

Anglo-Saxons Friendly Society

Report and Financial Statements
For the year ending 31st December 2024

Trading as



Gravesham
Friendly

People, Community, Environment

Contents	Page No
Society Information	3
Chairman's Introduction	4
Chief Executive's Operational Report	7
Strategic Report	10
Corporate Governance Report	16
Board of Directors Remuneration Report	21
Board of Directors Report	22
Committee Reports	25
Report of the Independent Auditor	29
Financial Statements as at 31 December 2024	33

Society Information

Bankers:	Handelsbanken Corinthian House, Galleon Boulevard Dartford Kent DA2 6QE
Auditors:	Ricky Hutson Berringers LLP Lygon House 50 London Road Bromley Kent BR1 3RA
Actuary:	John Burgum Broadstone Regulatory and Risk Advisory Limited 100 Wood Street London EC2V 7AN
Legal Advisers:	Tees Law Cathedral Place, Brentwood, Essex CM14 4ES John Gilbert MMG Advisory Services Limited 3 Northolme Road London, N5 2UZ
Investment Managers:	Legal and General Investment Management 1 Coleman Street London EC2R 5AA
Internal Auditor	HW Controls and Assurance Ltd 30 Camp Road, Farnborough, Hampshire, GU14 6EW
Compliance Manager	Bhavin Vadher

Chairman's Introduction

2024 has been a very busy year for the Society with significant progress made on delivering our strategy and vision. As a reminder our vision and mission state the following:

Vision - *"To grow the Society's membership to a sustainable level by providing financial support for health care and hardship, whilst enriching the Gravesham community and the environment."*

Mission - *"To support our members in times of hardship and to help them stay healthy, whilst addressing the challenge of climate change."*

The big challenge within the mutual sector is that most organisations have an aging membership coupled with increasing costs and this is no different with Anglo-Saxons. The strategy the Society has developed over the past couple of years has focussed on putting a framework in place that will support growth without significantly increasing costs, along with meeting climate and community responsibilities. Progress was made in 2024 in a number of areas to support the strategy over the next few years.

Brand – Gravesham Friendly

Following consultation with our existing members, and prospective new members in our target market, a comprehensive brand review and consultation process concluded with a successful launch of our new trading brand, Gravesham Friendly, in October 2024. This transformation project was delivered on time and within budget, with the primary objective of introducing a new trading name, visual identity and tone of voice to reflect our new strategy. This has enabled us to enhance our presence across all customer and stakeholder touchpoints including our new website, communications and marketing materials, positioning the Society as a trusted, inclusive and sustainable organisation working for members and the Gravesham community.

The new rebranded website, including pages on community projects and climate initiatives, was launched in October displaying the new logo, colours and fonts to give the Society a fresh feel and appeal to a younger demographic. Our brand launch event was held at Shorne Woods Visitor Centre and I was very pleased to see how well attended the event was, including community stakeholders such as Gravesham Deputy Mayor Cllr Jenny Wallace and representatives from the Society Member Forum.

As part of the brand launch in October, we initiated a brand awareness campaign to support our membership growth strategy. The "Have Your Say" campaign invited community participation, introduced our new brand and engaged the Gravesham public to select our community partners. The charity winners of the campaign were The Repair Café and Gravesham Sanctuary, both of whom the Society will work with over the next three years.

Business Development

In parallel with our awareness and member growth objectives, we launched our business development plan, initially focusing on the Gravesham area. We attended local events, visited businesses, and engaged with community groups to promote our membership package and our new sickness product variants that will go live in early 2025. Through these efforts, we have now established a strong network within the business community, initiated an introducer programme and developed a sales and marketing strategy to acquire new members.

Consumer Duty

Consumer Duty is a standard introduced by the Financial Conduct Authority to improve consumer protection for financial services in the UK. Firms must act to deliver good outcomes for customers and review products and customer experiences. I am very pleased to report that the Society met the requirements of Consumer Duty in 2024 and received an exceptional report from the Internal Auditors on the work carried out and the processes in place.

Chairman's Introduction

Member Forum

The Member Forum was established in 2024 to enable members to contribute and participate in the strategy and operational activities of the Society. I was very pleased that three members were appointed. Two meetings were held in July and October, and one member kindly spoke at the Half Yearly Meeting and another at our Brand Launch. Their input has been invaluable and several suggestions are being followed up.

