



2007

**REPORT AND
FINANCIAL
STATEMENTS**

**The Original Holloway Friendly Society Limited
Report and Financial Statements
for the year ended 31 December 2007**



REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2007

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NOTICE OF MEETING

Notice is hereby given that the One Hundred and Twenty Seventh Annual General Meeting of The Original Holloway Friendly Society Limited will be held at Holloway Chambers, 69 Eastgate Street, Gloucester, at 4.00.p.m. on Tuesday, 24th June 2008, for the following purposes:-

1. To confirm the Minutes of the Annual General Meeting held on the 26th June, 2007.
2. To receive and, if approved, adopt the Report of the Board of Management and the Society's Accounts for the Year ended 31st December, 2007.
3. To elect Board Members.

The following Board Members are retiring by rotation and, being eligible, offer themselves for re-election:-

Mr. K. P. Griffin
Mr. D. R. Macgregor

The following Board Member having been co-opted to the Board on 26 June 2007 and, being eligible, offers himself for election:-

Mr. K. C. W. Wiltshire

4. To appoint as Auditor.
Messrs. Moore Stephens, Chartered Accountants, 30 Gay Street, Bath, BA1 2PA
5. To confirm an alteration of the Rules in accordance with the provisions of Rule 28(5).
6. To transact any other business not requiring notice of motion.

Martin Collins, Secretary
1 April 2008



REGISTERED OFFICE, OFFICERS AND ADVISERS

REGISTERED OFFICE

Holloway House, 71 Eastgate Street, Gloucester, GL1 1PW.
 Telephone: 01452 526238 Fax: 01452 386859
 Email: mail@holloway.co.uk Web: www.holloway.co.uk

	Applicable Meetings	Attended Meetings		Applicable Meetings	Attended Meetings
BOARD OF MANAGEMENT 2007			AUDIT COMMITTEE 2007		
Ian Gardner (<i>Chairman</i>)	10	9	Mike Matthews (<i>Chairman</i>)	5	5
Vic Oliver (<i>Vice Chairman</i>)	10	10	Ian Gardner	5	5
Martin Collins	10	10	Vic Oliver	5	5
Kieron Griffin	10	10	Philip Whitefield	2	2
David Macgregor	10	10	NOMINATIONS COMMITTEE 2007		
Mike Matthews	10	10	Kieron Griffin (<i>Chairman</i>)	1	1
Colin Organ	10	9	Ian Gardner	1	1
Bob Perks	10	9	Mike Matthews	1	1
Diane Weitz (<i>resigned 01/02/08</i>)	10	8	Vic Oliver	1	1
Philip Whitefield	7	6	TREATING CUSTOMERS FAIRLY GROUP 2007		
Kevin Wiltshire	4	3	David Macgregor (<i>Chairman</i>)	3	3
RISK MANAGEMENT GROUP 2007			Ian Gardner	3	2
Martin Collins (<i>Chairman</i>)	3	3	Kieron Griffin	3	3
David Macgregor	3	2	Diane Weitz	3	2
Vic Oliver	3	3	Other Members –Darrell Stevens		
Other Members – Keith Taylor and Darrell Stevens			SENIOR MANAGEMENT TEAM 2007		
PRODUCT DEVELOPMENT TEAM 2007			David Macgregor	Chief Executive	
David Macgregor (<i>Chairman</i>)	1	1	Martin Collins	Finance Director and Secretary	
Martin Collins	1	1	Darrell Stevens	Compliance Officer	
Bob Perks	1	1	Keith Taylor	IT Manager	
Philip Whitefield	1	1			
Other Members – Keith Taylor					

ARBITRATORS

R. W. Farrington, F.C.A. M. Hammond A. Bishop

AUDITORS

Moore Stephens, 30 Gay Street, Bath BA1 2PA

INTERNAL AUDITORS

Hurst Business Risk Consulting, Lancashire Gate, 21 Tiviot Dale, Stockport, Greater Manchester. SK1 1TD

FUND MANAGERS

Tilney Investment Management, Royal Liver Building, Pier Head, Liverpool L3 1NY
 Royal London Cash Management, 55 Gracechurch Street, London EC3V 0UF

BANKERS

Lloyds TSB Bank Plc. 19 Eastgate Street, Gloucester, GL1 1NU.

HEAD OF ACTUARIAL FUNCTION

Simon Grout, BSc, F.I.A. Oliver Wyman Limited
 Grantham House, PO BOX 64, 11-15 North St, Leatherhead, Surrey, KT22 7UR

CHAIRMAN'S STATEMENT

Annotated Continued Code of Corporate Governance

The Report and Financial Statements follow the same format as last year and contain a great deal of information on the way in which the society is organised and operated. The Society acknowledges that good corporate governance is essential in this day and age and is more than happy to comply with the annotated combined code, having given due regard to the nature and scale of the Society's activities.

Financial Highlights

Whilst it was a little disappointing that the overall membership did not increase during 2007, it is pleasing to report that our gross premiums written did increase by just over £100,000 during the year. When this is coupled with a significant increase in investment income and a reduction in net operating expenses, the overall result is still very positive.

Treating Customers Fairly

The Treating Customers Fairly committee have carried out an extensive gap analysis and have been pleased with the results. It has highlighted that there are areas where we can improve our treatment and services to our members and as an ongoing process, these continue to evolve. Surveys were issued during the year to various sections of the membership, such as claimants and those withdrawing their funds, and we sincerely thank the members that provided us with valuable feedback. Overall, the consensus is that we are treating our members in those areas fairly and we have since extended the coverage of our surveys to capture even more information.

Sick Pay Claims

On account of the significant additional new members who joined the Society during 2005 and 2006, unsurprisingly, the amount of sick pay claims increased during the year by around 23% to just under £1.25 million. However, that it is the primary purpose of our existence, to pay benefits to members at the time when they need it most. We continue to remain justifiably proud of our outstanding claims record, which is the envy of many of our competitors. As further evidence of our record and proof that we are treating our customers fairly in this vitally important area, whilst the Financial Ombudsman Service received over 3000 complaints regarding income protection policies during 2004, 2005 and 2006, just one was in connection with Holloway Friendly and I am delighted to confirm that this was found in our favour.

Our People

I have little doubt that our staff are amongst the very best within the Friendly Society and Income Protection sector and I would like to record my thanks and appreciation to each and every one of them.

A special mention must be made this year to Darrell Stevens, who after 43 years unstinting service retired from full time employment in August. However, I am pleased to report that his knowledge and expertise have not been lost, as he continues to provide a valuable contribution on a part-time basis. Once again, my thanks go out to you all.

