Annual report

and consolidated financial statements

Year ended 31 March 2022

Westfield Health

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

Company information

Chair

S Purdham

Vice Chair

N J A Hutton

Senior Independent Director

(Subject to regulatory approval)

J Hartley

Non-Executive Directors

R Copeland
P A Gregory
T Nicholls
D E Palmer
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 2022

Westfield Health's focus is to make a healthy difference to the lives of our customers, colleagues and communities that we serve. We are proud of our commitment to giving back, which allows us to be passionate about supporting causes that can impact health and wellbeing.

This year has again been dominated by COVID-19 and its global impacts but the outstanding recollection of the year was how our people responded to the challenges they faced and the way they continued to support and help our customers. Despite remote working and the impact of restrictions, the commitment of our people has been nothing short of magnificent and this is reflected in the strong financial position of the Group creating a solid foundation for future growth.

> We passionately believe in driving performance through wellbeing and we put that philosophy into practice each and every day.

During my first full year as Chair, the weight of our 102-year-old legacy has been front of mind. We're proud that our work makes a healthy difference every day, not just to our customers, but to our colleagues and communities. Giving back is central to our reason for being and the launch of 'Westfield One' and our staff driven 'Give Back' Committee has allowed us to create an even stronger foundation to leverage and help good causes especially with a health and wellbeing focus. We have reaffirmed our aim to 'give back' 1% of our revenue each year as charitable donations and to other good causes that can make a healthy difference to people's lives both in the short and long term.

Westfield One has been introduced to act on some of the biggest social and environmental challenges facing the world today. The initiative has been co-created by colleagues and aims to empower our people to deliver positive social impact. Examples of which are our continued support for the British Transplant Games and the new strategic partnership with the Dame Kelly Holmes Trust which aims to transform the mental and physical wellbeing of disadvantaged young people.

As a leading provider of health and wellbeing, we transform people's mental and physical wellbeing, creating happier, healthier people and more resilient businesses. We passionately believe in driving performance through wellbeing and we put that philosophy into practice each and every day. We know that a one-size-fits-all approach to employee wellbeing doesn't deliver. We listen to our colleagues, through a variety of communication channels, to build a people strategy which is evidence based.

“Our obsession with data and experience with thousands of businesses has shown us just how big an impact wellbeing can have.

This people-first approach has created a higher-performing culture, increased engagement, and most importantly created a great place to work. We're proud of our Investors in People gold accreditation which is a testament to the focus on colleague engagement at Westfield. Our latest survey currently sees us ranked #1 in our sector.

Our obsession with data and experience with thousands of businesses has shown us just how big an impact wellbeing can have and it is clear that a corporate's wealth is linked to its people's health. That combination of experience and advocacy is why customers come to us to transform the mental and physical wellbeing of their people, drive performance through wellbeing and build a resilient business for the future.

Within our insurance business we've continued to adapt our service, upgrading MyWestfield (our dedicated online portal for policyholders) and working with best-in-class suppliers to ensure the highest service standards. Important health cash plan improvements were carried out this year, which included introducing the functionality for policyholders to process all claims online and the introduction of a new flu and private vaccination benefit at no extra cost. We also strengthened our mental health provision by making Togetherall available for selection on our Mosaic plans.

The working landscape for corporate wellbeing has evolved over the past few years, and our unique 'Active Spaces' proposition and wellbeing services have resonated well with customers as a means of delivering an inclusive whole-of-population wellbeing programme which builds connection and engagement. Whilst the future of work undoubtedly involves a hybrid approach we are seeing that companies want to invest in both their office spaces and their employees to make the office a destination venue that delivers performance through wellbeing.

During 2021-22 our Corporate Wellbeing vision has enabled us to deliver some brilliant customer wins with large blue chip customers in the UK and across Europe.

Increasingly technology is central to almost everything we do and we continue to heavily invest in future digital systems to deliver better and more flexible services for our customers. For example, during 2021-22 we launched a cutting-edge digital wellbeing platform and we've introduced an independent research and consultancy service to extend the reach and impact of our solutions.

Our five-year strategic plan is our most ambitious yet and will see us serving more customers than ever before as the global leader of evidence-based corporate wellbeing solutions.

Our future strategy is one of sustainable growth with the intention to provide the strength to increasingly give more back. That focus involves change to meet the future challenges but to do it in a way that protects our legacy.

Key to our plan for growth is investment and innovation in many areas of our business such as our health and wellbeing services and digital solutions that will revolutionise SME wellbeing provision. Our private health insurance proposition has been developed considering the rise of NHS waiting times and heightened propensity to invest in private healthcare. We will also continue to develop our digital capability and extend our value-add services.

Clearly this investment and innovation needs to be hand in hand with excellent operational cost management, driving out operational inefficiencies to optimise customer value and remain competitive.

“Our future strategy is one of sustainable growth with the intention to provide the strength to increasingly give more back.

Priorities include:

- Health and wellbeing services
- Digital solutions
- Private health insurance proposition

Creating a foundation for growth involves change and since joining Westfield Health one of my first tasks as Chair was to create a vision for the Westfield Health 'Board of the Future'. This vision was an initial two-year project that would take the outstanding work done by the existing long-standing Board members, who were reaching the end of their tenure, and evolve into the next generation board that can support the Executive Team in their most ambitious strategic five-year plan to date.

With that in mind, diversity, equity and inclusion was central to that future vision with a new board DE&I Policy being created and published in September 2021 which included targets and measurable objectives. It is my belief that for diversity, equity and inclusion to be taken seriously it must start with the Board and become part of our overall day-to-day culture.

We know that we have a lot of work to do to improve diversity, equity and inclusion across the Westfield Health Family but starting with the Board we have begun the transition towards our 'Board of the Future'.

The first phase is due to be completed by November 2022 and the exciting changes involve new NEDs joining the board including:

Rob Copeland (appointed on 14 April 2022)
Judith Hartley – Senior Independent Director Designate (appointed on 1 November 2021)
Trevor Nicholls – Risk Chair Designate (appointed on 1 June 2021)
Richard Stubbs (appointed on 20 April 2022)
Nicola Webber – Audit Chair Designate (appointed on 1 November 2021)

Additionally, with growth as our focus, the Executive team was also strengthened with Tony Mucci joining the team as Chief Growth Officer.

As the Board evolves it is exciting that new members join and become the caretakers of the Westfield Health legacy for the next chapter but it also means that brilliant people who have made an outstanding contribution to Westfield Health also leave us. I personally want to take the opportunity to thank Pat Cantrill, Lesley Welton and David Whitney for their tireless work, inspiration and commitment to our cause.

To close, I would like to thank the Board, our Executive Management team and all our colleagues for their continued commitment and energy. On behalf of the Group, I would also like to extend my thanks to our customers for your support and confidence in us in what has been another challenging year.

Stephen Purdham
21 July 2022

> The board will support the Executive Team in their most ambitious strategic five-year plan to date.

Strategic Report

For the year ended 31 March 2022

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 (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.
- To be proud of our contribution and have clarity of how we all make a positive difference.

- To 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.
- To be proud of our individual differences, our relationships and commitment to each other.

- For us all to get involved with how Westfield Health develops and progresses.
- To embrace changes and be curious about how we do things differently. To have the voice to be constructive, challenging and pioneering.

- You belong at Westfield Health. We encourage, value and recognise ourselves and others to be the best team we can be.
- We consider how we can work better together by being open, supportive and listening to each other.

What we want to achieve

- **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.
- **Process optimisation** to maximise our operating model and ensure the best customer experience possible.
- **A community focused organisation** making a positive impact on the local environments that we serve.
- **A secure and enabling technological platform** that will help us realise our strategic purpose.
- **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.

Highlights of the year

The Westfield Health Group's key performance indicators for the 2021-22 financial year.

Gross premiums

£62.7m

2021: £63.1m

Other income

£9.2m

2021: £7.8m

Surplus

£0.5m

2021: £12.4m

Policyholders

470k

2021: 441k

FTE employees across the Group

371

2021: 372

Giving back

£605k

(incl. £435k gift aid)

2021: £680k (incl. £513k gift aid)

Group net reserves

£80.4m

2021: £80.3m

Solvency II coverage ratio

239%

2021: 235%

A review of the year

96% account retention

Where the financial year 2020-21 marked the start of the COVID-19 impact on our colleagues, customers, company and financial performance, financial year 2021-22 showed both a continuing disruption and the first signs of a return to pre-pandemic behaviours.

Our colleagues have shown incredible resilience throughout the year, continuing to deliver high quality service for our customers whilst coping with the impact of the pandemic. We have supported our team throughout the year to ensure they have the capacity to deal with the ever-changing landscape.