Strategic progress

Our strategic pillars summarise what we will do in order that the Society has a long-term sustainable future. Progress in 2024 is shown below:

Strategic Pillar	Strategic Objective	Progress in 2024
Products and Benefits	Evolve our <u>products & benefits</u> to deliver against our vision & mission and add value to our members, whilst fairly distributing surplus.	<ul style="list-style-type: none">Two new variants of the Sickness product approved and priced. These will launch in Q2 2025.Review of current discretionary benefits made.Consumer duty implemented and member outcomes at the core of all operational processes.
Membership	Expand our <u>membership</u> to better reflect the profile of the community we serve.	<ul style="list-style-type: none">New Brand launched as Gravesham Friendly.New digital website launched, aligned with new brand, enabling a simplified paperless claim and new member application process linked to the CRM.New Member Forum Committee launched and met twice in 2024.New Social media sites operational on Facebook, X and LinkedIn.Business Development Plan.
Investments	Ensure our strategic, property portfolio & financial <u>investments</u> reflect our vision & mission & a proactive approach to ESG.	<ul style="list-style-type: none">Investment Management with a strong ESG fund within LGIM.Liquidity reviewed and calculated with £600k invested in a UK Gilt Fund managed by LGIM.Property strategy developed with the objective of an environmentally friendly low carbon portfolio with a minimum EPC C rating.Continuation of the project to align tenant's rents with market benchmark. This has improved property yields and the return on assets.
Community	Enrich the local Gravesham <u>community</u> and the environment, making a positive contribution & being a responsible landlord.	<ul style="list-style-type: none">Member of the Kent Invicta Chamber of Commerce and accreditations with Good Business Charter and National Minimum wage.Zero Carbon Society.Sponsorship of Shorne Woods veteran trees programme.Developing partnerships in the local community.Progress to a paperless office, aligned to a zero carbon footprint and the climate change strategy."Have your say" community campaign.Use of local suppliers in the community.

Members

It was with dismay that the Board learned of the very sad death of John Briggs in May. John was a longstanding and revered member of the Society who joined in the mid-60s, served as Grandmaster in 1973 and as a Trustee from 1978 – 2019. The Board would like to place on record their thanks for John's unwavering loyalty and work for the Society.

Chairman's Introduction

Property Portfolio

The Society's assets are largely invested in its property portfolio as the Board consider this to be the best asset class to support the operational activities of the business. This is supported by the members. To align the strategic and climate change objectives and meet the low carbon standard set by the Board and the Government, a review was carried out in 2024 which concluded some properties require much work, and cost, to meet these standards. This review has formed the basis of a new property strategy which will focus on transitioning away from our older legacy property portfolio to new or recently built properties which meet appropriate long term, sustainable environmental standards. This transition will be managed in a phased approach over approximately the next 10 years and will prioritise selling the properties with the lowest environmental energy rating and those which become vacant. The target is for all properties in the portfolio to achieve an Energy Performance Certificate (EPC) C rating as a minimum, or the equivalent if regulations change.

New properties will only be considered if they align with our property strategy, including meeting appropriate long term sustainable environmental standards.

Conclusion

I am always amazed at the amount of progress achieved by a Society with such a small number of staff. The positive reviews and feedback pay testament to the quality of our staff and they fully deserve the praise. My thanks go to them, to Paul Osborn for his strong leadership, my Board colleagues for their expertise, diligence and challenge and last but not least, to the Members. The Board understand that the changes since incorporation on 1 January 2020 have been immense and appreciates your support.

Kim Harris

Chairman 4 April 2025

Chief Executive's Operational Report

2024 was a very successful year with much achieved in driving the Society's strategy forward and putting the foundations in place to support the delivery of our vision. The Chairman has outlined in his report the strategic progress made in 2024, therefore I will focus on the operational results, progress and challenges ahead.

Being a small mutual Friendly Society has a number of challenges, and having the right level of skills to meet these challenges is paramount to driving the business forward and achieving positive member outcomes. To achieve this the Society requires a team with the talent, skills and commitment to deliver our strategic and climate change ambitions and continually improve how the Society operates to ultimately achieve the best outcomes for our members. I am very pleased to say that we have an excellent team with the right people, right skills and right attitude at Gravesham Friendly.

