ANNUAL REPORT & FINANCIAL STATEMENTS 2023/2024

Cornish Mutual

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"Whilst a lot has changed in the intervening period, our ethos remains the same today"

I am pleased to present the Annual Report and Financial Statements of Cornish Mutual for the year ending 30 September 2024.

The past year has been one of achievement for Cornish Mutual celebrating 120 years since its formation in 1903 when the Company was set up by a group of tenant farmers to achieve a better deal on their insurance requirements than that imposed on them by their landlords. Whilst a lot has changed in the intervening period, our ethos remains the same today, using the principles of mutuality to provide cost effective solutions for our Members nowadays be they owners or tenants. As an organisation we remain committed to becoming the insurer of choice for farming and rural communities within the South West.

The years post BREXIT and the Covid pandemic have presented a difficult macroeconomic environment. Although there have been some signs of improvement, particularly with the fall in the rate of inflation, there remain significant challenges for business, including lack of economic growth and uncertainty around the consequences of the change in government earlier this year.

With many of our Members involved in, or strongly connected to, the agricultural industry, the success of British food and farming is crucial to their businesses. I'm not sure that we have yet seen the degree of structural change within the industry that was perhaps anticipated however, the economic challenges remain real. The now significant fall in the Basic Payment Scheme rates combined with a Sustainable Farming Incentive which is becoming more complex represent challenges to farm income levels. What seems inevitable is a downward trend in the amount of money coming from central government into the industry. Businesses that saw themselves primarily as food producers are now reconsidering whether this is still the best approach. Farming resilience is perhaps an overused term but farm businesses and those connected to them will need to work to their strengths and focus on the areas they can control to survive. This might mean through efficient production agriculture, low-cost systems or through flexing other assets. Whatever the method, I am confident that our Members will adapt and step up to the challenges that lie ahead. As a mutual organisation Cornish Mutual is well placed to support its Members as we put their interests first.

In addition to providing day-to-day insurance requirements, the Cornish Mutual health and safety offering continues to grow and develop, providing cost-effective risk management solutions to our Members in this complex area. The business has also arranged and supported a number of farm walks, podcasts and other events bringing Members together with experts in their field to look at a wide variety of different topics and to stimulate discussion. A major area of discussion and knowledge transfer has been around soils and their management, the very thing upon which most of our Members businesses depend and key to achieving sustainability. Improved risk management and knowledge transfer are areas that the Board are committed to supporting as we continue to broaden the offering to our Members.

Cornish Mutual continues to support agricultural shows throughout the South West, something that the Board and the wider business place great emphasis on. This provides an excellent opportunity to meet our Members, to discuss requirements and to understand any concerns or opportunities. The business also continues to provide support for younger Members of the farming community through student bursaries and other opportunities.

The Board has changed over the past year with Sue Turner, who was also the long-standing chair of the Remuneration and Nomination committee, stepping down. I would like to thank Sue for her contribution to Cornish Mutual during her time as a Director.

We welcomed onto the Board, Jane Quicke from the well-known family farming and artisan cheese business in Devon, along with David Fursdon who has wide farming and rural connections both within the South West and more widely. Both have started to make their mark on the business and I look forward to continuing to work with them alongside our other Board members. The Board continues to be robust in its approach with all Directors appraised at least annually. It will also continue to evolve as Members reach the end of their tenure. The common core of mutuality, however, will continue to run through its soul.

Finally, we are always interested in hearing the views of our Members or potential Members. We pride ourselves on our openness and welcome any constructive observations regarding what is after all your organisation. We look forward to engaging with you in whatever form suits you, the Member, best.

Jeremy Oatey

Jeremy Oatey

10 December 2024

Strategic Report

The Directors present their Strategic Report on the Company for the year ended 30 September 2024.

Section 172

Section 172 of the Companies Act 2006 describes how the Directors of the business must work to promote the success of the business for the benefit of the whole Membership. This includes considering in full the likely consequences of any decision over the long term, taking actions in the best interests of our employees, fostering positive relationships with suppliers and the wider community, as well as improving the impact of the business on the environment.

Our enduring purpose is that we work to protect the farming community. Our Membership is at the heart of everything we do. This is explored in both the Strategic Report, with details of our strategy on page 9, and in Section 1 of our Report on Corporate Governance on page 28. Our objectives focus on ensuring we are in a position to provide the best possible service to our Members.

Sections 2 to 5 of our Report on Corporate Governance (pages 28 & 29) set out the ways in which our governance structure enables service excellence by ensuring our Board and its individual Directors have the qualities, training and understanding to deliver on behalf of the Members.

Section 6 of our Report on Corporate Governance (page 30) provides further explanation of how we engage with each of our stakeholders. It is important the Board understands the needs of each stakeholder group and that these needs are always considered during discussions and in decision making. We are constantly seeking to put the Member at the centre of all our actions, and this is the central consideration by the Board when making decisions that will impact our Membership in the longer term..

Our enduring purpose

Founded by South West Farmers in 1903, Cornish Mutual focuses on protecting the farming communities of our region and providing Members with products and services that are flexible and personal, all underpinned by technical excellence.

Cornish Mutual Members experience service from our directly employed experts living in the local community. We avoid the use of intermediaries or agents for core insurance services. Our people are selected for their approach to Members and trained to provide all our products and services, including our locally based claims service. This approach means Cornish Mutual employees are highly motivated experts in their field, acting with our Members' interests firmly at the heart of everything they do.

Our commitment and quality of performance underpins our 'Chartered Insurer' status, which we have now held continuously for eleven years. Crucially, we consciously avoid creating the wrong incentives so, for example, nobody receives sales commission and Directors do not receive a bonus.

We are committed to developing our services based on how our Members wish to deal with us. Mindful that technology continues to influence our ways of working in both farming and insurance, we are focussed on how technology can help, not replace, our personal approach.

Our strategic review in 2020 determined we would extend our services beyond insurance. This is a developing theme within general insurance and is particularly relevant for a Member-owned insurer like Cornish Mutual, with a core focus on farming specifically, which is going through a significant period of change.

The Executive is pursuing a broad range of initiatives which meet our strategic objectives. These include increasing the efficiency of our internal systems and in doing so improving the quality of the career opportunities we offer, updating and improving the insurance available to all our Members and developing loss prevention, including health and safety, services for farmers.

"I start where I finished my report last year with a big thank you to our key stakeholders, our Members and our employees."

Our Member-led performance this year has demonstrated the value of the relationships we have as a mutual organisation; we grew through a combination of high policyholder retention and new Members joining us, largely as a result of the recommendations of existing Members.

Our employees have delivered another year of exceptional service during periods where we have seen large increases in phone enquiries and visit requests. In a parallel with the Membership, we have seen healthy employee retention over the last year. With recruitment to meet service levels and address our strategic ambitions, we end the year with the highest number of employees we have ever had at 120.

We are putting those extra resources to good use. Our Strategic Report on page 9 sets out our objectives and priorities along with the financial (page 12) and non-financial (page 17) key performance indicators (KPIs) that we monitor to validate the delivery of strategy in line with our vision.

As a mutual, we seek to operate with a low margin on insurance to keep costs to our Members as low as we reasonably can. Given our size, the occurrence of a few large claims can have a big influence on our insurance result. This has been the case this year with a cluster of unrelated fires and injury claims towards the end of the year, removing what had been a growing operating profit. Paying claims is what we are here for, and I remain happy that we remain in line with our risk appetite in this area.

Another key component of our insurance profit is expenses. While complicated by recent inflation, I am pleased to be able to report we remain in control of this important line in our accounts. The figure we quote in our KPIs of 28.9% includes all servicing, claims handling and acquisition costs. This represents a competitive figure in the industry and is particularly pleasing given the relatively small size of our organisation and the diseconomies of scale we suffer.

One of the reasons we can choose to operate such a tight insurance margin is that we benefit from a return on our capital through investment income. Of course, taking investment risk involves the possibility of incurring losses as we did in 2020 and to a greater extent in 2022. Overall, both insurance and investments offer variable rates of return (volatility). The mixture of the two income streams diversify the risk, that is to say they both go up and down but not necessarily in the same direction, this can be seen at the bottom of the table on page 16. Over the medium term we expect a profit from both insurance and investments but experience ups and downs in both along the way.

Taking all these factors together we have delivered an overall profit, split between a loss on our insurance activity and a profit on our investments.

The regulatory regime requires that we allow for the possibility of a very poor year for both insurance and investment returns simultaneously. We quantify this risk as our Solvency Capital Requirement which is at 169% of the required level.

Another source of volatility for our capital in the past has been the defined benefit pension. It is great to be able to confirm that we completed the full buy-out in 2024, transferring all the liabilities to a pension company and winding up the scheme. The pension scheme was once seen as the largest risk on our risk register so removing all future liabilities represents a significant milestone.

As well as focusing on our core insurance business we are looking at how we can better protect our Membership through diversification of our risk management capabilities.

For our health and safety service, 2024 was the second year of delivering our offering on a direct basis through our own employees. Like our insurance, we aim to keep pricing 'keen' and this requires a good rate of renewal to ensure the cost of acquiring new business stays low. Happily, customer retention has been excellent, confirming the value the service is offering. We will now look to expand the service which supports our purpose of protecting the farming community in the South West. Our mission now is to make a meaningful contribution to improving farm safety and reducing the liability of our Members should an incident occur.

Our wider interests and responsibilities take in climate transition work as it affects Cornish Mutual both directly and through its impact on our farming Membership. We have continued to work on reducing our own emissions. Given the potentially significant impact of climate change transition on our Members, we have been looking at how farmers can change farming practices, and their net emissions, through a focus on organic matter and soil health. Our investment in Terrafarmer, while at an early stage of development, has seen us build the capability to advise and support farmers in their transition while capturing income from the new land-based payment regimes.

Our podcast series, Farming Focus, covers a wide range of topics relevant to farmers and the challenges they face. I would encourage Members to explore what is becoming a very useful repository of information and perspectives on farming today.

I talked about the launch of a change programme in my introduction last year. This has been impactful during the year in building change capacity, managing our current infrastructure more effectively, and starting to deliver some new tools to further build on our Member experience.

- New roles and responsibilities for delivery and governance of the change programme
- Enhanced planning and prioritisation frameworks
- Development of target models for data, applications and supporting infrastructure
- Delivery of a significantly enhanced business information service across the company
- Improved Member payment experience over the phone
- Member document portal improvements

While technology forms an important pillar in our future plans it does not define them. Our choices in how we use technology will not necessarily be the same as the choices that other insurers have taken. The change we seek is the change which strengthens our hand in providing the responsive, personal and relationship driven experience that you, the Membership, constantly reminds us is so important.

Looking forward, I am excited about the possibilities which are opening up for Cornish Mutual as we grow our capability and capacity. Our committed and expanding Membership suggests we are delivering what is required and desired by the community we serve. We will continue to carefully enhance what we do for Members and scrupulously protect the relationships and direct access you have with our employees which brings me back to where I started. Thank you.

P Beaumont
Managing Director

STRATEGY & OBJECTIVES

Strategy and Objectives

Our strategy describes how we deliver upon our purpose to protect the farming community of the South West. Our vision is of a resilient Membership supported through a range of products and services with insurance at the core.

We set out to deliver this through the unique strengths and opportunities our scale and business model present. The current phase of our strategy, our mission, is to be the preferred insurer for our community. This entails retaining the high service ethic we are known for while advancing our insurance offering and developing new services.

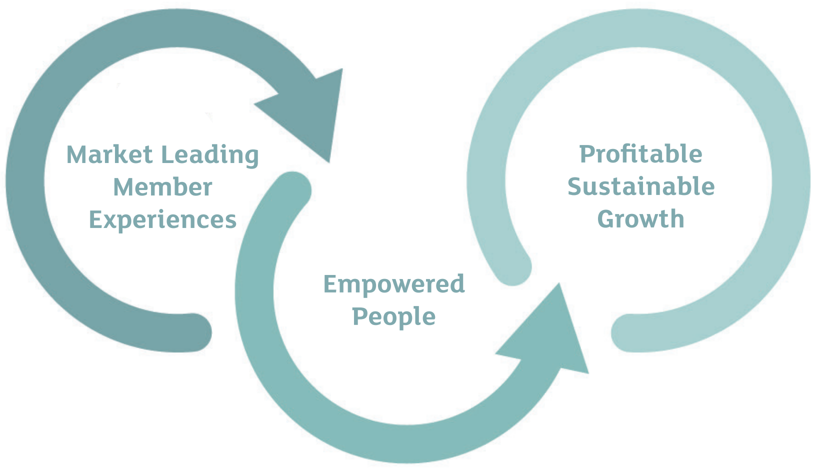
What makes us different

Cornish Mutual's competitive advantage comes from our relationships with stakeholders, particularly Members and employees. Consumers want service-driven relationships with purpose-driven companies and employees are looking to work for such organisations.

Changes to insurance, changes to farming, rising consumer expectations and climate change are guiding how we develop our services strategically.

Our strategy seeks to make the most of these opportunities and is reflected in three objectives.

Objectives



Market Leading Member Experience

The focus of this objective is to create an ever more compelling reason to join, stay and recommend Membership of Cornish Mutual.

Our Members consistently recommend us, so we will maintain what Members value: we always do what we say we will do; offering consistent, stable pricing, and providing a fair and responsive claims service.

We want Members to have access to the services they need, in a way that suits them. To this end, we are enhancing our current personal approaches with new digital options. We have also added a health and safety service and are developing our ability to signpost Members to information or other services that will help them navigate the significant changes farming is going through. These solutions need to reflect the helpful pragmatism our values require.

Empowered People

A major part of delivering our services to Members is the quality of the people who work at Cornish Mutual. Being a Chartered Insurer requires maintaining a high level of professionalism and working to strong ethical and conduct standards.

A crucial feature of dealing with someone at Cornish Mutual is that they are knowledgeable and are able to get things done. Providing new and improved tools to support colleagues in this endeavour is a central part of this objective.

To support our continuous improvement and delivery for Members, we have focused heavily in the year on change management practices, skills and capacity.

Profitable, Sustainable Growth

Our objective of growing the business aims to extend the benefits of Cornish Mutual to a wider Membership. We are clear that our growth will continue as we serve the needs of farmers and the farming community in the South West. To do this sustainably means combining growth with control over expenses and delivering sufficient profit to maintain an appropriate level of Members' Funds. The variable nature of claims means insurance results are inherently uncertain. Our investments contribute to our overall profit and are also volatile in nature.

We plan to make a profit over a five-year period, recognising there may be losses in some individual years.

The Company has a strong and sustainable financial position. Our overall cost structure is competitive and despite our relatively modest size, we have a competitive expense ratio. Holding sufficient capital allows us to take proportionate investment risk, generating investment income which supports and diversifies the insurance performance. We need to match growth in premium to our moderate profit margin aim which delivers good value to Members. Balancing profit and growth will deliver a stable, well-funded business able to sustain a strong position in our target markets for generations to come.

Financial sustainability also needs to be matched by environmental sustainability, both directly through our own operations and equally through the indirect impact of our investment activity.

Balanced Scorecard Strategy Map

Key Performance Indicators

We use a number of key indicators to understand the development and performance of the business. Financial key performance indicators include loss ratios (which compare premium to claims costs), growth in written premium and our amount of available capital.

Non-financial measures include our Net Promoter Score, our retention of Members at renewal, telephone call handling statistics and the number of complaints received. We also recognise the importance of employee engagement and measure this in a variety of ways, including an annual survey.

Financial Performance

Members' Funds need to be maintained at an appropriate level to meet the expected amount of current and future claims, including making allowances for exceptional years. Managing the level of these reserves over the long term is key to the financial success of Cornish Mutual.

As a rule of thumb, we look to maintain Members' Funds around the same numerical value as Gross Written Premium (GWP) (our top line revenue figure). We balance this need to hold and increase capital with our aim to deliver good general insurance cover at a competitive rate.

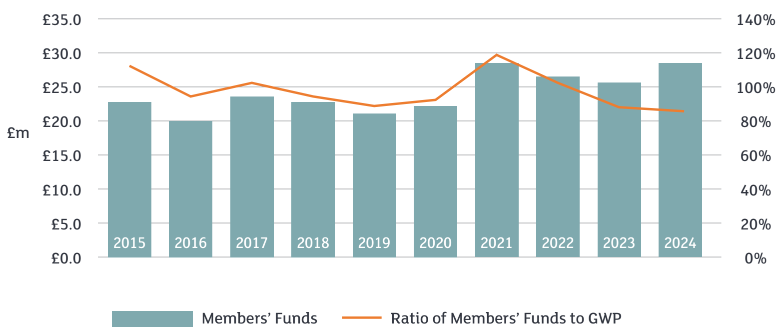
Members' Funds, excluding our subsidiary, increased this year by £3.3m to £29.1m (2023: decrease of £1.2m). This is made up of an investment profit of £3.9m, and a loss on our insurance operations. The result can be summarised as follows:

i. at a gross level, our underlying performance is consistent with forecast, with the exception of a few large, individual claims that occurred towards the end of the financial year;

ii. expenses have increased broadly in line with forecast, and while higher at an absolute level by £0.2m are lower than forecast in terms of expense ratio;

iii. our investments have performed well over the financial year and made a return that is ahead of forecast.

Members' Funds compared to Gross Written Premium



We are required by regulators to maintain a sufficient level of capital, and this is determined in accordance with Solvency II rules by reference to a set of standard calculations. These calculations determine how much capital we need to survive particular stress scenarios.

Our Members' Funds need to exceed this level of capital at all times. Members' Funds for this purpose are calculated on a different basis to the balance sheet presented in these accounts. This information can be found in our Solvency and Financial Capital Requirement report on our website.