Despite further lockdown measures and restrictions throughout the year, customer claim values in our insurance business remained strong, with average risk rates recovering to near pre-pandemic levels. New business development recovered strongly, with a net increase of 29k policyholders in the year. Importantly, account retention was also strong throughout the year at more than 96%.

Improvements to the 'My Westfield' online portal allowed insurance customers to submit 100% of claims online, with the digital adoption growing to over 80%, enabling the digital submission of 50,000 customer claims per month. We have introduced some structural changes within the customer-facing areas, focussing on preparing for the delivery of our new IT system and process improvements across the team.

80% digital adoption

We communicated to our voluntary policyholders towards the end of the year that we are increasing the premium of those plans with effect from 1 April 2022. The rise has been driven by increased inflation in healthcare costs and ensures that we can continue to offer all the benefits and services currently available to them.

This has been the first year of our UK health and wellbeing interests being operated under the one commercial and legal entity of Westfield Health & Wellbeing Ltd, with the UK operations of High Five Health Promotion Ltd and The Working Health Company Ltd being transferred on 31 March 2021. Westfield Health & Wellbeing Ltd is divided into two operating units – Active Spaces (gym management) and Wellbeing Services. Following the commercial and legal integration of the subsidiaries in preparation for trading as one entity in 2021-22, a significant programme of integration activity has taken place during the year covering finance, HR, culture, IT, risk and marketing and this will continue through 2022-23.

> We’ve continued to increase awareness of Westfield and develop our reputation as a leading corporate wellbeing provider.

We successfully rolled out an update to our Westfield brand identity which better reflects our personality and ambition, and we’ve continued to increase awareness of Westfield and develop our reputation as a leading corporate wellbeing provider.

Our European corporate gyms have been mainly open from the middle of the financial year, but COVID-19 has continued to impact our ability to trade, highlighted by a renewed lockdown in the Netherlands for a month from mid-December 2021. Although business almost seems to be back to usual from February 2022, the fact that many members are still working from home, and therefore have not returned back as users of our facilities, means that both our way to motivate members to be their healthiest self and our financial performance is still impacted.

Our innovative and forward-thinking campaigns demonstrate our experience and credibility in the market. During the year we commissioned several pieces of research to help inform corporate wellbeing strategy and HR decision-making, including some research to better understand the future of work and the wellbeing trends for 2022. The published report explored the importance of whole-of-life wellbeing and employee expectations regarding the future workplace, and provided useful prompts, recommendations and activities for companies to action.

29,000
net increase in policyholders

COVID-19 recovery and returning to growth

Despite the significant disruption of COVID-19 over the last two years, particularly to High Five and UK Health and Wellbeing, we remain confident that the journey we started prior to the pandemic is more relevant today than ever.

COVID-19 had no material negative impact to the insurance side of the business other than a stalling of the expected growth in the business as corporate customers dealt with the uncertainty that the pandemic brought.

The key challenge from COVID-19 has been on the non-insurance side of Westfield. Active Spaces and onsite wellbeing services have had their recovery plans disrupted by unanticipated new COVID-19 waves throughout the year. Active Spaces on a management fee structure maintained their earnings and our remotely delivered Wellbeing Services flourished. The introduction of the new corporate wellbeing platform has supported excellent growth in new Active Spaces contracts and new wellbeing services have extended contracts. A minority of Active Spaces operate on a commercial contract and these have faced challenges due to occupancy levels on site.

The significant growth of new, management fee-based contracts during the year has demonstrated the continued demand and appetite for these services. Clients are viewing on-site Active Spaces as an essential component of building attractive workplace environments to encourage their people back to the workplace. Our ‘whole of workforce’ proposition (the integration of a wider wellbeing offering to the traditional gym offering, enabled by the corporate wellbeing platform) is resonating well with clients.

“Clients are viewing on-site Active Spaces as an essential component of building attractive workplace environments.

More than 50 health topics available

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

Our UK Health and Wellbeing performance has exceeded expectations in exceptional circumstances. Our whole of workforce proposition, supported and enabled by our corporate wellbeing platform, has created a significant unique selling point as part of this growth plan.

Although the Group's financial reserves mean that we have no reason to access Government schemes to assist with cash flow to retain staff while gyms were closed, three subsidiaries accessed various government support schemes available due to the COVID-19 pandemic. However, to retain staff while gyms were closed the following companies claimed government support totalling £0.6m, including £30k from the UK Government: Westfield Health & Wellbeing Ltd, High Five Health Promotion B.V. and High Five Fitness Network B.V.. The insurance division did not receive any government support during the year.

Where colleagues have been furloughed due to gym closures and other significant reductions in business activity, their salaries have been topped up to 100% pay by the Group.

Charitable donations and sponsorship

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 £6m to health and wellbeing related causes over the last 10 years.

Our community focus includes the Westfield Charitable Trust, Colleague Giving Back Committee, the Westfield One Movement and a volunteer programme.

'Westfield One' is our inclusive give back strategy for Westfield Health. It enables us to demonstrate our commitment to our purpose, create a sense of belonging and take action on some of the biggest social and environmental challenges our communities face today. The emphasis of giving back is integrated into the working lives of our colleagues. Westfield One has four pillars: People, Social Equality, Environment and Community to reflect the breadth of what 'giving back' means to us. The pillars are led by internal stakeholders who build and execute the plan that delivers Westfield One's vision, with the emphasis on employee-led decision making and engagement.

During 2021-22, Westfield donated £200k to the Westfield Charitable Trust, which supports medical related charities; a further £235k of donations were made through the Colleague Giving Back Committee. This new committee is formed of colleagues from across the Group to ensure that our colleagues are engaged with the charitable activities of the Group.

£605,000 given to good causes in 2021-22

Highlights include:

- Donated £200k to Westfield Charitable Trust which supports medical related charities.
- The Colleague Giving Back Committee donated £235k to charities across the UK and Europe.
- Over £6m donated to health and wellbeing related causes over the last 10 years.

In addition to charitable donations, Westfield has provided sponsorship to two key initiatives during the year:

The British Transplant Games help deliver Transplant Sports' aim to demonstrate the benefits of transplantation; increasing public awareness of the need for organ donation, encouraging transplant recipients to lead active lifestyles and showing appreciation for, and remembering, donors and their families.

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

Image: The Dame Kelly Holmes Trust Starting Blocks Challenge

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 our four Cs — Colleagues, Customers, Commercial 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. Over the last year, we have begun our Diversity, Equity and Inclusion programme to ensure Westfield Health is an inclusive employer that champions diversity and equity across the group. As part of our internal wellbeing strategy our colleagues have access to wellbeing coaches used by the Group, helping us take even better care of our workforce.

" We firmly believe that the Westfield team is the Group's biggest asset.

Westfield is delighted to hold the Investors in People Gold accreditation. We achieved this back in 2019 and again in June 2022. We have made some amazing progress and all indicators have improved during this time span. The framework that underpins this accreditation 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.

Gold is one of the highest levels of accreditation that can be achieved, with only 7% of companies reaching this level. Since the implementation of our wellbeing strategy, we have moved from 626th on the Investors in People league table to 45th overall, and from 24th position to 1st in our sector (financial services and insurance for companies with 250–5,000 employees). 96.8% of people felt that the organisation was a great place to work. This fantastic result is testament to the focus and engagement of all colleagues to drive business performance through wellbeing.

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.

INVESTORS IN PEOPLE®
We invest in people Gold

Customers

Although the competitive nature of the job market presented a challenging attrition and recruitment environment for Connect, our customer servicing team, we were able to perform strongly against customer service levels whilst delivering unprecedented levels of recruitment and colleague training.

We continually strive to achieve an excellent customer experience,with the average insurance claim processing time across all channels taking just over one day from receipt in the business.

We have introduced a new customer contact channel so customers claiming by paper claim forms can now be sent an acknowledgement SMS on the same day as our receipt of the form. Over 11,000 text messages were sent (at a rate of 5,000 SMS per month since launch) and performed successfully against the objective of reducing inbound customer contact from customers requiring acknowledgement of our receipt of their claim forms.

The removal of cheque payments for claims has been communicated successfully to individual and corporate customers, coupled with the introduction of a digital payment solution for a small number of customers who hold non-UK bank accounts. These measures enable customers to receive their claims in a more timely and efficient manner as well as streamlining our internal processes.

5,000
customer texts per month

Clients continue to show great belief in us despite the hardships of the pandemic.

During 2021-22 we redesigned our sales operating model to be more customer centric. The structure was determined using customer and market data to size sales territories, and we've established new ways of working to reflect our focus on customer retention and growth.