Operational Results

The key points on the 2024 financial results of the Society, which are explained more fully on pages 33 to 44, are as follows:

- ❖ The Society made a surplus in 2024 of £0.2m (2023: £1.9m deficit). This was very much the result of a recovery in property values (£0.9m), which allowed for a strengthening of the long-term business provision (£0.4m) and the strategic project costs (£0.2m) to deliver the Brand, Website and Consumer Duty work.
- ❖ The Solvency surplus of the Society after all required margins, explained in more detail in note 18, has increased by £0.6m, with the increased surplus capital resources now standing at £18.1m at the end of 2024 (2023: £17.5m). This maintains surplus capital assets between the target level of £15-25m, as it has been for the past 5 years.
- ❖ Investment income is used to support the operational, property and claims costs of the Society. In 2024 these costs showed a small reduction. Investment income showed a small increase, mainly from rental income, despite having three properties less than in 2023.
- ❖ The Society paid £0.4m (2023: £0.4m) in discretionary claims in 2024, a similar amount to 2023. Discretionary benefits are the mechanism to distribute some of the strong surplus back to members to support their health and welfare in line with the vision.
- ❖ All valid insurance and discretionary benefit claims were paid during the year. All essential property maintenance costs were also paid.
- ❖ Management expenses, excluding project costs, show a very small increase in 2024. Project costs increased as the Society launched its new Brand and Website, implemented the second part of the Consumer Duty requirements and started work on increasing the membership with a Business Development review. Operationally the paperless infrastructure is now in place and staffing is at the appropriate level required for a large Non-Directive Society. Additional Sales resource will be considered in 2025 to support the strategic objective of increasing membership numbers.

Operational improvements and progress that have improved member outcomes in 2024

The past three years has seen a transformation of almost all Society operations, which has converted from totally paper-based processes with vast paper storage of applications, claims, property records and expense invoices, to being a totally paperless operation with all information stored electronically.

- ❖ Almost 95% of members e-mail addresses and 100% of bank details are held. All communication to these members is electronic (e-mail or text).
- ❖ Almost 90% of claims are received electronically, up from 64% 18 months ago.

Chief Executive's Operational Report

Operational improvements and progress that have improved member outcomes in 2024 (cont)

- ❖ Almost all premiums are collected electronically.
- ❖ Further improvements have been made to our Customer Relationship Management (CRM) system, bespoke to the Society, which went live in 2023. These improvements include enhancing the functionality for vulnerable customers, developing a new suite of reports to support service standards and provide insightful statistics on claims and membership, and enhancing functionality that benefit improved member outcomes.
- ❖ The Society changed banks to Handelsbanken in the year following a professional tender process. Handelsbanken was overwhelmingly the strongest candidate, and its operational approach is aligned and proportionate to how we want to operate in the future. It is pleasing to speak to human beings in discussing and resolving issues. Work has commenced on setting up a BAC's collection and payment system which will go live in 2025.

Operational challenges going forward

Now that the operational systems are in place, correctly skilled staff have been recruited and the new brand and website have been launched, the two main strategic objectives to focus on over the next few years will be firstly, to increase the membership of the Society in a controlled meaningful way and secondly, to improve the rental yields and energy efficiency of the property portfolio.

Increasing the membership of the Society

With the new brand and website now in place, a Sales Executive will be recruited to build on the Business Development work that occurred in the second half of 2024. With the Society and brand not being widely known in the Gravesham area, there are plans in place to build awareness in the community and test a number of acquisition methods. This will include building on the social media work post brand launch, working with members to get new members, identifying external introducers, developing network affiliates, working with and supporting local community groups, e-mail marketing to our extensive database, digital advertising and sponsorship. A lot of these methods are new to the Society and will be introduced gradually on a test and learn basis. The approach will be to acquire meaningful new business on a controlled and affordable basis.

Property Investments

The Society invests most of its assets in property, which is in North Kent and close to the Gravesham community it supports. Property is an asset class that provides income to support the business and strategic model and is favoured by the Membership. After a difficult year in 2023 with higher interest rates, higher inflation and low market confidence, which resulted in a fall in property values, I am very pleased to advise that the property portfolio values recovered in 2024. Movements in property values do not impact the operation or cashflow of the Society, but it is the single reason for the Society's strong solvency surplus.

The rental market has remained very buoyant in 2024 with any available properties being occupied as soon as they are marketed. This has helped the continuation of the rent review project as rental income has increased by over 10% since 2022, when the project started, despite selling a small number of properties.

The property strategy, developed and approved by the Board in 2024, is about improving the net rental yields and energy efficiency of the property portfolio. Increasing net rental yields in the North Kent area can be achieved by acquiring new, or nearly new, properties which command higher rents and should need much lower maintenance work.