I. G. Gardner, Chairman

11 March 2008

BOARD OF MANAGEMENT

Ian Gardner - Chairman

Ian, aged 64, originally joined the Board of Management in 1977. He was in legal practise in Gloucester for 32 years before joining the Society's management in 1992 and becoming Chief Executive in 1993. Upon his retirement in 2003 he was invited to join the Board and was elected Chairman which position he continues to hold.

Vic Oliver – Vice Chairman and Senior Independent Director

Vic, aged 63, was appointed to the Board in 1997. He was a Deputy Business Centre Manager and Head of Corporate Business for the Barclays Banking Group until taking early retirement in 1996. He worked for the Barclays Group for 34 years.

Martin Collins – Finance Director

Martin, aged 50 is a Chartered Accountant. He joined the Society in 1994 as Financial Controller having worked for a construction company and a tyre manufacturer and distributor. He was appointed to the Board as Finance Director in 2003.

Kieron Griffin

Kieron, aged 54 is a Partner in a firm of Solicitors in Gloucester. He has been a Board Member since 1997 and is Chairman of the Nomination Committee.

David Macgregor – Chief Executive

David, aged 46 has been a full time executive of the Society since joining in 2003. Prior to his appointment as Chief Executive he has worked within Financial Services for over 25 years, gaining valuable experience with two major life offices and one other friendly society. His main focus the past 20 years has been Sales and Marketing to Independent Financial Advisors.

Mike Matthews

Mike, aged 58, is chairman of the Audit Committee having been appointed to the Committee of Management in 1991 subsequently joining the Board upon incorporation. He was Production and Finance Director of a commercial printing company in Gloucester for 25 years.

Colin Organ

Colin, aged 58 was appointed as a non-executive director in 1997. He has spent most of his career in sales and marketing in the property and construction industry, a former director designate of Westbury Homes plc and is the owner of The Estate Agency in Clarence Street, Gloucester.

Bob Perks

Bob, aged 50, has been a non-executive Director since 2005. He has spent most of his career in Financial Services with Natwest and latterly as Sales and Marketing Director at Britannic Money PLC. He now runs his own consultancy practice as well as being a Director of Intermediary Group, Financial Synergies PLC.

Diane Weitz

Diane is 60 and a former schoolteacher. She has 22 years experience of working in the retail Financial Services Industry, 19 years as an IFA. She joined the Board in August 2002. In 2005 she set up her own IFA company which is directly authorised by the FSA.

Philip Whitefield

Philip, aged 48, is a consulting actuary with a wealth of experience in life assurance including 6 years as appointed actuary or actuarial function holder. He joined the Board in April 2007

Kevin Wiltshire

Kevin, aged 47, was co-opted to the Board in July 2007. He is currently a senior Partner with a Financial Planning practice based in the South West and is also a Director of an IFA Network and an Investment Administration Company. Kevin has over 20 years' experience in insurance, financial services, asset management and tax planning.

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management (Board) has pleasure in presenting the Report and Financial Statements of The Original Holloway Friendly Society Limited, (the Society), for the year ended 31 December 2007.

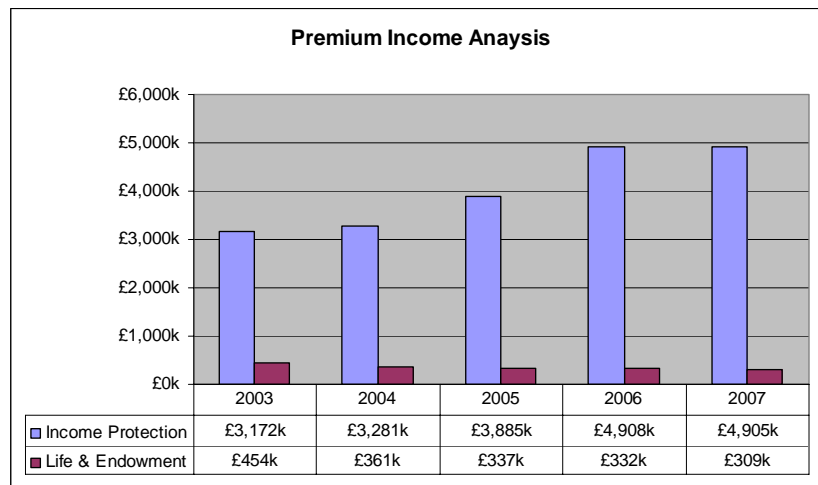
Principal Activities

The principal activity of the Society is to provide Income Protection Insurance based on Holloway principles. No activities have been carried on which are outside the Society's powers.

Business review and Financial Results

Earned premiums net of reinsurance fell slightly over the year by £26k. Net Income Protection premiums fell by £3k with the balance of £23k being due to reduced premiums from the Linked Life Fund now that this fund has closed to new business.

Analysis of Premium Income

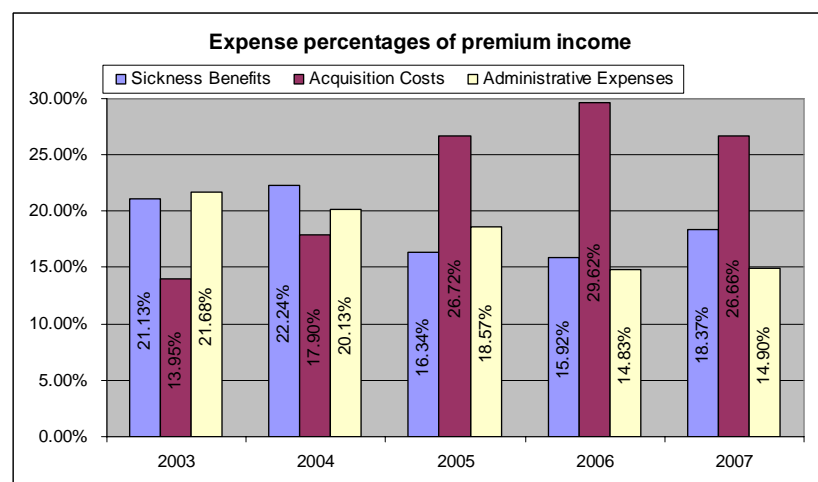


Investment income excluding gains was up 24% from £1,446k to £1,797k. The increase is due to improved rates of interest earned on Cash Deposits together with the reinvestment of income earned on investments.

