 3 and 21.*	Insurance provisions include liabilities for claims incurred but not reported (IBNR) The process of recognising such claims is inherently complex and involves judgements to be made by management. Management’s estimation technique is to make projections for claims provisions based on historical claims experience, and hence there is a risk of estimation uncertainties over the use of historical data and the degree to which this will accurately reflect actual claims incurred as at the balance sheet date. For these reasons we considered the valuation of insurance provisions to be a key audit matter	In assessing the valuation of the insurance provisions, we performed the following procedures: We obtained a detailed understanding of the methodology adopted by management, the key assumptions underpinning the calculation and we assessed the appropriateness of the methodology applied in respect of standard industry practise. We used our knowledge of the Group and the industry to challenge management’s key assumptions, being the period in which the majority of claims are settled and that the historical patterns experienced provide an accurate basis for estimation. We performed a retrospective review of the prior year estimate to consider the accuracy of management’s estimate in the prior year. We considered the results to assess the accuracy of the provisioning methodology for the current year. We tested the arithmetical accuracy of IBNR. We have also agreed the value of the claims paid per each month utilised in the calculation of the estimate to source data. Claims paid in the source data were traced to the Group’s accounting records. **Key Observations** Based on our audit procedures we consider the estimates made by management in valuing the insurance provisions to be reasonable.

Valuation of Westfield House (land & buildings and investment property) *Refer to the accounting policy in notes 1.14 and 1.15, and further information given in notes 14 and 16.*	The valuation of Westfield House is inherently subjective and is reliant on judgements and assumptions. Management engaged independent property experts to assist in determining the value of Westfield House as at 30 March 2023. The assumptions and judgements are derived from prevailing and expected market conditions, and in particular include anticipated yield rates and achievable market rents. There is an inherent risk that the valuation of properties can be misstated due to the fact that estimates are necessarily involved, and as such, there is an element of subjectivity in any such valuation. We therefore consider this to be a key audit matter.	Our audit work in respect of the valuation of investment property included: We evaluated the independence, competence, and objectivity of management's expert and reviewed valuation reports to check that the valuations were based on fair value. With the assistance of our internal independent valuations expert, we checked and challenged the appropriateness of the assumptions and approach used by management based on our expertise and industry knowledge. We obtained management's assessment and identified the key assumptions as the yield rates and achievable market rents. We reviewed these with the assistance of our internal expert to consider if they were in line with current market information and reasonable. A sample of rental agreements were reviewed to check that rentals used to calculate yields are based on signed agreements. They were also used to ascertain the proportion of the building utilised as investment property. **Key Observations** Based on the procedures performed we consider the judgements made by management in valuing Westfield House to be appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	Group financial statements		Parent company financial statements	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Materiality	720	800	718	756
Basis for determining materiality	1% of net assets	1% of net assets	1% of net assets	0.9% of net assets
Rationale for the benchmark applied	Net assets are considered to be the most appropriate measure for a mutual insurer, reflecting the ability of the Group and Company to pay claims and indemnify its members. This represents the metric of primary interest to users of the financial statements.			
Performance materiality	75% of Materiality			
Basis for determining performance materiality	Performance materiality has been set at 75% of financial statement materiality, reflecting the low inherent risk associated with the aggregation of misstatements within the financial statements.			

Component materiality

We set materiality for each component of the Group based on a percentage of between 1% and 100% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £36,000 (2022: £16,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and consolidated financial statements 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below:

Strategic report and Directors' report	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. In the light of the knowledge and understanding of the Group and Parent 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.
Matters on which we are required to report by exception	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 Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent 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, 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 Group's and the Parent 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 Group or the Parent 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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 for the Group and Company are detailed below:

Non-compliance with laws and regulations
Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations; and
- Inspecting Board minutes.

We considered the significant laws and regulations to be the applicable accounting standards, the Bribery Act 2010, Data Protection Act 2018, Companies Act 2006, Prudential Regulatory Authority ('PRA'), Financial Conduct Authority ('FCA'). The consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory authorities for any instances of non-compliance with laws and regulations; and
- Review of financial statement disclosures and agreeing to supporting documentation.

Irregularities including fraud
We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and Those Charged With Governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Entity's policies and procedures relating to:
  - o Detecting and responding to the risks of fraud; and
  - o Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the valuation of insurance provisions and the valuation of Westfield House (refer to the Key Audit Matters section above), revenue recognition, valuation of the defined benefit pension scheme, valuation of subsidiaries and management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; and
- In response to revenue recognition we obtained an understanding of control procedures governing the entry of transactions and considered the appropriateness of the accounting policies;
- In response to the valuation of the defined benefit pension scheme we engaged external auditor's experts to review the judgments and assumptions underlying the valuation for reasonableness;
- In response to the valuation of subsidiaries we considered the key judgments and assumptions made by management in determining the future cash flows;

The engagement team was deemed to collectively have the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. We communicated identified fraud risks throughout the audit team and remained alert to any indications for fraud throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Tom Reed

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Thomas Reed (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

24 July 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Financial Statements

For the year ended 31 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
TECHNICAL ACCOUNT – GENERAL BUSINESS
FOR THE YEAR ENDED 31 MARCH 2023

	Notes		2023 £'000		2022 £'000
Gross premiums earned		**67,068**		62,717	
Third party administrative costs		**(1,555)**		(869)	
NET EARNED PREMIUMS	4		**65,513**		61,848
Rebated premiums			**(8)**		(23)
			65,505		61,825
Total claims incurred	5		**(46,299)**		(42,855)
			19,206		18,970
Net operating expenses	6		**(17,837)**		(15,413)
Surplus on insurance operations			**1,369**		3,557
Revaluation					
Land and buildings	14		**(598)**		-
Impairment					
Intangible assets	13		**(2,869)**		(2,955)
(Deficit)/surplus on general business technical account			**(2,098)**		602

The notes on pages 69 to 101 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
NON-TECHNICAL ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2023

	Notes		2023 £'000		2022 £'000
(Deficit)/surplus on general business technical account			(2,098)		602
Investment income	8	970		4,006	
Unrealised loss on investments		(4,448)		(2,577)	
Share of profit of associates	17	9		-	
			(3,469)		1,429
Other income	9	14,950		9,225	
Other charges	6	(15,288)		(11,897)	
			(338)		(2,672)
Goodwill impairment reversal	12		-		435
Non-technical intangible asset impairment	13		(265)		-
Investment property revaluation	16		(951)		-
Net finance income in respect of pensions	25		52		18
Deficit before charitable donations			(7,069)		(188)
Other charges - Gift Aid and other charitable donations			(448)		(435)
Deficit on ordinary activities before Tax			(7,517)		(623)
Tax on deficit/surplus on ordinary activities	10		917		11
Deficit for the year on ordinary activities			(6,600)		(612)
Other Comprehensive Income					
Actuarial (losses)/gains on pension scheme	25		(1,273)		1,124
(Deficit)/surplus for the year transferred to revenue reserve			(7,873)		512

The notes on pages 69 to 101 form an integral part of these financial statements.