Chief Executive's Operational Report

Property Investments (cont)

Work has taken place to identify the cost to improve the energy efficiency for all properties in the portfolio that are not at an Energy Performance Certificate (EPC) rating of C. This concluded that for a number of properties the costs were prohibitive in achieving the EPC C rating, which will result in selling those properties when the tenants vacate them. However, there are a number of properties where the investment to achieve an EPC C rating is small, and work on them will be prioritised. To date, work has completed on 4 properties that have moved from an EPC D rating to an EPC C rating. This part of the project is consistent with our climate change ambitions of being a low/zero carbon Society.

The funds from selling properties will be reinvested to acquire new low carbon energy efficient properties, likely to be new or recently built properties that meet appropriate long term, sustainable environmental standards consistent with the property strategy. Properties have been identified in the new market town area of Ebbsfleet that have strong rental yields and are energy efficient.

Summary and Outlook

The Society has gone through a lot of positive change over the past few years and has put in place the operational foundations for the next stage of its strategic journey. Growing the business, becoming a low carbon Society, supporting the community, providing health benefits for the members (current and new), all whilst meeting regulatory and solvency requirements, lends itself to an exciting future where we can support members in times of hardship and help them stay healthy whilst addressing the challenge of climate change.

Paul Osborn
Chief Executive Officer
4 April 2025

Strategic Report

Business Purpose, Model and Strategic Pillars

The Society's business purposes, model and strategic pillars are represented in its Vision and Mission Statements and the Society's Values. These were reviewed in 2023 as the Board progressed the implementation of the strategy.

Our **Vision** is:

"To grow the Society's membership to a sustainable level by providing financial support for health care and hardship, whilst enriching the Gravesham community and the environment."

Our **Mission** is:

"To support our members in times of hardship and to help them stay healthy, whilst addressing the challenge of climate change."

The members and Board of Directors were asked what they would consider the Society values to be at the present time. The response can be articulated as follows:

- | | |
|---|--|
| ❖ Financial strength & stability | ❖ Staid/Maintaining the status quo/Traditional/Tired |
| ❖ Dependability | ❖ Simplicity |
| ❖ Teamwork | ❖ Community |
| ❖ Supportive | ❖ Empathetic |
| ❖ Great Service | ❖ Caring |
| ❖ Trust | ❖ Honesty/Integrity |
| ❖ Open to all members, focused on lower income groups, Mutual/Not for Profit. | |

Moving forward, the values we aspire to are as follows:

- | | |
|-----------------------------|--|
| ❖ Fairness | ❖ Transparency |
| ❖ Democracy (members input) | ❖ Sustainable |
| ❖ Inclusive | ❖ Community (members and the local area) |

Our strategic pillars summarise what we will do, so that we become a long-term sustainable business.

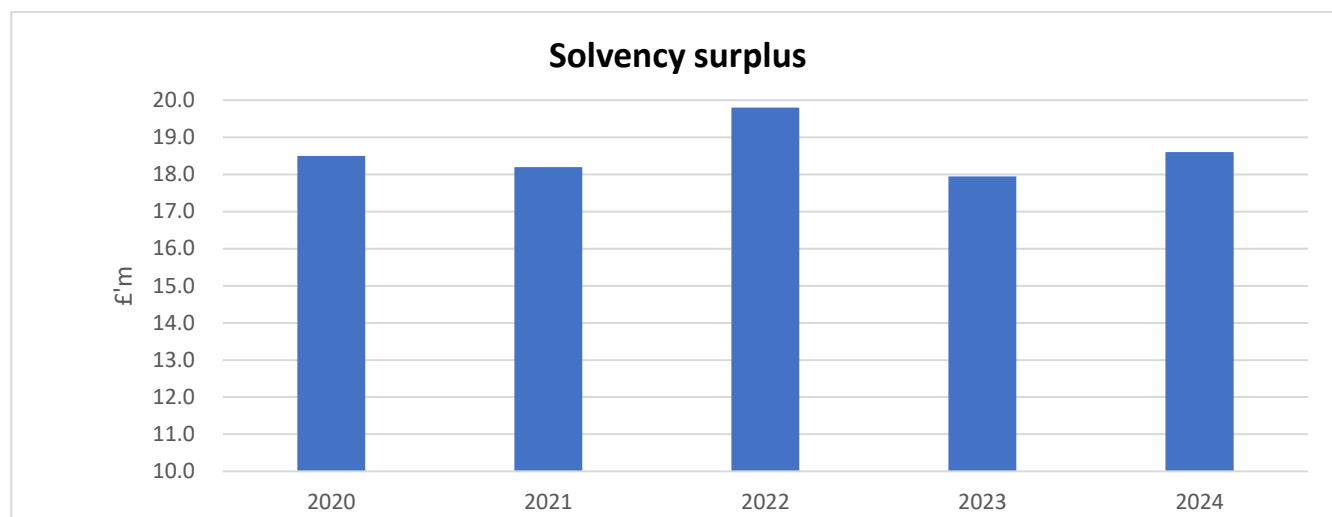
Products & Benefits	Membership	Investments	Community
Evolve our <u>products & benefits</u> to deliver against our vision & mission and add value to our members, whilst fairly distributing surplus.	Expand our <u>membership</u> to better reflect the profile of the community we serve.	Ensure our strategic, property portfolio & financial <u>investments</u> reflect our vision & mission & a proactive approach to ESG.	Enrich the local Gravesham <u>community</u> and the environment, making a positive contribution & being a responsible landlord.