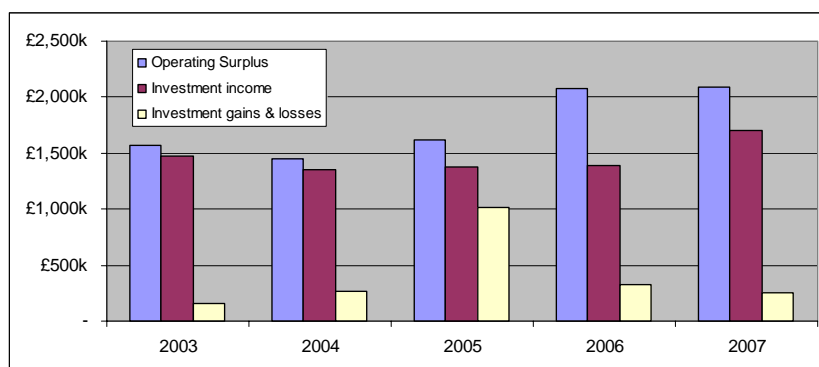
Realised and unrealised investment gains in 2007 were £248k compared to £323k in 2006.

Note 6 of the financial statements shows that claims incurred increased by £236k compared to 2006. Of this increase, sickness benefit accounted for £124k, increasing by 15% to £958k. As a percentage of Income Protection premiums, sickness benefits again fell slightly from 16.92% to 16.12%.

Operating expenses decreased by £162k. Administration costs were static with Acquisition costs representing the reduction in expenses. A breakdown of this figure shows the costs of intermediary commissions fell by £26k whilst marketing and underwriting costs reducing by £136k.



The operating surplus has remained static and at £2,089k was £12k up on last year. When income and gains on investments are brought into account, the surplus is £4,044k. This shows an improvement of £260k over 2006, an increase of 6.8% and due to improved returns on investments in 2007. Allocation and Bonuses of £2,140k have been approved by the Board following advice from the Head of Actuarial Function who also recommended a transfer to the long term business provisions of £15k leaving a net £1,519k to be transferred to the Fund for Future Appropriations.



Investments have increased by £2,416k. The asset allocation has not changed materially during the year with the aim of the Society to match its liabilities as recommended by the Head of Actuarial Function. The increase results from increased reinvested income on cash deposits and investment gains.

Linked Liabilities are represented by the Ten Year Plan Fund. This has increased during the year by £166k due to the net effect of premium receipts and maturity and surrender payments and the increase in the unit price. The unit price was at £1.59 at the year-end, an increase of 6.7% over the year.

The Society's total funds have increased by £1,580k during the year to £38,311k. Amounts due to members at 31 December 2007 totalled £21,190k with £2,865k being held in reserves and a balance of £10,291k in the Fund for Future Appropriations.

Income Protection Membership

Opening Membership	16,838
New Members	901
Withdrawals & Lapses	(1,640)
Current Membership	16,099

Future Developments

Once again, sales of income protection policies throughout the market fell resulting in an even greater 'protection debt.' Whilst the enhancements to our Classic Plus Plan were very well received by Independent Financial Advisers, we did not see a substantial growth in terms of new members joining the Society as a direct result of this.

During 2008, we are aiming to be in a position to announce two very exciting new product initiatives which we are confident will bring in significant new members, from both Independent Financial Advisers and an alternative distribution channel.

Statement of Solvency

The Society has maintained the required margin of solvency as prescribed in the Regulations made under Chapter 4 Section 1 of the Interim Prudential Sourcebook for Friendly Societies.

Political Donations

The Society made no political donations during the financial year.

Indemnity Insurance

The Board of Management maintained the Indemnity Insurance against Board Members' and Officers' Liability.

Complaints

The Board of Management is committed to the maintenance of high standards of integrity and fairness in its dealings with members. However, the Board acknowledges that complaints can arise. To this end the Society has established systems to ensure that any complaints received are handled with due care and sensitivity and are thoroughly and impartially investigated. Members retain the right to take their complaint to the Financial Ombudsman Service.

Board of Management

The Board currently meets eleven times each year. Additional meetings, seminars and workshops are held as required to formulate strategy and for training purposes.

Details of Board members who held office during 2007 together with details of meetings attended are shown on Page 3.

Financial Reporting

The Board has a duty to report to members on the Society's performance and financial position, and are responsible for preparing the financial statements on pages 14 to 23.

Appointment of Auditors

A resolution to reappoint the auditors, Moore Stephens will be proposed at the forthcoming Annual General Meeting.

Statement of Board of Management's Responsibilities

Society Rules and law require the Board of Management to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Society, and of its results for that period. In preparing those financial statements, and in carrying out the business of the Society, the Board of Management is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society and to ensure that the accounts comply with the Friendly Societies Act 1992. It is also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Apportionment of Surplus, Compound Bonus and Reversionary Bonus

The Board of Management has been able to declare the following:

	2007	2006		2007	2006
Sickness Benefit					
Holloway Old Tables	£1.30	£1.30	Provident Standard	£1.30	£1.30
Holloway New Tables & Classic	£1.50	£1.50	Provident D13	£0.95	£0.95
Holloway New Classic Plan	£1.00	£1.00	Provident D26	£0.70	£0.70
Holloway Premier Plan	£0.10	£0.10	Provident S26	-	-
Holloway Classic Plus	£0.50	£0.50	Provident Commuted	£2.40	£2.40
Holloway Classic Plus - Guaranteed	£0.40	£0.40	Holloway Commuted	£1.86	£1.86
Compound Bonus	4.50%	3.50%			

Recognition of Excellence – Service to Our Customers

For the third year running the exceptional efforts of the staff were recognised and appreciated by thousands of Independent Financial Advisers who voted positively for the Society in the 2007 Financial Adviser Service Awards. Having slipped down the Four Star ratings in 2006, I am delighted to confirm that we came top of the Four Star group in 2007. This is a wonderful achievement and one of which all the staff and Board are immensely proud.

As mentioned within the Chairman's statement, we have conducted various surveys during the year and are encouraged by the positive feedback that we are obtaining from the membership.

Thanks and Appreciation

The Board of Management would once again like to record their thanks and appreciation to the staff who continue to demonstrate their dedication and hard work on behalf of the members and Independent Financial Advisers.

On behalf of the Board of Management
D.R. Macgregor, Chief Executive
11 March 2008

CORPORATE GOVERNANCE REPORT

The Society is committed to high standards in Corporate Governance. The Society has made considerable progress in complying with The Combined Code on Corporate Governance having particular regard to the Annotated version published by the Association of Mutual Insurers (AMI) and The Association of Friendly Societies (AFS).

DIRECTORS

The Board

Code Principle: Every Company should be headed by an effective Board, which is collectively responsible for the success of the company.

Board Comment: The Board is responsible for the strategic direction of the Society with certain responsibilities delegated to sub-committees. The day-to-day management and implementation of the strategy is delegated to the Chief Executive.