BALANCE SHEET
AS AT 31 MARCH 2023

		GROUP		COMPANY	
		2023	2022	**2023**	2022
ASSETS					
	Notes	**£'000**	£'000	**£'000**	£'000
INTANGIBLE ASSETS					
Goodwill	12	**-**	100	**-**	-
Other intangible assets	13	**2,873**	3,062	**2,658**	2,677
		2,873	3,162	**2,658**	2,677
TANGIBLE ASSETS					
Land and buildings	14	**6,058**	7,110	**6,058**	7,110
Tangible assets	15	**1,389**	1,721	**749**	978
		7,447	8,831	**6,807**	8,088
INVESTMENTS					
Investment property	16	**3,942**	4,893	**3,942**	4,893
Fixed asset investments	17	**47**	38	**128**	755
Other financial investments	18	**58,542**	63,031	**58,542**	63,031
		62,531	67,962	**62,612**	68,679
PENSION SCHEME ASSET	25	**709**	2,029	**709**	2,029
DEBTORS	20	**5,745**	5,187	**2,300**	2,302
STOCK		**113**	34	**-**	-
CASH AND CASH EQUIVALENTS		**7,136**	6,579	**6,347**	5,561
TOTAL ASSETS		**86,554**	93,784	**81,433**	89,336

The notes on pages 69 to 101 form an integral part of these financial statements.

BALANCE SHEET (continued)
AS AT 31 MARCH 2023

		GROUP		COMPANY	
		2023	2022	**2023**	2022
RESERVES AND LIABILITIES	Notes	**£'000**	£'000	**£'000**	£'000
RESERVES					
Investment revaluation reserve		**-**	2,585	**-**	2,585
Revenue account		**72,039**	77,776	**71,797**	77,744
		72,039	80,361	**71,797**	80,329
LIABILITIES					
Technical provisions	21	**3,451**	3,160	**3,451**	3,160
Other provisions	22	**111**	998	**110**	999
Creditors	23	**10,953**	9,265	**6,075**	4,848
		14,515	13,423	**9,636**	9,007
TOTAL RESERVES AND LIABILITIES		**86,554**	93,784	**81,433**	89,336

The Company's deficit for the financial year to March 2023 is £8,532k (2022: surplus of £698k).

The notes on pages 69 to 101 form an integral part of these financial statements.

The consolidated financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 July 2023.

D A Capper – Chief Executive

J S Hogan – Chief Operating Officer & Deputy Chief Executive Officer

Company Number: 303523

MOVEMENT IN RESERVES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

Consolidated Statement of Movement in Reserves for the year ended 31 March 2023

	Investment Revaluation Reserve £'000	Revenue Account £'000	Total Reserves £'000
Year ended 31 March 2022:			
Balance at 1 April 2021	5,162	74,612	79,774
Surplus for the year	-	512	512
Effect of movements in foreign exchange	-	75	75
Transfer between reserves	(2,577)	2,577	-
Total comprehensive income for the year	(2,577)	3,164	587
Balance at 31 March 2022	**2,585**	**77,776**	**80,361**
Year ended 31 March 2023:			
Deficit for the year	-	(7,873)	(7,873)
Effect of movements in foreign exchange	-	(449)	(449)
Transfer between reserves	(2,585)	2,585	-
Total comprehensive income for the year	(2,585)	(5,737)	(8,322)
Balance at 31 March 2023	**-**	**72,039**	**72,039**

Company Statement of Movement in Reserves for the year ended 31 March 2023

	Investment Revaluation Reserve £'000	Revenue Account £'000	Total Reserves £'000
Year ended 31 March 2022:			
Balance at 1 April 2021	5,162	74,469	79,631
Surplus for the year	-	698	698
Transfer between reserves	(2,577)	2,577	-
Total comprehensive income for the year	(2,577)	3,275	698
Balance at 31 March 2022	**2,585**	**77,744**	**80,329**
Year ended 31 March 2023:			
Deficit for the year	-	(8,532)	(8,532)
Transfer between reserves	(2,585)	2,585	-
Total comprehensive income for the year	(2,585)	(5,947)	(8,532)
Balance at 31 March 2023	**-**	**71,797**	**71,797**

The notes on pages 69 to 101 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£'000	£'000
Cash flows from operating activities		
(Deficit)/surplus for the year	(7,873)	512
Adjustments for :		
Non-cash items:		
Depreciation, amortisation and impairment	6,907	4,985
Foreign exchange revaluation	(522)	79
Taxation recognised in the statement of comprehensive income	(917)	(11)
Actuarial losses/(gains) on pension scheme	1,273	(1,124)
Loss on disposal of intangible fixed assets	-	295
Profit on disposal of land and buildings	(49)	-
(Profit)/loss on disposal of tangible fixed assets	(5)	38
Net income in respect of pensions	(52)	(18)
Unrealised losses on investment	4,448	2,577
Pension contribution less the cost of service	99	97
Activity recognised elsewhere on the cash flow statement:		
Investment income	(970)	(4,006)
Non operating other income	(1,734)	-
Changes in working capital:		
Increase in debtors	(658)	(1,537)
(Increase)/decrease in stock	(81)	4
Increase in other provisions	291	12
Increase in creditors	1,665	748
Net cash from operating activities	1,822	2,651

The notes on pages 69 to 101 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT (continued)
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £'000	2022 £'000
Net cash from operating activities	**1,822**	2,651
<u>Cash flows from investing activities</u>		
Proceeds on sale of tangible fixed assets	**5**	-
Proceeds on sale of land and buildings	**381**	-
Proceeds from sale of listed investments	**22,168**	21,798
Proceeds from sale of customer & partner agreements	**1,734**	-
(Investments)/proceeds of deposits with credit institutions	**(6,886)**	1,498
Taxation paid	**(80)**	(455)
Interest received	**255**	239
Dividends received	**895**	393
Investment manager fees	**(85)**	(101)
Fixed deposits recovered	**-**	2
Rental income received	**637**	480
Rental expenses	**(299)**	(144)
Acquisition of fixed assets	**(152)**	(715)
Acquisition of intangibles	**(4,269)**	(2,744)
Acquisition of listed & unlisted investments	**(15,545)**	(26,405)
Net cash from investing activities	**(1,241)**	(6,154)
<u>Cash flows from financing activities</u>		
Payment of finance lease liabilities	**-**	-
Net cash from financing activities	**-**	-
Net (decrease)/increase in cash and cash equivalents	**581**	(3,503)
Cash and cash equivalents at 1 April 2022	**6,579**	10,082
Effect of exchange rate fluctuations on cash held	**(24)**	-
Cash and cash equivalents at 31 March 2023	**7,136**	6,579

The notes on pages 69 to 101 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

1.1 Basis of accounting and general information

Westfield Contributory Health Scheme Limited is a company limited by guarantee and incorporated and domiciled in the UK. The registered office of the Company is Westfield House, 60 Charter Row, Sheffield, S1 3FZ.

The parent company is included in the consolidated financial statements and meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. An exemption has been taken for the presentation of a Company cashflow statement.

These financial statements were prepared in accordance with the updated Financial Reporting Standard 102, *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in March 2018. The financial statements comply with the requirements of FRS 103 Insurance Contracts. The presentation and functional currency of these financial statements is Pound Sterling, rounded to the nearest £1,000.