We have been working closely with our Active Space clients throughout the year, helping them navigate the changes in government guidance and advice. There have been a small number of facilities closed during the year, in line with the customers' new working policies and practices post COVID-19, but the majority remain open and ready to provide the excellent service that our clients have come to expect.

The pandemic restrictions imposed in continental Europe had a negative impact on some of our commercial contracts. Despite this, we retained most of our clients by demonstrating great value and nurturing the relationships we have with them.

Despite the hardships faced during the pandemic, many of our existing clients have continued to show great belief in us as their wellbeing partner of choice. For example, in the case of the European Patent Office, we increased our scope from delivering physiotherapy services in Munich to also supplying health and wellbeing services to their employees in four different countries. We also opened corporate wellbeing facilities at new clients like MTU in Munich, where we offer a wide range of wellbeing services including a corporate gym and physiotherapy services. These successes confirm our confidence that the core of our business model, coupled with virtual and hybrid interventions, has great future potential.

This year we launched an additional leading-edge digital corporate wellbeing platform. With multi-media health and wellbeing content, an online community, wearable integration and services for gym members, our wellbeing platform will meet the current and future needs of corporate buyers.

Strategic Partnerships

In October 2019, Westfield Health and Sheffield Hallam University's Advanced Wellbeing Research Centre (AWRC) launched the first client Knowledge Transfer Partnership (KTP) project. While COVID-19 caused some delays in this area, we continue working to assess clients' wellbeing needs and understand how effective our workplace wellbeing interventions are in improving health outcomes for individuals, as well as improving key business metrics in the organisations they work for. The AWRC plays an important role in validating the research undertaken and ensures the findings are objective.

Sheffield Hallam University | Advanced Wellbeing Research Centre

We have a wealth of anonymised data, as well as detailed content from face-to-face interviews, providing insights and intelligence relating to real and perceived health and wellbeing issues at client organisations. This includes underlying factors such as environment, culture, security, relationships and purpose. This initiative has developed our capability so that we are now ideally placed to provide consultancy services to our customers, extending beyond the products and services that our competitors can provide.

We also created a remote working survey which complemented existing KTP projects and provided important insights into the impacts of mandatory home working on health and wellbeing, further contributing to and enhancing the body of knowledge we have relating to corporate wellbeing.

During 2021-22 we extended this health and wellbeing consultancy provision to High Five clients and other prospects in Europe and delivered an internal study with High Five colleagues in Europe, mirroring that completed in the UK.

> "We have a wealth of anonymised data insights into wellbeing issues at client organisations, making us ideally placed to provide consultancy services to our customers beyond the scope of our competitors.

Development of a new IT System

The Group is continuing its investment in designing, developing and delivering a new IT system to replace our legacy policy administration system. During the year a major milestone was reached as the first insurance product went live on the new platform.

This deliverable laid the foundation for future products and significant progress has been made towards the next two product implementations. Each product deliverable adds additional functionality and capability to the insurance foundations previously created.

Our continued focus on achieving the benefits and efficiencies of a digital customer journey will provide a strong future foundation to enable the overall business to deliver its long-term strategy and goals. Accordingly, we have introduced additional resource (at all levels) to ensure timely completion.

The development of the system has suffered from some delays exacerbated by the effects of COVID-19. As a result we have decided that it is prudent that an impairment of £3.0m of development costs should be provided for in these accounts.

Operational Resilience

Significant work was undertaken to ensure our compliance with the new regulatory requirements for operational resilience in financial services organisations. A project group reviewed all our insurance processes, identifying the important business services we deliver that could cause harm to our customers if interrupted.

We have identified potential scenarios and have commenced testing the resilience of our important business services to ensure that if these scenarios were to occur our policyholders would not incur intolerable harm. We are pleased to report that to date no such issues have been identified. Our operational resilience forms part of an ongoing process and remains under review and subject to Board oversight.

Governance

We continue to review our Governance structure to ensure its robustness and appropriateness for current and future business challenges and opportunities. The cross section of appropriately experienced individuals on the Board, in both Executive and Non-Executive roles, ensures the right level of challenge and support to contribute to the delivery of the business' strategic goals.

During 2021-22, our Board was strengthened with four new members. Judith Hartley, Trevor Nicholls and Nicola Webber joined as Non-Executive Directors, and we welcomed Tony Mucci, our Chief Growth Officer, as an Executive Director. A further two new Non-Executive Directors joined post year end, Robert Copeland and Richard Stubbs.

Robert Copeland,
Non-Executive Director

Richard Stubbs,
Non-Executive Director

Judith Hartley,
Non-Executive Director

Trevor Nicholls,
Non-Executive Director

Nicola Webber,
Non-Executive Director

Tony Mucci,
Chief Growth Officer

> We continue to review our Governance structure to ensure its robustness and appropriateness for current and future business challenges.

Key performance indicators

KPI		2022	2021	Change
Net Promoter Score	%	74.5	76.3	-1.8
Gross Premiums	£m	62.7	63.1	-0.4
Gross Claims Ratio	%	68.3	47.3	+21.0
Operating Expense Ratio	%	24.6	24.2	+0.4
Combined Ratio	%	99.0	73.7	+25.3
Solvency Ratio	%	239	235	+4.0

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?" From a sample of 91,000 surveys, whilst slightly lower than last year we are still delighted to report a UK market leading 74.5%. Overall customer satisfaction was 4.9/5 and customer effort score to interact with us was 78.9%.

Gross premiums

There has been a net increase in total policyholder numbers year on year, with a slight shift in the mix of business as corporate customers have increased whilst voluntary customers have decreased. As voluntary policies have a higher premium, the resulting change has been a slight decrease in gross premiums collected year on year.

Gross claims ratio

The gross claims ratio for 2021 was suppressed as a result of the COVID-19 pandemic and the impact of the imposed lockdowns across the UK. In particular, the first national lockdown (beginning March 2020) resulted in a dramatic reduction in claims levels due to the closure of non-urgent medical services such as opticians, dentists and physiotherapists. Claiming rates began to recover in July 2020 and were only moderately below standard throughout the current financial year.

The gross claims ratio does not include the benefits provided to policyholders through third parties, a number of which saw increased usage as a result of pandemic conditions. These include counselling helplines and access to telephone consultations with a GP.

Operating expense ratio

The operating expense ratio has increased slightly as operating costs have increased while premiums have decreased slightly. 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.

Combined ratio

As mentioned above, low claims incurred in 2021 as a result of the COVID-19 pandemic and imposed lockdowns meant a low combined ratio for the year. The ratio is back to more normal levels for 2022 and is expected to be around 100% in the following three years as claims return to normal levels.

Solvency ratio

The Solvency Capital Requirement (SCR) for the year ended 31 March 2022 will be submitted in line with the Solvency II reporting timetable, which is due in July 2022. The Company's capital resources valued under Solvency II guidelines for the year ended 31 March 2022 were in excess of two times of our requirement, demonstrating a very strong capital position. There has been minimal movement on the coverage ratio year on year.

Non-insurance KPIs

KPI		2022	2021	Change
UK Health & Wellbeing Trading Income	£m	2.6	1.5	1.1
UK Health & Wellbeing Gross Profit Margin	£m	1.3	0.7	0.6
High Five Trading Income	£m	6.6	5.5	1.1
High Five Gross Profit Margin	£m	4.8	4.4	0.4

Trading income in UK Health & Wellbeing grew over the year as the recovery from the impact of COVID-19 in 2021 began. Over 280 clients have purchased services from the UK Wellbeing division during the year and further growth plans have been prepared for 2022-23. Eight new Active Space contracts were opened and a further two are being mobilised for opening in early 2022-23. Of these, eight are new clients and two are additional facilities for existing clients. Contract renewals have also been negotiated with four clients during the year.

The COVID-19 recovery of onsite services (health screening days and workshop days) has seen the volume of days being delivered increase each quarter. Forward bookings into quarter one of 2022-23 are now at pre-pandemic levels for health screening days. Workshop days have not recovered, and indications are that clients will predominantly continue with webinars. Webinars can be administered and delivered more efficiently for both the customer and Westfield.

In continental Europe, income in High Five for 2021-22 was in line with levels seen in 2020-21. Memberships in both our corporate sites and our Fitness Network are slowly starting to grow. From the start of calendar year 2022 it felt like most of our clients started to look forward, leading to confidence in our ability to bounce back financially in the first year of our financial plan.