Financial Highlights

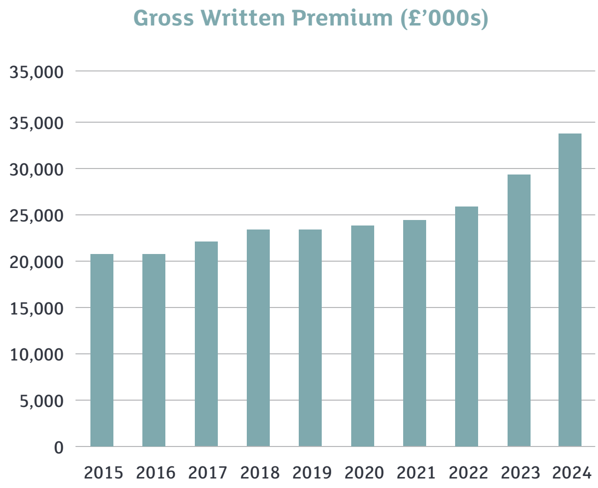
The table below includes our financial key performance indicators (excluding subsidiary) and shows the difference between the gross and net insurance performance, which allows us to see the impact of our reinsurance arrangements. The table reflects the financial results as reported in each financial year. Each year is subject to positive or adverse developments in claims from previous years. This means that in Financial Year 2024, net insurance profit reflects the impact of changes in claims values under different types of reinsurance arrangements: quota share, stop loss arrangements and excess of loss.

Year	2017	2018	2019	2020	2021	2022	2023	2024
				£'000s				
Gross Written Premium	**22,310**	**23,440**	**23,650**	**23,860**	**24,330**	**26,210**	**29,490**	**33,430**
Gross Earned Premium	**21,500**	**23,000**	**23,450**	**23,880**	**24,140**	**25,190**	**27,750**	**31,450**
Less: Gross Claims	(12,070)	(13,830)	(15,360)	(18,340)	(11,060)	(16,550)	(18,100)	(19,870)
Gross Loss Ratio	56%	60%	66%	77%	46%	66%	65%	63%
	9,430	9,170	8,090	5,540	13,080	8,640	9,650	11,580
Add: Other Income	250	280	280	290	290	70	90	160
Less: Expenses	(6,430)	(6,830)	(6,980)	(6,870)	(6,940)	(7,420)	(8,010)	(9,100)
Gross Earned Expense Ratio	29.9%	29.7%	29.8%	28.8%	28.7%	29.5%	28.9%	28.9%
Gross Insurance Profit/(Loss)	**3,250**	**2,620**	**1,390**	**(1,040)**	**6,430**	**1,290**	**1,730**	**2,640**
Effect of Reinsurance	**(2,880)**	**(3,220)**	**(3,340)**	**2,370**	**(2,380)**	**(1,230)**	**(3,790)**	**(3,270)**
Effect of Reinsurance as % of GEP	**-13%**	**-14%**	**-14%**	**10%**	**-10%**	**-5%**	**-14%**	**-10%**
Net Insurance Profit/(Loss)	**370**	**(600)**	**(1,950)**	**1,330**	**4,050**	**60**	**(2,060)**	**(630)**
Add: Investment Returns/(Losses)	**1,900**	**270**	**590**	**(130)**	**2,090**	**(1,580)**	**970**	**3,920**
Profit/(Loss) Before Tax	2,270	(330)	(1,360)	1,200	6,140	(1,520)	(1,090)	3,290

Rounded to nearest £10,000. Insurance profit refers to balance before investment return and tax.
Investment Returns/ Losses are net of Investment Expenses and Charges.

We discuss each of these financial key performance indicators in more detail below:

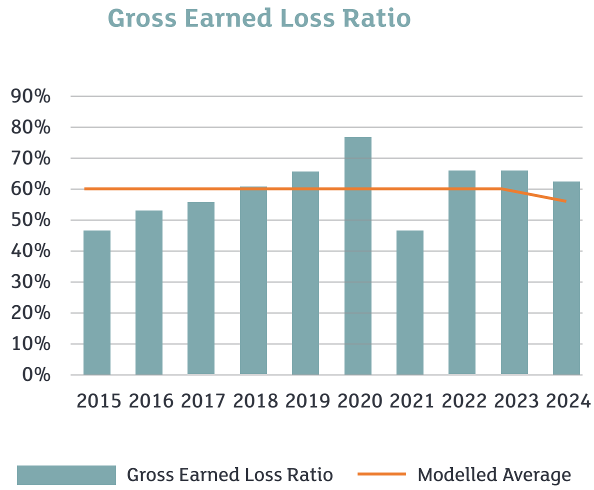
Gross Written Premium



Gross Written Premium (GWP) increased over the period to £33,434k (2023: £29,490k), which represents an excellent level of growth that is above forecast for Financial Year 2024. Alongside additional premium arising from sums insured and price increases, the growth in premium in excess of forecast has been achieved through an increase in new business volumes. Throughout the year, the business has been mindful of the need to make responsible price increases to ensure we are in a position to meet increasing costs, while also recognises the need to minimise these increases for the benefit of the Members. A breakdown of GWP is set out in Note 6 to the Financial Statements.

Profitable, sustainable growth is one of three key objectives for the business and, given the challenging and volatile environment, it is pleasing to see this growth.

Gross Earned Loss Ratio



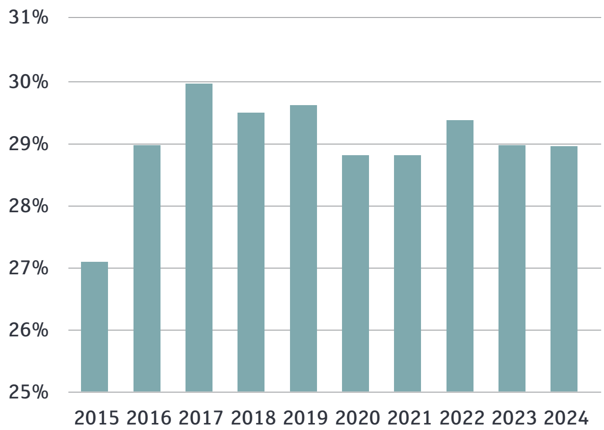
Gross Earned Loss Ratio (GELR) is the movement in the cost of claims, excluding the effect of reinsurance, as a proportion of Gross Earned Premium. It includes the cost of claims reported in the year and movements in the estimated cost of claims brought forward from previous accounting periods.

GELR shows the underlying performance of the book of business and reflects our ability to correctly select and price the risks we insure.

Despite underwriting broadly the same risks each year, the gross claims cost varies considerably. The increasing trend from 2015 to 2020, shown in the graph was due to the increase in value of a very small number of large claims during these years. Our 2022 underwriting result was driven by Storm Eunice and the movement on a number of large claims. Our insurance result for both Financial Year 2023 and 2024 is in line with modelled expectations, with both years experiencing lower value claims, but also reflecting the impact of a couple of much larger claims.

Expenses

Expenses as % of Gross Earned Premium



Expenses include net operating expenses from the technical account (those directly related to insurance) and other charges from the non-technical account (these are often excluded from expenses by most insurers). Our target is to keep expenses below 30% of gross earned premium. In the current year, the ratio of expenses to gross earned premium of 28.9% (2023: 28.9%).

We are a Member-owned organisation, which means that any money we spend is Members' money. We recognise this responsibility and look to compare favourably against other insurers on this measure. Part of our strategy of profitable, sustainable growth is ensuring that we focus on achieving and maintaining a competitive expense ratio. We believe we can dilute some fixed costs through future growth and process efficiencies, while also committing resources to further develop the high level of service our Members deserve. During the year we have continued to focus on a change programme, which will increase investment in the business so that we are able to deliver meaningful change while maintaining and enhancing our service levels within a well-controlled expense ratio.

Given we are exclusively located in the South West, the expenses we incur largely flow into the same region. These contribute to making the communities we serve vibrant and sustainable and ensure the value remains where we operate.

The Use and Effect of Reinsurance

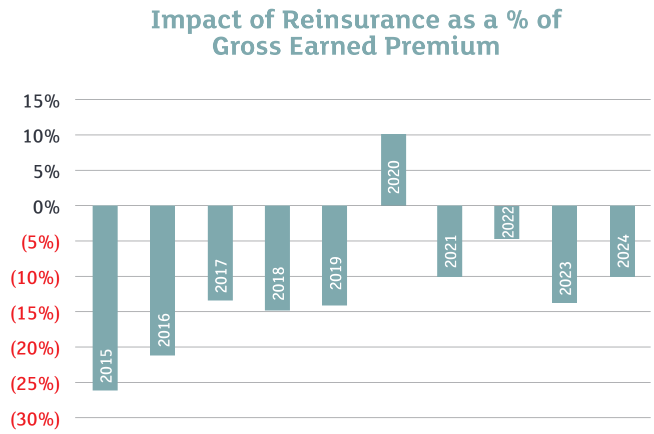
Cornish Mutual, like other insurance companies, faces the risk of large but infrequent losses. In the UK, motor insurance has unlimited liability, meaning one claim could be bigger than all of Cornish Mutual's available funds. As these funds belong to our Members, it is vital that we protect them.

To protect against large or multiple claims, such as those from natural disasters, Cornish Mutual buys reinsurance. This helps reduce the financial burden if these claims happen. In 2024, Cornish Mutual used three main types of reinsurance: stop loss, excess of loss, and quota share.

Our stop loss reinsurance started on 1 October 2019. It covers claims that exceed 70% of the total premium for policies starting in a specific year. Besides stop loss, we also use excess of loss reinsurance, which covers very large, specific claims.

Before 2020, we mainly used quota share reinsurance. In this arrangement, we shared our insurance results with a reinsurer, who paid a commission in return. The reinsurer took some of the profits but also shared the risks of losses. Although policies written after 1 October 2019 fall under the stop loss arrangement, some older claims (from before that date) are still tied to quota share reinsurance, which can still affect our current financial performance

The graph shows how much we spend on reinsurance as a percentage of earned premiums. The positive impact of reinsurance in 2020 wasn't due to the stop loss change but rather a recovery that reduced a large claim from an earlier year. A similar recovery happened in 2022, reducing reinsurance costs. The 2023 reinsurance cost looks higher because we received less from Profit Share.

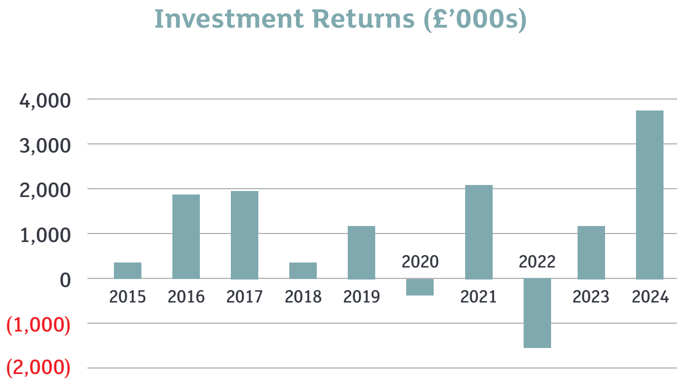


Although reinsurance comes at a cost, it is vital to protect Cornish Mutual's capital and reducing risks that could otherwise damage the business. These risks are described in more detail in the risk management section of this report.

In the past, we shared more of our profits with reinsurers, but now we retain more risk against certain events, which are expected to be infrequent but not occur every year. This means that we can retain more profit during normal years while still having protection against big losses. The stop loss arrangement also helps protect against multiple small losses. Cornish Mutual will keep adjusting its reinsurance strategy to balance costs and reduce financial instability.

Investment Returns

Investment performance in 2024 has improved compared to 2023, which is pleasing, albeit we expect significant volatility in the market to continue over the coming years. The use of multi asset funds gives our selected expert providers more ability to manage these challenges on our behalf. During the year we added an additional fund, the High Yield Bond fund, which balances our desire to achieve a meaningful return with a low capital charge.



It remains a challenging period for investment performance, albeit our investment results are within expected volatility for our five-year forecasting period. During the year we saw investment returns (excluding our subsidiary) of £3.9m, which compares to an increase of £1.2m in 2023 (net of investment expenses and charge).

Cash Flow

The levels of capital prescribed by the Prudential Regulation Authority (PRA), held in Cornish Mutual as retained profit, result in significant investment assets on the balance sheet. Given the liquidity of these assets, cash flow does not present a significant risk and we maintain considerable flexibility. The total amount and timing of claims payments is one of the main factors determining cash flow.

Overall Financial Performance

Premium growth in 2024 was stronger than forecast, in particular due to higher than forecast levels of new business. We saw an increase in levels of Member retention, high levels of new business and increased sums insured. Given that Sustainable Growth remains a key objective of the Company and underpins future performance, this result is very pleasing.

Overall, we have made an insurance loss of just over £600k, which has in part arisen due to a handful of larger claims. We know that volatility is one of the constant challenges faced by our business, and this is once again reflected in this year's result. Investments (excluding subsidiary) have performed well, which means we are recognising investment returns of £3.9m this year.

The balance sheet remains well-managed, and Members' Funds exceed regulatory capital requirements which is in line with our risk appetite.

We have structured our investments and reinsurance arrangements to reflect the appropriate levels of risk relative to the outcomes we wish to achieve. These issues are discussed in more detail in the Principal Risks and Uncertainties section of this Strategic Report and in note 5 to the Financial Statements.

Key Non-Financial Performance Indicators

Employees

Our people are particularly important to us. The number of people engaged in the business over the past financial year is as follows:

	Male	Female
Directors	6	2
Leadership Team	13	15
All other Staff	29	60
Total	48	77

We have a policy of being as flexible as we can with working arrangements, both to ensure we fulfil Member expectations and to help us maximise opportunities for our staff. Over a third of our staff work non-typical hours, which enables them to balance work with other commitments and maintain their career aspirations. Three years ago, we put in place a hybrid working model, which we will continue to review to achieve the best outcome for our Members and employees over the longer term.

Staff Engagement

We have just undertaken our annual staff survey, which saw an 80% response rate (2023: 73%). On a scale of 1 to 10, an average rating of 8.6 out of 10 was given to the question of how likely people were to recommend Cornish Mutual as a good place to work (2023: 8.4 out of 10). It is pleasing to see an increase in the score given in response to this question. Once again, we will analyse the key themes which emerge and report back to the business accordingly.

Net Promoter Score

Research is conducted among our Members by an independent external Company. The research covers a sample from four Member cohorts; those who have recently had a claim, those who have recently taken out a new policy, a general group of Members and farm policy Members. One of the issues we explore is the willingness of Members to recommend Cornish Mutual to others on the basis of their experiences. The results are compiled into a Net Promoter Score (NPS) which is a measure widely used as a standard industry benchmark for customer satisfaction.

In 2024 we achieved an NPS of 66% from the claims cohort (2023: 63%), 73% from the new policy cohort (2023: 76%), 67% from the general cohort (2023: 57%) and 62% farm cohort (2023: 64%). We consider these scores to be market leading as we remain dedicated to enhancing Member service, a core objective in our ongoing strategy.

We continue to focus on activities which will deliver a quality service and exceed Member expectations, while at the same time delivering against our objectives. We continuously monitor our telephone answering to ensure compliance with our Service Level Agreements. Over the course of 2024, we answered 86% of all our calls within 20 seconds (2023: 92%), with any calls falling outside of this statistic receiving a prompt call back. With a keen focus on ensuring we identify and respond to any issues flagged by our Members, benchmarking against other insurers has indicated we perform favourably in terms of the proportion of complaints we receive relative to volume of policies.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) has always been important to Cornish Mutual. We want to use our skills and resources to make a positive difference to farming and rural communities. This year we have supported over 20 agricultural shows and events through sponsorships, class sponsorships and attendance, as well as supporting the Cornwall and Somerset Young Farmers' Clubs with finances, training, and resources. We have continued to hold 'Cornish Mutual Farm Walks', which are community led events that allow farmers of all ages to meet and learn more about various farming practices, such as Rotational Grazing, Soil Health, Rare Breeds, Livestock Worrying and Diversification.

We continue to grow The Cornish Mutual Young Farmers Bursaries, supporting local agricultural colleges by providing a total of £2,000 in bursary awards. Internally we have increased awareness and raised funds through hosting bake sales for our chosen charities: the Air Ambulance charities in Cornwall, Devon, Dorset & Somerset. Everyone is given one paid day for volunteering. This year we have supported Farm and Country Days, volunteered at the local donkey sanctuary and worked with Cornwall Wildlife Trust to help manage bracken in farmland, supported Stithians Agricultural Association with the post-show clean up, helped at Menadue children's residential camps, and worked closely with Plant One on tree planting days. We also volunteered at the Grizzly 2024 race. The total number of hours given to volunteering is over 200 for 2024.

We have continued to deliver training in the local community to improve Farm Safety, such as Junior Tractor Driving courses, Telehandler refresher courses and Emergency First Aid courses. We have also continued to provide free to attend Health & Safety Advice events conducted by our own Risk Advisors for farmers, the agricultural community, and groups of Young Farmers. We won the Plymouth and Cornwall Chartered Institute of Insurers 2024 Wellbeing Champions Award. We are also researching opportunities to enter a Best Place to Work award.

Future Development

During Financial Year 2024 there have continued to be a range of challenges, whether that be managing developing technical risks around Cyber and Business Continuity or ongoing volatility in relation to large claims and identifying appropriate reinsurance. More specifically within farming, fundamental questions continue to circulate around food production, supply chains, global competitiveness, self-sufficiency, food tariffs and trade and considerations around climate change.

Climate change issues are important to us, both from the point of view of our Members and how it impacts their lives and businesses, but also in relation to the financial risks of climate change we may encounter as a business. We are watching developments closely, ensuring that as the needs of farmers change, our products and services evolve too. We are keen to use technological advancements to enhance our processes and give our Members the best possible service, while respecting the Members' right to choose how they wish to engage with us.

We anticipate that in addition to the changes noted above, we will also see further consolidation and diversification in the agricultural sector and will work hard to fulfil the insurance and risk management requirements of our Members.

Principal Financial Risks and Uncertainties

The Board, via the Risk and Audit Committee (RAC), ensures the risks faced by the business are managed in a prudent and conservative manner. We operate a comprehensive risk management framework through which we identify, monitor, report and manage the principal risks within our risk appetite and ensure adequate capital is held against them. The key tools to enable this to happen are the Own Risk and Solvency Assessment process and our Risk Appetite Tolerance and Controls register. The key risks which the business faces are set out below.

Insurance Risk

Insurance risk arises from the inherent uncertainties about the occurrence, amount and timing of insurance claims. Alongside market risk, this is our most significant risk but also the essence of our business, so we ensure a number of measures are in place to manage this risk prudently and conservatively. These include our underwriting policy, meetings of our Large Loss Committee, our Pricing Committee and the Management Risk Committee as well as regular leadership meetings to discuss strategic progress.