The financial statements have been prepared under the historical cost basis as modified to state financial instruments recognised at fair value through the statement of comprehensive income; investment property is measured at fair value; assets in the defined benefit pension scheme are measured at fair value and reported net of the present value of the scheme's benefit obligations; and land and buildings are measured in accordance with the revaluation model. The financial statements are presented in accordance with the provisions of SI 2008 No 410 Schedule 3.

1.2 Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings. The results of subsidiary undertakings are included in the consolidated statement of comprehensive income from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. Further details of accounting for business combinations are provided in note 1.17.

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

1.3 Going concern

The financial statements are prepared on a going concern basis. In considering the going concern basis, the directors have reviewed the Group's future cash requirements, earnings projections and capital projections for the period up to 31 July 2024. These projections include the ongoing impact of COVID-19. The directors believe these forecasts have been prepared on a prudent basis. The directors have concluded that the Group will be able to operate without requiring any external funding and therefore believe it is appropriate to prepare the financial statements of the Group on a going concern basis. This is supported by the Group's liquidity position at the year end.

1. ACCOUNTING POLICIES (continued)

1.4 Foreign currency

Transactions in foreign currencies are translated to the Group's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in the statement of comprehensive income.

1.5 Premiums earned

Gross premiums earned are recognised on a receivable basis over the life that the policy is in force. Where a proportion of premiums written in the current year relate to cover provided in the following year it is carried forward as a provision for unearned premiums.

Gross premium is adjusted for the movements in the unearned premium provision. Gross premium includes reinsurance premium and income due for benefits provided by third parties but excludes Insurance Premium Tax.

Net earned premiums are stated after deducting the costs of benefits provided by third parties and reinsurance.

1.6 Claims incurred

Claims incurred consist of claims and claims handling costs paid during the year, together with the movement in the provision for both reported and not reported claims incurred and their handling costs. An estimate is made for the cost of claims outstanding at the balance sheet date. The provision is based on claims settled after the reporting date together with an estimate of claims incurred by the reporting date but not settled or notified, based on statistical methods.

1.7 Net operating expenses

VAT is only partially recoverable because of the Group's VAT status; net operating expenses include irrecoverable VAT. Acquisition costs comprise all costs connected with the processing of new contributor proposals including advertising and development costs.

1. ACCOUNTING POLICIES (continued)

1.8 Employee benefits

The Group maintains a defined benefit pension plan that is closed to future accrual as well as defined contribution pension plans for eligible employees. The Group also operated a long term employee benefit scheme through a profit sharing agreement in one of its subsidiaries.

Defined benefit pension plan
The operating and financing costs of the defined benefit plan are recognised separately in the surplus/deficit on ordinary activities, service costs are systematically spread over the service lives of employees and financing costs are recognised in the periods in which they arise. Variations from expected costs, arising from the experience of the plan or changes in actuarial assumptions, are recognised immediately in Other Comprehensive Income. The costs of individual events such as past service benefit enhancements, settlements and curtailments are recognised immediately in the surplus/deficit on ordinary activities. Assets in the defined benefit pension scheme are measured at fair value and reported net of the present value of the scheme's benefit obligations in the balance sheet. An updated valuation for accounting purposes is performed annually by a qualified actuary using the projected unit credit method with a full valuation for funding purposes conducted every three years by the defined benefit plan's appointed actuary. Changes in the actuarial value of the surplus/deficit are recognised in Other Comprehensive Income.

Defined contribution pension plans
Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.9 Other financial investments

The Company applies the provisions of FRS 102 Section 11 and 12 in full.

Financial Instruments are recognised as an asset when the Group becomes a party to the contractual provisions of the instrument. They are derecognised only where the contractual rights to the cash flows from the instrument expire or the instrument is sold or transferred and the sale or transfer qualifies for derecognition.

Fixed income securities
Fixed income securities are measured initially at fair value, which is the transaction price less attributable transaction costs. Subsequent to initial recognition investments are measured at fair value with changes recognised in the surplus/deficit on ordinary activities.

Investments in equity instruments
Investments in equity instruments are measured initially at fair value, which is the transaction price less attributable transaction costs. Subsequent to initial recognition investments are measured at fair value with changes recognised in the surplus/deficit on ordinary activities.

Investments in subsidiaries
Investments in subsidiaries are measured at cost less impairment in the accounts of the holding company.

Investments in associates
Investments in associates are measured at cost less impairment in the accounts of the holding company. In the consolidated financial statements, investments in associates are measured using the equity method.

Deposits with credit institutions
Cash deposits are measured at fair value, which is the cash deposit value plus accrued interest, with changes recognised in the surplus/deficit on ordinary activities.

1. ACCOUNTING POLICIES (continued)

Cash and cash equivalents
Cash and cash equivalents comprise cash balances which are repayable on demand. They are measured at fair value, which is the cash deposit value plus accrued interest, with changes recognised in the surplus/deficit on ordinary activities.

Unlisted Investments
Unlisted Investments are bonds or shares held which are not tradable on quoted listed markets. They are measured at fair value, which is currently deemed to be their cost, with changes recognised in the surplus/deficit on ordinary activities.

Realised gains or losses represent the difference between net sales proceeds and original purchase price.

Unrealised gains or losses represent the difference between the current value of investments at the balance sheet date and their purchase price. Movements in the unrealised investment gains/losses comprise the increase/decrease in the accounting period in the value of investments held at the reporting date; and the reversal of unrealised investment gains/losses recognised in earlier accounting periods in respect of investment disposals of the current period. Unrealised gains or losses in the period are transferred to the revaluation reserve to separate these movements from the revenue account.

1.10 Investment income

Dividend income is accounted for in the surplus/deficit on ordinary activities on the date the entity's right to receive payment is established, excluding the attributable tax credit.

Interest receivable is accounted for on an accruals basis.

1.11 Government grants

Government grants are recognised under the performance model, where grant revenue is recognised in income when it is received or receivable and any performance-related conditions have been met.

1.12 Taxation

Tax on the surplus or deficit for the year comprises current and deferred tax. Tax is recognised in the surplus/deficit on ordinary activities except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

1.13 Deferred tax

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in associates to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

1. ACCOUNTING POLICIES (continued)

Deferred tax is provided for the additional tax that will be paid or avoided on a difference between the amount at which an asset (other than goodwill) or liability is recognised in business combinations and the corresponding amount that can be deducted for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.14 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost at initial recognition. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure such as legal and brokerage fees, property transfer taxes and other transaction costs. Subsequently investment properties are held at fair value with any gains or losses arising from changes in the fair value being recognised in the surplus/deficit on ordinary activities in the period that they arise. No depreciation is provided in respect of investment properties. A full valuation is obtained from a qualified valuer for each property every three years.

1.15 Land and buildings, tangible assets and depreciation

The Group measures an item of property, plant and equipment at initial recognition at its cost. The cost comprises the purchase price including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These can include the costs of site preparation, initial delivery, installation and assembly, and testing and functionality. The related expenses of incidental operations during construction or development of an item of property, plant and equipment are recognised in the surplus/deficit on ordinary activities if those operations are not necessary to bring the item to its intended location and operating condition.