Strategic Report

Business Performance

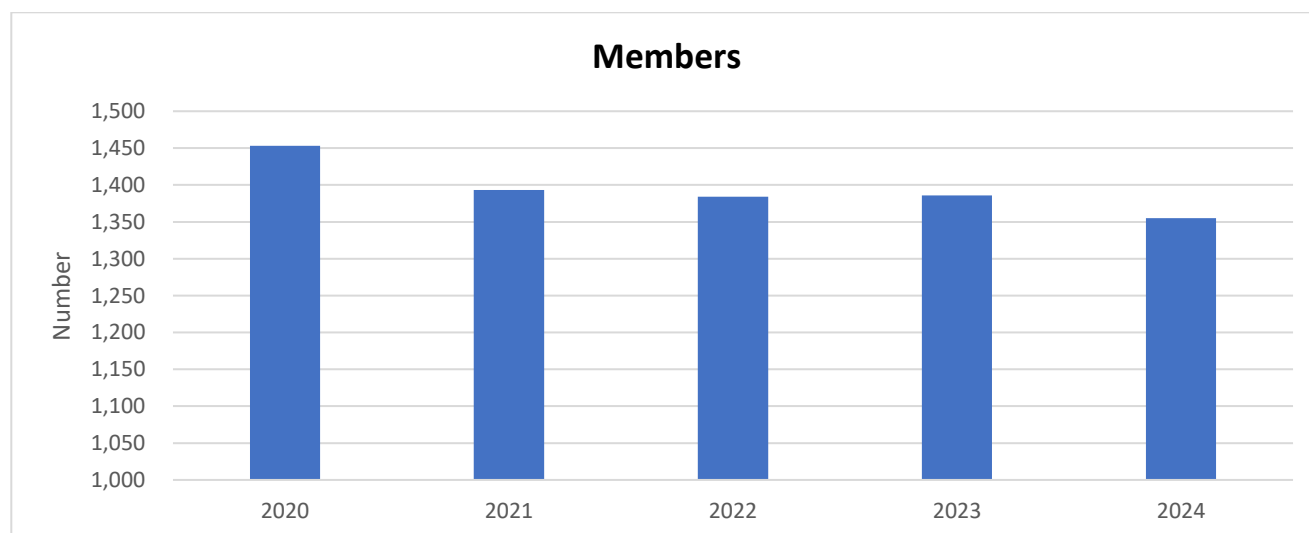
The results for 2024 are set out on pages 33 to 44. The Society has four key measures to assess its strategic performance and ensure it retains its financial strength and strong solvency position.

1 Solvency



The Society maintains a very strong regulatory solvency position and has one of the strongest financial positions within the Friendly Society sector. Although this fell in 2023, due mainly to the drop in property prices, a large part of this loss was recovered in 2024 as property prices increased. At the end of 2024 the Society has surplus capital of £18.6m (2023: £18m). This is explained further in notes 4 (page 37) and 18 (page 41). This represents a small rise in the free asset ratio to 57.7% (2023: 56.9%). The free asset ratio is calculated as the amount of surplus assets over the amount of admissible assets. Along with unrealised property gains of £0.9m, there has been a strengthening in the long-term business provision of £0.4m, an operational loss of £0.1m and project costs of £0.2m, resulting in a surplus of £0.2m.

2 Membership



At 31st December 2024, the Society had 1,355 members (2023: 1,386). The Society launched a new sickness product in December 2022 to meet future members' needs and to provide a sustainable future for the Society. This has slowed the reduction in membership numbers that has been occurring since 2019. With the new brand in place, the focus for the next few years will be to market products to increase the number of members in the Society and reduce the current per policy costs.