Sub Committees

Audit Committee

The Board operates an Audit Committee to assist in the effective management of the Society. The Audit Committee meets at least four times each year and as and when required to perform its responsibilities. These are:

- Ensure the continuation of effective financial reporting, internal control, risk management and investment management.
- To provide a direct means of communication for internal and external auditors to the Board.
- To review the risk register and internal audit annual plan.
- To consider and recommend to the Board, Executive, Non-Executive and Senior management remuneration.
- Annually review the performance and cost effectiveness of internal and external auditors and investment managers.

The Chief Executive and Finance Director are not members of the Committee although they usually attend meetings except when the Audit Committee wishes to meet alone. Minutes of each meeting are circulated to the Board.

Details of Audit Committee members who held office during 2007 together with details of meetings attended are shown on Page 3.

Nominations Committee

The Nominations Committee meets at least once each year and as and when required to perform its responsibilities. These are:

- To regularly review the structure, size and composition of the Board.
- To give full consideration to succession planning for directors and other senior executives.
- To be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies.
- To keep under review the leadership needs of the organisation, both executive and non-executive and the time required from non-executive directors.

Details of Nominations Committee members who held office during 2007 together with details of meetings attended are shown on Page 3.

Other Committees

The Board has formed additional committees to improve management and control of other areas of the business. These committees include members of the Senior Management Team. The members and meeting details are shown on Page 3 for the following committees:

Risk Management Group
Treating Customers Fairly Group
Product Development Team

CHAIRMAN AND CHIEF EXECUTIVE

Code Principle: There should be a clear division of responsibilities at the head of the company between the running of the Board and Executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision.

Board Comment: The roles of the Chairman and the Chief Executive are held by different people and formal written roles and responsibilities of each have been agreed by the Board during the year. The Chairman is elected by the Board each year at the first meeting following the Annual General Meeting (AGM).

BOARD BALANCE AND INDEPENDENCE

Code Principle: The Board should include a balance of Executive and Non-Executive Directors (and in particular independent Non-Executive Directors) such that no individual or small group of individuals can dominate the Board's decision taking.

Board Comment:

Balance - The Board must consist of not more than 12 nor less than 6 members. Currently the Board is made up of the Chairman and Vice Chairman who are non-executive, seven other non-executive members and two executive members being the Chief Executive and the Finance Director.

Independence – The Annotated Combined Code on Corporate Governance sets out a number of requirements that define if a Non-Executive Director is considered independent. These are set out below together with comments where the Board feel this is appropriate.

- a) The Non-Executive Director should not have been an employee within the last 5 years. - Mr I G Gardner was the Chief Executive of the Society prior to his appointment in 2003.
- b) The Non-Executive Director should not have had any direct or indirect business relationship with the Society within the last 3 years. – There have been no material transactions with Non-Executive Directors during the last 3 years. Details of transactions with Board Members are set out in the Note 22 to the Financial Statements.
- c) The Non-Executive Director should not receive any additional remuneration apart from Board fees and expenses. – Non-Executive Board Remuneration for 2007 did not include performance related bonuses. This is a change agreed by The Board during 2006.
- d) The Non-Executive Director should not have close family ties with any of the Society's advisors, directors or senior employees. – No Non-Executive Director had any close family ties as detailed above.
- e) The Non-Executive Director should not have served on the Board for more than 9 years. – Mr V C Oliver, Mr K P Griffin, Mr M J Matthews and Mr C A Organ have all served as a Director for more than 9 years.

Notwithstanding the disclosures made above, the Board considers all Non-Executive Directors to be independent.

APPOINTMENT TO THE BOARD

Code Principle: There should be formal, rigorous and transparent procedure for the appointment of new Directors to the Board.

Board Comment: The Board aims to achieve a mix of skills amongst its members to ensure that appropriate strategies are formulated and achieved. Selection of Board members is by introduction by existing Board members or by nomination by the membership. All Board members are elected under the rules at the AGM of the Society for a term of four years.

INFORMATION AND PROFESSIONAL DEVELOPMENT

Code Principle: The Board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties. All Directors should receive induction on joining the Board and should regularly update and refresh their skills and knowledge.

Board Comment: The Chairman ensures that the Board receive accurate, timely and clear information. A Board member induction pack has been drafted and will be in place for new appointees. The Society carries out internal training sessions and makes external training courses available when appropriate. Board members have access to external independent professional advice, funded by the Society, should this be required.

PERFORMANCE EVALUATION

Code Principle: The Board should undertake formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors.

Board Comment: During 2007 a self-assessment exercise was undertaken with all Board members completing a detailed questionnaire. The results have been given consideration by the Chairman and the Chief Executive with each Director being interviewed. Identified areas for further improvement will be actioned during 2008.

RE-ELECTION

Code Principle: All Directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance. The Board should ensure planned and progressive refreshing of the Board.

Board Comment: The Society's Rules require that all Directors are submitted for election at the AGM following their appointment to the Board.

The Combined Code provides for re-election every 3 years with a recommended maximum term of 9 years. The Society's Rules currently provide for a 4-year term with no maximum length of service. The Rules of the Society are currently being reviewed with due consideration to the recommendations in the Combined Code.

REMUNERATION

The provisions recommended in the Combined Code on Remuneration are set out in the Remuneration Report.

FINANCIAL REPORTING

Code Principle: The Board should present a balanced and understandable assessment of the company's position and prospects.

Board Comment: A statement of the Board of Management Responsibilities is set out in the Report of the Board of Management on Page 8.

INTERNAL CONTROL

Code Principle: The Board should maintain a sound system of internal control to safeguard members' interests and the company's assets.

Board Comment: The Board has responsibility for the Society's internal control and for the review of its effectiveness. The Society maintains a Risk Register, which is regularly reviewed and updated by senior management and the Board. Society policy and procedures have been designed to manage rather than eliminate the risks.

The internal auditors review policy and procedures in operation and report to the Audit Committee on their findings. Policy and procedures are updated as necessary as a result of the findings to ensure effective maintenance of systems of control.

CONSTRUCTIVE USE OF THE AGM

Code Principle: The Board should use the AGM to communicate with members and to encourage their participation.

Board Comment: Each year the Society sends members notice of the AGM incorporated within an annual newsletter. The Rules of the Society are currently being reviewed with due consideration being given to best practice guidelines produced by AMI and the AFS.

DIRECTORS REMUNERATION REPORT

This report explains how the Society has applied the principals in the Combined Code on Corporate Governance relating to Remuneration as applicable to a mutual insurer. The Audit Committee is responsible for considering and recommending to the Board, Executive, Non-Executive and Senior Management remuneration.

THE LEVEL AND COMPOSITION OF REMUNERATION

Code Principle: Levels of remuneration should be sufficient to attract, retain and motivate Directors of the quality to run the company successfully, but a company should avoid paying more than is necessary for this purpose. A significant proportion of Executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance.