Subsequently a full valuation is obtained from a qualified valuer for each property every three years, with an interim valuation in any year where it is likely that there has been a material change in value. Depreciation is provided to write down the property, excluding land, to its residual value over its estimated useful economic life. Gains on revaluation are recognised in other comprehensive income and accumulated in the property revaluation reserve. However, the increase is recognised in the revenue reserve to the extent that it reverses a revaluation decrease previously charged to revenue.

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Buildings and other tangible assets are depreciated by equal annual instalments as follows:

Land	-	not depreciated
Buildings (excluding land)	-	over fifty years
Vehicles	-	over four years
Fixtures and equipment	-	over five years
Computer equipment	-	over three years
Computer infrastructure	-	over five years
Internal office alterations and refurbishment	-	over ten years

Assets in the course of construction are not depreciated.

1. ACCOUNTING POLICIES (continued)

1.16 Impairment of non-financial assets

All individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

1.17 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the Group recognises goodwill at the acquisition date as:
- the fair value of the consideration (excluding contingent consideration) transferred; plus
- the estimated amount of contingent consideration; plus
- the fair value of equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

The accounting policies in relation to the acquired assets and liabilities are harmonised with those of the Group.

1.18 Intangible assets and amortisation

Software Assets
An intangible asset is an identifiable non-monetary asset without physical substance. Software assets are classified as intangible assets and are stated at cost less accumulated amortisation and impairment losses. Expenditure on software development activities is capitalised if the following conditions are met: the product or process is technically and commercially feasible; the Group intends to, and has the technical ability and sufficient resources to, complete development; future economic benefits are probable; and the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes.

Intangible assets are measured initially at cost, which comprises its purchase price or development cost plus any directly attributable cost to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include the costs of employee benefits and amortisation of licenses, which are used to generate the intangible asset. Intangible assets are assessed for impairment when there is an indication the intangible asset may be impaired with impairment losses recognised through the surplus/deficit on ordinary activities in the period in which the impairment arises.

The Group allocates the amortisation charge of an intangible asset to the surplus/deficit on ordinary activities on a straight line basis over its useful life and assumes that the residual value is zero. Amortisation begins when the intangible asset is available for use over the following periods:

General Software	-	over three years
Specialist Software	-	over five years

Intangible assets in the course of construction are not amortised but may be impaired where an indication of impairment exists.

1. ACCOUNTING POLICIES (continued)

Goodwill and Intangible Assets on Acquisition
Goodwill arising on the acquisition of undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and amortised through the surplus/deficit on ordinary activities on a straight-line basis over its expected useful economic life, which the directors consider to be five years. The gain or loss on subsequent disposal of a subsidiary will take account of any attributable, unamortised goodwill, which is derecognised on the disposal of the associated business.

Other intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged so as to allocate the cost of intangibles through the surplus/deficit on ordinary activities on a straight-line basis over their expected useful economic life.

Goodwill and other intangible assets are assessed at each annual reporting date for indicators of impairment in accordance with Section 27 Impairment of assets. A full impairment review is performed when indicators of impairment are identified.

1.19 Investments in associates

An entity is recognised as an associate when the Company has significant influence over the financial and operating policy decisions of the entity, but is not in control or joint control over those policies. Where the Company's investment entitles it to 20 per cent or more of the voting power of the entity, it is presumed that the Company has significant influence and such investments are accounted for as Investments in Associates.

The Company measures its investments in associates at cost less any accumulated impairment losses. Dividends and other distributions from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

The Group accounts for associates using the equity method in the consolidated financial statements.

1.20 Stock

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, conversion and others incurred in bringing the stock to its present location and condition.

1.21 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts.

1.22 Trading income

Trading income represents the sale of products and services (net of VAT) that promote and improve the health and wellbeing of individuals, as well as leasing of gym equipment undertaken by subsidiaries of the Group. Turnover is recognised when the services have been provided and the amount of turnover can be measured reliably.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. These estimates and associated assumptions have been based on historical experience and other relevant factors. Due to the nature of such items the actual results may differ from those estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised by the Group in the period in which the estimate is revised if the revision affects only that period or in the period of the revisions and future periods, where the revision affects both current and future periods. The areas where the Group believe such assumptions, estimates and judgements may give rise to a material adjustment is in the calculation of the Claims Incurred provision and the valuation of the defined benefit pension scheme. The value of the claims incurred provision at 31 March 2023 was £3,071k (2022: £2,771k) (note 21).

The net asset recognised in the balance sheet at 31 March 2023 in respect of the Group's defined benefit pension scheme obligations was £709k (2022: £2,029k). Management are required to make a number of assumptions for the accounting valuation of the Group's defined benefit pension scheme's liabilities, as disclosed in note 25. The key areas of estimation uncertainty are the discount rate applied to future cash flows and the expected lifetime of the scheme's members. The discount rate is required to be set with reference to market yields at the end of the reporting period on high quality corporate bonds in the currency and with a term consistent with the defined benefit pension scheme's obligations. The average duration of the scheme's obligations is approximately 20 years. The market for bonds with a similar duration is illiquid and, as a result, significant management judgement is required to determine an appropriate yield curve on which to base the discount rate. The cost of the benefits payable by the scheme will also depend upon the life expectancy of the members. The Group considers latest market practice and actual experience in determining the appropriate assumptions for both current mortality expectations and the rate of future mortality improvement. It is uncertain whether this rate of improvement will be sustained going forward and, as a result, actual experience may differ from current expectations. All assumptions used in the valuation are determined by management following guidance provided by an external actuary who perform the valuation of the defined benefit pension scheme's liabilities.

3. RISKS ARISING FROM INSURANCE CONTRACTS

The Board monitors the combined ratio of the insurance company as a whole. A forecast or actual deviation of more than 4% from budget is highlighted to the Board as a breach of its risk appetite.

The Board has also defined a risk appetite for insurance contract related risks which is monitored and implemented by operational management. Analysis is undertaken when insurance performance is significantly different to budget to understand the root cause of these variances and minimise the chances of such variances recurring.

Risks arising from insurance contracts can be sub-divided into 3 elements as follows:

- Premium risk – risk that insurance premiums received do not cover claims paid.
- Reserve risk – risk that technical provisions for incidents incurred but not reported are inadequate.
- Catastrophe risk – risk of a mass accident or pandemic.

Premium risk:

Health Cash Plan: the nature of the Company's core Health Cash Plan (HCP) product, covering a significant proportion of premium income where claims are low in value and high in volume, tends to produce only small fluctuations in claims relative to the pricing of premiums. The operational 'Underwriting Steering Group' (USG) is responsible for monitoring product group performance and cash-plan insurance risk, the USG is overseen by the Risk Committee.

Deficiencies in product pricing of HCPs could lead to adverse selection resulting in a large volume of loss-making insurance contracts being written. Product group performance is under constant review with active monitoring of all products for indications of such adverse selection; when identified, premiums are changed or sales practices amended to mitigate risk.

3. RISKS ARISING FROM INSURANCE CONTRACTS (continued)

The Private Health Insurance (PHI) product accounts for a small proportion of premium income. The PHI claims profile is more volatile than HCP claims as claim values are higher and incident rates are lower. PHI covers specified surgical procedures, with exposure limited to finite amounts, removing the exposure to high-cost novel treatments, chronic conditions and pharmaceuticals.