Over 280
UK Wellbeing clients this year

Investment portfolio

Investment portfolio		2022	2021	Change
Listed Equity Instruments	£m	13	21.5	-8.5
Government and Corporate Fixed Interest Securities	£m	11.5	19.0	-7.5
Multi-Asset Funds	£m	30.8	9.9	20.9
Real Estate Fund	£m	1.9	1.6	0.3
Alternative Assets	£m	0.2	0.1	0.1
Fixed Term Cash Deposits	£m	5.6	7.1	-1.5
TOTAL		63.0	59.2	3.8
Investment return	%	2.0	13.5	-11.5

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, government and corporate fixed interest securities and fixed term cash deposits and invested in multi-asset funds that we have been monitoring for a number of years.

The performance of the investment portfolio has been volatile throughout the year as markets reacted to a number of serious events including the relaxation of COVID-19 restrictions, the fear of the omicron variant, sharp energy price rises and the war in Ukraine. As at March 2022 the return for the year on the opening portfolio value was 2.0%.

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

Bolton and District Hospital Saturday Council ('BDHSC'), 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.

Paul Shires stood down as Managing Director of UK Healthcare in April 2021 and left the Group. Trevor Nicholls retired as a Director of UK Healthcare in June 2021 and has been appointed a Non-Executive Director of Westfield. We thank them both for their service to BDHSC. David Capper and Jason Hogan were both appointed Directors of UK Healthcare in May 2021.

High Five group of companies

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 well-being and health promotion through fitness programmes.
High Five Fitness Network BV — A Dutch company promoting fitness and healthy lifestyles for companies and governments.

During the year the final settlement of consideration for the acquisition of the High Five group took place. This resulted in a reimbursement of £0.4m which has been credited to the P&L following last year's impairment of the carrying value of the companies.

Westfield Health & Wellbeing Ltd

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 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.

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 and policyholders.

- The Board continues to enhance its methods of engagement with our people. Breakfast with the Board introduced colleagues to our new Board Directors, with an additional virtual session offered to ensure accessibility across the Group. 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 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 donates to the Westfield Health Charitable Trust, which in turn donates to health-related charities, having donated over £6m over the last 10 years. Westfield also sponsors the British Transplant Games, has a partnership with the Dame Kelly Holmes Trust and enables employees to support community projects in their local areas.

- 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 Health's insurance products not performing in line with expectations.

The nature of Westfield Health'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.

The pandemic led to a large reduction in claims as policyholders' ability to use the health care reimbursement element of their policies was limited. Most benefits have seen claims returning to normal following the end of the first lockdown in 2020. These shifts have been very rapid compared to historical trends, which 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 Health'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 now 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. Westfield Health's investments are "tiered" by target risk and return. These are aggregated to give an overall risk/return objective, whilst ensuring that a significant proportion of assets are invested in very low-risk investments.
- Strategic asset allocations for each tier to prevent excess concentration in any one asset class.
- Concentration limits for any one investment counterparty.
- Risk and return reporting requirements.
- The selection of managers for each asset class.

Westfield Health's portfolio is diversified between asset classes with a particular focus on reducing "correlation" – the extent to which all of Westfield Health's assets respond in the same way to a market shock.

Specialist managers are used for each fund/portfolio. 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 Health'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 Health 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.

This risk has increased as the Group continues to widen its offering in the growing health and wellbeing market, both organically and through acquisitions and as the Group continues its expansion into Europe and beyond.

The pandemic has forced the business to amend existing plans and create new strategies, with new potential growth areas and some areas adversely affected.

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 for the next five years and higher-level planning for the next six to ten years, including the impact of the strategy on capital and solvency requirements. Departmental functional plans aligning reward with strategy deliverables 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. There is governance from various committees as part of the decision-making process, such as 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. IT department resource has been scaled up and outsourced development partners have been utilised to ensure enhanced velocity. There is also involvement across the business which can result in conflict with other priorities.

Due to the overall scale of the project to deliver, there are three elements to this risk:

- Implementation takes longer, costs more or fails to provide the correct functionality needed by the business.
- The risk that the promised improvements do not manifest themselves in terms of financial benefit and increased operational automation.
- Historical data migration does not occur or is corrupted This negatively affects the efficacy of actuarial review.

There are a number of controls that are currently in place to mitigate any failure of the new IT system:

- There is a specific IT System Project Management team with multiple delivery managers and a steering group utilising project management methodology to support the successful delivery of the project.
- Progress and decision making are authorised at the steering group meeting.
- Audits by internal audit of controls, governance, process and methodology are undertaken post the delivery of each major milestone.
- Business department owners are required to sign off on all individual modules from initial scoping to final module delivery.

There is a Board-agreed road map in place which is regularly updated and the project itself uses a modular agile approach which gives consistent weekly progress updates in real-time with constant delivery.

Cyber security and data incidents

IT failures could lead to significant issues, for example system downtime, lost productivity and data corruption, theft or loss. Cyber security is a key focus and is high on the Board and Risk Committee's agenda. A process of continuous improvement of systems and processes is operated to maintain the confidentiality, integrity and availability of business information systems and data through the Information Security Management System (ISMS) which is certified to the ISO27001 standard. The Group also has comprehensive cyber-insurance.

The IT infrastructure is located at specialised co-located data centres for additional resilience (Sheffield and Leeds) and cloud services are utilised where appropriate. The replacement administration system being developed is entirely cloud hosted to satisfy resilience and scalability requirements. A business continuity/disaster recovery plan is in place and tested bi-annually. The IT infrastructure and application security and resilience are under constant review and is tested annually by independent specialists. All employees who work from home are using Westfield-issued equipment, secure logins and a corporate-provided Virtual Private Network (VPN) which ensures a secure connection to Group systems.

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 means loss of key people is a magnified risk especially in subsidiaries. There is also the risk of people retiring who have key skills, knowledge and experience.

This risk is mitigated by strong leadership, people development and 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, there is a remuneration committee that ensures benefits are competitive and ELT members 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. In light of COVID-19, procedures have been undertaken more frequently than usual to review the impact of the market disruption on key suppliers.

Regulation

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. There have been directives from the regulator regarding how policyholders should be treated as a result of the pandemic, and these have been carefully reviewed and appropriately adopted by the business.

During the year, new colleagues are given Insurance Distribution Directive (IDD) training and yearly refreshers for existing staff are carried out. The training ensures that consumer protection is enhanced when buying insurance and to support competition between insurance distributors by creating a level playing field.

Data protection

As a health insurance provider, Westfield Health holds a significant amount of personal data, some of which is classified as special category data. Compliance with our data protection obligations continues to be a priority for Westfield Health. All new starters are required to undergo data protection training as part of their induction process, and this is further supplemented by refresher training and competency testing on a regular basis. There is a Data Protection Officer as required by the regulation to ensure legal obligations are continually being met. There are ongoing audits to assess data protection from an accredited third party as well as work done by internal audit. As per the cyber security risk above, all colleagues working from home have secure connections to Westfield Health servers and data protection is built into our ways of working.

Customer experience

The company's 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 Health has a defined benefit pension scheme which closed to future accrual as at 31 March 2016. 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 £2.0m as at 31 March 2022 under the FRS 102 valuation. 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.

Economic environment

Recent years have seen an extended period of economic uncertainty and upheaval with Brexit, the global pandemic, significant inflation and now a major land war in Europe. Uncertainty, inflation and recession have an impact on economic growth and particularly on discretionary spending, including Westfield Health products. Westfield Health's insurance products fared relatively well during the 2008 recession and the focus on wellbeing following the pandemic also creates a strong bounce back opportunity.

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. During the pandemic the Board approved a pricing strategy which paused planned price increases to minimise policyholder attrition; the current 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 Health'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 Health. Increases in the cost of mandatory insurances due to IPT increases may also reduce client appetite for discretionary insurance products including health insurance.

Westfield Health 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 consolidating to form businesses with a wider reach and greater economies of scale. This is mitigated by having good awareness of what is happening in the market and regular contact with regulators.

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 in the last 12 months. 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 / SIMF4 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 acheive 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 and members of the Executive Leadership Team. The Risk Manager and Compliance Manager are 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

As more employers in a post-pandemic world awaken to the importance of employee wellbeing and seek innovative ways to entice employees back into the workplace, opportunities for 'whole of workforce' health and wellbeing solutions are expected to increase significantly.

With that in mind, our five-year business plan represents an ambitious trajectory for growth, with revenue from all three strategic business units expected to grow substantially.

Key enablers to achieve this growth are:

- Investment in channel and proposition development to strengthen our competitive capabilities.
- 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.

With recovery in the insurance market being stronger than previously anticipated, operating results are expected to remain positive throughout the next five years. However, as the non-insurance business units continue to recover from the impact of COVID-19, they are not expected to return to a steady state until the latter years of the plan.