Board Comment:

Executive Directors

The remuneration package comprises a basic salary, an annual bonus scheme and a medium term bonus scheme.

Basic salaries are reviewed annually with reference to comparable positions in similar organisations and to reflect the Director's role, experience and performance. The Society participates in an annual executive remuneration survey together with a number of other friendly societies.

Executive Directors participate in the Senior Management annual bonus scheme providing for a maximum of 44% of salary for the Chief Executive and 25% of salary for the Finance Director.

Senior Management including Executive Directors also participate in a 3-year bonus scheme providing for a maximum additional bonus at the end of the 3 years of 15% of annual basic salary.

Pension: Executive Directors are members of the Society's defined contribution pension scheme. The Society contributes 10% of salary and bonus payments for the Chief Executive and 15% of basic salary only for the Finance Director.

Benefits: Executive Directors are entitled to family private health cover, dental insurance cover and a company car or car allowance.

Service Contracts: Neither Executive Director has a service contract in excess of 12 months, in accordance with Corporate Governance best practice.

Non-Executive Directors

The level of fees payable to Non-Executive Directors is determined using information from comparable organisations together with other factors. The Society participates in an annual remuneration survey together with a number of other friendly societies.

Remuneration comprises a basic fee plus meeting attendance fees. Additional payments are made to the Chairman, Vice Chairman and Sub-Committee Chairmen to reflect additional responsibilities. Non-Executive Directors are entitled to personal private health cover. Non-Executive Directors do not have service contracts.

Board Member Emoluments

	Basic Salary and Fees	Meeting Attendance Fees	Bonuses	Benefits and Car Allowance	Sub Total	Pension Contributions	Total 2007	Total 2006
David Macgregor	£80,031	-	£675	£11,668	£92,374	£8,220	£100,594	£124,236
Martin Collins	£53,000	-	£597	£7,231	£60,828	£8,150	£68,978	£73,364
Ian Gardner	£10,100	£4,320	-	£414	£14,834	-	£14,834	£15,034
Vic Oliver	£6,379	£5,171	-	-	£11,550	-	£11,550	£11,057
Mike Matthews	£5,832	£4,394	-	£414	£10,640	-	£10,640	£10,921
Keiron Griffin	£5,832	£4,126	-	£414	£10,372	-	£10,372	£9,171
Colin Organ	£5,284	£2,331	-	£414	£8,029	-	£8,029	£8,893
Dianne Weitz	£5,284	£2,840	-	£414	£8,538	-	£8,538	£8,393
Bob Perks	£5,284	£2,840	-	-	£8,124	-	£8,124	£8,251
Philip Whitefield	£3,963	£2,331	-	-	£6,294	-	£6,294	-
Kevin Wiltshire	£2,642	£777	-	-	£3,419	-	£3,419	-
	£183,631	£29,130	£1,272	£20,969	£235,002	£16,370	£251,372	£269,320

In 2007 accrued bonuses were sacrificed in favour of pension contributions as follows: - David Macgregor - £3,250; Martin Collins - £4,000.

**REPORT OF THE AUDITORS
TO THE MEMBERS OF
THE ORIGINAL HOLLOWAY FRIENDLY SOCIETY LIMITED**

We have audited the financial statements of The Original Holloway Friendly Society Limited for the year ended 31 December 2007 which comprise the Income and Expenditure Account, Balance Sheet and the related Notes 1 - 25, which have been prepared in accordance with the accounting policies set out therein. We are also required to report on the Report of the Board of Management for the year ended 31 December 2007.

This report is made solely to the Society's members, as a body, in accordance with section 73 of the Friendly Societies Act 1992. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditors 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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board of Management and auditors:

The Board of Management's responsibilities for preparing the Annual Report and the financial statements in accordance with the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on the Statement of the Board of Management's Responsibilities on page 8. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Auditing Standards (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Friendly Societies Act 1992 and the regulations made under it. We also report to you our opinion as to whether the Report of the Board of Management has been prepared in accordance with the Friendly Societies Act 1992 and the regulations made under it, and as to whether the information given therein is consistent with the accounting records and the financial statements.

We also report to you if, in our opinion the Society has not kept proper accounting records, or if we have not received all the information, explanations and access to the documents that we require for our audit.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This information comprises only the Report of the Board of Management. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion:

We conducted our audit in accordance with International Auditing Standards (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Board of Management in the preparation of the financial statements and of whether the accounting policies are appropriate to the Society's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion:

In our opinion the financial statements give a true and fair view of the state of the Society's affairs as at 31 December 2007 and of the income and expenditure of the Society for the year then ended and have been properly prepared in accordance with the Friendly Societies Act 1992 and the regulations made under it.

In our opinion the Report of the Board of Management has been prepared in accordance with the Friendly Societies Act 1992 and the regulations made under it, and the information given therein is consistent with the accounting records and the financial statements for the year.

MOORE STEPHENS, BATH
Chartered Accountants & Registered Auditor
11 March 2008

INCOME AND EXPENDITURE ACCOUNT for the year ended 31 December 2007

	Notes	2007		2006	
		£	£	£	£
TECHNICAL ACCOUNT - LONG TERM BUSINESS					
Earned premiums net of reinsurance					
Gross premiums written			5,623,228		5,519,270
Less outward reinsurance premiums			(408,912)		(279,220)
			<u>5,214,316</u>		<u>5,240,050</u>
Investment Income	5		1,938,367		1,483,803
Unrealised gains on revaluations			127,584		284,382
Commissions and sundry income			40,791		39,094
			<u>7,321,058</u>		<u>7,047,329</u>
Claims incurred, net of reinsurance	6		1,248,428		1,011,797
Change in other technical provisions					
Long term business provisions			14,982		126,131
Technical provision for linked liabilities			165,904		380,399
Bonuses and rebates					
Member's apportionment of surplus		1,150,382		1,250,082	
Member's compound bonus		881,793		693,614	
Terminal Bonus and other interest paid		107,895	2,140,070	88,646	2,032,342
Net operating expenses					
Acquisition costs		525,898		1,462,785	
Change in deferred acquisition costs		839,586		88,784	
Administrative expenses		777,021	2,142,505	777,341	2,328,910
Investment expenses and charges					
Investment management charges		59,102		32,064	
Losses on the realisation of investments		-	59,102	-	32,064
Unrealised losses on investments			-		-
Tax attributable to long term business	7		-		-
Allocated investment return transferred to the non-technical account			31,021		29,709
Transfer to/(from) the fund for future appropriations	13		1,519,046		1,105,977
			<u>7,321,058</u>		<u>7,047,329</u>
Balance on technical account - long term business			<u>-</u>		<u>-</u>
NON TECHNICAL ACCOUNT					
Balance on the long term business technical account			-		-
Allocated investment return transferred from the long term business technical account			31,021		29,709
Other charges, including value adjustments			(31,021)		(29,709)
Excess of income over expenditure for the financial year	8		<u>-</u>		<u>-</u>

All of the above except as where noted relate to continuing operations of the Society.