Reserve risk:

HCP: The Company's technical provisions for HCP business are small relative to premiums, which reflects the nature of this business. The Company has a 26-week period for a claim to be made from the incident date. This mitigates the risk that there is a significant volume of incidents outstanding which have not been claimed, thus reducing the value of the subsequent technical provision.

Included within some HCP is Personal Accident Insurance (PAI) which is underwritten by Westfield. Claims on PAI are lower in volume and higher in value than the rest of the HCP product and the 26-week period for making a claim does not apply. Reserves are maintained in line with historical observed experience and monitored to ensure they have been sufficient to cover claims that are raised.

PHI: The reserve risk for PHI is small, reflecting the low technical provisions associated with this product group. The nature of the product is such that PHI claims must be reported to the Company before treatment has commenced, and claims are resolved within a short timescale.

Catastrophe risk:

A catastrophic event may directly lead to increased incidents requiring hospitalisation or therapy treatments as well as resulting in accidental death or permanent disabilities, areas that are covered within the Company's HCPs. Given the geographical spread of the Company's portfolio the impact of a catastrophic event is assessed not to be material for cash plans.

Typically, all claims on insurance contracts are resolved within one year.

4. NET EARNED PREMIUMS

The Group engages in health insurance. The majority of the health insurance business is related to the United Kingdom, with a small amount of insurance business in Jersey.

	2023 £'000	2022 £'000
Net premiums written	**65,504**	61,771
Change in the gross provision for unearned premiums	**9**	77
Net premiums earned	**65,513**	61,848

5. CLAIMS INCURRED

	2023 £'000	2022 £'000
Claims paid	**45,551**	42,226
Claims handling expenses paid	**448**	401
Change in the provision for claims reported and claims incurred but not reported	**296**	234
Increase/(decrease) in the provision for claims handling expenses	**4**	(6)
Cost of providing benefits - net claims incurred	**46,299**	42,855

6. NET OPERATING EXPENSES

	2023 £'000	2022 £'000
Insurance companies		
Administration expenses	11,395	9,448
Acquisition costs	6,442	5,965
Cost of providing benefits	17,837	15,413
Non Insurance companies		
Administration expenses	6,189	8,784
Cost of sales	9,099	3,113
	15,288	11,897

Net operating expenses include the following:

	2023 £'000	2023 £'000
Depreciation, amortisation and provision for diminution in value	6,907	4,985
(Gain)/loss on disposal of tangible fixed assets	(5)	38
Gain on disposal of land and buildings	(49)	-
Loss on disposal of intangible fixed assets	-	295
Commission	1,916	1,602
Fees payable to the company's auditor for the audit of the company's annual accounts	84	62
Foreign exchange revaluation	(537)	77
Fees payable to the company's auditor for other services:		
Audit of the accounts of subsidiaries	32	23

7. STAFF PARTICULARS

	2023 £'000	2022 £'000
Staff costs comprised:		
Wages and salaries	**16,097**	13,899
Social security costs	**2,151**	1,730
Pension costs	**765**	735
	19,013	16,364

The average headcount number of staff employed during the year was:		
	Number	Number
Executive directors of the Company	**3**	3
Non-executive directors of the Company	**8**	7
Support staff	**461**	426
	472	436

The average FTE number of staff employed during the year was:		
	Number	Number
Executive directors of the Company	**3**	3
Non-executive directors of the Company	**1**	1
Support staff	**364**	367
	368	371

The aggregate amount of all directors' emoluments comprised:	**£'000**	£'000
Salaries and other emoluments	**1,213**	1,109
Pension costs	**44**	33
	1,257	1,142

The emoluments and pension benefits of the highest paid director were as follows:

	£'000	£'000
Salary, other emoluments and pension costs	**390**	397

8. INVESTMENT INCOME

	2023	2022
	£'000	£'000
Rental income from investment property	504	470
Rental expenses	(299)	(210)
Income from other investments:		
Interest - fixed income securities	127	177
Interest - cash and deposits with credit institutions	121	4
Dividends - investment in equity instruments	895	358
Investment management fees	(73)	(107)
	1,275	692
Profits/(Losses) on realisation of investments:		
Fixed income securities	(2,117)	(66)
Equity instruments	1,810	3,375
Alternative investments	2	3
Recovery of deposits previously written off	-	2
	970	4,006

9. OTHER INCOME

	£'000	£'000
Commissions received	1	1
Government grant	(153)	594
Sale of customer and partner agreements of High Five Fitness Network BV	1,734	-
Trading income	13,368	8,630
	14,950	9,225

Following the finalisation of some of the Dutch COVID-19 support schemes, an element of the government grants previously received or provided for in the accounts for the High Five group of companies needed to be repaid or released.

The customer book of High Five Fitness Network B.V. was sold on 22 February 2023. The company continued to operate as usual until 31 May 2023 to facilitate a transition of the business to the acquirer. It is intended that the company will be closed down in due course.

10. TAX ON SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES

	2023	2022
	£'000	£'000
Current tax expense		
UK corporation tax charge on (deficit)/surplus for the year	-	(347)
Adjustments for prior years	29	22
	29	(325)
Deferred tax		
Origination and reversal of timing differences	676	588
Adjustment in respect of previous periods	(1)	(12)
Effect of revaluation	213	(240)
	917	11

The tax charge for the year is different from the standard rate of corporation tax. The differences are explained below:

Deficit before tax	(7,517)	(623)
Income tax using the domestic corporation tax rate 19% (2022: 19%)	1,428	118
Effects of:		
Non-deductible expenses	(203)	343
Other income not subject to tax	1,336	4
Result of mutual trade not subject to tax	(1,760)	(109)
Impact on deferred tax of change in tax rate	213	(240)
Adjustments for previous periods	13	10
Movement in unrecognised deferred tax	(110)	(115)
Effects of group relief/ other relief	-	-
	917	11

The UK corporation tax rate for the year ended 31 March 2023 is 19%. In the March 2021 Budget, it was announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023.

As the 25% rate was substantively enacted by the balance sheet date, deferred tax balances (if recognised) on timing differences as at 31 March 2023 have been measured at 25% where these are expected to unwind post 1 April 2023.