Our strategic business plan has tried to balance as equally and as equitably as possible the impact on our four Cs – Colleagues, Customers, Commercial and Community. Importantly, delivery of our plan will mean we will reach our £1m Community giveback goal in the financial year 2026-27.

Approved by the Board and signed on its behalf by:

D A Capper
Chief Executive
21 July 2022

Directors' Report

For the year ended 31 March 2022

The Directors present their report and the audited financial statements of the Group for the year ended 31 March 2022.

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

D A Capper,
Chief Executive

R Copeland

P A Gregory

J Hartley,
Senior Independent Director[1]

J S Hogan

N J A Hutton
Vice-Chair

A Mucci

T Nicholls

D E Palmer

R Stubbs

N Webber

T Nicholls was appointed on 1 June 2021, A Mucci was appointed on 1 September 2021, N Webber and J Hartley were appointed on 1 November 2021, R Copeland was appointed on 14 April 2022 and R Stubbs was appointed on 20 April 2022. P Cantrill retired from the Board on 3 November 2021.

N J A Hutton, P A Gregory and D E Palmer are retiring by rotation in the coming year and will not be standing for re-election at the AGM in November 2022.

The Group maintains Directors' and Officers' liability insurance cover.

[1] Subject to regulatory approval

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 2022 with figures to 31 March 2021 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.

		2022	2021
Energy Usage	MWh	656	548
Green House Gas (GHG) Emissions	tCO2e	156	157
Intensity Metric: GHG Emissions	tCO2e /sq ft	0.0006	0.0003

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	4/4	2/2	2/2		5/5	
David Capper	6/6	4/4				4/5	2/2
Jason Hogan	6/6				4/4	5/5	2/2
Tony Mucci	3/3				2/4		
Nick Hutton	6/6	4/4	2/2				2/2
Pat Cantrill	4/4	4/4		1/1			1/2
Philip Gregory	6/6			2/2		5/5	2/2
David Palmer	6/6					5/5	
Trevor Nicholls	6/6					5/5	
Nicola Webber	3/3			1/1		1/1	
Judith Hartley	3/3		2/2	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 £435k (2021: £513k) have been paid during the year. £200k (2021 £450k) was paid to the related charity The Westfield Health Charitable Trust and £235k (2021: £63k) to other charities. The Charitable Trust provides grants for various charitable organisations, medical research and hospital amenities.

As part of a new strategy for our community engagement, the newly formed Giving Back 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. In its first year, the committee has donated almost £200k to 53 causes across the UK and Europe, including £20k to The Lullaby Trust and £15k to Yeovil Hospital Charity.

In addition to all of this we launched Westfield One in May 2021 as a further part of our new giving back strategy. 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. To kick off our three-year partnership with the Dame Kelly Holmes Trust, dozens of colleagues have taken part in their own Starting Blocks Challenge, where they were sponsored to run, walk, swim or ride the distance back to where their story started.

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

I'd like to conclude with a heartfelt thank you to all my colleagues, our customers and our strategic partners for your continued commitment and support.

Your resilience, adaptability and understanding during what has been another turbulent year has been nothing short of inspiring. With COVID-19 continuing to impact our communities and society as a whole, I'm grateful to have found such a passionate, supportive group of people who I'm proud to work alongside every day.

Our business is built around our greatest asset — our people — and their ability to demonstrate our values in every aspect of our work. To end the year with an Investors in People survey which currently sees us ranked #1 in our sector is testament to the success of our people strategy and the dedication to supporting our people throughout the Westfield Health Group.

Despite the on-going uncertainty of the pandemic and recent world events, we're focused on driving positive change through innovative new propositions, and our wellbeing services are being continually enhanced to better support our customers' needs.

Our health cash plan enhancements have helped tailor our services to support people's changing priorities, and our new digital corporate wellbeing platform allows customers to access a range of wellbeing content from their smartphones, in line with the nation's increasingly 'digital first' approach to their health. Our Active Spaces proposition continues to pioneer how employee health and fitness is delivered in the hybrid working world, and our new research and consultancy service will allow us to further innovate based on cutting edge data and customer insight.

Despite unprecedented disruption over the past two years, I'm confident that our COVID-19 recovery plan will help us realise our vision and allow us to continue to challenge, innovate and improve as we emerge from the pandemic. Our focus on sustainable growth will ensure the Group moves forward stronger, even more resilient to face the challenges of the post-COVID world while keeping our customers, and our people, at the heart of what we do.

D A Capper
Chief Executive
21 July 2022

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.

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

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 2022 and of the Group's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 2022 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 4 years, covering the years ending 31 March 2019 to 31 March 2022. 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'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 has sufficient capital to meet its 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% (2021: 97%) of Group profit before tax* *98% (2021: 98%) of Group revenue* *98% (2021: 98%) of Group total assets*		
Key audit matters		2022	2021
	Valuation of Insurance Provisions	✓	✓
	Valuation of Westfield House	✓	✓
Materiality	*Group financial statements as a whole* £800k (2022: £800k) based on 1% (2021: 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 components were identified as Westfield Contributory Health Scheme Limited, Bolton & District Hospital Saturday Council and Westfield Health & Wellbeing Limited and these were subject to full scope audit. Non-significant components were identified as Westfield Health Limited, UK Healthcare Limited (dormant), Westfield Employment Services Limited, and the High Five Intenz Groep 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. 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. We performed tests of the operating effectiveness of the controls regarding the system for claim payments. **Key Observations** Based on our audit procedures we consider the insurance provisions to be appropriate considering the level of judgement.

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 performed a valuation at 31 March 2022 being an update to a professional independent valuation undertaken in February 2020. 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: 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 inline with current market information and reasonable. A sample of rental agreements were reviewed to ensure 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 Westfield house valuation to be appropriate considering the level of estimation uncertainty.

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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Materiality	800	780	756	780
Basis for determining materiality	1% of net assets	1% of net assets	0.9% of net assets	1% 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 £16,000 (2021: £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:

- obtaining an understanding of the legal and regulatory frameworks that the Group and the Parent Company operate in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Group and the Parent Company. We considered the significant laws and regulations to be the applicable accounting standards, Prudential Regulatory Authority (‘PRA’), Financial Conduct Authority (‘FCA’), Company Law and the Bribery Act 2010;
- agreement of the financial statement disclosures to underlying supporting documentation;
- assessed the susceptibility of the financial statements to material misstatement including fraud and identified the fraud risk areas 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;
- in response to revenue recognition we evaluated the operating effectiveness 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;
- in response to the risk of management override of controls, assessed the appropriateness of journal entries which met specific risk criteria by agreeing them to appropriate supporting documentation:
- enquiring of management, the audit committee and those charged with governance, including obtaining and reviewing supporting documentation, concerning the Group's policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- review of minutes of board meetings throughout the period.

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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27 July 2022

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

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 2022

Consolidated Statement Of Comprehensive Income

Technical account – general business

For the year ended 31 March 2022

	Notes		2022 £'000		2021 £'000
Gross premiums earned		62,717		63,069	
Third party administrative costs		(869)		(1,343)	
NET EARNED PREMIUMS	4		61,848		61,726
Rebated premiums			(23)		(25)
			61,825		61,701
Total claims incurred	5		(42,855)		(29,847)
			18,970		31,854
Net operating expenses	6		(15,413)		(15,253)
Surplus on insurance operations			3,557		16,601
Impairment					
Intangible assets	13		(2,955)		-
Surplus on general business technical account			602		16,601

The notes on pages 70 to 102 form an integral part of these financial statements.

Consolidated Statement Of Comprehensive Income

Non-technical account

For the year ended 31 March 2022

	Notes		2022 £'000		2021 £'000
Surplus on general business technical account			**602**		16,601
Investment income	8	**4,006**		5,166	
Unrealised (loss)/gain on investments		**(2,577)**		545	
Share of profit of associates	17	-		3	
			1,429		5,714
Other income	9	**9,225**		7,820	
Other charges	6	**(11,897)**		(11,606)	
			(2,672)		(3,786)
Goodwill impairment reversal/(impairment)	12		**435**		(3,137)
Net finance income in respect of pensions	25		**18**		64
(Deficit)/Surplus before charitable donations			**(188)**		15,456
Other charges - Gift Aid and other charitable donations			**(435)**		(513)
(Deficit)/Surplus on ordinary activities before Tax			**(623)**		14,943
Tax on deficit/surplus on ordinary activities	10		**11**		(785)
(Deficit)/Surplus for the year on ordinary activities			**(612)**		14,158
Other Comprehensive Income					
Actuarial gains/(losses) on pension scheme	25		**1,124**		(1,783)
Surplus for the year transferred to revenue reserve			**512**		12,375

The notes on pages 70 to 102 form an integral part of these financial statements.