An essential part of managing our insurance risk is our reinsurance approach. In Financial Year 2024, we completed our fifth year under our stop loss reinsurance, the details of which are provided on page 16.

Counterparty Credit Risk

Given our reliance on reinsurance partners, credit risk is significant for Cornish Mutual. It is the risk of a financial loss if another party fails to perform its obligations in a timely or appropriate fashion. As well as our reinsurers, we also have exposure from banks, contractors, our investments and Members. Significant controls are in place to ensure the risk is minimised.

Moving to a stop loss arrangement rather than quota share has meant that the amount recoverable from reinsurers has decreased, which has reduced the credit risk the business faces. The risk does continue though due to our ongoing use of excess of loss reinsurance. If a stop loss recovery did arise, counterparty credit risk would also be present.

We monitor the credit ratings of our reinsurers and review their financial strength annually prior to renewal. We have now completed renewal for Financial Year 2025, with all our reinsurers deemed acceptable from a credit risk perspective.

Liquidity Risk

Liquidity risk is the possibility the business may be unable to meet its obligations as they fall due as a result of having insufficient accessible funds. We pursue an investment policy that means we have sufficient liquid assets to ensure liquidity.

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Market Risk

For Cornish Mutual, market risk includes an adverse movement in the value of assets, such as interest rates or equity prices, and is not matched by a corresponding movement in the value of liabilities. Our investment policy ensures we have a suitably diverse balance of assets. Given the significant risk that market risk represents to Cornish Mutual, testing the impact of particular events on these assets, such as failure of investments and equity downturns, is a critical part of our Solvency II work, in particular the calculation of the Solvency Capital Requirement (SCR). We have been monitoring our investments closely over the year, recognising the volatility within the wider markets and liaising frequently with our investment manager throughout the period.

Operational Risk

Operational risk relates to a loss resulting from inadequate or failing internal processes, people and systems or from external events, for example a disruption to the business by natural catastrophe.

Covid-19 and its many impacts was indicative of the potential for operational risk. Another example is the threat of Cyber Risk. Particular focus is placed on such risks by the Board, with a variety of mechanisms in place to both mitigate their effect should they arise and to prevent them arising in the first place.

Pension Risk

Between the end of the Financial Year 2021 and signing our Annual Report for 2021, the Pension Trustees entered into a buy-in transaction with Legal and General to match the liabilities of the defined benefit Cornish Mutual Pension Scheme. Buy-out was achieved during Financial Year 2024.

Climate Change Risk

We continue to develop our understanding of climate change and the financial risks which arise to the business, along with the impact climate change has on our Membership. In previous Annual Reports, we have followed the recommendations originally set out by the Taskforce on Climate-related Financial Disclosures (TCFD), these being four core categorisations of Governance, Strategy, Risk Management, and Metrics and Targets and we continue to report based on these categories.

Governance

The Board bears ultimate accountability for overseeing our response to climate change and work with the Executive to ensure clear governance is embedded so that all risk and opportunities are captured and considered. Our Climate Change Governance Framework was introduced in 2020, and continues to be developed, with an emphasis on it being relevant and proportionate for the level of risk presented to us.

Our Climate Change Strategy Group is headed by our Insurance Director, who is assigned responsibility for managing the financial risks from climate change in line with the PRA's requirements as per SS3/19.

The Climate Change Strategy Group reports to the Board and its sub-committees via the Insurance Director who attends the committee meetings and provides updates and management information on progress at each meeting. This ensures the committees have the adequate knowledge and access to data to fulfil their responsibility of overseeing and addressing the financial risks from climate change. Climate change considerations are detailed in the Terms of Reference of all Board Committees and any strategic planning will include climate change thinking. Strategic planning could be over a variety of horizons, short term (up to 5 years), mid-term (5-10 years) or longer term (up to 30 years). The climate considerations for these periods vary and the Board engages with appropriate industry experts for guidance

Senior Managers and risk owners have identified climate risks and considered these for their areas and departments. The Executive also have climate related objectives on which the Board will measure and monitor business progress.

All new starters receive training on our approach to climate change as part of their formal induction.

Strategy

We recognise climate change as a key risk to the business, and we seek to play our part in tackling the climate crisis that we all face. This is the right thing to do for our Members, the wider South West agricultural community, our employees and our environment.

In transitioning to a net zero economy, industry collaboration and co-ordination is vital. We have participated in wider insurance industry initiatives such as the Association of Financial Mutual's (AFM) climate change roundtables.

The changing climate will impact the Company through both physical and transition risks and cuts across all aspects of our business. Our aim is for effective climate risk management supported by climate awareness across the Company so that all business decisions take climate change into account.

We are taking a proportionate approach to climate risk relative to the nature, scale and complexity of our business. As a smaller insurer underwriting predominantly agricultural risks in the South West of England, we recognise that we underwrite risks in a potentially vulnerable sector.

Greenhouse gas (GHG) emissions from UK farms represent approximately 10% of the UK's total GHG emissions. Every farm is starting their journey to reach net zero from a different point and there is no single answer to address the problem. The National Farmers Union (NFU) believes that the required activity falls under 3 main headings:

- Improving farming's productive efficiency;
- Improving land management and changing land use to capture more carbon; and
- Boosting renewable energy and the wider bioeconomy.

The ability of our Members to successfully adapt their businesses is inextricably linked to the Company's future fortunes. We recognise that climate change represents an opportunity for Cornish Mutual and we will work with our Membership to support them in their journeys to more resilient, sustainable, lower carbon businesses. This underpinned our decision to invest in Terrafarmer, with its focus on soil health, and its aim to advise and support farmers on their Net Zero journey. As farmers seek to navigate generating new sources of income from land-based payment regimes, having the right advice is crucial; Terrafarmer is intended to support this.

Longer term, we will seek to achieve this through incentivisation via our underwriting activity, through the provision of climate related guidance and services, tailored insurance products and by facilitating collaborations and sharing of best practice as it develops. Anchoring practical climate related actions for our Members flows directly from our enduring purpose: working to protect the farming community. We believe that it is important that we lead the way in tackling climate risk within our chosen niche.

Our ambition is to become a net zero Company by 2050. Aiming to becoming net zero means that we are continually trying to reduce our carbon emissions, and this is the long-term goal for our business. We are also supportive of the Paris Agreement's objective of limiting global warming to below 2°C (relative to pre-industrial times) by 2050 and have aligned the Company to this.

We believe that our action in relation to addressing our own direct carbon footprint whilst supporting our Members and our supply chain in their transitions to net zero will contribute to both climate risk mitigation and adaptation. Over the course of the last year, we have undertaken a variety of different actions to reduce our own climate footprint, including putting in place six Electric Vehicle (EV) charging points in our two sites, removing all diesel vehicles from our fleet so that all company vehicles are now electric, plug-in hybrid electric or self-charging vehicles, as well as undertaking a review in our main offices of our air conditioning and light efficiency, with automatic lighting being put in place.

Risk Management

We recognise climate change as a risk which interacts and impacts multiple other risks posed to the business and so define it as a cross-cutting risk. We also classify climate change as a standalone strategic risk due to it being far reaching, external and dependant on a global response to reduce.

Each business risk is reviewed at the Management Risk Committee to establish the level of risk they pose to the business both now and in the future. Factors such as climate change will be considered against the risk to understand potential impacts and enable the business to put immediate actions in place or plan future actions to mitigate the risk to an acceptable level. Actions which are decided are reviewed at future committee meetings to establish whether they were effective and if future planning is required.

Metrics and Targets

We have an overall ambition to be net zero across all scopes by 2050. We have started to measure our carbon footprint, focusing on Scope 1 and 2. We are putting steps in to better understand Scope 3 to improve our measurements of this Scope and reduce our footprint further.

Set out below is a summary of our emissions for each Scope by year. There was a recategorisation of our company car mileage in 2022/23, which saw emissions from their vehicles move from Scope 1 to Scope 3, as per the industry standard Green House Gas Protocol approach. Our existing measurement of Scope 3 is limited to our business mileage, including employee commute. We are currently focussed on increasing our reporting for Scope 3.

	Scope 1	Scope 2	Scope 3	Total
2020/21	132.9	63.7	65.8	262.4
2021/22	60.9	0	89.6	150.5
2022/23	37.8	48.6	110.1	196.4

Fair, Balanced and Understandable

The Directors assert that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable. In making this assessment, the Board have considered the process followed to draft the Annual Report and Financial Statements, and in particular the following stages:

- Each section of the Annual Report and Financial Statements is prepared by a member of management with appropriate knowledge, seniority and experience.

- The overall co-ordination of the production of the Annual Report and Financial Statements is overseen by the Finance Director. In addition, the Company Secretary carries out a review to ensure consistency across the document.

Going Concern and Future Planning

Our forecasts and projections, taking account of reasonably possible changes in trading performance, including the impact of current high levels of inflation, show the Company should be able to operate within the level of current resources over a period of at least twelve months from the date of approval of these financial statements. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its Financial Statements.

The Own Risk Solvency Assessment (ORSA) process identifies the assumptions which we have made in assessing how the business will develop and results in an Annual Report available to our Regulators. A full explanation of the ORSA is included in the Report of the Risk and Audit Committee on page 38.

We produce a five-year plan with a forecast balance sheet for each year. We adopt a five-year period as we consider it possible to anticipate likely reinsurance arrangements and cash flows for this length of time. We have modelled one forecast assuming our existing stop loss and excess of loss cover is in place, and another where just excess of loss cover is maintained. These reinsurance types are explained on page 15. We reviewed our five-year plan in light of the impact of inflation and were comfortable the assumptions made, and the forecast numbers, remained reasonable.

The balance sheet for each scenario is subject to stress testing as our Regulator would expect, to ensure they would meet regulatory capital requirements at each future period.

As a result of this work, we have a reasonable expectation the Company will be able to continue to operate and meet its liabilities as they fall due over the next twelve months. The key assumption supporting this expectation is the continuing availability of appropriate reinsurance cover.

On behalf of the Board

P Beaumont

Managing Director

10 December 2024

DIRECTORS’ REPORT

Directors' Report

The Directors have pleasure in submitting the Annual Report and audited Financial Statements for the Company for the year ended 30 September 2024.

The following served on the Board of Directors during the year ended 30 September 2024:

JP Oatey Chair of Board
PJ Davies BSc C Dir, FPMI, FIDM, FIOD
PS Beaumont Managing Director BSc, FCA, Cert CII
R Lane TD BA FCMI, FCII
SE Turner OBE, MSc, Ll.B (Hons) (resigned from the Board June 2024)
PWD Mahon Insurance Director BSoc Sc, FCII
CE Green Finance Director BA (Hons), FCA
D Fursdon
J Quicke (also known as J Langdon-Davies)
MP Schwarz Company Secretary BS, MSc

Registered Office

CMA House, Newham Road, Truro

Directors' and Officers' Insurance

The Company has purchased Directors' and Officers' liability Insurance for Directors and Officers as permitted by the Companies Act 2006. This cover is provided by Markel International Insurance Company Ltd to a limit of £2.5 million in any one period of insurance.

Financial Risk Management Objectives

The Strategic Report includes an assessment of financial risk management objectives, which can be found on pages 19 to 22 of the Financial Statements. Additional information relating to risk management can be found in note 5 and in the Report of the Risk and Audit Committee.

Directors

Our preference is for Non-Executive Directors to serve a maximum of nine years, however we occasionally waive this to ensure smooth succession. Because Mrs Turner left in June, the Board asked Mr Oatey to stay until 26 March 2026 and Mr Davies until 30 September 2025. Each of these were reelected at the 2024 AGM for a further year and will stand again at the 2025 AGM to confirm the Board's extension of their term.

Going Concern and Future Developments

Detail as to the Directors assessment of Going Concern and future developments is included on page 23 as part of the Strategic Report.

Director's Confirmations

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

BDO have conducted the audit for the Financial Year ended 30 September 2024. BDO were appointed by the Membership at the Annual General Meeting in 2021. This is the fourth financial audit they have conducted for Cornish Mutual.

Margaret Schwarz
Company Secretary
10 December 2024

Statement of Directors' Responsibilities in Respect of the Financial Statements

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

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

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

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

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

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

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

On behalf of the Board

Jeremy Oatey
Chair

10 December 2024

The AFM Corporate Governance Code

The Association of Financial Mutuals (AFM) Corporate Governance Code
The Company uses the 2019 edition of the AFM's Corporate Governance Code as a benchmark to demonstrate good governance. The following section sets out the Code, how Cornish Mutual applies its provisions in governance, and where in this Annual Report or elsewhere, compliance with the provisions is evidenced.

THE PRINCIPLES	HOW WE APPLY THEM
1.PURPOSE AND LEADERSHIP An effective Board promotes the purpose of an organisation, and ensures that its values, strategy and culture align with that purpose.	Our enduring purpose is to protect the farming communities of Cornwall, Devon, Dorset and Somerset. This is described in more detail in the Strategic Report. This purpose drives our strategy and is the heart of the values and culture of the organisation. As a mutual, our Members and the protection of their interests is central to all our decisions. The Board is responsible for ensuring strategy aligns with purpose; it leads by example the values of the organisation. Our values (also called behaviours) are: • Putting Members at the heart of everything we do • Developing self and others • Actively working together These support our strategy to deliver our purpose. Each Board Director is appraised annually on the Company and Board specific behaviours.
2. BOARD COMPOSITION Effective Board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a Board should be guided by the scale and complexity of the organisation.	The Cornish Mutual Board is mindful of the need to ensure the right balance of skills, experience, and background in recruiting Directors. We recognise that more diversity in gender, ethnic backgrounds, ways of thinking, and experience would benefit the Company and consider this a priority in our recruitment. To emphasise our commitment to diversity the Board approved a separate Policy on Board Diversity in 2022. However, competence relevant to the needs of our business remains most important in our recruitment. In order to further diversify as well as maintain expertise, we have developed a skills matrix to help us choose future Directors. We need a Board that is large enough to meet the requirements of governance and strategic oversight, but small enough to be both cost effective and nimble at making decisions. The Remuneration and Nomination Committee annually considers the size of our Board and considers the current mix of three Executive and six Non-Executive Directors (NEDs) right for Cornish Mutual. As mentioned above, each Director has an annual appraisal to ensure continued effectiveness and, for NEDs, independence. Although our preference is for Non-Executive Directors to serve a maximum of nine years, we occasionally waive that to ensure smooth succession. Because Mrs Turner left in June, the Board asked Mr Oatey to stay until 26 March 2026 and Mr Davies until 30 September 2025. Each of these were reelected at the 2024 AGM for a further year and will stand again at the 2025 AGM to confirm the Board's extension of their term. The Board conducts an annual effectiveness self-assessment and at each meeting considers what went well and what could be improved. Periodically we ask external parties to evaluate our Board performance. This year we commissioned Manage Europe to conduct Board development and comment on our effectiveness as a decision-making body. In 2025 we will engage PKF-Littlejohn to conduct an audit of our governance, risk management and compliance which we do every three years.

Full text of the new Code is available at www.financial mutuals.org/governance/ our-governance-code/

THE PRINCIPLES	HOW WE APPLY THEM
3. DIRECTOR RESPONSIBILITIES The Board and individual Directors should have a clear understanding of their accountability and responsibilities. The Board's policies and procedures should support effective decision making and independent challenge.	The Company's Board Charter, Articles of Association, Scheme of Delegation and responsibility maps clearly spell out for Board Members what their responsibilities are towards Cornish Mutual. Those Board Members who hold Senior Management Functions (SMF) under the FCA/PRA Senior Management & Certification Regime also have an individual Statement of Responsibility (SoR) which is submitted to the regulator at the time of their appointment as a SMF holder and updated as required to reflect any changes in responsibility. Cornish Mutual has two Board sub-committees to assist the Board in undertaking detailed deliberations. These committees are the Remuneration and Nomination (see page 45) and Risk and Audit (see page 39). Each committee has a comprehensive terms of reference which are reviewed annually as is the Board Charter. This year we engaged external lawyers to review our Articles of Association and the resulting minor amendments will be submitted as a special resolution at our 2025 AGM for Members to approve. Directors declare their interests at least annually and any potential conflicts of interests are openly documented and managed. The Board receives training on important topics and regularly reviews the Board level policies that guide the Company's operations. The Board receives comprehensive management information to assist its decision-making. This information is continually reviewed and refined to make sure it is fit for purpose and adapts to changes in the Company's operations.
4. OPPORTUNITY AND RISK A Board should promote the long-term sustainable success of the organisation by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks.	The Company's clear purpose and strategy ensure the Board puts the long-term interests of its Members front and centre. The Board is ever mindful of the dilemma of mutuality: the interests of existing Members at any point in time may differ from the needs of the business to generate a surplus sufficient to enable investment, for example in new technology or skill, and/or growth of the business. Both capital investment and sustainable growth benefit future Members but are made possible using the funds provided in large part by past and existing Members. This means we must be very clear as to the benefits to Members we expect from our strategic decisions to balance these needs over time. The Company has a comprehensive risk oversight and management structure in place as reported on page 29. The risks faced by Cornish Mutual are set out on pages 19 to 22.
5. REMUNERATION A Board should promote executive remuneration structures aligned to the long-term sustainable success of an organisation, taking into account pay and conditions elsewhere in the organisation.	The Company must have credible leaders with professional expertise as well as personal values that correlate with those of Cornish Mutual so we can deliver value and service to Members. In order to attract and retain skilled and expert people, the pay we offer must be competitive within the financial services sector, commensurate with the complexity of the role and in line with our commitment to mutuality. Unusually for the financial services sector, we do not pay our executives bonuses so we remove the risk of conflicts of interests. We use a structured approach to benchmark Executive and Non-Executive against comparable Members of the Association of Financial Mutuals (AFM). The Report of the Remuneration and Nomination Committee on page 45 has more information on pay and related matters.