Strategic Report

Business Performance (cont)

3 Expenses

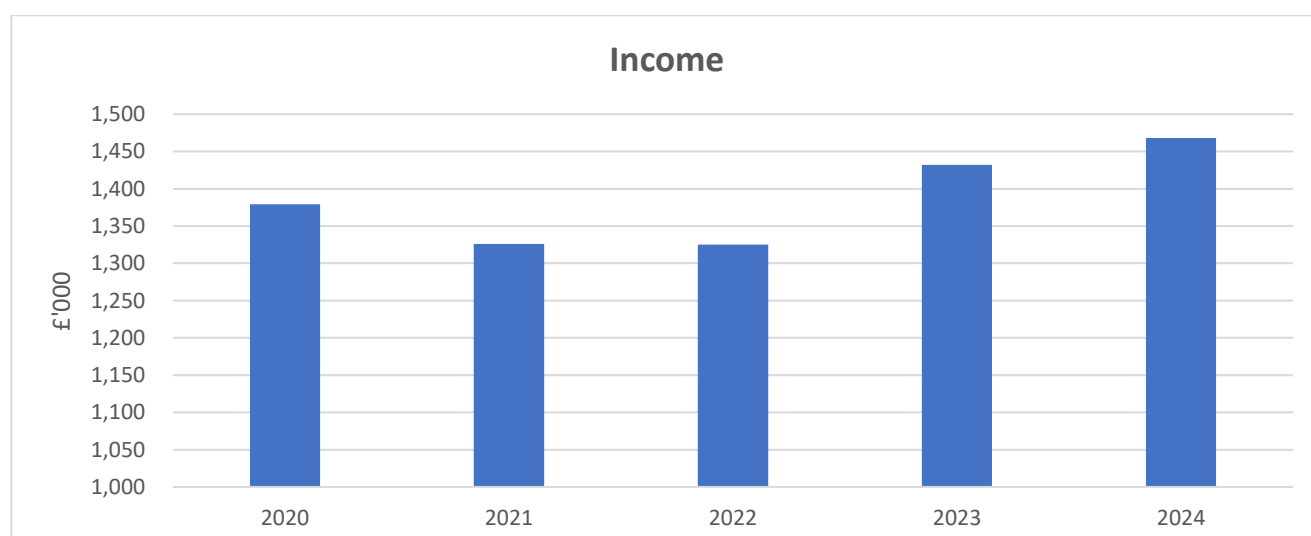


Management expenses are the costs of running the Society business, including all property management costs but excluding property maintenance and one-off project costs. For 2024, management expenses totalled £918k showing a small increase over 2023 which were £912k. This is shown in notes 9 and 10 (page 39) where day to day operational costs were £688k (2023: £690k) and the internal and external costs of managing the property portfolio were £230k (2023: £222k).

Management expenses in 2021 were about £140k lower than 2024, with £100k of this being an increase in day to day running costs of the Society caused by inflationary pressures and the recruitment of a Compliance Manager. The other £40k represents an increase in property maintenance costs after experiencing several damp cases that required immediate treatment.

Management expenses are controlled through a budgetary process feeding into the Business Plan that is approved by the Board. Monthly reports are produced to understand any variances from the budget. This is an important measurement and control as the Society implements change. Project costs were £237k in 2024 (2023: £165k) which represented the work on progressing business development, the change in brand, new product development work and a new website to support the new brand.

4 Income



Income is measured by adding premium income and investment income.

Strategic Report

Business Performance (cont)

This is an important measurement as it provides money to:

- ❖ Pay insurance claims and discretionary benefits to our members.
- ❖ Maintain and re-furbish residential properties rented to our tenants.
- ❖ Meet the operational and project expenses of the business.

The Society generates income primarily from rents on the residential properties it owns, and dividends and interest on its bonds and equity investments. Residential properties are owned by the Society in and around the Gravesham community. Fixed Interest and equity investments are managed on the Society's behalf by Legal and General Investment Management (LGIM) in unit trusts. 91% of the assets are represented by residential property and 9% by equities, bonds and cash. The Board, supported by the members, believe that having most of its assets invested in residential properties in North Kent gives our membership the best opportunity to see their assets increase in value as it has low investment volatility risk and provides cash to support operational activity.