Balance Sheet

As at 31 March 2022

		GROUP		COMPANY	
		2022	2021	2022	2021
ASSETS	Notes	£'000	£'000	£'000	£'000
INTANGIBLE ASSETS					
Goodwill	12	100	232	-	-
Other intangible assets	13	3,062	4,798	2,677	3,983
		3,162	5,030	2,677	3,983
TANGIBLE ASSETS					
Land and buildings	14	7,110	8,034	7,110	8,034
Tangible assets	15	1,721	1,457	978	1,150
		8,831	9,491	8,088	9,184
INVESTMENTS					
Investment property	16	4,893	4,077	4,893	4,077
Fixed asset investments	17	38	38	755	755
Other financial investments	18	63,031	59,186	63,031	59,186
		67,962	63,301	68,679	64,018
PENSION SCHEME ASSET	25	2,029	984	2,029	984
DEBTORS	20	5,187	3,734	2,302	2,394
STOCK		34	38	-	-
CASH AND CASH EQUIVALENTS		6,579	10,082	5,561	8,027
TOTAL ASSETS		93,784	92,660	89,336	88,590

The notes on pages 70 to 102 form an integral part of these financial statements.

Balance Sheet (continued)

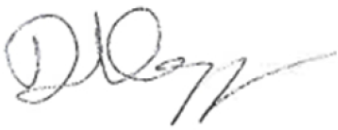
As at 31 March 2022

		GROUP		COMPANY	
		2022	2021	**2022**	2021
RESERVES AND LIABILITIES					
	Notes	**£'000**	£'000	**£'000**	£'000
RESERVES					
Investment revaluation reserve		**2,585**	5,162	**2,585**	5,162
Revenue account		**77,776**	74,612	**77,744**	74,469
		80,361	79,774	**80,329**	79,631
LIABILITIES					
Technical provisions	21	**3,160**	3,009	**3,160**	3,009
Other provisions	22	**998**	1,335	**999**	1,196
Creditors	23	**9,265**	8,542	**4,848**	4,754
		13,423	12,886	**9,007**	8,959
TOTAL RESERVES AND LIABILITIES		**93,784**	92,660	**89,336**	88,590

The Company's surplus for the financial year to March 2022 is £698k (2021: £12,113k).

The notes on pages 70 to 102 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 21 July 2022.



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 2022

Consolidated Statement of Movement in Reserves for the year ended 31 March 2022

	Investment Revaluation Reserve £'000	Revenue Account £'000	Total Reserves £'000
Year ended 31 March 2021:			
Balance at 1 April 2020	4,617	62,782	67,399
Surplus for the year	-	12,375	12,375
Transfer to/(from) revenue account	545	(545)	-
Total comprehensive income for the year	545	11,830	12,375
Balance at 31 March 2021	**5,162**	**74,612**	**79,774**
Year ended 31 March 2022:			
Surplus for the year	-	512	512
Effect of movements in foreign exchange	-	75	75
Transfer (from)/to revenue account	(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**

Company Statement of Movement in Reserves for the year ended 31 March 2022

	Investment Revaluation Reserve £'000	Revenue Account £'000	Total Reserves £'000
Year ended 31 March 2021:			
Balance at 1 April 2020	4,617	62,901	67,518
Surplus for the year	-	12,113	12,113
Transfer (from)/to revenue account	545	(545)	-
Total comprehensive income for the year	545	11,568	12,113
Balance at 31 March 2021	**5,162**	**74,469**	**79,631**
Year ended 31 March 2022:			
Surplus for the year	-	698	698
Transfer to/(from) revenue account	(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**

The notes on pages 70 to 102 form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2022

	2022	2021
	£'000	£'000
Cash flows from operating activities		
Surplus for the year	**512**	12,375
Adjustments for:		
Non-cash items:		
Depreciation, amortisation and impairment	**4,985**	5,777
Foreign exchange revaluation	**79**	(10)
Taxation recognised in the statement of comprehensive income	**(11)**	785
Interest payable	**-**	1
Actuarial (gains)/losses on pension scheme	**(1,124)**	1,783
Loss on disposal of intangible fixed assets	**295**	-
Loss on disposal of tangible fixed assets	**38**	17
Net income in respect of pensions	**(18)**	(64)
Unrealised losses/(gains) on investment	**2,577**	(545)
Pension contribution less the cost of service	**97**	120
Activity recognised elsewhere on the cash flow statement:		
Investment income	**(4,006)**	(5,166)
Changes in working capital:		
(Increase)/Decrease in debtors	**(1,537)**	601
Decrease in stock	**4**	54
Increase in other provisions	**12**	298
Increase in creditors	**748**	1,620
Net cash from operating activities	**2,651**	17,646

The notes on pages 70 to 102 form an integral part of these financial statements.

Consolidated Cash Flow Statement (continued)

For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Net cash from operating activities		**2,651**	17,646
Cash flows from investing activities			
Proceeds from sale of listed investments		**21,798**	16,371
Proceeds/(Investments) of deposits with credit institutions		**1,498**	(3,200)
Taxation paid		**(455)**	(176)
Interest received		**239**	206
Dividends received		**393**	372
Investment manager fees		**(101)**	(141)
Fixed deposits recovered		**2**	21
Rental income received		**480**	483
Rental expenses		**(144)**	(197)
Acquisition of fixed assets		**(715)**	(482)
Acquisition of intangibles		**(2,744)**	(2,195)
Acquisition of listed & unlisted investments		**(26,405)**	(27,161)
Investment in associate		**-**	(1)
Net cash from investing activities		**(6,154)**	(16,100)
Cash flows from financing activities			
Payment of finance lease liabilities		**-**	(1)
Net cash from financing activities		**-**	(1)
Net (decrease)/increase in cash and cash equivalents		**(3,503)**	1,545
Cash and cash equivalents at 1 April 2021		**10,082**	8,537
Cash and cash equivalents at 31 March 2022		**6,579**	10,082

The notes on pages 70 to 102 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 2023. These projections include the expected 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.

Profit sharing agreement
The Group recognises the present value of any expected profit-sharing payments as a liability in the surplus/deficit on ordinary activities when there is a legal obligation to make such a payment as a result of past events and a reliable estimate of the obligation can be made. The liability is revalued annually to reflect updated estimates of the payments that will 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.

1. ACCOUNTING POLICIES (continued)

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.

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.

1. ACCOUNTING POLICIES (continued)

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.

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 2022 was £2,771k (2021: £2,543k) (note 21).

The net asset recognised in the balance sheet at 31 March 2022 in respect of the Group's defined benefit pension scheme obligations was £2.0m (2021: £1.0m). 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 24 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.

	2022 £'000	2021 £'000
Net premiums written	**61,771**	61,728
Change in the gross provision for unearned premiums	**77**	(2)
Net premiums earned	**61,848**	61,726

5. CLAIMS INCURRED

	2022 £'000	2021 £'000
Claims paid	**42,226**	29,202
Claims handling expenses paid	**401**	387
Change in the provision for claims reported and claims incurred but not reported	**234**	244
(Decrease)/increase in the provision for claims handling expenses	**(6)**	14
Cost of providing benefits - net claims incurred	**42,855**	29,847

6. NET OPERATING EXPENSES

	2022 £'000	2021 £'000
Insurance companies		
Administration expenses	**9,448**	9,477
Acquisition costs	**5,965**	5,776
Cost of providing benefits	**15,413**	15,253
Non Insurance companies		
Administration expenses	**8,784**	9,753
Cost of sales	**3,113**	1,853
	11,897	11,606

Net operating expenses include the following:

	2022 £'000	2021 £'000
Depreciation, amortisation and provision for diminution in value	**4,985**	5,777
Loss on disposal of tangible fixed assets	**38**	8
Loss on disposal of intangible fixed assets	**295**	-
Commission	**1,602**	1,625
Fees payable to the company's auditor for the audit of the company's annual accounts	**62**	63
Foreign exchange revaluation	**77**	(83)
Fees payable to the company's auditor for other services:		
Audit of the accounts of subsidiaries	**23**	18

7. STAFF PARTICULARS

	2022	2021
	£'000	£'000
Staff costs comprised:		
Wages and salaries	13,899	13,994
Social security costs	1,730	1,506
Pension costs	735	804
	16,364	16,304

The average headcount number of staff employed during the year was:

	Number	Number
Executive directors of the Company	3	2
Non-executive directors of the Company	7	8
Support staff	426	434
	436	444

The average FTE number of staff employed during the year was:

	Number	Number
Executive directors of the Company	3	2
Non-executive directors of the Company	1	1
Support staff	367	369
	371	372

The aggregate amount of all directors' emoluments comprised:	£'000	£'000
Salaries and other emoluments	1,109	953
Pension costs	33	22
	1,142	975

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

	£'000	£'000
Salary, other emoluments and pension costs	397	388

8. INVESTMENT INCOME

	2022 £'000	2021 £'000
Rental income from investment property	470	461
Rental expenses	(210)	(181)
Income from other investments:		
Interest - fixed income securities	177	229
Interest - cash and deposits with credit institutions	4	6
Dividends - investment in equity instruments	358	346
Investment management fees	(107)	(121)
	692	740
Profits/(Losses) on realisation of investments:		
Fixed income securities	(66)	478
Equity instruments	3,375	3,927
Alternative investments	3	-
Recovery of deposits previously written off	2	21
	4,006	5,166

9. OTHER INCOME

	£'000	£'000
Commissions received	1	1
Government grant	594	799
Trading income	8,630	7,020
	9,225	7,820

Group subsidiaries received government grant income from Dutch and UK COVID-19 support schemes.