THE PRINCIPLES	HOW WE APPLY THEM
6. STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT Directors should foster effective stakeholder relationships aligned to the organisation's purpose. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.	We are a values-driven business and we work hard to ensure we understand the needs of our core Membership. To this end we undertake significant amounts of training relating to rural and agricultural issues. The Board actively engages with Members and prospective Members at agricultural shows frequently, as has been the case in 2024. In 2021 we initiated a series of Future Farming events to engage with our Members in a different and more focused way. We started a programme of farm walks in 2022, which have continued in 2023, to allow Cornish Mutual employees and Members to experience the wide diversity of farming practices in our region, and to provide an informal opportunity for farmers to discuss current opportunities and challenges. The Cornish Mutual Podcast, launched in 2023, continues to provide accessible information for farmers on challenging and relevant issues. We are a Chartered Insurer which means we uphold both technical and ethical standards established by the Chartered Insurance Institute and are assessed annually on our adherence to these standards. Our people are particularly important to us. The Board is committed to hearing the views of colleagues across the business. This includes listening to and acting on issues arising from our now annual staff survey; NED participation in Companywide Board debriefs; NED attendance at Management Risk Committee from time to time; shared workshops on topics including strategy, IT and marketing; and inviting non-Board colleagues to present papers at Board meetings. Cornish Mutual engages with a variety of third-party suppliers to deliver our desired business outcomes. Our relationship with suppliers is governed by the Board policy on Outsourcing and Supply Chain Management. We remain focused on climate change and the green agenda, especially how it is affecting UK agriculture. We have an active group looking to reduce our carbon footprint as a business. We remain actively considering the financial effects of climate change for both the Company and our Members. We strive to be a responsible Member of the communities in which we operate. We have supported individuals through work placements and have further enhanced our support for Young Farmers across the areas where we do business. We continue to support agricultural charities as well as encouraging colleagues to volunteer. Please see the Corporate Social Responsibility area of our website for more information on our community engagement.

Function and Responsibility of the Board

The key function of the Board of Directors is to ensure the business is run in an appropriate manner. The Board meets at least six times a year. In addition, we hold strategy sessions to focus on wider issues which affect our business and check our plans remain appropriate.

During Financial Year 2024, all Board meetings have been held face-to-face. We also continue to use online conferencing, especially for our Committee meetings, and see it as a way of reducing travel and our carbon footprint. Our Annual General Meeting was held online via Teams on 28 March 2024. We consider this a way to encourage more Members to attend the AGM and we have changed our Articles of Association to permit this.

The Board works to a Schedule of Matters contained in the Board Charter which is updated and approved each year. All meetings are formally recorded. The Board focuses on the following areas:

- Strategy and management which includes approving long-term objectives and monitoring the Company's performance against these objectives

- Governance and culture which includes assessing the composition and competency of the Board and the policies which guide the Company

- Stewardship of Members' Funds which includes selecting investment managers and strategies

- Financial reporting and controls which includes approval of the Annual Report and Financial Statements following recommendation from the Risk and Audit Committee

- Communication and reputation which includes engagement with Members and ensuring polices are in place to deliver high quality service and products

- Remuneration which includes following the recommendation of the Remuneration and Nominations Committee in determining the salary budget for the Company as a whole and remuneration of Directors. Director remuneration is subject to Member confirmation at the Annual General Meeting (AGM)

- Delegation of authority which includes the Companywide scheme of delegation and terms of reference for various committees..

The Board Members for this fiscal year are listed on pages 25 and 33 to 35. Cornish Mutual operates with a separate Chair and Managing Director who maintain an effective balance of responsibilities and accountabilities. Mr Oatey as Chair is responsible for the effectiveness of the Board. His duties, and those of all Directors, are detailed in our Board Charter which is available in short form on the Company website www.cornishmutual.co.uk or in full by request.

The information used by the Board and the wider business for decision making and reporting is governed by Board policies, the Board Charter, regulatory requirements and best practice guides from the CII and other professional organisations relevant to our business. The integrity of the Company's financial information is audited annually, and our data and information-related processes are periodically reviewed by our externally provided internal audit service, most recently in 2024.

For the majority of the Financial Year 2024, the Cornish Mutual Board consisted of three Executive Directors and five Non-Executive Directors. Jane Quicke and David Fursden joined the Board in January and Sue Turner stepped down in June 2024.

Non-Executive Directors must be independent in character and judgement, so they are able to effectively challenge the Executives. All the current Non-Executive Directors are independent in both respects.

The Board directly, and through the Remuneration and Nomination Committee, monitors succession planning in the business and has succession plans covering senior management function holders in place. The Company is undertaking a larger succession planning exercise to make sure we have the appropriate capabilities and capacity to deliver our strategic plans.

In accordance with Solvency II requirements, Cornish Mutual formally conducts its Own Risk and Solvency Assessment (ORSA) at least annually. We prepare an ORSA report which we send to the Prudential Regulatory Authority. The purpose of the ORSA is to provide both the Board and the regulators with evidence that the Company frequently and systematically assesses the risks it faces in respect of maintaining solvency capital and achieving its objectives over a five-year horizon. The ORSA provides the Board with assurance that under the reasonable risk scenarios set out, Members' Funds would remain above minimum regulatory requirements, and the business remain viable.

The Management Risk Committee which consists of Executive Directors and Senior Leaders within the business meets four times a year to thoroughly review the risk register and the results of this deliberation are reported through to the Risk and Audit Committee.

We actively incorporate the financial risk from Climate Change into our risk management processes. We expect the identification and management of this to develop further over the next few years as both regulation and public opinion coalesce into action. The Report of the Risk and Audit Committee (page 39) provides more information on risks and risk management and control.

Board Members

Jeremy Oatey

Board Chair

Jeremy previously worked nationally in farm management for both corporate institutions and private individuals. He returned to Cornwall to start his own farming business which now provides land management solutions to a number of local landowners. In addition, Jeremy also runs a vegetable processing Company supplying a number of major local food producers. He has been a Member of Cornish Mutual for many years for both his business and private needs. Jeremy also works to provide support to several local rural businesses and organisations.

Paul Davies

Senior Independent Director

Paul Davies has a wide background across financial services and has served on many Boards in Executive and Non-Executive Director roles in insurance, pensions, banking and investment. Paul has recently served as a Director of the University of Gloucestershire, as a trustee of a number of UK pension funds and worked with the Institute of Directors in the training and development of Company Directors. Based in Cheltenham and an honours graduate in Economics and Statistics from the University of Southampton, Paul has experience as Managing Director, Chief Operating Officer and Marketing and Business Development Director delivering profitable growth, acquisition and change management success. Paul has a wealth of knowledge in corporate governance as an IOD Chartered Director which he can bring for the benefit of the Members we work for.

Richard Lane

Non-Executive Director

Richard started his insurance career working in the farming communities of East Yorkshire, the Lincolnshire Wolds and subsequently the Yorkshire Dales, before taking on wider roles covering the South and South West of England & Wales. He was appointed to Cornish Mutual's Board in 2018. He has previously been Managing Director at Ansvar Insurance with a specialist focus on working with charities and not for profit organisations, also having worked at LV, Zurich and RSA. Richard also served as an Army Reservist, finishing his Army career developing Leadership training and the civilian accreditation of training undertaken Army wide. He is currently Development Director for Edwards Insurance Brokers. He is both a Chartered Insurer and a Chartered Manager.

Sue Turner

Non-Executive Director (resigned June 2024)

Sue Turner is dedicated to using her expertise in AI and data governance and ethics to support organisations to use AI and data with wisdom and integrity. With an MSc in Artificial Intelligence and Data Science, she established AI Governance Limited to advise businesses and policy makers on pragmatic AI, data ethics and governance issues and making a positive societal impact. She is Chair and a Non-Executive Director for North Somerset Environment Company and a mentor at the Alan Turing Institute. Her career spans leadership roles in entrepreneurial private businesses and not for profit organisations where she has led significant organisational growth and collaborated to shift power to help people improve their prospects.
Her maternal grandparents were farmers in Kent and her grandfather founded the Kent & Canterbury Building Society in 1951. She was awarded the OBE in 2021 for Services to Social Justice.

David Fursdon

Non-Executive Director

David is actively involved in his diversified family farming business in Devon while also holding positions in leading agricultural organisations. These include chairing the Institute of Agriculture and Horticulture (TIAH) and Dyson Farming. He is also a Food, Farming and Countryside Commissioner, a Trustee of the Royal Countryside Fund and a rural Non-Executive for the Duchy of Cornwall. He chaired the Government's 'Future of Farming' review in 2013, the South West Rural Productivity Commission in 2017 and the Independent Review of the Management of Protected Sites on Dartmoor in 2023.

Jane Quicke

Non-Executive Director

Jane is involved with her family farming business, holding a leadership role in the Devon-based dairy farm specialising in clothbound cheddar. She has extensive experience in sales, finance, risk mitigation and business strategy, having spent several years in financial and professional service companies in both the UK and Canada. Jane is also known as Jane Langdon-Davies.

Peter Beaumont

Managing Director

Peter Beaumont has a wealth of experience in the IT and financial services industries including insurance and banking. Peter took up the role of Finance Director with Cornish Mutual in January 2009 and became Managing Director in December 2019. Peter has held various Director level appointments covering both finance and operations. Having trained and qualified as a Chartered Accountant within public practice, Peter has spent his career within commerce. Now a strong advocate of the benefits of mutuality, Peter is focussed on understanding the challenges facing farmers. With a track record of introducing change, he is committed to developing the offering to Members, ensuring that Cornish Mutual fulfils its purpose of working to protect the farming community, while continuing to offer a first-class service to all Cornish Mutual Members.

Paul Mahon

Insurance Director and Chief Risk Officer

Paul has extensive experience in financial services having begun his career in 1992 working with Guardian Insurance. He then spent many years in the London Insurance Market and worked for Ernst & Young and PwC acting as a consultant to many of the UK's leading general insurers. Paul, a Chartered Insurer, is a Fellow of the Chartered Insurance Institute and a graduate of the University of Birmingham. He joined Cornish Mutual in 2011 and became a Member of the Board in 2018 taking up the role of Insurance Director. Paul became our Executive Lead for our response to climate change in 2019. Having undertaken further study into climate change and exploring best practice elsewhere, Paul is focussed on ensuring we satisfy our climate change objectives and supporting our Membership in their transition to more sustainable businesses. Paul is passionate about the rural community in the South West and he knows the region very well having spent his childhood growing up in South Devon. Paul is married with two children and lives on the South Cornwall coast in Falmouth.

Clare Green

Finance Director

Clare has worked in the insurance industry for 19 years, having undertaken her chartered accountancy training in London, while working as a forensic accountant, advising insurers on the quantum of complex losses. She is a graduate of the University of Durham and a Fellow of the Institute of Chartered Accountants in England and Wales. Clare moved to Cornwall in 2011 and shortly after began working at Cornish Mutual, becoming Finance Director and being appointed to the Board in 2020. Clare is married to a Cornish farmer and, along with their two young children, they live on a grassland farm near Falmouth, which has been in her husband's family for five generations. The farm has a range of diversified interests and is focussing on reducing its carbon footprint through the use of herbal leys, reduced fossil fuel inputs and rotational grazing of its herd of suckler beef cattle. Clare is currently Vice Chair and Finance Trustee for iSight Cornwall, which is a Cornwall-based charity focused on helping blind and partially sighted people.

Board Committees

The Board operates two committees:

1. Risk and Audit Committee chaired by Richard Lane. Director members: Jane Quicke (from March 2024) and Sue Turner (until June 2024).

2. Remuneration and Nominations Committee chaired by Sue Turner (until June 2024). Director members: Paul Davies, David Fursdon and Jeremy Oatey.

Committee membership is elected annually at the Board meeting following the Company's AGM which is held in March. Each committee operates to a schedule of matters that forms part of its terms of reference. The terms of reference and schedules of matters are contained in the Board Charter and available on request. All meetings are formally minuted and each committee undertakes an annual self-assessment of its effectiveness. The full details of the work of each of these committees are included later in this document, starting at page 38.

Board and Committee Meeting Attendance

	Board Meetings	Risk & Audit Committee^	Remuneration & Nominations Committee
Jeremy Oatey	6/6		<u>3/3</u>
Peter Beaumont	6/6	4/4	3/3
Paul Davies	6/6		<u>3/3</u>
Richard Lane	6/6	<u>4/4</u>	<u>1/3*</u>
Paul Mahon	6/6	4/4	
Sue Turner	5/5	<u>4/4</u>	<u>2/2</u>
Clare Green	6/6	4/4	
David Fursdon	4/4		<u>0/2</u>
Jane Quicke	4/4	<u>2/2</u>	

*In attendance

Committee members in attendance indicated by <u>underlining</u>.

^ September Risk & Audit Committee was an informal meeting due to illness.

Remuneration

The approach to remuneration at Cornish Mutual is set out in the Board Policy on Human Resources. The Directors' and Executive Pay Policy section was specifically approved by the Members as part of the Annual General Meeting in 2018.

See the Report of the Remuneration and Nomination Committee (page 45) for more information on pay and related matters.

Director	Remuneration (£)	Benefits (£)	Pension (£)	Total 2024 (£)	Total 2023 (£)
Peter Beaumont	226,762	311	26,360	253,433	218,804
Paul Mahon	167,168	311	19,208	186,687	164,492
Clare Green**	156,503	311	17,701	174,515	132,755
Jeremy Oatey	57,960	311	-	58,271	54,387
Paul Davies	40,755	748	-	41,503	29,529
Charles Pears	-	-	-	0	24,018
Richard Lane	28,755	748	-	29,503	27,529
Sue Turner	20,305	311	-	20,616	24,002
David Fursdon*	15,429	-	-	15,429	0
Jane Quicke*	15,429	-	-	15,429	0
	729,067	3,051	63,269	795,388	675,516
National Insurance				**89,817**	**76,268**
Total				885,205	751,784

* Partial year

** Pro-rated

On behalf of the Board

M. Schwarz

Margaret Schwarz

Company Secretary

10 December 2024

REPORT OF THE RISK AND AUDIT COMMITTEE

Responsibilities of the Committee

The Risk and Audit Committee (RAC) examines all corporate governance, risk and audit matters that affect the Company whilst also assisting the Board in satisfying itself that the Company's risk management systems and internal controls (including the internal audit and compliance functions) are appropriate, proportional and sufficient to control, manage, and mitigate strategic and operational risks. The Committee is also responsible for the oversight of the Company's Own Risk Solvency Assessment (ORSA) process and reviews the findings of the External Auditors, the outsourced Internal Audit functions and other audit reports whether internal or by third parties.

The RAC's rolling programme covers a variety of regular items such as the framework for reporting reserves, as well as monitoring new and emerging factors and risks. Specific attention is given to topics considered particularly significant, including the issues and judgements relating to the development of large, complex claims. In addition, at the end of Financial Year 2023, the decision was made to disband the Investment and Capital Management and subsume these responsibilities into the RAC or Board.

Membership

The Committee is formally made up of Non-Executive Directors with recent financial experience, with the Executive also attending each meeting. All other Board Directors can attend meetings with the agreement of the Committee Chair. We meet without the Executive as and when the Chair considers it appropriate to do so and when reviewing the Annual Financial Statements with the external auditors. Each year we undertake a review of our performance and effectiveness. Richard Lane has been Chair of the RAC since April 2021.

Review of Activity

1. Own Risk and Solvency Assessment (ORSA)

The Company's ORSA process comprises a continuous forward-looking assessment of current and future potential risks to its business strategy, its solvency position and capital management. It describes how the Company is organised and governed, future business strategy, risks to achievement of that strategy and how such risks are mitigated, how capital is measured and used to support the strategy, the Company's systems of internal control and how a culture of risk awareness is embedded throughout the organisation.

Specific consideration is given to the regulatory requirements of the underlying assumptions in the Standard Model Formula for the purposes of calculating the Solvency Capital Requirement (SCR) and we continue to recommend that use of the Standard Model adequately represents the risk profile of the Company.

2. Key Functions: Actuarial, Risk Management, Internal Audit and Compliance

Actuarial Function

We are required under Article 48 of the Solvency II Directive to hold an Actuarial Function. The Function is charged to think independently about areas of Cornish Mutual that deal with uncertainty and risk whilst looking to introduce appropriate mechanisms to quantify and address those risks.

The Actuarial Function is headed by Peter Beaumont, the Managing Director, who is the designated "Chief Actuary". Every year, we review the Actuarial Function Report which is made up of a review of Technical Provisions, Opinions on Reinsurance Adequacy and Underwriting Policy, and Contribution to Risk Management.

Risk Management

A culture of risk awareness is firmly embedded throughout the Company. The key function of Risk Management is carried out by the Management Risk Committee (MRC) which meets four times a year and reports via the Insurance Director, who is also designated by the Board as our Chief Risk Officer (CRO).

Our Risk Register is focused around our Strategic, People, Prudential, Legal & Regulatory, Member Expectations and Operational risks. During 2024 we continued to refine our approach to operational and strategic risks, whilst identifying new and/or emerging risks. All risk descriptions and controls continue to be reviewed against a suite of Key Risk Indicators (KRI).

Internal Audit and Compliance

The Board's Policy on Internal Audit and Internal Control is mandated by the Board Charter. The Head of Internal Audit and Governance Leader reports directly to the Chair of the RAC. As a Committee, we are satisfied that the systems of internal control and compliance are fit for purpose, proportionate to the scale of its activities and effective in providing appropriate assurance.

In some technical areas, we consider the increasing complexity of the insurance market and regulation requires a higher level of assurance than can be provided internally. We contract PKF Littlejohn to provide internal audit services to the Company in accordance with an agreed Audit Universe which follows a four-year cycle.

The policy of the RAC and the Board remains to continue to seek independent assurance concerning all technical aspects of the Company's operations including input from experts in different fields and from the Company's External Auditors. The Internal Validation and Support Team (VAST) (now renamed as the Independent Review and Complaints Team [IRCT] see below) has further improved its effectiveness, including the addition of external expertise into its thematic reviews. VAST's attendance at RAC to give greater context to its recommendations continues to be well received. No systemic problems were identified in 2023/24.

During the year ending 30 September 2024 the following internal audit reports were reviewed and management actions agreed:

- VAST remit, change of reporting lines to ensure its independence. Renamed the Independent Review and Complaints Team (IRCT) (final review March 2024)

- PCR Global, review of H&S service offering (May 2024)

The Executive report any breaches of regulation to the RAC and from there to the Board. There have been eight entries made on the Breaches of Board Policy and Other Reportable Events log during this year (there were also six in the previous year, with six in the prior year). None of these are due to systemic failures and all remedial actions have been speedy and appropriate. The low number of entries is a positive indicator that our approach to risk management is effective.