A new Liquidity Policy was implemented in late 2023, using several adverse scenarios to calculate the amount of liquidity required by the Society based on its strategic plans and operational activities. As a result of this, a ringfenced fund to the value of £600k was set up and invested in bonds with LGIM. A cash buffer has also been established. In extreme circumstances, financial liquidity is also covered by a readily realisable unit trust fund.

Throughout the uncertain COVID years, the Directors made the decision to keep rental increases at a minimum to ensure tenants could afford to live in the properties and that there were no empty properties. This strategy achieved the objectives but also caused a divergence between market rents and the rent charged to tenants. Throughout 2023 and 2024, the Society embarked on an exercise to increase property rents to market rates over a five-year period. This accounts for the increase in income in 2023 and 2024 and was carried out in conjunction with tenants to ensure any rent increases were affordable. The expectation is that annual rents will increase by a further £100k in 2025.

Risk Management and Principal Business Risks

The Society conducts its risk management through a framework which includes:

- ❖ The Board setting the Risk Appetite
- ❖ Maintaining a Risk Register which identifies the materiality of risk and mitigating actions
- ❖ Reviewing risks and mitigating actions of risks above risk appetite and considering whether more risk can be taken for risks below risk appetite
- ❖ Maintaining an emerging risk register
- ❖ Review of material risks by the Audit and Risk Committee, and
- ❖ An annual review by the Board of Directors to recalibrate the Risk Appetite statement in the light of experience.

The principal business risks faced by the Society are:

- ❖ *Market Risk* – this is the risk that extreme movements in the markets, where the Society holds its assets, cause the surplus funds to diminish very significantly making it difficult for the Society to remain solvent and meet its liabilities as they fall due.
- ❖ *Liquidity Risk* – this is the risk that the Society experiences an increased demand to pay members, trade suppliers, staff and professional advisers unexpectedly high sums and cannot sell assets quickly enough to make the payments, or that we face a significant interruption to revenue, specifically rental income.
- ❖ *Insurance Risk* – this is the risk that the Society experiences a level of insurance claims far greater than expected, or has been recently experienced, and finds it difficult to pay those claims.

Strategic Report

Risk Management and Principal Business Risks (cont)

- ❖ **Operational Risk** – this is the risk that the Society has failures in how it manages its day-to-day business, which then causes significant unplanned expenditure to occur. Examples include Information Systems failures, customer service failures, compliance failures in respect of legal and regulatory requirements, litigation, data security breaches, business continuity/disaster recovery incidents.

Climate Change Strategy

Towards the end of 2020, the Government announced a target for the UK to reduce its carbon emissions by 68% from 1990 levels by the end of 2029. This is a demanding target in a short timeframe and the Society is affected. The Board regards Climate Change as very important, to the extent that the mission statement states:

“To support our members in times of hardship and to help them stay healthy, whilst addressing the challenge of climate change.”

As a result of this, the Society developed a Climate Change Strategy 2021-30 based on the following key objectives:

- ❖ Understanding and reflecting members views about climate change and ESG
- ❖ Reducing carbon emissions from Society property investments and operational activities
- ❖ Evolving the property portfolio to establish climate change resilience from extreme weather conditions, particularly in respect of flooding
- ❖ Investing the Society equity and bond portfolios in ESG compliant investments, which also contribute towards a carbon neutral environment
- ❖ Ensuring that the impact of climate change is carefully considered in developing new insurance and discretionary products so that the risks are in line with the risk appetite
- ❖ Selecting and working with partners who are aligned to the Society’s principles on climate change and Environmental, Social and Governance (ESG)
- ❖ Appropriate and proportionate measurement and reporting of climate related Financial Disclosures.

Progress on these objectives is summarised below:

Key Objectives	Progress in 2024
Members Views	<ul style="list-style-type: none">• Regular feedback questionnaires in place with all members.• A new Member Forum has been set up and met twice in 2024.
Carbon Emissions	<ul style="list-style-type: none">• A paperless office in 2024.• New business (100%) and claims (89%) received digitally and paperless.• The Society is a Zero Carbon Society in 2023 and 2024.
Property Portfolio	<ul style="list-style-type: none">• Strategy focussed on improving the EPC rating of residential properties owned by the Society that are below an EPC C energy rating.• Consideration for new acquisitions being new or recently built properties which meet appropriate long term sustainable environmental standards.
ESG Investments	<ul style="list-style-type: none">• Equity and Bond investments invested in an ESG fund managed by LGIM and aligned with Society culture and values on ESG investing.
New Products	<ul style="list-style-type: none">• Sickness product in place with two new variants going live in quarter 2 of 2025. All new business is transacted online and all communication is paperless.• Discretionary benefit in place to support members to improve the energy efficiency rating of their property.
Partners	<ul style="list-style-type: none">• Living Wage Foundation and Good Business Charter accreditation approved.• Local partners/suppliers considered at first instance.• Member of Kent Invicta Chamber of Commerce.• Partnership in place to sponsor Mature Trees programme at Shorne Woods in Gravesham.
Measurement and Reporting	<ul style="list-style-type: none">• Carbon footprint measurement planned for 2025 to develop a range of metrics and targets.