11. (DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR

As permitted by section 408 Companies Act 2006, the parent company's statement of comprehensive income has not been included in these financial statements. The surplus for the financial year is as follows:

	2023	2022
	£'000	£'000
Parent company's (deficit)/surplus for the financial year	(8,532)	698

12. GOODWILL

Group

For the year ended 31 March 2023	Total
Cost	**£'000**
at 1 April 2022	4,010
Effect of movements in foreign exchange	179
at 31 March 2023	**4,189**
Amortisation	
at 1 April 2022	3,910
Charge for the year	100
Effect of movements in foreign exchange	179
at 31 March 2023	**4,189**
Net Book Value at 31 March 2023	-
Net Book Value at 31 March 2022	100

13. OTHER INTANGIBLE ASSETS

Group

For the year ended 31 March 2023

	Software	Asset Under Construction*	Total
Cost	**£'000**	**£'000**	**£'000**
at 1 April 2022	9,527	417	9,944
Additions	4,143	308	4,451
Transfers	373	(373)	-
Effect of movements in foreign exchange	8	-	8
at 31 March 2023	**14,051**	**352**	**14,403**
Amortisation			
at 1 April 2022	6,673	209	6,882
Charge for the year	1,509	-	1,509
Transfers	186	(186)	-
Impairment^	2,969	165	3,134
Effect of movements in foreign exchange	5	-	5
at 31 March 2023	**11,342**	**188**	**11,530**
Net Book Value at 31 March 2023	**2,709**	**164**	**2,873**
Net Book Value at 31 March 2022	2,854	208	3,062

13. OTHER INTANGIBLE ASSETS (continued)

Company

For the year ended 31 March 2023

	Software	Asset Under Construction*	Total
Cost	£'000	£'000	£'000
at 1 April 2022	8,547	353	8,900
Additions	3,688	283	3,971
Transfers	317	(317)	-
at 31 March 2023	**12,552**	**319**	**12,871**
Amortisation			
at 1 April 2022	6,046	177	6,223
Charge for the year	1,331	-	1,331
Transfers	158	(158)	-
Impairment^	2,509	150	2,659
at 31 March 2022	**10,044**	**169**	**10,213**
Net Book Value at 31 March 2023	**2,508**	**150**	**2,658**
Net Book Value at 31 March 2022	2,501	176	2,677

^Following a review of the carrying value of the new IT system being developed it has been deemed prudent to impair the valuation of the asset by £2,869k for the Group and £2,659k for the Company. Also, upon the sale of the customer and partner agreements of High Five Fitness Network BV, an impairment provision has been included of £265k within group, for the value of the company's network system, which will not be used following the company ceasing to trade.

*The asset under construction in both the Group and Company is a new IT system and represents domains that are yet to be rolled out to the business. Transfers from asset under construction to software have occurred during the year as modules have been rolled out to the business.

14. LAND AND BUILDINGS

Group & Company

For the year ended 31 March 2023	Freehold £'000
Cost	
at 1 April 2022	7,351
Disposals	(370)
Revaluation	(923)
at 31 March 2023	**6,058**
Depreciation	
at 1 April 2022	241
Annual charge	102
Write back on disposals	(18)
Reversal on revaluation	(325)
at 31 March 2023	-
Net Book Value at 31 March 2023	**6,058**
Net Book Value at 31 March 2022	7,110

Westfield House, the land and building of the Company, was professionally valued by Lambert Smith Hampton, Chartered Surveyors in March 2023.

Land and Buildings are fair valued with reference to comparable transactional market evidence, based on estimates of future rentals for comparable properties in nearby locations.

Further disclosures:

a) Dore House was sold during the year; as at 31 March 2023 just one property remains as Freehold property, Westfield House.

b) The market value of Westfield House was valued at £10,000k (March 2023), split between land and buildings £6,058k and investment property £3,942k (see Note 16).

c) Land valued at £2,000k, which is not depreciated, is included in the £6,058k net book valuation of land and buildings.

a) The historical cost of freehold land and buildings was £6,492k (2022: £6,942k).

15. TANGIBLE ASSETS

Group For the year ended 31 March 2023	Fixtures and equipment	Computer equipment	Motor vehicles	Leasehold improvements	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
at 1 April 2022	3,549	3,635	53	23	7,260
Additions	88	81	-	-	169
Disposals	(463)	(297)	(27)	(24)	(811)
Effect of movements in foreign exchange	37	8	-	1	46
at 31 March 2023	**3,211**	**3,427**	**26**	**-**	**6,664**
Depreciation					
at 1 April 2022	2,044	3,419	53	23	5,539
Charge for the year	397	126	-	-	523
Write back on disposals	(463)	(297)	(27)	(24)	(811)
Effect of movements in foreign exchange	16	7	-	1	24
at 31 March 2023	**1,994**	**3,255**	**26**	**-**	**5,275**
Net Book Value at 31 March 2023	**1,217**	**172**	-	**-**	**1,389**
Net Book Value at 31 March 2022	1,505	216	-	-	1,721

15. TANGIBLE ASSETS (continued)

Company

For the year ended 31 March 2023	Fixtures and equipment	Computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
at 1 April 2022	1,759	3,145	53	4,957
Additions	16	19	-	35
Disposals	(48)	-	(27)	(75)
at 31 March 2023	**1,727**	**3,164**	**26**	**4,917**
Depreciation				
at 1 April 2022	941	2,985	53	3,979
Charge for the year	174	90	-	264
Write back on disposals	(48)	-	(27)	(75)
at 31 March 2023	**1,067**	**3,075**	**26**	**4,168**
Net Book Value at 31 March 2023	**660**	**89**	**-**	**749**
Net Book Value at 31 March 2022	818	160	-	978

16. INVESTMENT PROPERTY

Group and Company

For the year ended 31 March 2023	Freehold £'000	Total £'000
Cost		
at 31 March 2022	4,893	4,893
Revaluation	(951)	(951)
at 31 March 2023	**3,942**	**3,942**

Investment properties were professionally valued by Lambert Smith Hampton, Chartered Surveyors, in March 2023.

Investment properties are recorded at fair value with reference to comparable transactional market evidence, based on estimates of future rentals receivable for comparable properties in nearby locations.

Further disclosures:

a) The freehold property is Westfield House; the investment property element was valued at £3,942k in March 2023.

17. FIXED ASSET INVESTMENTS

Group

For the year ended 31 March 2023	Interests in Associated Undertakings £'000
Cost	
at 1 April 2022	1,520
Disposal on company liquidation	(1,500)
at 31 March 2023	20
Share of post-acquisition reserves	
at 1 April 2022	(496)
Retained profits less losses	9
Disposal on company liquidation	514
at 31 March 2023	27
Provisions	
at 1 April 2022	(986)
Disposal on company liquidation	986
at 31 March 2023	-
Net Book Value at 31 March 2023	**47**
Net Book Value at 31 March 2022	38

Company

For the year ended 31 March 2023	Shares in Group Undertakings £'000	Participating Interests £'000	Total £'000
Cost			
at 1 April 2022	10,435	1,520	11,955
Buy back of shares	(627)	-	(627)
Disposal on company liquidation	-	(1,500)	(1,500)
at 31 March 2023	9,808	20	9,828
Provisions			
at 1 April 2022	(9,700)	(1,500)	(11,200)
Disposal on company liquidation	-	1,500	1,500
at 31 March 2023	(9,700)	-	(9,700)
Net Book Value at 31 March 2023	**108**	**20**	**128**
Net Book Value at 31 March 2022	735	20	755

The disposal on company liquidation within both the group and company is in relation to the liquidation of 3Rings Care Limited during the year.