3. External Audit, Annual Financial Statements and Business Continuity Planning

External Audit

BDO are now completing their fourth annual audit as part of their appointment as our External Auditors as agreed at the 2023 AGM. BDO will perform a review of the Technical Provisions, Own Funds and other elements which feed into capital disclosures in the Financial Statements.

Annual Financial Statements

We approved the External Audit plan for the year at its meeting in September 2024 and confirmed focus on the following areas of audit emphasis:

- Management override of controls
- Valuation of IBNR

Throughout the year we receive updates on key judgements in relation to reserves, whether through the Minutes of the Large Loss Committee or updates on specific claims. We review the basis of the Company's claims reserving methodology each year and as part of this, we seek independent assurance through external audit. Valuation of Technical Provisions is invariably identified as a significant risk and an area of focus.

In each of the last three financial years, BDO have used an independent projection approach, using their own reserving model. Together with the review and challenge of the reserves documentation and calculation, this has provided assurance that the assessment of the liabilities at 30 September 2024 is appropriate.

The Committee met in November 2024 to receive a detailed presentation from our external auditors, BDO, in respect of the audited Financial Statements for the year ended 30 September 2024. Non-Executive members of the committee and the independent Chair of the Board also met in private with the external auditors and received assurance regarding the conduct of management during the audit, and the quality and completeness of the accounting records of the Company. The committee approved the Technical Provisions after scrutiny of the methodologies used.

Business Continuity Planning (Disaster Recovery)

The Company has contingency plans to minimise the impact of events that might interrupt its capability to deliver business obligations. An Incident Management Team was formed in 2023 with the purpose of ensuring our plans remain up to date and are subjected to Annual Disaster Recovery, Business Continuity and Penetration tests. During 2023/2024 we have enhanced our knowledge of Cyber issues including ransomware attacks. Resilience is achieved through dual site capability, remote access and security.

4. Material Risks and Future Strategy

In the Strategic Report on page 5, we set out high-level strategic risks and uncertainties faced by the business. It is the RAC's role to monitor in detail the risks which the Board judges to be material to the Company. Specifically, these are:

- Unavailability or inadequacy of reinsurance
- Market (Investment) Risk
- Competitor behaviour
- Failure to attract & retain staff with appropriate skills, behaviours and performance
- Failure to observe legal and regulatory requirements for insurers
- Erosion of Capital and Solvency Margin
- Insurance Risk
- Business Model, over time, ceases to remain relevant for Members
- Business disruption through systems failure, cyber security breaches, natural disaster or unexpected events
- Volatility of the expense base
- Financial risk from climate change

The Board regularly examines the status of each of these risks, which are reviewed by the Management Risk Committee and subsequently by the Risk and Audit Committee. Attendance at the MRC by Non-Executive Directors allows them to witness internal interaction and gain assurance of the effectiveness of the control environment.

A Letter of Assurance from the Chief Risk Officer to the RAC Chair forms part of the annual control process. The RAC scrutinised and approved the annual Letter of Assurance in respect of the year ended 30 September 2024. It was found to be a complete and accurate reflection of how control processes had operated effectively to identify and address both current and emerging issues arising during the year. Set out below is a summary of some core risks identified by the CRO during the last financial year.

People

A buoyant labour market initially placed pressure on recruitment and staff retention. Clear management action has improved both recruitment and retention of staff. We have reskilled and upskilled existing staff whilst also bringing new capabilities into the business as we step change our digital and data capabilities through our Transformation activities.

Prudential

The ongoing war in the Ukraine continues to impact the world economy. The initial inflationary pressures have now substantially eased. We managed this difficult period through several forums within the business. Most notably the Inflation Steering Group and the Pricing Committee have been instrumental in helping our loss and expense ratios to remain at acceptable levels.

The winding up of the Pension Scheme has been completed and has now been closed on our risk register. Several years ago this risk was assessed as the largest that the Company faced.

Legal and Regulatory

During the year we have made our first report on the implementation of Consumer Duty. Our first annual Consumer Duty report has highlighted the need to produce a more consolidated and structured view of the relevant management information. Transformation activity is directed to deliver the data in a more useful and informative way in order to continue to enhance our products, processes and services for Members.

Climate Change

The impact of climate change on our Members and on our business remains at the forefront our thinking. The Climate Change Strategy Group has a wide representation from across the business enabling issues and opportunities to be addressed broadly and inclusively. Increasingly we are looking at our investments from an environmental impact perspective.

RAC Assurance Statement

We are able to give assurance to the Board and Members that the controls and risk management processes are robust and suitable to support the ongoing business and stated strategy of pursuing organic expansion in the South West farming communities, while delivering continuous improvement in the high level of personal service and prompt claims settlement to all Members. The opinion of the Risk and Audit Committee is informed by the Committees consideration of the reports from: internal audits and the Validation and Support Team; Executive management with responsibility for the development and management of the internal control framework; the External Auditors' examination of the Annual Report and Financial Statements and accompanying management letter.

Richard Lane

Chair, Risk and Audit Committee

10 December 2024

REPORT OF THE REMUNERATION AND NOMINATIONS COMMITTEE

Responsibilities of the Committee

The role of the Remuneration and Nominations Committee is to ensure the Board has the skills and experience it needs to meet the challenges facing the Company, to plan for effective future Board succession and to ensure our remuneration policy supports our strategy and encourages sustained performance. Meeting three times each year, we oversee four people-related risks identified in the risk register and pay careful attention to wider employee issues across the business on an ad hoc basis. We use formal, rigorous and transparent data and processes and we welcome feedback from Cornish Mutual Members.

Membership

The Committee is comprised solely of Non-Executive Directors (NEDs), elected annually by the Board following the Company's AGM.

This year we saw Committee membership change. Mr Fursdon joined the Committee in April and Mr Oatey stepped down. However, as reported elsewhere in this report, Mrs Turner resigned from the Board and as Committee Chair in June, so Mr Oatey rejoined the Committee as acting Committee Chair until this role is filled.

Employees attend meetings to provide operational support to the NEDs. All Board Directors may attend Committee meetings with the consent of the Committee Chair but only those appointed as Members may vote on Committee reserved matters. Neither the Board Chair nor the Managing Director has any input or vote on their own remuneration or any connected matter. The Committee meets without Executive attendees as and when the Committee Chair considers it appropriate to do so. Mrs Turner Chaired the Committee from April 2019 until June 2024.

Review of Activity

1. Board Succession and Skills

We discussed what the appropriate size for the Board should be, bearing in mind the size of the business, the responsibilities that being a regulated business puts on Board Members and our desire to keep costs down. With three Executive Directors, we agreed that having five Non-Executive Directors (NEDs) enables us to meet good governance recommendations, comply with our governing documents and achieve a reasonable spread of the workload.

In 2023 we engaged search specialists Fletcher Jones to help us find two new Non-Executive Directors who joined us in February 2024. In 2024 we have engaged search firm Nurole to help us find two additional NEDs. For this search we are looking for people with recent financial and insurance experience as succession planning for experienced NED whose terms are ending. We will continue to plan ahead to ensure we have NEDs with the skills, experience, and behaviours to support the Company.

We have continued to build on our work last year to highlight the skills and development requirements of all Board Members. In addition to Board appraisals, we embarked on series of development sessions facilitated by Manage Europe.

We undertook a thorough review of Committee terms of reference to ensure they were fit for purpose and that as a Committee we were adhering to them. We made some adjustments to these that are now incorporated in the Board Charter.

2. Board Remuneration

We use a structured approach to benchmark Executive and Non-Executive against a selection of comparable Members of the Association of Financial Mutuals (AFM) which was approved by the Board in October 2023.

We recognise that a significant number of our comparator companies pay bonuses to some of their Executive Directors but remain convinced that paying bonuses linked to Executive objectives does not improve business performance and is not in keeping with our culture and focus on Members' interests. However, when looking at benchmarking Executive pay, we are mindful that we risk under-remunerating our Executives if we do not factor bonuses paid elsewhere into base pay. Therefore, the Committee recommended to the October Board an increase in base pay for the Executives that reflected pay in our comparator groups.

As with the previous year, we recommended to the Board that NED remuneration be increased in line with the inflationary uplift applied across the business.

3. Progress on other people issues across the business

One of the risks which we oversee relates to the Company's ability to attract and retain staff. The Committee considered the findings that the current level of pension provision in the Company was insufficient to provide even a moderate retirement income. Benchmarking against peers indicated that we could do more to encourage our colleagues to increase their pension savings. The Committee made a recommendation to the full Board that we increase the Company contribution. This would also involve an increase in employee contributions. The aim is to implement in the next fiscal year, initially on a voluntary basis.

We continue to monitor gender pay, in the context that 63% of our employees are female, rising to 80% in the lower half of the salary range. The pay gap is small in the lower three quartiles; for the upper quartile, where the gap is biggest at 10%, the main factor is the predominance of men in our IT department. We noted last year that we had poor representation of older women and young men in some teams in the Company. We have acted intentionally during the year successfully to improve this imbalance, moving the number of young men in our Customer Service team of 21 people from one to seven and increasing the number of women aged over 50.

We considered succession planning in the Company to ensure we have sufficient skills at present and into the future to deliver our strategic objectives. Our Expanding Horizons programme is proving popular with our colleagues. This is being augmented with Role Experience Days where people shadow colleagues in a different area to learn more about each other's jobs. We established three new management committees chaired by leaders below the Executive Directors as a way to encourage wider accountability for operational and strategic delivery. This gives more people experience in the broader running of the Company and increases the overall resilience of the business, so we are not over-reliant on a small executive team. We developed and implemented a revised performance review template to support delivery of high performance within a clearly defined behaviours and values framework. The expected behaviours and values apply to all Cornish Mutual employees.

Our wellbeing programme is award winning as we continue to focus on the overall welfare of our colleagues. We have instigated a variety of actions and activities covering emotional, physical, and social wellbeing. These ranged from targeted training for managers to support their teams to lunchtime walks and a reading club. We will be offering financial wellbeing support in the coming year.

Conclusion

We remain determined to be an employer of choice in our region. We remain a Chartered Insurer which is evidence of our ongoing commitment to encouraging our people to achieve qualifications and Continual Professional Development. We have effectively scanned the horizon to be ready for the future, ensuring we have the people, policies and practices that we need to serve our Members well.

Jeremy Oatey
Chair

10 December 2024

INDEPENDENT AUDITOR'S REPORT

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 30 September 2024 and of the Group's profit 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 Cornish Mutual Company Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2024 which comprise the Consolidated Statement of Profit and Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Members' Funds, Company Statement of Financial Position, Company Statement of Changes in Members Funds, Consolidated Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 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 on 25 March 2021 to audit the Financial Statements for the year ended 30 September 2021 and by the Members for subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 4 years, covering the years ended 30 September 2021 to 30 September 2024.

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:

- Obtaining and reviewing the Directors assessment of the Group and Parent Company's ability to continue as a going concern, including forecasts, assumptions, and future actions. We considered the appropriateness of this information given the knowledge obtained during our audit about the Group and Parent Company transactions it has concluded;

- Reviewing and challenging the Group and Parent Company's current business plans and budgets, including challenging the growth assumptions and assessing whether forecasts were consistent with justifiable assumptions and movements;

- Reviewing the outturn of previous forecasts against actual results to assess the accuracy of the Director's forecasting;

- Assessing the Group and Parent Company's solvency position through reference of sufficiency of assets to meet liabilities and the adequacy of regulatory capital;

- Assessing the basis of solvency projections for the next 12 months, considering whether an appropriate mechanism for calculating solvency had been applied;

- Obtaining the Own Risk and Solvency Assessment (ORSA) report from the Directors. We considered the appropriateness of this information given the knowledge obtained during our audit.

- Enquiring of the Directors and reviewing management information, board minutes and regulatory correspondence to assess the existence of undisclosed events or obligations that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern; and

- Reviewing the completeness and accuracy of the going concern disclosures in the financial statements based on the accounting framework.

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 the 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

		2024	2023
Key audit matters	KAM 1 Valuation of claims incurred but not yet reported ('IBNR')	√	-
	KAM 2 Valuation of gross claims outstanding and reinsurers share of gross claims outstanding	-	√
	KAM 2 is no longer considered to be a key audit matter because of our redefined risk assessment procedures		
Materiality	*Group financial statements as a whole* £566,400 (2023: £396,800) based on 2% (2023:1.5%)* of Net Assets *The increase in the benchmark rate from prior year is based on an improved understanding of the group's risk profile given this being the fourth year of auditing the group.		

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.

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.

<table>
<tr><th colspan="2">Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr><td>Valuation of IBNR

Refer to notes:

4 – Accounting policies and Judgements and key sources of estimation uncertainty,

5 – Management of insurance and financial risk and

22 – Claims Outstanding.

The IBNR provision as at year-end is £2,918,559 (2023: £2,715,300</td><td>Estimation of this reserve requires significant management judgement.

IBNR modelling is reliant on:
• Relevant claims data being input correctly into actuarial models; and
• The application of appropriate actuarial techniques, judgements, and assumptions.

We have assessed this area as being of significant risk to the audit, and a key audit matter, due to the significance of these amounts in deriving the Group's results and because of the degree of assumptions and estimation underpinning the valuation, which can be highly subjective</td><td>In assessing the valuation of the IBNR provision, we performed the following procedures with the assistance of our internal independent actuarial specialists:

• We considered the appropriateness of the methodology and assumptions underpinning the calculation of the provision and the accuracy of the calculation itself, including a reprojection of 100% of the IBNR as at year end;
• We have checked the independence of our actuarial specialists;
• We have obtained and reviewed the actuarial reports prepared by management and challenged that all relevant judgements and estimates in the Group's calculation have been considered and appropriately challenged. Meetings were held between management and our actuarial specialist to appropriately challenge the assumptions and methodology in the formation of our opinion;
• We have reviewed and assessed changes to the assumptions used in the claims outstanding provisions compared to previous years to check these are reasonable and in line with acceptable parameters based on our actuarial specialists assessment;
• We have reconciled and agreed a sample of the source data used by management, and provided to our actuarial specialist, to the underlying policy data to check that calculations are based on accurate information; and</td></tr>
</table>

Key audit matter		How the scope of our audit addressed the key audit matter
		• We have reviewed the outturn of prior years' estimates against the current year's position to assess the accuracy of previous estimates and the appropriateness of the methodology. **Key observations:** Based on the procedures performed we consider the Valuation of IBNR and methodology used to calculate this at 30 September 2024 to be reasonable.

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	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Materiality	566.4	396.8	555.0	395.0
Basis for determining materiality	2% Net assets	1.5% Net assets	2% Net assets	1.5% 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 Parent Company to pay claims and indemnify its members. This represents the metric of primary interest to users of the financial statements.			
Performance materiality	424.8	297.6	416.3	296.2
Basis for determining performance materiality	We have assessed performance materiality as 75% of the overall materiality for the Group and Parent Company.			
Rationale for the percentage applied for performance materiality	In determining performance materiality, we considered the Group and Parent Company's control environment, the size and complexity of its operations and account balances and our previous experience on the engagement.			

Reporting Threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £28,300 (2023: £19,800). 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 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 Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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 is detailed below:

Non-Compliance with Laws and Regulations

Based on our understanding of the Group and the industry in which it operates, discussion with management and those charged with governance and work performed to obtain and understand the Group’s policies and procedures regarding compliance with laws and regulations, we consider the most significant laws and regulations with a direct effect on the financial statements to be the applicable accounting framework and Companies Act 2006.

The Group is regulated by the Prudential Regulation Authority (‘PRA’) and Financial Conduct Authority (‘FCA’) and is subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to include the regulatory solvency requirements, Employment Rights Act 1996, Income Tax Act 2007 and the Health and Safety at Work Act 1974.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with the Prudential Regulation Authority (‘PRA’) and Financial Conduct Authority (‘FCA’) for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred;
- Enquiry of management and those charged with governance to ascertain if there had been any actual or suspected non-compliance with laws and regulations;
- Review of the Group’s Own Risk and Solvency Assessment (‘ORSA’); and
- Review of the Group’s breaches and complaints registers for any instances of non-compliance with laws and regulations.

Fraud

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

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to detecting and responding to the risks of fraud and internal controls established to mitigate risks related to fraud;
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team, including forensic specialists, as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the following areas most susceptible to fraud to be the management override of controls and the valuation of IBNR.

Our procedures in respect of the above included:

- Remaining sceptical of and alert to the risk of management override of controls and fraud throughout all areas of the audit;
- We have identified and used key risk characteristics such as rounded entries and large entries to filter the population of journals which were tested by agreeing to supporting documentation and
- The procedures documented in the key audit matter section of our report discusses how the risk of fraud was addressed in respect of the valuation of IBNR.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations 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.