BALANCE SHEET as at 31 December 2007

	Notes	2007		2006	
		£	£	£	£
ASSETS					
Investments					
Land and buildings	9		1,050,000		1,050,000
Other financial investments	10		<u>32,733,490</u>		<u>30,316,937</u>
			33,783,490		31,366,937
Assets held to cover linked liabilities			2,652,726		2,486,853
Debtors					
Other debtors	11		64,585		26,573
Other assets					
Tangible assets	12		42,094		48,835
Stocks			10,360		4,306
Cash at bank and in hand			181,760		386,435
Product development costs			20,575		-
Prepayments and accrued income					
Accrued interest and rent		354,904		362,724	
Deferred acquisition costs		1,176,536		2,016,122	
Other prepayments and accrued income		23,648	1,555,088	32,071	2,410,917
			38,310,678		36,730,856
LIABILITIES					
Fund for future appropriations	13		10,290,535		8,771,489
Technical provisions					
Long term business provision					
Sickness benefit provision	14	2,865,471		2,831,568	
Life and endowment	15	20,367		39,288	
		2,885,838		2,870,856	
Members surplus	16	21,190,200	24,076,038	21,253,556	24,124,412
Claims outstanding					
Gross amount		113,549		107,589	
Reinsurance amount		-	113,549	-	107,589
Technical provisions for linked liabilities	17		2,652,726		2,486,853
Creditors					
Creditors arising out of direct insurance operations		93,367		94,038	
Amount owed to credit institutions		-		-	
Other creditors including taxation and social security	18	1,084,463	1,177,830	1,146,475	1,240,513
			38,310,678		36,730,856

The financial statements on pages 14 to 23 were approved by the Board of Management and were signed on its behalf by:-

I G Gardner
Chairman
11 March 2008

D R Macgregor
Chief Executive
11 March 2008

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

1. Accounting Policies

The financial statements have been prepared in accordance with The Friendly Societies (Accounts and Related Provisions) Regulations 1994 ('the Regulations') made under the Friendly Societies Act 1992 and with applicable accounting standards in the United Kingdom and with all material provisions of the Statement of Recommended Practice (SORP) on 'Accounting for Insurance Business' issued by the Association of British Insurers in 1998. A summary of the more important accounting policies, which have remained unchanged from the previous year, is set out below:

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, modified by the revaluation of certain assets as required by the Regulations.

Premiums

Written premiums are accounted for when due for payment. New business premiums are recognised when the policy liability is set up and the premium is due for payment.

Reinsurance

Outwards reinsurance premiums are accounted for in accordance with the contract terms when due, reflecting the period in which the risk is transferred.

Investment income

Income from investments is included, together with any related tax credit, in the technical account - long term business. Account is taken of dividend income when received and other investment income is included on an accruals basis.

Realised and unrealised investment gains and losses

Realised gains and losses, being the difference between the net sale proceeds and the valuation at the preceding balance sheet date or cost of acquisition if later, are included within investment income or investment expenses in the technical account - long term business. Unrealised gains and losses are reported in the technical account - long term business.

Acquisition costs

The Regulations require the Society to expense acquisition costs over current and future accounting periods in line with the margins in matching revenues. Acquisition costs are written-off over an appropriate period.

Pension costs

Contributions payable to the Society's money purchase pension scheme are charged to the operating expenses in the period in which the cost accrued.

Tax attributable to long term business

The Society is only liable to taxation on part of the life and endowment assurance fund. Taxation is provided on an accruals basis, provision being made for the current year's liability.

Investments

Land and buildings - current valuation based on the open market value of the property, as valued every three years by an independent surveyor. Office premises occupied by the Society and included in investments are valued assuming vacant possession. In accordance with SSAP 19 'Accounting for investment properties' no depreciation is charged on freehold investment properties.

Other financial investments - investments are stated at market value, with any appreciation or diminution in value during the year being accounted for in the technical account - long term business.

Assets held to cover linked liabilities

Assets held to cover linked liabilities reflect the terms of the related policies and are valued on a basis consistent with the related liabilities.

Tangible assets

The cost of tangible assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible assets over their estimated useful lives at the following rates:-

Motor vehicles	25% on a straight line basis
Office equipment	10% - 25% on a straight line basis

Product development costs

Costs incurred in the development and launch of significant new products are written off in equal instalments over the first four years following the launch of the product.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

1. Accounting Policies (Continued)

Claims and benefits

Claims payable on maturity are recognised when the claim becomes due for payment and on death are accounted for on notification. Surrenders are accounted for at the earlier of the payment date or when the policy ceases to be included within the long-term business provision. Where claims are payable and the contract remains in force, the claim or instalment is accounted for when due for payment.

Fund for future appropriations

The fund for future appropriations represents amounts which have yet to be allocated to policyholders. Transfers to and from the Fund reflect the excess or deficiency of revenues (including premiums and investment gains and losses) over expenses (including claims) in each accounting period.

Long term business provision

The long term business provision has been estimated for the Society by the Head of Actuarial Function, having due regard to the principles laid down in the EC Council Directive 92/96/EEC. A prospective gross premium valuation method has been adopted for sickness business, with members' Capital Accounts provided at face value. For Life and Endowment business, a net premium valuation method has been used, with the exception of linked contracts, where the provision is based on the value of units attached to members' contracts plus additional provisions for administrative expenses and the guaranteed surrender values attached to the contract.

Valuation statement

An Actuarial Valuation of the Society's long term business was made as at 31 December 2007 in accordance with General Prudential Sourcebook and the Prudential Sourcebook for Insurers. A copy of the report may be inspected at the Registered Office of the Society.

2. Staff

Number of employees

Average monthly number of persons employed by the Society in the financial year.

	2007	2006
Administration	14	14
Sales	3	5
	17	19

Staff Costs

	2007	2006
Salaries and wages	£440,346	£509,764
Social security costs	£44,949	£72,832
Other pension costs	£60,462	£67,868
	£545,757	£650,464

3. Board of Management

The total emoluments of the Board of Management comprise:

	2007	2006
Fees of non-Executive Board members	£81,800	£71,720
Remuneration of Executive Board Members	£145,953	£171,826
Pension contributions on behalf of Executive Board members	£23,623	£25,774
	£251,376	£269,320

The emoluments of the Chairman was £14,834 (2006 £15,034) and those of the highest paid member of the Board of Management was £89,123 (2006 £109,962). Further details of Board of Management remuneration can be found in the Remuneration Report on Page 12.