17. FIXED ASSET INVESTMENTS (continued)

The undertakings in which the Group's and Company's interest at the year-end is more than 20% are as follows:

Name	Share class	% Held	Principal activity
Westfield Health & Wellbeing Ltd	Ordinary	100	Provision of health and wellbeing products and services, fitness facility management and operating gyms
Westfield Employment Services Ltd	Ordinary	100	Provision of people for Group activities
Westfield Health Ltd	Ordinary	100	Investment holding company for the Group
Bolton & District Hospital Saturday Council	Ordinary	100	Administration of health cashplans
UK Healthcare Ltd	Ordinary	100	Wholly-owned, dormant company
BHCA Services Ltd	Ordinary	30.5	Premium collection services for health companies
Westfield High Five B.V.	Ordinary	100	Provision of the management function to High Five subsidiaries
High Five Health Promotion B.V.	Ordinary	100	Provision of health and well-being through fitness programs
High Five Fitness Network B.V.	Ordinary	100	Provision of promoting fitness and health lifestyles

The above companies' registered offices are all Westfield House, 60 Charter Row, Sheffield, S1 3FZ except for:

- BHCA Services Ltd – Unit 8 Cherry Hall Road, North Kettering Business Park, Kettering, Northamptonshire, NN14 1UE.
- Westfield High Five B.V., High Five Health Promotion B.V. and High Five Fitness Network B.V. – Postbus 9097, 1180MB Amstelveen, Netherlands.

The following subsidiary companies have taken the exemption in Section 479A of the Companies Act 2006 ("the Act") from the requirements in the Act for their individual accounts to be audited:

Subsidiary	Registered No.
Westfield Health Ltd	10034914
Westfield Employment Services Ltd	09870326

18. OTHER FINANCIAL INVESTMENTS

Group and Company	2023	2022
	£'000	£'000
At Fair Value		
Listed investments:		
Investment in equity instruments	37,427	43,864
Fixed income securities	4,234	11,461
Total listed investments	41,661	55,325
Deposits with credit institutions	12,475	5,590
Unlisted investments:		
Real estate funds	2,130	1,925
Alternative asset investments	2,256	171
Unlisted investments	20	20
Total unlisted investments	4,406	2,116
	58,542	63,031
The historical cost of investments was	60,065	60,715

FRS 102 fair value measurement establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

- level 1 : Using the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;
- level 2 : Using inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly; and
- level 3 : Using inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Listed investments totalling £41,661k are stated at bid market price and are all based on Level 1 inputs.

Deposits with credit institutions, £12,475k, are all due within 6 months. The carrying value represents fair value under Level 1 inputs.

Unlisted investments consist of real estate funds totalling £2,130k, alternative assets totalling £2,256k, valued at the net asset valuation provided by the fund manager and small bond and shareholdings totalling £20k based on cost which is deemed an appropriate approximation of fair value. The valuation of unlisted investments use Level 3 inputs.

19. FINANCIAL RISK MANAGEMENT

Significant financial risks to which the Group is exposed in respect to its financial assets are described below:

Market risk

The Group is exposed to market risk (e.g. interest rate risk, foreign currency risk, equity price risk) in respect to its financial assets carried at fair value in the balance sheet. The listed investments, valued at £41,661k (2022: £55,325k), are traded on regulated financial markets, both in the UK and abroad. These assets are managed by independent third party fund managers on a discretionary basis, subject to certain mandated conditions determined by the Group. Movements in the regulated financial markets, interest rates and credit spreads can lead to volatility in the valuation of these assets. The Group does not directly purchase derivative protection for market risk exposure, derivatives are however used by investment managers in the funds held by the Group. Any market movements where the Group has exposure leads to proportional increases or decreases recorded in the statement of comprehensive income. A small proportion of the total portfolio is held in unlisted investments £4,406k, (2022: £2,116k) which are also exposed to market risk.

The assets are diversified between asset classes with a focus on reducing “correlation” – the extent to which all of the Group’s assets respond in the same way to a market shock. The impact of a range of market shocks is regularly modelled and monitored. The Investment Policy, approved by the Board in 2023, has agreed benchmarks to monitor the balance between acceptable risk and return for the Group’s financial assets.

Liquidity Risk

Deposits with credit institutions are managed internally and amounts are placed on short term deposits to ensure that sufficient funds are available at all times to pay liabilities as and when they fall due. These deposits are valued at £12,475k (2022: £5,590k).

The maturity profile as at 31 March 2023 of these deposits is:

Mature within 1 month	£1,900k
Mature between 1 and 3 months	£6,575k
Mature between 4 and 6 months	£4,000k
Total	£12,475k

Additionally, the Group has cash and cash equivalents repayable on demand of £7,136k (2022: £6,579k) to ensure there is sufficient cash available to meet day to day expenses. To mitigate the liquidity risk the Group reviews its future cash requirements on a regular basis.

19. FINANCIAL RISK MANAGEMENT (continued)

Credit Risk

The Group's exposure to credit risk includes the carrying value of certain financial assets at 31 March, as outlined below:

Group

	2023 £'000	2022 £'000
Deposits with credit institutions	**12,475**	5,590
Fixed income securities	**4,234**	11,461
Unlisted real estate funds	**2,130**	1,925
Other unlisted investments	**21**	20
Investment in group undertakings	**47**	38
Cash and cash equivalents	**7,136**	6,579
Included within Debtors:		
Contributors premiums due not received	**1,079**	1,060
	27,122	26,673

Company

	2023 £'000	2022 £'000
Deposits with credit institutions	**12,475**	5,590
Fixed income securities	**4,234**	11,461
Unlisted real estate funds	**2,130**	1,925
Other unlisted investments	**20**	20
Investment in subsidiaries and associates	**128**	755
Cash and cash equivalents	**6,346**	5,561
Included within Debtors:		
Contributors premiums due not received	**1,079**	1,060
	26,412	26,372

The Group, by placing deposits with credit institutions (counterparties) and cash at bank is exposed to risks should those counterparties default on repayment of the deposits. To mitigate against such a default all counterparties are credit checked, with a minimum credit rating of A or equivalent deemed adequate. Additionally the Group has a £4m counterparty limit.

A proportion of the Group's insurance premiums are collected and paid over by the Group's individual policyholders' employer. This exposes the Group to an element of credit risk. However the majority of employers pay over payroll deductions made, within one month, on a regular basis. The use of payroll deductions by a "host company employer" would not be permitted where the Board believed there may be a significant credit risk.

20. DEBTORS

Group	2023 £'000	2022 £'000
Contributors' premiums	**1,079**	1,060
Prepayments and accrued income	**2,406**	2,888
Other debtors	**2,260**	1,239
	5,745	5,187

Company	2023 £'000	2022 £'000
Contributors' premiums	**1,079**	1,060
Prepayments and accrued income	**1,221**	1,242
	2,300	2,302

21. TECHNICAL PROVISIONS (Insurance Contract Liabilities)

Group and Company		2023		2022
	£'000	£'000	£'000	£'000
Provision for unearned premiums		**380**		389
Gross provisions for claims:				
Reported	**707**		455	
Incurred but not reported (IBNR)	**2,334**		2,290	
Claims settlement expenses	**30**		26	
		3,071		2,771
Gross technical provisions		**3,451**		3,160

From historical experience the majority of claims are paid within three months; given the short term nature of the Group and Company's technical provision a claims development triangle is not deemed necessary.