Tom Reed

Thomas Reed (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

17 December 2024

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

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30 SEPTEMBER 2024	NOTE	2024 £	2023 £
TECHNICAL ACCOUNT - GENERAL BUSINESS			
Gross premiums written	6	33,434,435	29,489,951
Outward reinsurance premiums		(4,143,054)	(3,428,644)
Written premiums, net of reinsurance		**29,291,381**	**26,061,307**
Change in gross provision for unearned premiums		(1,982,736)	(1,738,261)
Change in provision for unearned premiums, reinsurers share	6	309,864	236,847
Change in net provision for unearned premiums		**(1,672,872)**	**(1,501,414)**
Earned premiums, net of reinsurance	7	**27,618,509**	**24,559,893**
Other technical income	10	294,961	350,036
Total technical income		**27,913,470**	**24,909,929**
Gross claims paid		21,019,294	15,539,204
Reinsurers' share of claims paid		(2,980,569)	(1,126,025)
Claims paid net of reinsurance		**18,038,725**	**14,413,179**
Change in gross provision for claims		(1,151,370)	(2,560,601)
Change in reinsurers' share		2,552,054	1,981,895
Change in net provision for claims		**1,400,684**	**4,542,496**
Claims incurred net of reinsurance	8	**19,439,409**	**18,955,675**
Net operating expenses	6	7,878,645	6,940,145
Total technical charges		**27,318,053**	**25,895,820**
BALANCE ON THE TECHNICAL ACCOUNT		**595,416**	**(985,891)**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30 SEPTEMBER 2024		2024	2023
	NOTE	£	£
NON-TECHNICAL ACCOUNT			
Balance on the general business technical account		595,416	(985,891)
Investment Income	14	4,770,172	1,376,942
Investment expenses and charges	16	(179,185)	(160,096)
Other charges	17	(1,299,730)	(1,316,958)
Income from non-insurance subsidiary		425,198	245,803
Expenses from non-insurance subsidiary		(747,981)	(230,819)
PROFIT /(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX		**3,563,890**	**(1,071,020)**
Tax credit on profit on ordinary activities	18	0	0
PROFIT /(LOSS) FOR THE FINANCIAL YEAR AFTER TAX		**3,563,890**	**(1,071,020)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2024		2024	2023
		£	£
PROFIT FOR THE FINANCIAL YEAR AFTER TAX	NOTE	**3,563,890**	**(1,071,020)**
Revaluation of property	20	0	(200,000)
Remeasurement of net defined benefit pension scheme		10,000	81,500
Deferred tax on actuarial change in the pension scheme		0	0
OTHER COMPREHENSIVE PROFIT/ (LOSS) INCOME FOR THE YEAR NET OF TAX		**10,000**	**(118,500)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,573,890**	**(1,189,520)**
ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		**3,573,890**	**(1,189,520)**

The accounting policies and notes on pages 71 to 99 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 SEPTEMBER 2024	NOTE	2024 £	2023 £
ASSETS			
INTANGIBLE ASSETS			
Goodwill	19	321,135	401,419
Other intangible assets	19	15,746	44,001
		336,881	445,420
INVESTMENTS			
Land and buildings	20	2,000,000	2,000,000
Other financial investments	21	52,257,395	46,015,351
		54,257,395	48,015,351
REINSURERS SHARE OF TECHNICAL PROVISIONS			
Provision for unearned premium	7	1,821,181	1,756,241
Claims outstanding	22	997,777	3,549,831
		2,818,958	5,306,072
DEBTORS			
Debtors arising out of direct insurance operations - policy holders		9,067,153	7,632,035
Debtors arising out of reinsurance operations		1,167,169	1,552,395
Other debtors	23	141,606	139,578
		10,375,928	9,324,007
OTHER ASSETS			
Tangible assets	24	320,635	254,852
Stock		10,319	7,694
Cash at bank and in hand		1,825,577	2,161,129
		2,156,531	2,423,675
PREPAYMENTS AND ACCRUED INCOME			
Prepayments and accrued income		414,522	491,221
		414,522	491,221
TOTAL ASSETS		70,360,215	66,005,749

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 SEPTEMBER 2024	NOTE	2024 £	2023 £
LIABILITIES			
CAPITAL AND RESERVES			
Members' funds		29,357,460	25,783,571
GROSS TECHNICAL PROVISIONS			
Provision for unearned premium	7	16,823,005	14,840,269
Claims outstanding	22	21,067,774	22,219,144
		37,890,779	37,059,413
PROVISION FOR LIABILITIES AND CHARGES			
Provision for taxation	18	0	0
Provision for pensions		0	180,000
		0	180,000
CREDITORS			
Arising out of reinsurance operations		1,093,731	907,133
Other creditors including taxation and social security	28	1,527,967	1,304,166
		2,621,698	2,211,299
ACCRUALS AND DEFERRED INCOME			
Accruals and deferred income		490,277	742,683
		490,277	742,683
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Other creditors		0	28,800
		0	28,800
TOTAL LIABILITIES		70,360,215	66,005,749

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' FUNDS FOR THE YEAR ENDED 30 SEPTEMBER 2024	Profit and loss £	Total £
Balance as at 1 October 2022	**26,973,091**	**26,973,091**
Profit for the financial year after tax	(1,071,020)	(1,071,020)
Other comprehensive loss for the year	(118,500)	(118,500)
Total comprehensive income for the year	**(1,189,520)**	**(1,189,520)**
Balance as at 30 September 2023	**25,783,571**	**25,783,571**
Balance as at 1 October 2023	**25,783,571**	**25,783,571**
Profit for the financial year after tax	3,563,890	3,563,890
Other comprehensive loss for the year	10,000	10,000
Total comprehensive income for the year	**3,573,890**	**3,573,890**
Balance as at 30 September 2024	**29,357,460**	**29,357,460**

Approved by the Board of Directors on 10 December 2024.

Jeremy Oatey
Director

Clare Green
Director

Peter Beaumont
Managing Director

COMPANY STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 SEPTEMBER 2024		2024	2023
	NOTE	£	£
ASSETS			
INTANGIBLE ASSETS			
Other intangible assets	19	15,746	44,001
		15,746	44,001
INVESTMENTS			
Land and buildings	20	2,000,000	2,000,000
Other financial investments	21	52,257,395	46,015,351
Investment in subsidiary undertaking	31	229,000	229,000
Loans to subsidiary undertaking	32	0	300,000
		54,486,395	48,544,351
REINSURERS SHARE OF TECHNICAL PROVISIONS			
Provision for unearned premium	7	1,821,181	1,756,241
Claims outstanding	22	997,777	3,549,831
		2,818,958	5,306,072
DEBTORS			
Debtors arising out of direct insurance operations - policy holders		9,067,153	7,632,035
Debtors arising out of reinsurance operations		1,167,169	1,552,395
Other debtors	23	14,077	15,153
		10,248,399	9,199,583
OTHER ASSETS			
Tangible assets	24	216,987	160,748
Stock		2,974	1,544
Cash at bank and in hand		1,814,945	2,102,295
		2,034,906	2,264,587
PREPAYMENTS AND ACCRUED INCOME			
Prepayments and accrued income		414,522	491,221
		414,522	491,221
TOTAL ASSETS		70,018,926	65,849,816

COMPANY STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 SEPTEMBER 2024		2024	2023
	NOTE	£	£
LIABILITIES			
CAPITAL AND RESERVES			
Members' funds		29,070,544	25,768,588
GROSS TECHNICAL PROVISIONS			
Provision for unearned premium	7	16,823,005	14,840,269
Claims outstanding	22	21,067,774	22,219,144
		37,890,779	37,059,413
PROVISION FOR LIABILITIES AND CHARGES			
Provision for taxation	18	0	0
Provision for pensions		0	180,000
		0	180,000
CREDITORS			
Arising out of reinsurance operations	28	1,093,731	907,133
Other creditors including taxation and social security		1,481,847	1,199,936
		2,575,578	2,107,069
ACCRUALS AND DEFERRED INCOME			
Accruals and deferred income		482,025	734,764
		482,025	734,764
TOTAL LIABILITIES		70,018,926	65,849,816

The company has taken advantage of the exemption under section 408 on the Companies Act 2006 from presenting its own Statement of Comprehensive Income and related notes as it prepares consolidated accounts.

The Comprehensive Income for the year attributable to the Company was £3,301,956 (2023: (£1,204,503)).

COMPANY STATEMENT OF CHANGES IN MEMBERS’ FUNDS FOR THE YEAR ENDED 30 SEPTEMBER 2024	Profit and loss £	Total £
Balance as at 1 October 2022	**26,973,091**	**26,973,091**
Profit for the financial year after tax	(1,086,003)	(1,086,003)
Other comprehensive gain for the year	(118,500)	(118,500)
Total comprehensive income for the year	**(1,204,503)**	**(1,204,503)**
Balance as at 30 September 2023	**25,768,588**	**25,768,588**
Balance as at 1 October 2023	**25,768,588**	**25,768,588**
Profit for the financial year after tax	3,291,956	3,291,956
Other comprehensive loss for the year	10,000	10,000
Total comprehensive income for the year	**3,301,956**	**3,301,956**
Balance as at 30 September 2024	**29,070,544**	**29,070,544**

The accounting policies and notes on pages 71 to 99 form an integral part of these financial statements.

Approved by the Board of Directors on 10 December 2024.

Jeremy Oatey)

Directors

Clare Green)

Peter Beaumont)

Managing Director

CONSOLIDATED STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 SEPTEMBER 2024	2024 £	2023 £
PROFIT / (LOSS) BEFORE TAX	**3,563,890**	**(1,071,019)**
(Increase) / decrease in outstanding premiums	(1,435,118)	(1,260,277)
(Increase) / decrease in debtors and accrued interest	74,672	(246,865)
Increase / (decrease) in claims outstanding	1,400,684	4,542,496
Increase / (decrease) reinsurance creditors	186,599	(258,438)
Increase / (decrease) in reinsurance debtors	385,226	2,119,165
(Increase) / decrease in stock	(2,625)	(3,434)
Increase / (decrease) in other creditors	(57,388)	302,761
Increase / (decrease) in provision for unearned premium	1,917,682	1,530,392
Depreciation	111,800	130,413
Amortisation	108,539	29,844
(Gain) / Loss on investments	(4,590,987)	(965,846)
(Gain) / Loss on disposal of fixed assets	0	(187)
Adjustment for fair value revaluation	0	0
Adjustment for pension funding	(170,000)	(49,500)
TOTAL CASH FROM OPERATING ACTIVITIES	**1,492,975**	**4,799,506**
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	2,433	154
Rental income	96,509	76,224
Net cash invested in financial investments	(1,750,000)	(2,847,700)
Investment in subsidiary	0	(777,662)
Payments to acquire tangible fixed assets	(177,469)	(110,469)
Payments to acquire intangible assets	0	(16,560)
Proceeds from sale of fixed assets	0	1,020
TOTAL CASH FROM INVESTING ACTIVITIES	**(1,828,526)**	**(3,674,992)**
NET INCREASE IN CASH AT BANK AND IN HAND	**(335,551)**	**1,124,513**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**2,161,129**	**1,036,616**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**1,825,577**	**2,161,129**

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Cornish Mutual Assurance Company Limited ('the Company') transacts general insurance business in the UK. Cornish Mutual Assurance Company Limited is a mutual incorporated in England and Wales. The Company is limited by guarantee and is controlled by the Members who are also insured policy holders.

The registered office is CMA House, Newham Road, Truro, Cornwall, TR1 2SU.

The Company financial statements are presented in pound sterling.

2. STATEMENT OF COMPLIANCE

The financial statements of the Company have been prepared in compliance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard Applicable in the United Kingdom and the Republic of Ireland' ('FRS 102'), Financial Reporting Standards 103, 'Insurance Contracts' (FRS 103) and the Companies Act 2006, and in accordance with the provisions of Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations relating to insurance companies.

3. ACCOUNTING POLICIES

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

Basis of Preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements in conformity with FRS 102 and FRS 103 required critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The Company has taken advantage of the exemption under section 408 on the Companies Act 2006 from presenting its own Statement of Comprehensive Income and related notes as it prepares consolidated accounts. The Company has also not prepared a cashflow statement as it is consolidated into these Group accounts which are publicly available.

Going Concern

Having assessed the principal risks facing the Company, the Directors considered it appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

The key matters considered by the Directors in making this assessment are disclosed on page 23.

Basis of Consolidation

The group consolidated financial statements include the financial statements of the Company and its subsidiary undertaking made up to 30 September 2024.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the group's interest in the entity.

Insurance Contracts

The Company issues contracts that transfer insurance risk.

Insurance contracts are those contracts that transfer significant insurance risk. The results are determined on an annual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance as follows:

a) Premiums

All premiums included in the profit and loss account relate to continuing operations. Written premiums comprise the total premiums receivable for the whole period of cover provided by contracts incepting during the financial year, together with adjustments arising in the financial year to such premiums receivable in respect of business written in previous financial years. The risks of all gross premiums written were located in the United Kingdom. All premiums resulted from contracts of insurance concluded in the United Kingdom.

Written premiums exclude insurance premium tax. The amount of this tax due by the Company which has not been paid over to HM Revenue and Customs as at the year-end has been included in the balance sheet as a liability under the heading 'Other creditors including taxation and social security'.

Outward reinsurance premiums are accounted for in the same accounting period as the related insurance premium income.

b) Unearned Premiums

Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on a time apportionment basis.

c) Acquisition Costs

Acquisition costs are expensed in the year that they are incurred, as the Directors deem that any deferral would not materially affect the results for the year.

d) Claims Incurred

Claims incurred comprise claims and related expenses paid in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any adjustments to claims from previous years.

e) Claims Provisions and Related Reinsurance Recoveries

Claims outstanding represent the ultimate cost of settling all claims (including settlement costs) arising from events which have occurred up to the balance sheet date, including provision for claims incurred but not yet reported, less any amounts paid in respect of those claims. The claims provision is based on the initial assessment by the claims manager of individual claims together with internally generated statistics on ultimate claims cost experience. A provision for claims incurred but not reported at 30 September is included and this is representative of past history. While the Directors believe that the provision for claims is fairly stated, subsequent information and events may show that the ultimate liability is less than or in excess of the amounts provided. Further commentary in this regard is provided in note 5 to the accounts.

Provisions are calculated gross of any reinsurance recoveries.

f) Reinsurance

Contracts entered into by the Company with reinsurers, under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts.

The amounts recoverable from reinsurers are estimated based upon the gross provision for claims outstanding, having due regard to collectability. Reinsurance recoveries in respect of estimated claims incurred but not reported are assumed to be consistent with the historical pattern of such recoveries, adjusted to reflect changes in the nature and extent of the reinsurance arrangements over time. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised in the profit and loss account as 'Outward reinsurance premiums' when due.

Net Operating Expenses

The net operating expenses have been apportioned between the classes of business in proportion to the gross premium income.

Within our Non-Technical Account there is an amount for Other Charges. Expenses not relating directly to the insurance business, such as Directors' salaries and depreciation, are recognised within Other Charges.

Investment Income and Expenses

Investment income comprises interest and dividends received, together with realised investment gains and rental income. Realised gains and losses are calculated as the difference between sales proceeds and the original cost. Interest, rent and expenses are accounted for on an accruals basis.

Employee Benefits

The Company provides a range of benefits to its employees including paid holiday arrangements and defined contribution pension plans. The Company previously operated a defined benefit pension scheme which was closed to future accrual in 2010 with buy-out completed in 2024.

a) Short Term Benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

b) Defined Contribution Pension Plans

The Company operates a Personal Pension plan, which is a defined contribution pension scheme. The contributions to the scheme are recognised as an expense when they are due. Amounts not paid are shown within accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered Funds.

c) Defined Benefit Pension Plan

The Company operated a defined benefit pension scheme which closed to future accrual on 31 May 2010. This went to buy-out during Financial year 2024, which means no value remains on the balance sheet, but we are required to include the disclosure in note 27 for the purpose of comparison.

A defined benefit pension plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date, less the fair value of the plan assets at the reporting date.

The defined benefit obligation is measured using the projected unit credit method. The Company engages an independent actuary to calculate the obligation. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The fair value of the plan assets is measured in accordance with the FRS102 fair value hierarchy. This includes the use of appropriate valuation techniques.

For the defined benefit pension scheme, the amounts charged to the operating result are the current service cost and the gains or losses on settlement or curtailment. These costs are disclosed within staff costs. Past service costs are recognised immediately in profit and loss if the benefits have vested. If the benefits have not vested, then the past service cost is recognised over the period that the vesting occurs.

The net interest cost of the defined benefit pension scheme is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of planned assets.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise. The attributable deferred taxation is shown separately in the statement of other comprehensive income.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income. Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax is recognised where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Business Combinations and Goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights. Where the fair value of contingent liabilities cannot be reliably measured, they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life which is estimated to be five years. Goodwill is assessed for impairment when there are indicators of impairment, and any impairment is charged to the income statement. No reversals of impairment are recognised.

Intangible Assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated on a straight-line basis to allocate the depreciable amount of the assets to their residual values over the estimated useful life as follows:

Software - 4 years

Costs associated with maintaining computer software are recognised as an expense when incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software, so it is available for use;
- Management intends to complete the software and use or sell it;
- There is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development for use or sale are available;
- The expenditure attributable to the software during its development can be reliably measured.

Land and Buildings

Land and buildings are measured at fair value. Full valuations are made by an independent, professionally qualified valuer on a regular basis.

Revaluation gains on owner occupied properties are taken to other comprehensive income, except to the extent that those gains reverse a revaluation loss on the same property that was previously recognised as an expense.

Revaluation losses on owner occupied properties are taken to other comprehensive income to the extent they reverse a previously recognised revaluation gain with any further loss recognised in the non-technical account. The buildings element of owner-occupied properties is depreciated, using the straight-line method to allocate the depreciable amount to their residual values over their estimated useful life of 50 years. The Directors are of the opinion that the residual value is such that no depreciation charge arises.

The Company part occupies, and part leases its principal building. The Directors are of the view that the valuation of these elements cannot be measured reliably due to different valuation bases and accordingly the value is not split between owner occupied and investment property.

Tangible Assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation

Depreciation is provided on all tangible fixed assets, other than properties, at rates calculated to write off the cost, less estimated residual value, as follows:

Furniture and equipment - 4 years

Leased Assets

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Leases of assets that transfer substantially all of the risks and rewards incidental to ownership are classified as finance leases. Leases that do not transfer all of the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

The Company has no leases classified as finance leases through the reporting period.

Investments

Investment in Subsidiary

Investments in subsidiaries are measured at cost less impairment.

Other financial investments are stated at current value in the balance sheet calculated as the mid-market value on the balance sheet date.

Financial Instruments

The Company has chosen to apply the recognition and measurement provisions of both Section 11 and Section 12 of FRS 102 in full in respect of financial instruments.

a) Financial assets

The Company classifies all of its financial assets as basic financial instruments under Section 11 FRS 102. Investments are valued at fair value through the profit and loss account and all other financial assets are carried at amortised cost.

1. Fair value through profit and loss
Investments carried at fair value through profit and loss are managed and their performance evaluated on a fair value basis, and information about their fair values is provided internally to key management personnel on a regular basis. The fair values of these financial instruments are based on quoted prices as at the balance sheet date.

2. Cash and cash equivalents
Cash and cash equivalents comprise of cash in hand and deposits held at call with banks.

3. Other financial assets held at amortised cost
The other financial assets within the balance sheet are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. When these assets are recognised initially it is measured at the transaction price. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the annual impairment review of receivables.

A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset which have an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

b) Financial Liabilities

Financial liabilities are recognised when a contractual commitment arises, and are recognised initially at fair value, net of transaction costs incurred. Financial liabilities are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account.

Creditors are recognised initially at fair value, net of directly attributable transaction costs. Creditors are subsequently measured at amortised cost.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

In preparing the financial statements, Management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances.