4. Commissions

	2007	2006
Commission payable on the acquisition of new business	£1,047,176	£1,101,853
Renewal commissions payable	£25,923	£21,224
Portfolio management commission	£53,296	£32,064
	£1,126,395	£1,155,141

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

5. Investment Income

	2007	2006
Income from land & buildings	£56,777	£60,709
Bank interest	£1,367,800	£1,034,984
British Government securities	£124,940	£77,219
Other fixed interest securities	£128,684	£137,732
Ordinary stocks and shares	£139,747	£134,799
Gains on realisation of investments	£120,419	£38,360
	£1,938,367	£1,483,803

6. Claims incurred, net of reinsurance

	2007		2006	
Death claims paid	£10,626		£11,242	
reinsurers' share	-	£10,626	-	£11,242
Sickness benefit	£1,001,956		£852,771	
reinsurers' share	(£43,554)	£958,402	(£18,480)	£834,291
Maturity		£264,181		£143,957
Surrender		£15,219		£22,307
		£1,248,428		£1,011,797

7. Taxation

	2007	2006
Taxation is calculated in relation to the Society's taxable life business		
Overprovision for taxation in prior years	-	-
Current taxation	-	-
	-	-

8. Excess of income over expenditure for the financial year

	2007	2006
Excess of income over expenditure for the financial year is stated after:		
Depreciation charge for the year		
Land and buildings	-	-
Tangible assets	£23,219	£25,335
Auditors' remuneration for:		
Audit	£21,150	£20,269
Other services	£4,406	£5,111
Actuarial fees for:		
Valuation and consultancy	£130,425	£118,996

9. Land and buildings

	Investment Property	Office Property	Total
Cost/Valuation			
As at 1 January 2007 and 31 December 2007	£130,000	£920,000	£1,050,000

Land and buildings are freehold and are included at valuations at 31 December 2005. The valuations were carried out by Bruton Knowles, Chartered Surveyors. The investment properties were valued at market value and the office property, partially occupied by the Society, was valued on an existing use basis.

10. Other financial investments

	2007		2006	
	Market Value	Cost	Market Value	Cost
Shares and other variable yield securities and units in unit trusts	£4,052,657	£3,310,327	£4,073,617	£3,271,024
Debt securities and other fixed income securities	£4,018,443	£4,062,623	£3,992,850	£3,969,483
Deposits with credit institutions	£24,662,390	£24,662,390	£22,250,470	£22,250,470
	£32,733,490	£32,035,340	£30,316,937	£29,490,977

All of the Society's investments in shares and other variable yield securities and units in unit trusts and debt securities and other fixed income securities are listed on a recognised investment exchange.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

11. Other debtors

Accounts receivable
Loans

2007	2006
£59,600	£20,898
£4,985	£5,675
£64,585	£26,573

12. Tangible assets

Cost
As at 1 January 2007
Additions
Disposals
As at 31 December 2007

Depreciation
As at 1 January 2007
Charge for year
Eliminated on disposals
As at 31 December 2007

Net Assets Value
As at 31 December 2007
As at 31 December 2006

	Motor Vehicles	Equipment	Total
As at 1 January 2007	£34,120	£171,905	£206,025
Additions	£22,523	£1,867	£24,390
Disposals	(£18,150)	(£7,738)	(£25,888)
As at 31 December 2007	£38,493	£166,034	£204,527
As at 1 January 2007	£19,426	£137,764	£157,190
Charge for year	£7,116	£16,103	£23,219
Eliminated on disposals	(£10,960)	(£7,016)	(£17,976)
As at 31 December 2007	£15,582	£146,851	£162,433
As at 31 December 2007	£22,911	£19,183	£42,094
As at 31 December 2006	£14,694	£34,141	£48,835

13. Fund for future appropriations

Balance at 1 January 2007
Transfers to/(from) fund for future appropriations
Balance at 31 December 2007

General Reserve	Life & Endowment	Total 2007	Total 2006
£8,553,499	£217,990	£8,771,489	£7,665,512
£1,491,994	£27,052	£1,519,046	£1,105,977
£10,045,493	£245,042	£10,290,535	£8,771,489

14. Sickness benefit provision

Balance at 1 January 2007
Premiums
Investment Income
Forfeitures and lapses

Benefit
Cost of reinsurance
Contributions to management
Apportionment to members
Transfers to/(from) reserves

Balance at 31 December 2007

2007	2006
£2,831,568	£2,609,586
£5,303,782	£5,174,613
£412,614	£355,140
£39,944	£37,661
£8,587,908	£8,177,000
£958,402	£834,291
£398,995	£267,125
£2,322,234	£2,628,261
£1,150,382	£1,250,082
£892,424	£365,673
£5,722,437	£5,345,432
£2,865,471	£2,831,568

15. Life and endowment

Balance at 1 January 2007
Premiums
Transfer (to)/from reserve

Death, maturity and surrenders
Cost of reinsurance
Transfer to/(from) fund for future appropriations
Corporation tax

Balance at 31 December 2007

PRFS Death Benefit	Holloway TYP Reserve Fund	Total 2007	Total 2006
£598	£38,690	£39,288	£135,139
£2,755	£8,006	£10,761	£13,088
		-	-
£3,353	£46,696	£50,049	£148,227
	£719	£719	£3,174
£1,911		£1,911	£2,329
£982	£26,070	£27,052	£103,436
		-	-
£2,893	£26,789	£29,682	£108,939
£460	£19,907	£20,367	£39,288

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

16. Members surplus

	2007	2006
Balance at 1 January 2007	£21,253,556	£21,219,208
Apportionment of surplus	£1,150,382	£1,250,082
Compound bonus	£881,793	£693,614
Terminal bonus	£104,117	£85,930
	£23,389,848	£23,248,834
Withdrawals	£2,159,704	£1,957,617
Forfeitures and lapses	£39,944	£37,661
	£2,199,648	£1,995,278
Balance at 31 December 2007	£21,190,200	£21,253,556

17. Technical provisions for linked liabilities

	2007	2006
Linked life fund:		
Balance at 1 January 2007	£2,486,853	£2,106,454
Premiums	£308,685	£331,569
Investment income and growth	£170,258	£253,420
	£2,965,796	£2,691,443
Death, maturity and surrenders	£289,307	£174,332
Management charge	£15,757	£20,492
To Holloway TYP Reserve Fund	£8,006	£9,766
	£313,070	£204,590
Balance at 31 December 2007	£2,652,726	£2,486,853

18. Other creditors including taxation and social security

	2007	2006
Taxation and social security	£33,905	£25,998
Amounts due to retired members	£752,460	£772,115
Amounts due to current members - extra contributions	£137,134	£137,933
Other creditors	£160,964	£210,429
	£1,084,463	£1,146,475

19. Capital Commitments

	2007	2006
Capital expenditure contracted for but not provided	-	-
Capital expenditure authorised but not contracted for	-	£22,636
	-	£22,636

20. Financial commitments

At 31 December 2007 the Society had annual commitments of £2,042 (2006 £1,424) under non cancellable operating leases.