22. OTHER PROVISIONS

Group	2023 £'000	2022 £'000
Provision for deferred taxation (Note 24)	111	998

Company	2023 £'000	2022 £'000
Provision for deferred taxation (Note 24)	110	999

23. CREDITORS

Group	2023 £'000	2022 £'000
Amounts falling due within one year:		
Other taxation and social security	4,301	4,767
Trade creditors	1,740	1,535
Accruals	4,806	2,903
Other	106	60
	10,953	9,265

Company	2023 £'000	2022 £'000
Amounts falling due within one year:		
Other taxation and social security	2,135	2,063
Trade creditors	1,194	974
Accruals	1,378	958
Other	120	54
Amount owed to group undertakings	1,248	799
	6,075	4,848

24. DEFERRED TAX LIABILITIES

Group	2023 £'000	2022 £'000
Accelerated capital allowances	366	375
Tax on short term timing differences - trading	(4)	(6)
Other investments	(187)	705
Losses	(64)	(76)
	111	998

Company	2023 £'000	2022 £'000
Accelerated capital allowances	297	294
Other investments	(187)	705
	110	999

The Company has unrecognised tax assets of £594k (2022: £421k), for the Group this figure is £594k (2022: £683k). The deferred tax liability on other investments relates to unrealised gains on investments. It is not possible to estimate how much of this deferred tax liability will be realised in the next accounting period.

25. EMPLOYEE BENEFITS

Defined contribution plans

The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was £765k (2022: £735k).

Defined benefit pension scheme

The Group maintains a defined benefit pension scheme, the Westfield Retirement Security Plan. The scheme closed to future accrual as at 31 March 2016.

The scheme funds are administered by a professional trustee and are independent of the Group's finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary.

The last full actuarial valuation for funding purposes was performed as at 31 March 2021 by XPS Pensions Group. The valuation as at 31 March 2023 has also been performed by XPS Pensions Group using the projected unit credit valuation method.

Principal actuarial assumptions at the year-end were as follows:

	2023	2022
	% pa	% pa
Rate of increase in salaries	**n/a**	n/a
Rate of increase in pensions in payment (LPI)	**3.00**	3.00
Discount rate	**4.70**	2.60
Inflation assumption (RPI)	**3.20**	3.50

In valuing the liabilities of the pension fund at 31 March 2023 mortality assumptions have been made as indicated below:

In June 2022, a large submission of data to the Self-Administered Pension Scheme (SAPS) investigation for 2012-2016 was found to have incorrect pension amounts at death, leading to the amounts-weighted mortality rates being understated (and therefore liabilities being overstated) in a number of the SAPS mortality tables analysed, including the "S3" Series mortality tables adopted for the Plan. The Continuous Mortality Investigation (CMI) has considered the materiality of the SAPS submission issue on the S3 Series tables by looking at the impact on the 2009-2016 data set underlying these tables. Mortality rates for all pensioners (i.e. the S3PA tables) are estimated as being 1.4% too low for males and 4.3% too low for females. To make allowance for this error, the scaling multipliers in the base tables should be increased by 1%/ 4% for males/ females respectively. This leads to an updated base table assumption for the Plan of 101%/ 104% for males/ females respectively of S3PA base tables (2022: 100%/100% for males/females respectively.

An allowance has been included for future improvements in longevity based on the Actuarial Professions Continuous Mortality Investigation (CMI) 2021 projections. A long term rate of improvements in longevity equal to 1.25% per annum and an initial addition to mortality improvements of 0.2% has been adopted for both men and women.

The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22.1 years (male), 24.3 years (female).
- Future retiree currently aged 45 upon reaching 65: 23.4 years (male), 25.7 years (female).

In October 2018 the UK's High Court ruled in the Lloyds Banking Group case that unequal benefits in respect of different Guaranteed Minimum Pensions (GMPs) for male and female pension scheme members must be equalised. Estimates of the impact of equalising these benefits for the Group's defined benefit pension scheme (the "Scheme") were calculated in 2021 as a 0.5% uplift to the Scheme liabilities and were included at that level.

25. EMPLOYEE BENEFITS (continued)

Group and Company	2023 £'000	2022 £'000
Net pension asset		
Defined benefit obligation	(14,500)	(22,262)
Plan assets	15,209	24,291
Net pension asset	709	2,029

Group and Company	2023	2023
Movements in the present value of defined benefit obligation	£'000	£'000
At 1 April	22,262	25,539
Interest cost	574	508
Actuarial (gains)	(7,947)	(3,499)
Benefits paid	(389)	(286)
At 31 March	14,500	22,262
Movements in fair value of plan assets	£'000	£'000
At 1 April	24,291	26,523
Interest income	626	526
Return on plan assets less interest income	(9,220)	(2,375)
Expenses	(99)	(97)
Benefits paid	(389)	(286)
At 31 March	15,209	24,291
Gains recognised in the deficit on ordinary activities	£'000	£'000
Net interest on net defined benefit liability	(52)	(18)
Total	(52)	(18)
Total recognised in Other Comprehensive Income	£'000	£'000
Actuarial losses / (gains) on pension scheme	1,273	(1,124)

25. EMPLOYEE BENEFITS (continued)

The fair value of the plan assets were as follows:

	2023 £'000	2022 £'000
Equities	5,119	15,413
LDI	10,064	8,845
Other	26	33
	15,209	24,291

26. RELATED PARTIES

The Company has taken advantage of the exemption in FRS 102 not to disclose details of transactions between Westfield Contributory Health Scheme Limited and its subsidiary undertakings, 100% of whose voting rights are controlled within the Group, that are included in the consolidated financial statements of Westfield Contributory Health Scheme Limited.

The following other transactions occurred in the year:

	2023 £'000	2022 £'000
Gift aid payments:		
The Westfield Health Charitable Trust	-	200
Transactions with associates:	3	3
Income from associates	(134)	(44)
Payments to associates	(131)	(41)

A director of the Company was also a director of AWRC.

One director of 3Rings Care Ltd was also a director of the Company during the year, before 3Rings Care Ltd was dissolved.

27. OPERATING LEASE COMMITMENTS

Leases as lessee

At 31 March the Group had annual commitments under non-cancellable operating leases as follows:

	2023	2022
Payments due within:	**£'000**	£'000
One year	**620**	694
Two and five years	**529**	978
Over five years	**-**	-
	1,149	1,672

At 31 March the Company had annual commitments under non-cancellable operating leases as follows:

	2023	2022
Payments due within:	**£'000**	£'000
One year	**74**	58
Two and five years	**46**	67
	120	125

Leases as lessor

At 31 March the Group had annual lease receipts due under non-cancellable leases as follows:

	2023	2022
Payments due within:	**£'000**	£'000
One year	**572**	540
Two and five years	**1,725**	1,141
	2,297	1,681

At 31 March the Company had annual lease receipts due under non-cancellable operating leases as follows:

	2023	2022
Payments due within:	**£'000**	£'000
One year	**413**	381
Two and five years	**1,456**	714
	1,869	1,095

The lease receipts due relate to the investment property being let under operating leases and to gym equipment leased out to customers. The figures shown are the future minimum lease payments receivable under non-cancellable leases.

28. SUBSEQUENT EVENTS

There have been no significant subsequent events since the balance sheet date.

Westfield Health