Sources of Estimation Uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material misstatements to the carrying amounts of assets and liabilities within the next financial year are addressed below:

i) The ultimate liability arising from claims made under insurance contracts

At the balance sheet date, the Company has a gross provision in respect of claims made under insurance contracts of £21,067,774 (2023: £22,219,144).

Given the nature of operations of the Company, the estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims.

The provision at the balance sheet date comprises of a number of elements, which can be broadly summarised as follows:

Provisioning associated with claims that have been notified but not paid at the balance sheet date. The level of the provision has been set on the basis of the information that is currently available, including outstanding loss advice, experience of development of similar claims and case law.

The estimation of claims incurred but not reported (IBNR) is generally subject to a greater degree of estimation uncertainty than the cost of settling claims already notified to the Company, where more information about the claim is available. Claims IBNR may not be apparent to the insured until many years after the event giving rise to the claim has happened.

Please see note 22 for disclosures relating to these provisions and note 5 for discussion of the related risks in this area.

ii) Defined benefit pension scheme

The Company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, asset valuations and the discount rate on corporate bonds. Annually, the Company engages independent actuaries to calculate the obligation. See Note 27 for the disclosures relating to the defined benefit pension scheme. The carrying value of the net scheme liability is £nil (2023: £nil).

Between the end of the Financial Year 2021 and signing our Annual Report for 2021, the Pension Trustees entered into a buy-in transaction with Legal and General (L&G) to match the liabilities of the defined benefit Cornish Mutual Pension Scheme with an insurance policy. The liabilities will transfer to L&G and the pension scheme will be fully transferred in the next financial year.

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Company issues contracts that transfer insurance risk. The Company is also exposed to a range of financial risks through its financial assets, reinsurance assets and policy holder liabilities. This section summarises these risks and the way the Company manages them.

a) Insurance Risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is volatile and therefore unpredictable.

The principal risk faced by the Company is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims are greater than estimated. Insurance events are uncertain, and the actual number of events and claims is expected to vary year to year from the level established using estimation techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio.

A number of measures are in place to ensure this risk is managed prudently and conservatively; these include meetings of our Large Loss Committee and the Management Risk Committee, as well as the fortnightly Business meeting which reviews all statistics relating to the insurance side of the business.

The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Our stop loss reinsurance arrangement, which commenced on 1 October 2019, ensures that our reinsurers are liable for any claims amounts that exceed 70% of premium on an overall basis. In addition, we also have excess of loss reinsurance in place to provide cover in the event of specific large claims. While reinsurance comes at a cost, the net result is much less volatile than the gross insurance result. We also have an active claims handling team, who hold the necessary qualifications and have sufficient experience to handle our claims effectively.

The figures on the next page represent the concentration of outstanding insurance liabilities according to the product category in which the underlying contract was written.

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

CLAIMS PROVISIONS BY PRODUCT CONCENTRATION	Gross	Reinsurance	Net
	£'000	£'000	£'000
2024			
Motor	10,221	883	9,338
Property	5,864	38	5,826
Liability	4,982	76	4,906
Total	21,067	997	20,070
2023			
Motor	12,647	3,208	9,438
Property	4,643	53	4,590
Liability	4,929	288	4,641
Total	22,219	3,549	18,669

Further insight into the product risk concentrations based upon claims incurred can be gained by examining the reported claims cost within the segmental analysis note 6.

The following tables compare the projected ultimate claims experience of the Company compared with previous projected ultimate claims for each policy year on a gross and net basis:

CLAIMS INCURRED AND OUTSTANDING GROSS											
Reporting Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s
Estimate of ultimate claims costs:											
At end of reporting year	11,637	12,609	13,602	15,594	15,929	12,848	10,946	16,169	16,804	18,613	
One year later	10,299	11,504	12,780	15,265	15,049	12,921	10,820	18,247	18,189	-	
Two years later	10,524	11,261	12,410	21,991	15,434	13,279	11,536	17,801	-	-	
Three years later	10,305	11,436	12,527	22,031	16,397	13,088	11,100	-	-	-	
Four years later	10,526	11,218	12,448	21,715	16,315	13,281	-	-	-	-	
Five years later	10,516	11,153	12,240	20,903	17,015	-	-	-	-	-	
Six years later	10,456	11,007	11,914	20,845	-	-	-	-	-	-	
Seven years later	10,400	11,025	11,914	-	-	-	-	-	-	-	
Eight years later	10,380	11,027	-	-	-	-	-	-	-	-	
Nine years later	10,380	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims	10,380	11,027	11,914	20,845	17,015	13,281	11,100	17,801	18,189	18,613	
Cumulative payments to date	(10,190)	(10,886)	(11,750)	(20,410)	(12,750)	(11,578)	(9,674)	(13,339)	(7,904)	(9,026)	
Liability recognised in the balance sheet	190	139	164	493	3,565	1,510	1,862	4,908	8,900	10,518	20,668
Liability in respect of earlier years											400
Provision in balance sheet											21,068

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

CLAIMS INCURRED AND OUTSTANDING NET											
Reporting Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s
Estimate of ultimate claims costs:											
At end of reporting year	6,629	7,463	7,590	8,047	8,347	10,105	10,946	16,169	16,803	18,613	
One year later	6,346	6,565	7,135	7,965	7,800	10,174	10,820	18,246	18,189	-	
Two years later	6,464	6,319	6,987	8,197	7,856	10,411	11,536	17,801	-	-	
Three years later	6,257	6,377	6,952	8,215	7,477	10,414	11,100	-	-	-	
Four years later	6,386	6,273	6,936	8,268	7,455	10,563	-	-	-	-	
Five years later	6,378	6,257	6,834	8,021	7,734	-	-	-	-	-	
Six years later	6,357	6,224	6,565	7,999	-	-	-	-	-	-	
Seven years later	6,326	6,228	6,566	-	-	-	-	-	-	-	
Eight years later	6,317	6,228	-	-	-	-	-	-	-	-	
Nine years later	6,317	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims	**6,317**	**6,228**	**6,566**	**7,999**	**7,734**	**10,563**	**11,100**	**17,801**	**18,189**	**18,613**	
Cumulative payments to date	(6,180)	(6,132)	(6,484)	(7,901)	(7,592)	(9,546)	(10,372)	(14,394)	(13,801)	(9,026)	
Liability recognised in the balance sheet	**137**	**96**	**82**	**98**	**118**	**1,006**	**711**	**3,640**	**3,277**	**10,518**	**19,683**
Liability in respect of earlier years											387
Provision in balance sheet											**20,070**

The key sensitivity in the insurance results is the ultimate accuracy of claims provisions.

In particular, Cornish Mutual holds claims provisions in respect of a small number of larger claims. Larger claims, as included in the table below for financial year 2024, are those where the expected value is, or has ever been, in excess of £50,000.

2024	Large case estimate	Volatility estimate	Up gross	Down gross	Up net	Down net
	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s
Motor Damage	847	20%	169	(169)	152	(152)
Motor Liability	3,993	20%	799	(799)	694	(694)
Property Damage	4,063	15%	609	(609)	606	(606)
General Liability	3,838	15%	576	(576)	574	(574)
Miscellaneous	-	15%	-	-	-	-
Total	12,741		2,153	(2,153)	2,026	(2,026)
Uncorrelated diversified			1,170	(1,170)	1,096	(1,096)

The comparison table for 2023 is as follows:

2023	Large case estimate	Volatility estimate	Up gross	Down gross	Up net	Down net
	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s
Motor Damage	514	20%	103	(103)	98	(98)
Motor Liability	6,387	20%	1,277	(1,277)	1,013	(1,013)
Property Damage	3,049	15%	457	(457)	457	(457)
General Liability	3,851	15%	578	(578)	544	(544)
Miscellaneous	-	15%	-	-	-	-
Total	13,801		2,415	(2,415)	2,112	(2,112)
Uncorrelated diversified			1,478	(1,478)	1,241	(1,241)

Of the total claims provision of £21,100k (2023: £22,204k), large claims represent £15,321k (2023: £13,800k) or 73% (2023: 62%). This excludes any allowance for large claims incurred but not reported.

Changes in the value of a small number of these large claims have the greatest potential to materially affect the financial results of the Company as reported.

An exercise has been carried out to look at the variability of past large claims estimates as they settle, compared to the average value when they were open. The volatility measure is our assessment of that variability such that two thirds of the time, we would expect large claims estimates to settle within that percentage of the holding value of the estimate.

The three cohorts of claims have been assessed individually and we provide a total figure. Based on current year earned premium, these sensitivities amount to 6.8% gross loss ratio (2023: 8.7%) and 7.3% (2023: 8.6%) net of reinsurance. Because we assume the circumstances which would cause a large claim to develop to be independent of all other claims, we do not expect all the individual cohorts to develop in the same direction. The diversified figure at the bottom of the table reflects this with a 5.3% (2023: 5.3%) effect on gross loss ratios and 4.5% (2023: 4.5%) on net loss ratio.

Since we do not know which claims might develop, we cannot say which elements of the reinsurance program would respond. In arriving at the net figure, we have assumed that the quota share will respond for those claims prior to financial year 2020 but have also assumed no protection from non-proportional reinsurance cover in respect of catastrophe or excess of loss.

The provisions as calculated and included in these accounts make some allowance for uncertainty. Alongside the best estimate for outstanding provisions for each class, an additional risk margin is added to arrive at the overall liability.

The table above presents the sensitivity of the value of the most uncertain claims liabilities in the accounts to potential movements in the assumptions applied within the technical provisions. The volatility estimate represents the uncertainty inherent in each cohort of large claims derived by looking at historical development of established claims. A sensitivity for each cohort is calculated as well as a diversified total. The diversified figure reflects our view that the volatility arises as a result of uncertainty in relation to particular claims circumstances resulting in cohorts developing independently of each other.

In arriving at the total claims provisions, allowance is made for an adverse development of the large claims included in the table above. As discussed, there is uncertainty as to what amount should be allowed for and what the impact of reinsurance should be. For the purposes of calculating the provisions within the accounts, the Directors have taken a view on these variables and made an estimate.

Uncertainty is inherent in insurance accounts for low frequency events in particular, and this is the focus of reinsurance cover.

While individual accident years may be impacted, it is the effect on the overall level of provisions which is reflected in the result of the Company.

While there are sensitivities within other aspects of the claim's provisions, they are less material than those for the large claims. Allowance is made in the overall provision for adverse development.

b) Financial Risk

The Company is exposed to a range of financial risks. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The most significant components of this financial risk are market risk, credit risk, and liquidity risk.

Market Risk

The market risk Cornish Mutual faces is that an adverse movement in the value of assets, such as interest rates or equity prices, is not matched by a correspondent movement in the value of liabilities. Our investment policy ensures that we have a suitable balance of assets and testing of the impact of particular events on these assets, such as failure of investments and equity downturns, is a critical part of our Solvency II work, in particular the calculation of the SCR.

Credit Risk

Given our reliance on reinsurance partners, credit risk is significant for the Company. Credit risk arises from the risk of loss if another party fails to perform its obligations or fails to perform in a timely or appropriate fashion. As well as our reinsurers, we also have exposure from banks, contractors, our investments and our Members. There are significant controls in place to ensure that the risk is minimised, including an annual review of financial strength. All our reinsurers have been deemed acceptable from a credit risk perspective for this financial year, with a minimum credit rating of B++. Our Balance Sheet reflects credit risk of £10,375,927. Of this £9,067,153 relates to debtors arising from our direct insurance operations, £1,167,169 relates to reinsurance operations and the remaining £141,606 relates to other debtors.

Liquidity Risk

The liquidity risk is the possibility that the business may be unable to meet its obligations as they fall due as a consequence of having insufficient accessible Funds. The majority of the Company's financial assets can be converted into cash at short notice with no or relatively small liquidation costs. Our reinsurance arrangements and the significant liquid assets the business holds means that the liquidity risk is not a significant risk as far as Cornish Mutual is concerned.

The table below analyses the undiscounted cash flows of the Company's monetary liabilities into their relevant maturity groups based on the period remaining at the year end to their contractual maturities or expected settlement dates. At 30 September all investments can be realised at any time.

MATURITY PROFILES					
September 2024	Carrying amount	Up to a year	1 to 2 years	2 to 5 years	Over 5 years
	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s
Outstanding Claims	21,068	11,798	5,646	3,034	590
Reinsurance Creditors	647	647	-	-	-
Other Creditors	1,482	1,482	-	-	-
Accruals & Deferred Income	482	482	-	-	-

September 2023	Carrying amount	Up to a year	1 to 2 years	2 to 5 years	Over 5 years
	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s
Outstanding Claims	22,219	12,443	5,955	3,200	622
Reinsurance Creditors	907	907	-	-	-
Other Creditors	1,200	1,200	-	-	-
Accruals & Deferred Income	735	735	-	-	-

c) Operational Risk

In many respects operational risks are the main risks faced by Cornish Mutual. Operational risks relate to the risk of loss resulting from inadequate or failing internal processes, people and systems or from external events - for example, a disruption to the business by natural catastrophe. Given their potential impact, particular focus is placed on operational risks by the Board, with a variety of mechanisms in place to both mitigate their effect should they arise, and to prevent such risks arising in the first place.

d) Capital Management

The risk and capital management framework of the Company is central to its ability to continue delivering the benefits of mutuality into the future. The Company is currently well capitalised in respect of its size, limited complexity, business objectives and risk profile. There is no intention to call upon Funds from Members, and so the capital base must be sufficient to withstand the stresses to which the Company's insurance underwriting, business operations and investment portfolios are subject without recourse to raising further capital in order to maintain financial strength and allow new growth.

The Company is regulated by the Prudential Regulation Authority and is subject to insurance solvency regulations that specify the minimum level and type of capital that must be held in addition to insurance liabilities. The Solvency II regime has been effective since 1 January 2016 and establishes a new set of EU-wide capital requirements, risk management and disclosure standards. The Company is required to have an SCR which meets a 99.5% confidence level of the ability of the Company to meet its obligations over a 12 month time horizon. The Company calculates its SCR in accordance with the standard formula prescribed in the Solvency II regulations, as the assumptions underlying the standard formula are considered appropriate for the Company's risk profile. The Company has met the requirements of the Solvency II regime to date.

The amount of own Funds calculated on a Solvency II basis is £34.5m as at 30 September 2024 (2023: £31.4m) and a Solvency Capital Requirement of £20.4m (2023: £20.9m). This increase in our Solvency Capital Ratio means we have a Solvency Capital ratio of 169% (2023: 150%).

6. SEGMENTAL INFORMATION

2024	Motor	Property	Accident & Health	Liability	Total
	£	£	£	£	£
Gross premiums written	17,137,698	12,378,465	170,376	3,747,895	33,434,435
Gross premiums earned	16,048,377	11,662,247	169,740	3,571,335	31,451,699
Reinsurance premium earned	(2,158,542)	(1,269,991)	(7,978)	(396,680)	(3,833,190)
Change in reinsurers share of unearned premium	189,163	136,278	30	(15,607)	309,864
Gross claims incurred	(11,175,180)	(6,590,365)	(60,583)	(2,041,795)	(19,867,924)
Reinsurance claims recoverable	408,768	51,018	0	(31,271)	428,515
Gross operating expenses	4,038,406	2,916,919	40,148	883,171	7,878,645

2023	Motor	Property	Accident & Health	Liability	Total
	£	£	£	£	£
Gross premiums written	15,050,097	10,900,070	166,645	3,373,139	29,489,951
Gross premiums earned	14,186,757	10,184,215	163,889	3,216,828	27,751,690
Reinsurance premium earned	(1,860,169)	(999,812)	4,639	(336,455)	(3,191,797)
Change in reinsurers share of unearned premium	134,887	88,892	(5,497)	18,566	236,847
Gross claims incurred	(9,643,390)	(6,260,029)	(50,450)	(2,145,935)	(18,099,805)
Reinsurance claims recoverable	(266,831)	(382,972)	0	(206,067)	(855,870)
Gross operating expenses	3,541,880	2,565,215	39,218	793,832	6,940,145

All business is direct. There are no reinsurance acceptances. We do not reflect acquisition costs within the above numbers as we do not incur these.

7. EARNED PREMIUMS NET OF REINSURANCE

	Gross	Reinsurance	Net
2024	£	£	£
Premiums receivable	33,434,435	4,143,054	29,291,381
Unearned premiums carried forward	16,823,005	1,821,181	15,001,824
Reclassification of unearned premiums	0	244,924	(244,924)
Unearned premiums brought forward	(14,840,269)	(1,756,241)	(13,084,028)
Increase / (Decrease)	(1,982,736)	(309,864)	(1,672,872)
Premiums earned	31,451,699	3,833,190	27,618,509

2023	£	£	£
Premiums receivable	29,489,951	3,428,644	26,061,307
Unearned premiums carried forward	14,840,269	1,756,241	13,084,029
Unearned premiums brought forward	(13,102,008)	(1,519,394)	(11,582,614)
Increase / (Decrease)	(1,738,261)	(236,847)	(1,501,414)
Premiums earned	27,751,690	3,191,798	24,559,893

8. CLAIMS INCURRED NET OF REINSURANCE - GROUP

	Gross	Reinsurance	Net
2024	£	£	£
Claims paid	21,019,294	2,980,569	18,038,725
Outstanding claims carried forward	21,067,774	997,777	20,069,997
Outstanding claims brought forward	(22,219,144)	(3,549,831)	(18,669,313)
Increase / (Decrease)	(1,151,370)	(2,552,054)	1,400,684
Claims incurred	19,867,924	428,515	19,439,409

2023	£	£	£
Claims paid	15,539,204	1,126,025	14,413,179
Outstanding claims carried forward	22,219,144	3,549,831	18,669,313
Outstanding claims brought forward	(19,658,543)	(5,531,726)	(14,126,817)
Increase / (Decrease)	2,560,601	(1,981,895)	4,542,496
Claims incurred	18,099,805	(855,870)	18,955,675

9. MOVEMENT IN PRIOR YEAR'S PROVISION FOR CLAIMS OUTSTANDING

There was a deterioration in run off of £325k gross during the year in respect of the development of opening claims provisions of £22,219k from previous years (2023: £1,296k deterioration in experience on £19,659k). After reinsurer's share, run off developed favourably by £104k (2023: adversely by £2,152k).