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

	2022 £'000	2021 £'000
Current tax expense		
UK corporation tax charge on (deficit)/surplus for the year	**(347)**	(398)
Adjustments for prior years	**22**	15
	(325)	(383)
Deferred tax		
Origination and reversal of timing differences	**588**	(404)
Adjustment in respect of previous periods	**(12)**	-
Effect of revaluation	**(240)**	2
	11	(785)

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

	2022	2021
(Deficit)/Surplus before tax	**(623)**	14,943
Income tax using the domestic corporation tax rate 19% (2021: 19%)	**118**	(2,839)
Effects of:		
Non-deductible expenses	**343**	(2,898)
Other income not subject to tax	**4**	1,941
Result of mutual trade not subject to tax	**(109)**	3,415
Impact on deferred tax of change in tax rate	**(240)**	-
Adjustments for previous periods	**10**	15
Effects of foreign exchange	**-**	2
Movement in unrecognised deferred tax	**(115)**	(103)
Effects of group relief/ other relief	**-**	(318)
	11	(785)

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023, which was substantively enacted on 24 May 2021.

As this rate has been substantively enacted at the balance sheet date, deferred tax balances as at 31 March 2022 are now measured at 25% (2021: 19%).

11. 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:

	2022 £'000	2021 £'000
Parent company's surplus for the financial year	698	12,113

12. GOODWILL

Group

For the year ended 31 March 2022	Total
Cost	**£'000**
at 1 April 2021	4,479
Other changes*	(435)
Effect of movements in foreign exchange	(34)
at 31 March 2022	4,010
Amortisation	
at 1 April 2021	4,247
Reversal of impairment*	(435)
Charge for the year	132
Effect of movements in foreign exchange	(34)
at 31 March 2022	3,910
Net Book Value at 31 March 2022	100
Net Book Value at 31 March 2021	232

*During the year the final settlement of consideration for the acquisition of the High Five group took place. This resulted in a reimbursement of £435k, which has been credited to the P&L following last year's impairment of the carrying value of the companies.

13. OTHER INTANGIBLE ASSETS

Group

For the year ended 31 March 2022	Software	Asset Under Construction*	Total
Cost	**£'000**	**£'000**	**£'000**
at 1 April 2021	6,727	766	7,493
Disposals	(440)	-	(440)
Additions	2,554	338	2,892
Transfers	687	(687)	-
Effect of movements in foreign exchange	(1)	-	(1)
at 31 March 2022	**9,527**	**417**	**9,944**
Amortisation			
at 1 April 2021	2,695	-	2,695
Write back on disposals	(145)	-	(145)
Charge for the year	1,377	-	1,377
Impairment^	2,746	209	2,955
at 31 March 2022	**6,673**	**209**	**6,882**
Net Book Value at 31 March 2022	**2,854**	**208**	**3,062**
Net Book Value at 31 March 2021	4,032	766	4,798

13. OTHER INTANGIBLE ASSETS (continued)

Company

For the year ended 31 March 2022

	Software	Asset Under Construction*	Total
Cost	£'000	£'000	£'000
at 1 April 2021	5,627	679	6,306
Additions	2,318	276	2,594
Transfers	602	(602)	-
at 31 March 2022	**8,547**	**353**	**8,900**
Amortisation			
at 1 April 2021	2,323	-	2,323
Charge for the year	1,221	-	1,221
Impairment^	2,502	177	2,679
at 31 March 2022	**6,046**	**177**	**6,223**
Net Book Value at 31 March 2022	**2,501**	**176**	**2,677**
Net Book Value at 31 March 2021	3,304	679	3,983

^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 £2,955k for the Group and £2,679k for the Company.

*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

	Freehold
For the year ended 31 March 2022	**£'000**
Cost	
at 1 April 2021	8,163
Additions	4
Transfers	(816)
at 31 March 2022	**7,351**
Depreciation	
at 1 April 2021	129
Annual charge	112
at 31 March 2022	**241**
Net Book Value at 31 March 2022	**7,110**
Net Book Value at 31 March 2021	8,034

The land and buildings of the Company were professionally valued by:

- Lambert Smith Hampton, Chartered Surveyors - valued Westfield House in February 2020.
- Burgess Commercial, Chartered Surveyors - valued Dore House in February 2019.

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) Within freehold buildings are two properties: Westfield House and Dore House.

b) The market value of Westfield House was valued at £11,885k (February 2020), split between land and buildings £7,808k and investment property £4,077k (see Note 16). The economic shutdown in March 2020 as a result of COVID-19 provided an unprecedented set of circumstances on which to base a judgement for valuation. The valuers therefore issued their report on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global and note that a higher degree of caution should be attached to the valuation than would normally be the case. The directors have reviewed this and consider it appropriate to use the valuation from February 2020 in the financial statements. It is deemed to be reflective of the value as at March 2022, notwithstanding the inherent uncertainty arising from the economic situation caused by COVID-19.

c) Land valued at £2,035k, which is not depreciated, is included in the £7,110k net book valuation of land and buildings.

d) Dore House was valued at £350k (February 2019) on the basis of existing use. Per the policy a revaluation was due by March 2022, but the property is currently in the process of being sold. Based on the expected sale price, the current carrying value is considered an appropriate valuation.

e) The £816k transfer during the year from freehold land and buildings is due to a change in the sq/m usage of rental floors at Westfield House, with an increase in the rental floor space made available and used by tenants at Westfield House.

f) The historical cost of freehold land and buildings was £6,942k (2021: £7,754k).

15. TANGIBLE ASSETS

Group

For the year ended 31 March 2022	Fixtures and equipment	Computer equipment	Motor vehicles	Leasehold improvements	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
at 1 April 2021	3,014	3,540	53	23	6,630
Additions	617	97	-	-	714
Disposals	(75)	-	-	-	(75)
Effect of movements in foreign exchange	(7)	(2)	-	-	(9)
at 31 March 2022	**3,549**	**3,635**	**53**	**23**	**7,260**
Depreciation					
at 1 April 2021	1,779	3,321	53	21	5,174
Charge for the year	305	100	-	2	407
Write back on disposals	(37)	-	-	-	(37)
Effect of movements in foreign exchange	(3)	(2)	-	-	(5)
at 31 March 2022	**2,044**	**3,419**	**53**	**23**	**5,539**
Net Book Value at 31 March 2022	**1,505**	**216**	-	**-**	**1,721**
Net Book Value at 31 March 2021	1,235	219	-	2	1,457

15. TANGIBLE ASSETS (continued)

Company

For the year ended 31 March 2022	Fixtures and equipment	Computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
at 1 April 2021	1,784	3,057	53	4,894
Additions	50	88	-	138
Disposals	(75)	-	-	(75)
at 31 March 2022	**1,759**	**3,145**	**53**	**4,957**
Depreciation				
at 1 April 2021	810	2,881	53	3,744
Charge for the year	168	104	-	272
Write back on disposals	(37)	-	-	(37)
at 31 March 2022	**941**	**2,985**	**53**	**3,979**
Net Book Value at 31 March 2022	**818**	**160**	**-**	**978**
Net Book Value at 31 March 2021	974	176	-	1,150

16. INVESTMENT PROPERTY

Group and Company

For the year ended 31 March 2022	Freehold £'000
Cost	
at 31 March 2021	4,077
Transfers	816
at 31 March 2022	**4,893**

Investment properties were professionally valued by Lambert Smith Hampton, Chartered Surveyors, in February 2020.