21. Particulars of business

All the Society's business relates to direct insurance business, being income protection and Friendly Society Ten Year Plans.

22. Board of Management Members' loans and transactions

Transactions in which members of the Board of Management had an interest

Mr K P Griffin is a partner in the legal firm Dee & Griffin. Fees of £412 were invoiced during 2007 (2006 £376). At the year end a balance of £130 (2006 £Nil) was due to Dee & Griffin.

Mr R J W Perks is a Director of Alchemy Business Partners Limited. Commission of £108 (2006 £Nil) was paid to Alchemy Business Partners Limited under an agreement entered into prior to his appointment as a member of the Board of Management. Under a commission agreement signed subsequent to his appointment an amount of £100 was due at the year end.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

23. Capital Statement

The following summarises the capital resources and requirements of The Original Holloway Friendly Society Limited as determined for UK regulatory purposes:

The Society does not write with-profits to the scale required to calculate a realistic balance sheet. Therefore the capital statement below covers all their life assurance business. There are no specific constraints on the capital of the Society.

As the Society has no shareholders, all capital belongs to its members.

Life Business UK non-participating

Fund for future appropriations	
Closure reserve	
Total capital resources before deductions	
Adjustments to assets	
Total available capital resources	

2007 £000s	2006 £000s
£10,291	£8,771
£1,658	£1,190
£8,633	£7,581
£1,269	£2,099
£7,364	£5,482

Total available capital resources are 440% of the Capital Resources Requirement.

Risk Management

Risk Management has a permanent place on agendas for the Audit Committee meetings and Senior Management Team meetings and is continually monitored by a Risk Management Group. Additionally, the Society actively uses its Financial Condition Report and Individual Capital Assessment to focus on the areas of risk that are likely to have the greatest affect on solvency. Actions are then put in place to mitigate these risks.

Capital Management

The Society's Free Asset position is regularly reviewed to ensure it maintains an acceptable level of solvency.

As the capital belongs to the members, if the Society sees large changes in its available capital due to the morbidity experience of the members, it will amend the level of profit allocation and bonus payable to its members accordingly.

Basis for setting technical provisions

A gross premium valuation is used for calculating the Society's liabilities in respect of the Classic, New Classic and Classic Plus products.

A net premium valuation is used to calculate the Society's liabilities in respect of the Premier Plan products.

Interest Rate	3.00% p.a. (2006 - 3.00% p.a.)
Mortality Rates	60% of AMC00 Ultimate (2006 - 75% of AMC00 Ultimate)

Mortality – a base mortality table is selected which is most appropriate for the contracts sold by the Society. The mortality rates are reviewed annually to allow for emerging experience.

Morbidity – for sickness products excluding Premier Plan the Manchester unity approach is used. The rates are split by age, sex and deferred period. The rates are reviewed annually to allow for emerging experience.

Persistency – lapses are not allowed for within the valuation.

Interest rates – a matching rectangle was used to match the admissible assets to the Society's liabilities. A prudent margin was then included.

Expenses – the Society's expenses were analysed between acquisition and maintenance expenses and allow a prudent allowance for future years as a percentage of future premiums.

Options & Guarantees – The Society is open to an implicit investment guarantee in the surrender values for the two linked contracts run by the Society. We use a stochastic model to calculate the liability associated with this guarantee.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

Analysis of change

There has been an increase in the available capital resources from 31 December 2006 to 31 December 2007. This is mainly due to the change in admissible assets over the period.

An analysis of change is set out below:

	Change in Available Capital £000s	Available Capital £000s
Basis		
2006 available capital resources		£5,482
New business and lapses	£13	
Morbidity basis	£0	
Mortality basis	(£24)	
Interest rate change	£0	
Expense basis	(£149)	
Change in closure reserve	(£470)	
Change in other liabilities	£57	
Change in terminal bonus	(£20)	
Change in capital accounts	£64	
Change in admissible assets	£2,409	
2007 available capital resources		£7,362

Sensitivity analysis

The table presented below demonstrates the sensitivity of available capital to movements in assumptions.

Variable	Change in Variable	Change in Available Capital £000s
Morbidity	+10%	(£1,704)
Morbidity	-10%	£1,283
Expenses	+10%	(£406)
Expenses	-10%	£353
Mortality	+10%	£10
Mortality	-10%	(£17)
Interest	+1% per annum	£448
Interest	-1% per annum	(£585)

Variable	Change in Variable	Change in Market Value of Assets £000s
Fixed Interest	-10%	(£402)
Equities	-10%	(£405)
Property	-10%	(£102)

In a situation where morbidity increased by the levels in the table above the Society would review its allocation of profits accordingly.

The available capital is relatively insensitive to mortality and expenses.

When interest rates change, any movement in the available capital is partially offset by an opposite change in asset values. This has not been reflected in the value change above.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

24. Actuary

The actuarial function holder is Mr Simon Grout, a Director with Oliver Wyman Limited. The Society has requested him to furnish it with the particulars required under Section 77 of the Friendly Societies Act 1992. Mr Grout has confirmed that neither he nor his family were members of the Society, nor have they any financial or pecuniary interests in the Society, with the exception of fees paid to Mercer Oliver Wyman Limited for professional services, which amounted to £130,425 in 2007.

25. Actuarial Valuation

In accordance with the requirements of the Integrated Prudential Sourcebook the Society is obliged to have an annual actuarial valuation of its long term business. The valuation report has been prepared by the Head of Actuarial Function, Mr Simon Grout, in accordance with the requirements of the guidance notes of the Institute of Actuaries namely GN40: The Role of the Actuarial Function Holder and GN44: Mathematical Reserves and Resilience Capital Requirement. A copy of this report can be seen at the registered office of the Society.



Holloway Friendly is the trading style of The Original Holloway Friendly Society Limited.
Registered and Incorporated under the Friendly Societies Act 1992. Registered in the UK No. 145F
Authorised and regulated by the Financial Services Authority. FRN 109986
Income Protection from the original provider. Founded in 1880