10. OTHER TECHNICAL INCOME - GROUP

	2024	2023
	£	£
Instalment Scheme Administration Charge	0	49
Health & Safety Income	90,648	29,672
Reinsurance Commission	131,106	255,716
Other Commission	73,207	64,599
	294,961	350,036

11. STAFF COSTS - COMPANY

	2024	2023
	£	£
Wages and salaries	4,501,831	3,800,250
Social security costs	482,122	422,268
Other pension costs	322,612	351,359
	5,306,565	4,573,877

The average number of employees, including Directors, during the year was comprised as follows:

	2024	2023
Management and Directors	8	8
Underwriting and claims	115	106
	123	114

Pension Costs

The Company contributes to three defined contribution pension schemes in respect of some employees. The schemes and their assets are held by independent managers. In the year ended 30 September 2024, the Company made contributions to the schemes of £256,685 (2023: £218,359). During the year, the Company made £236,000 of contributions to its Defined Benefit scheme (2023: £183,000).

12. DIRECTORS' REMUNERATION - COMPANY

	2024	2023
	£	£
Directors' emoluments (including benefits in kind)	732,118	620,429
National Insurance	89,817	76,268
Other pension costs	63,269	55,086
	885,204	751,783

Number of Directors accruing benefits under defined contribution schemes	3	3
Number of Directors accruing benefits under defined benefit plans	nil	nil

Detailed amounts paid to Directors including the amount paid to the highest paid Director are disclosed within the Report on Corporate Governance on page 37.

13. KEY MANAGEMENT COMPENSATION - COMPANY

	2024	2023
	£	£
Management and Directors	834,533	712,078

Key management includes the Executive Directors and Members of Senior Management.

14. INVESTMENT (EXPENSE)/INCOME - GROUP

	2024	2023
	£	£
Income from Land & Buildings	96,509	76,224
Income from listed investments	178,368	115,296
Income from other investments	2,433	154
	277,310	191,674

Gains / (Losses) on the realisation of investments	1,056,792	138,215
Less accumulated unrealised gains from prior years	0	0
Profit on disposed investments	**1,056,792**	**138,215**

Unrealised gain / (loss) on retained investments	**3,436,069**	**1,047,053**
Total investment gains / (losses)	**4,492,861**	**1,185,267**
Total investment income / (expense)	**4,770,172**	**1,376,941**

15. AUDITORS' REMUNERATION - GROUP

Audit fees amounted to £150,163 (2023: £120,000). No fees were paid, in the current or prior year, in respect of any other services.

16. INVESTMENT EXPENSES AND CHARGES - GROUP

	2024	2023
	£	£
Investment management expenses	179,185	160,096

Investment management expenses for collective funds are charged to the fund and the price of the investment reflects the cost of these charges. An estimate of the fees charged, based upon the fee structure for each fund, has been reflected as an increase in the performance of the fund and a management expense.

17. OTHER CHARGES - GROUP

	2024	2023
	£	£
Directors' remuneration (see note 12)	821,935	696,697
Company Secretary remuneration	43,292	40,381
Auditors' remuneration (see note 15)	150,163	120,000
Other Audit costs	23,237	0
Directors' contribution to staff pension scheme (see note 12)	63,269	55,086
Depreciation	89,294	124,137
Amortisation	28,256	29,844
Amortisation of goodwill	80,284	251,000
(Profit) / loss on disposal of fixed assets	0	(187)
	1,299,730	**1,316,958**

18. TAXATION - GROUP

(a) Analysis of charge in period

	2024	2023
	£	£
Total current taxation	**0**	**0**
Deferred taxation		
Arising from origination and reversal of timing differences	0	0
Arising from changes in tax rates and laws	0	0
Total deferred taxation	**0**	**0**
Taxation on profit on ordinary activities	**0**	**0**

18. TAXATION - GROUP (continued)

(b) Factors affecting tax charge for period

The tax assessed for the period is at the full rate of tax in the UK. The differences are explained below:

	2024	2023
	£	£
Profit on ordinary activities before tax	**3,563,891**	**(1,071,020)**
Profit on ordinary activities multiplied by the full rate of tax in the UK, 25%	890,973	(235,732)
Effects of:		
Expenses not deductible in determining taxable profit	6,898,072	5,788,326
Timing differences between capital allowances and depreciation	(3,465)	(7,652)
Deferred tax not recognised	(669,662)	(24,198)
Income exempt from taxation	(7,867,045)	(5,574,605)
Tax charge arising from changes in pension funding	(29,643)	0
Tax increase/(decrease) on latent gains	769,262	60,417
Adjust closing deferred tax to average rate of 19%	0	0
Adjust opening deferred tax to average rate of 19%	0	0
Adjustment in respect of prior year	11,508	0
Total tax charge for period (see (a))	**0**	**0**

19. OTHER INTANGIBLE ASSETS - GROUP

	Software Costs	Goodwill	Total
	£	£	£
COST			
At 1 October 2023	605,562	652,419	1,257,982
Additions	0	0	0
Disposals	0	0	0
At 30 September 2024	**605,562**	**652,419**	**1,257,982**
PROVISION FOR AMORTISATION			
At 1 October 2023	561,561	251,000	812,561
Charge for the year	28,256	80,284	108,539
Impairment	0	0	0
On disposal	0	0	0
At 30 September 2024	**589,817**	**331,284**	**921,100**
NET BOOK VALUES			
At 30 September 2024	**15,746**	**321,135**	**336,881**
At 30 September 2023	**44,001**	**401,419**	**445,420**

OTHER INTANGIBLE ASSETS - COMPANY

	Software Costs	Total
	£	£
COST		
At 1 October 2023	605,562	605,562
Additions	0	0
Disposals	0	0
At 30 September 2024	**605,562**	**605,562**
PROVISION FOR AMORTISATION		
At 1 October 2023	561,561	561,561
Charge for the year	28,256	28,256
Impairment	0	0
On disposal	0	0
At 30 September 2024	**589,817**	**589,817**
NET BOOK VALUES		
At 30 September 2024	**15,746**	**15,746**
At 30 September 2023	**44,001**	**44,001**

The net book values £321,135 (2024) and £401,418 (2023) includes goodwill relating to the acquisition of a soil sampling business by Terrafarmer and the acquisition of Terrafarmer by Cornish Mutual.

20. LAND & BUILDINGS – GROUP AND COMPANY

	Freehold Property	Total
	£	£
COST		
At 1 October 2023	3,037,307	3,037,307
At 30 September 2024	**3,037,307**	**3,037,307**
PROVISION FOR DEPRECIATION AND IMPAIRMENT		
At 1 October 2023	1,037,307	1,037,307
Revaluation	0	0
At 30 September 2024	**1,037,307**	**1,037,307**
NET BOOK VALUES		
At 30 September 2023	**2,000,000**	**2,000,000**
At 30 September 2024	**2,000,000**	**2,000,000**

Land and Buildings includes a freehold property from which the Company trades. Two tenants also occupy the premises.

The Company's property was valued as at 30 September 2023 by Vickery Holman, an independent qualified firm of chartered surveyors and valuers. The valuation was calculated with reference to market-based evidence for similar properties in the local area and is undertaken every three years. The Directors consider it appropriate to continue holding at the same value as the last formal valuation on 30 September 2023.

21. OTHER FINANCIAL INVESTMENTS – GROUP AND COMPANY

Other Financial Investments	Current Value		Historical Cost	
	2024	2023	2024	2023
	£	£	£	£
Collective investments	52,257,395	46,015,351	48,444,698	43,997,000
	52,257,395	**46,015,351**	**48,444,698**	**43,997,000**

The fair value of financial instruments traded in active markets is based on quoted bid prices at the balance sheet date. All instruments are Level 1; quoted in an active market.

	2024	2024
	Level 1	Total
	£	£
Collective investments	52,257,395	52,257,395
	52,257,395	**52,257,395**

	2023	2023
	Level 1	Total
	£	£
	46,015,351	46,015,351
	46,015,351	**46,015,351**

22. CLAIMS OUTSTANDING – GROUP AND COMPANY

General Business	2024	2023
Gross Amount	£	£
Brought forward at 1 October	22,219,144	19,658,543
Movement in provisions	(1,151,370)	2,560,601
Carried forward at 30 September	21,067,774	22,219,144
Reinsurance Amount		
Brought forward at 1 October	3,549,831	5,531,726
Movement in provisions	(2,552,054)	(1,981,895)
Carried forward at 30 September	997,777	3,549,831
Net provisions		
Carried forward	20,069,997	18,669,313
Brought forward	18,669,313	14,126,817

23. OTHER DEBTORS

	2024	2023
GROUP	£	£
Other debtors	141,606	139,578
	141,606	139,578
COMPANY	£	£
Other debtors	14,077	15,153
	14,077	15,153

24. TANGIBLE ASSETS - GROUP

	Furniture & Equipment	Total
	£	£
COST		
At 1 October 2023	1,676,666	1,676,666
Additions	178,561	178,561
Disposals	(1,092)	(1,092)
At 30 September 2024	**1,854,135**	**1,854,135**
PROVISION FOR DEPRECIATION		
At 1 October 2023	1,421,700	1,421,700
Charge for the year	112,892	112,892
Disposals	(1,092)	(1,092)
At 30 September 2024	**1,533,500**	**1,533,500**
NET BOOK VALUES		
At 30 September 2024	**320,635**	**320,635**
At 30 September 2023	**254,852**	**254,852**

TANGIBLE ASSETS - COMPANY

	Furniture & Equipment	Total
	£	£
COST		
At 1 October 2023	1,434,741	1,434,741
Additions	146,626	146,626
Disposals	(1,092)	(1,092)
At 30 September 2024	**1,580,275**	**1,580,275**
PROVISION FOR DEPRECIATION		
At 1 October 2023	1,273,880	1,273,880
Charge for the year	90,500	90,500
Disposals	(1,092)	(1,092)
At 30 September 2024	**1,363,288**	**1,363,288**
NET BOOK VALUES		
At 30 September 2024	**216,987**	**216,987**
At 30 September 2023	**160,748**	**160,748**

25. PROVISION FOR DEFERRED TAXATION – GROUP AND COMPANY

	2024	2023
	£	£
Unrealised gains on investments	896,535	211,991
Fixed asset timing differences	26,350	13,333
Short term timing differences	(201)	(26,750)
Tax losses carried forward	(922,684)	(198,574)
Net deferred tax liability	**0**	**0**
Net provision for liability at start of period	0	0
Deferred tax charge in profit and loss	0	0
Provision for liability at the end of the period	**0**	**0**

Deferred tax provisions have been calculated at the rate of 25% (2023: 25%), which is consistent with the substantively enacted tax rate at the balance sheet date which the Directors believe will be incurred by the Company in the future.

26. FINANCIAL INSTRUMENTS - GROUP

	2024	2023
	£	£
Financial assets held at fair value through the profit and loss	52,257,395	46,015,351
Debt instruments measured at amortised cost	12,215,427	11,355,290
	64,472,822	**57,370,640**
Financial assets that are equity instruments measured at fair value	0	0
Financial liabilities measured at amortised cost	**1,448,999**	**1,160,301**

FINANCIAL INSTRUMENTS - COMPANY

	2024	2023
	£	£
Financial assets held at fair value through the profit and loss	52,257,395	46,015,351
Debt instruments measured at amortised cost	12,077,267	11,296,456
	64,334,662	**57,311,807**
Financial assets that are equity instruments measured at fair value	0	0
Financial liabilities measured at amortised cost	**1,402,879**	**1,160,301**

Financial assets held at fair value through the profit and loss comprise of our investment portfolio. Debt instruments measured at amortised cost comprise of Insurance Debtors, Debtors arising out of Reinsurance operations, Cash at Bank, and Other Debtors. Financial liabilities measured at amortised cost comprise of Trade Creditors, Creditors arising out of Reinsurance operations, and Other Creditors.

27. POST EMPLOYMENT BENEFITS – COMPANY

The Cornish Mutual Assurance Company Limited operated a defined benefit pension scheme (the Cornish Mutual Assurance Company Limited Staff Pension Scheme), the assets of which were held in a trustee's bank account and invested with Legal and General. The scheme is closed to future accrual, and went to buy-out in Financial Year 2024.

An actuarial valuation of the scheme was carried out on 31 July 2019. The valuation of the scheme used the projected unit credit method and was carried out by Barnett Waddingham LLP who are professionally qualified actuaries.

The major assumptions used by the actuary at the balance sheet date were:

	2024	2023
Rate of increase in pensions in payment	N/A	3.55%
Discount rate	N/A	5.60%
Inflation assumption	N/A	3.55%

The mortality assumptions used in the valuation of the defined benefit scheme liabilities of the plan have been selected to reflect the characteristics and experience of the Membership of the plan. The mortality assumption for 2024 is no longer relevant as buy out has been achieved. The mortality assumption for 2023 follows the table known as S3NA with CMI 2022 projections. The assumption for the long-term improvement rate in 2023 is 1%.

	2024
Changes in the fair value of the scheme assets are as follows:	**£000's**
Opening fair value of scheme assets	4,891
Interest income	277
Return on assets less interest	(10)
Contributions	236
Benefits paid	(12)
Administration cost	(107)
Change due to settlements and curtailments	**(5,275)**
Closing fair value of scheme assets	**0**

	2024
Changes in the present value of the defined benefit obligation are as follows:	**£000's**
Opening defined benefit obligation	5,007
Interest cost	280
Benefits paid	(12)
Change in demographic assumptions	0
Changes to settlements and curtailments	(5,275)
Closing defined benefit obligation	**0**

	2024	2023
The amounts recognised in the profit and loss account are as follows:	**£000's**	**£000's**
Analysis of the amount charged to operating profit:		
Administration Costs	107	134
(Gains)/Losses on settlements and curtailments	-	-
Total operating charge	**107**	**134**
Analysis of the amount credited to other finance income:		
Interest return on pension scheme assets	(277)	(290)
Interest on pension scheme liabilities	280	289
	3	(1)
Total	**110**	**133**
Actual return on assets	**267**	**(5,204)**

The fair value of the plan assets can be summarised as follows:	2024	2023
Multi-asset funds	0%	0%
Absolute return bond funds	0%	0%
Cash	0%	0%
Liability driven investment	0%	0%
Insurance Policy with L&G	100%	100%

	2024	2023
The amounts recognised in the statement of financial position are as follows:	**£000's**	**£000's**
Fair value of assets	0	4,891
Present value of funded obligations basic calculation	0	(5,071)
Premium Accrual		
Surplus /(Deficit) in scheme	0	(180)
Restriction to surplus	0	nil
Net Pension (Deficit)	**0**	**(180)**

	2024	2023
Remeasurement of the net defined benefit pension scheme in the OCI:		
Loss/(gain) on assets in excess of interest	10,000	651,000
Losses/(gains) from changes to demographic assumptions	N/A	(72,000)
Losses/(gains) from changes to financial assumptions	N/A	(424,000)
Release of prior year pension provision accrual	N/A	(300,000)
Current year accrual for expected final costs	N/A	63,500
	10,000	(81,500)

28. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	2024	2023
GROUP	£	£
Trade Creditors	313,368	222,819
Other Taxation and Social Security Costs	1,183,723	1,050,998
Other Creditors	30,876	30,349
Corporation Tax	0	0
	1,527,967	1,304,166

COMPANY	£	£
Trade Creditors	278,272	150,148
Other Taxation and Social Security Costs	1,172,699	1,019,439
Other Creditors	30,876	30,349
Corporation Tax	0	0
	1,481,847	1,199,936

29. TRANSACTIONS WITH RELATED PARTIES – COMPANY

Directors who have insurance policies with the Company receive this service on normal commercial terms, or as relevant for Executive Directors on terms consistent with all other employees. Employees are able to take out products for personal lines products at a staff reduction of 25% which represents the service cost of such policies.

Related parties include close relatives of Directors and companies in which such persons have an interest.

Total premiums on policies held by related parties' amount to £88k (2023: £79k) of which £18k (2023: £27k;) was still due at the year-end through normal use of instalment payment terms available to all Members. £1,753 (2023: £6,031) of premium was on personal lines policies for which the relevant Directors have received a staff reduction.

Claims on policies held during the year gave rise to payments of £35k (2023: £15k) with a further £4k (2023: £52k) provided as a provision for future payments against these claims.

These premiums on the insurance policies are not considered material to either party. The level of claims incurred is not considered material, however, due to the nature of the business, future claims may arise on these policies which may be considered to be material to either party. Any such claims are dealt with on normal commercial terms.

Please refer to note 13 in respect of key management compensation.

There are no other material related party transactions that require disclosure.

30. FINANCIAL COMMITMENTS - COMPANY

	2024	2023
Operating lease commitments as lessee	£	£
Expiry date:		
- within one year	151,270	87,472
- between one and five years	148,756	103,698
- after five years	0	0
	300,026	191,170

The cost recognised in profit and loss in respect of operating lease commitments in the current year was £193,505 (2023: £155,056).

31. INVESTMENT IN SUBSIDIARY UNDERTAKINGS - COMPANY

	Shares in Group Undertaking	Cost less Impairment
	No.	£
At 30 September 2024	9,144	229,000
At 30 September 2023	9,144	229,000

The table below sets out details in relation to the subsidiary of the Company. The subsidiary is included in the consolidated financial statements of the Group and is incorporated in England and Wales. The initial cost of the shares was £250,000.

Subsidiary Undertaking	Country of Incorporation	Nature of Business	Shares Class Held	Proportion of Shares Held
Terrafarmer Agriculture Limited	UK	Soil Health Consultancy	Ordinary 10p	0.8

Terrafarmer registered office: CMA House, Newham Road, Newham, Truro, TR1 2SU.

32. AMOUNTS OWED BY GROUP UNDERTAKINGS - COMPANY

	2024	2023
	£	£
Amounts falling due in less than one year	0	0
Amounts falling due in more than one year	0	300,000

The Company made a £375k loan in the year. This loan was interest free and is due to repaid in October 2027. The balance of this loan has been written down to £0 to reflect the amount that is deemed recoverable by the repayment date. Cornish Mutual has the right at any time before the repayment date to convert the loan into fully paid shares.

Head office: CMA House, Newham Road, Newham, Truro, Cornwall TR1 2SU
Tel: 01872 277151
Email: askus@cornishmutual.co.uk www.cornishmutual.co.uk

Company Registration Number: 00078768
Authorised by the Prudential Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority

Chartered Insurers

Cornish Mutual