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 £4,077k in February 2020. The economic shutdown in March 2020 as a result of COVID-19 provides an unprecedented set of circumstances on which to base a judgement for valuation. The valuers have therefore issued their report on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global and note that a higher degree of caution should be attached to the valuation than would normally be the case. The directors have reviewed this and consider it appropriate to use the valuation from February 2020 in the financial statements, it is deemed to be reflective of the value as at March 2022 notwithstanding the inherent uncertainty arising from the economic situation caused by COVID-19.

b) The £816k transfer during the year from freehold land and buildings, is due to a change in the sq/m usage of rental floors at Westfield House, with an increase in the rental floor space made available and used by tenants at Westfield House.

17. FIXED ASSET INVESTMENTS

Group

For the year ended 31 March 2022	Interests in Associated Undertakings £'000
Cost	
at 1 April 2021	1,520
at 31 March 2022	**1,520**
Share of post-acquisition reserves	
at 1 April 2021	(496)
Retained profits less losses	-
at 31 March 2022	**(496)**
Provisions	
at 1 April 2021	(986)
at 31 March 2022	**(986)**
Net Book Value at 31 March 2022	**38**
Net Book Value at 31 March 2021	38

Company

For the year ended 31 March 2022	Shares in Group Undertakings £'000	Participating Interests £'000	Total £'000
Cost			
at 1 April 2021	10,435	1,520	11,955
at 31 March 2022	**10,435**	**1,520**	**11,955**
Provisions			
at 1 April 2021	(9,700)	(1,500)	(11,200)
at 31 March 2022	**(9,700)**	**(1,500)**	**(11,200)**
Net Book Value at 31 March 2022	**735**	**20**	**755**
Net Book Value at 31 March 2021	735	20	755

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
3Rings Care Ltd	Ordinary	40	R&D and marketing of internet based wellbeing services
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:

- 3Rings Care Ltd – The Glades, Festival Way, Festival Park, Stoke-On-Trent, Staffordshire, ST1 5SQ.
- 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	2022	2021
	£'000	£'000
At Fair Value		
Listed investments:		
Investment in equity instruments	**43,864**	31,383
Fixed income securities	**11,461**	18,996
Total listed investments	**55,325**	50,379
Deposits with credit institutions	**5,590**	7,088
Unlisted investments:		
Real estate funds	**1,925**	1,572
Alternative asset investments	**171**	127
Unlisted investments	**20**	20
Total unlisted investments	**2,116**	1,719
	63,031	59,186
The historical cost of investments was	**60,715**	52,295

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 £55,325k are stated at bid market price and are all based on Level 1 inputs.

Deposits with credit institutions, £5,590k, are all due within 6 months. The carrying value represents fair value under Level 1 inputs.

Unlisted investments consist of real estate funds totalling £1,925k, alternative assets totalling £171k, 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 £55,325k (2021: £50,379k), 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 £2,116k, (2021: £1,719k) 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 2022, 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 £5,590k (2021: £7,088k).

The maturity profile as at 31 March 2022 of these deposits is:

Mature within 1 month	£3,125k
Mature between 1 and 3 months	£2,465k
Total	£5,590k

Additionally, the Group has cash and cash equivalents repayable on demand of £6,579k (2021: £10,082k) 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

	2022	2021
	£'000	£'000
Deposits with credit institutions	**5,590**	7,088
Fixed income securities	**11,461**	18,996
Unlisted real estate funds	**1,925**	1,572
Other unlisted investments	**20**	20
Investment in group undertakings	**38**	38
Cash and cash equivalents	**6,579**	10,082
Included within Debtors:		
Contributors premiums due not received	**1,060**	1,221
	26,673	39,017

Company

	2022	2021
	£'000	£'000
Deposits with credit institutions	**5,590**	7,088
Fixed income securities	**11,461**	18,996
Unlisted real estate funds	**1,925**	1,572
Other unlisted investments	**20**	20
Investment in subsidiaries and associates	**755**	755
Cash and cash equivalents	**5,561**	8,027
Included within Debtors:		
Contributors premiums due not received	**1,060**	1,221
	26,372	37,679

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	2022 £'000	2021 £'000
Contributors' premiums	**1,060**	1,221
Prepayments and accrued income	**2,888**	1,325
Other debtors	**1,239**	1,188
	5,187	3,734

Company	2022 £'000	2021 £'000
Contributors' premiums	**1,060**	1,221
Prepayments and accrued income	**1,242**	1,173
	2,302	2,394

21. TECHNICAL PROVISIONS (Insurance Contract Liabilities)

Group and Company	£'000	2022 £'000	£'000	2021 £'000
Provision for unearned premiums		**389**		466
Gross provisions for claims:				
Reported	**455**		371	
Incurred but not reported (IBNR)	**2,290**		2,140	
Claims settlement expenses	**26**		32	
		2,771		2,543
Gross technical provisions		**3,160**		3,009

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	2022 £'000	2021 £'000
Provision for deferred taxation (Note 24)	998	1,335

Company	2022 £'000	2021 £'000
Provision for deferred taxation (Note 24)	999	1,196

23. CREDITORS

Group	2022 £'000	2021 £'000
Amounts falling due within one year:		
Other taxation and social security	4,767	3,861
Other	4,498	4,681
	9,265	8,542

Company	2022 £'000	2021 £'000
Amounts falling due within one year:		
Other taxation and social security	2,063	2,280
Other	1,986	1,609
Amount owed to group undertakings	799	865
	4,848	4,754

24. DEFERRED TAX LIABILITIES

Group	2022 £'000	2021 £'000
Accelerated capital allowances	375	378
Tax on short term timing differences - trading	(6)	(19)
Other investments	705	976
Losses	(76)	-
	998	1,335

Company	2022 £'000	2021 £'000
Accelerated capital allowances	294	220
Other investments	705	976
	999	1,196

The Company has unrecognised tax assets of £421k (2021: £320k), for the Group this figure is £683k (2021: £595k). 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 £735k (2021: £804k).

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 2022 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:

	2022	2021
	% 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	**2.60**	2.00
Inflation assumption (RPI)	**3.50**	3.20

In valuing the liabilities of the pension fund at 31 March 2022 mortality assumptions have been made as indicated below:

The base mortality rates are in accordance with S3PA tables published by the Actuarial Profession (100% for males and females). 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), 24.5 years (female).
- Future retiree currently aged 45 upon reaching 65: 23.4 years (male), 25.9 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	2022	2021
	£'000	£'000
Net pension asset		
Defined benefit obligation	**(22,262)**	(25,539)
Plan assets	**24,291**	26,523
Net pension asset	**2,029**	984

Group and Company	2022	2021
Movements in the present value of defined benefit obligation	**£'000**	£'000
At 1 April	**25,539**	22,972
Interest cost	**508**	503
Actuarial (gains) / losses	**(3,499)**	4,230
Benefits paid	**(286)**	(2,166)
At 31 March	**22,262**	25,539

Movements in fair value of plan assets	**£'000**	£'000
At 1 April	**26,523**	25,795
Interest income	**526**	567
Return on plan assets less interest income	**(2,375)**	2,447
Expenses	**(97)**	(120)
Benefits paid	**(286)**	(2,166)
At 31 March	**24,291**	26,523

Gains recognised in the deficit on ordinary activities	**£'000**	£'000
Net interest on net defined benefit liability	**(18)**	(64)
Total	**(18)**	(64)

Total recognised in Other Comprehensive Income	**£'000**	£'000
Actuarial (gains) / losses on pension scheme	**(1,124)**	1,783

25. EMPLOYEE BENEFITS (continued)

The fair value of the plan assets were as follows:

	2022 £'000	2021 £'000
Equities	15,413	15,562
Bonds	8,845	10,821
Other	33	140
	24,291	26,523

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:

	2022 £'000	2021 £'000
Gift aid payments:		
The Westfield Health Charitable Trust	200	450
Transactions with associates:		
Income from associates	3	3
Payments to associates	(44)	(45)
	(41)	(42)

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

27. OPERATING LEASE COMMITMENTS

Leases as lessee

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

	2022	2021
Payments due within:	**£'000**	£'000
One year	**694**	712
Two and five years	**978**	1,389
Over five years	**-**	26
	1,672	2,127

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

	2022	2021
Payments due within:	**£'000**	£'000
One year	**58**	75
Two and five years	**67**	11
	125	86

Leases as lessor

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

	2022	2021
Payments due within:	**£'000**	£'000
One year	**540**	277
Two and five years	**1,141**	485
	1,681	762

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

	2022	2021
Payments due within:	**£'000**	£'000
One year	**381**	277
Two and five years	**714**	485
	1,095	762

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.