Strategic Report

Climate Change Strategy (cont)

The key risks of climate change on the Society have been discussed by the Audit and Risk Committee and are embedded into the risk process by either being added to the risk register or the emerging risk register. At a high level, the risks evolve around the large property portfolio and the operational model, which are areas the Society is prioritising to reduce its carbon footprint.

Review of Business Risks and Internal Controls

During 2024 the Society has continued to implement improvements to its risk framework, how it reviews its business risks, how it assesses its risk appetite and how it operates its internal controls. The Audit and Risk Committee's (ARC) Terms of Reference require it to champion the importance of successful Risk Management within the Society and promote a culture that encourages good stewardship of risk and demonstrates the benefits to all stakeholders of a risk-based approach to internal control and management of the business. As part of embedding risk in the Society, a Risk and Compliance Group is operational that enables current and emerging risks, along with topical regulatory and compliance matters, to be reviewed and discussed by representatives of the ARC and Management. This group reports into the ARC.

To complete the "three lines of defence" model, the Board has appointed HW Controls and Assurance Ltd, trading as Validera, as Internal Auditors and Bhavin Vadher as Compliance Manager. Both have direct reporting responsibilities into the ARC and have their annual internal audit and compliance plans approved by the ARC.

The Society has a Risk Management Framework (RMF) document that outlines the risk and control processes for the Society's operations. The ARC carried out a thorough review of the RMF in 2024 and concluded that it is effective and proportionate and provided adequate assurance that the Society can be relied on to manage risks material to the achievement of its objectives and that the framework is suitably designed and applied.

- ❖ *Market Risk* – The Board of Directors has delegated to the Investment Committee, responsibility to manage the Society's Investment Strategy and particularly ensure its asset allocation is appropriate and aligned to the strategy and risk appetite. Currently, the Society has a high allocation to ownership of residential property in North Kent which remains well suited to its members' best interests. The Board of Directors regard it as having both low volatility and excellent prospects of rising capital values and rental income growth at least matching inflation in the medium term. Diversification is planned in the medium term to reduce market risk.
- ❖ *Liquidity Risk* – Liquidity risk, and the Liquidity Risk Policy, falls under the responsibility of the Investment Committee and are overseen by the Board. The Investment Committee has calculated the level of liquidity buffer and cash reserve required by the Society to meet its obligations, using several adverse scenarios. As a result, the required liquidity buffer was calculated at £600k and set up in 2023 by investing in high quality liquid assets in the UK Gilt Fund managed by LGIM. In addition, a cash reserve of £300k was calculated and is built into the regular cashflow monitoring which the Board receives in its management information. The Investment Committee monitor investments to ensure sufficient funds are held in its stocks and shares investments to meet liquidity and cash requirements.
- ❖ *Insurance Risk* - The Society pays a very small amount of insured benefits each year in respect of sickness protection, and monitoring shows this is not increasing significantly. Given the Society's large surplus, no material risk is apparent.
- ❖ *Operational Risk* – Over the past few years the Society has made a significant investment in improving its standards of corporate governance, compliance monitoring, Information Technology, cyber security, outsourcing its property portfolio, moving to a safer modern office, recruiting and enhancing staff skills, implementing a three lines of defence model and improving a range of internal systems and controls. These operational improvements have led to a planned increase in operating costs within the financial model. The Society has also developed and tested its Business Continuity Plan for what the Directors consider the worst case scenarios. This has resulted in several improvements to the plan.

Corporate Governance Report

Purpose, Leadership and Strategy

Since its formation in 1877, Anglo-Saxons had been an unincorporated Society until 1st January 2020 when the Society incorporated into a limited company. In 2024, after extensive research with current and prospective members, the Society changed its trading brand name to Gravesham Friendly.

During 2024, the Board of Directors continued its work on reviewing and implementing the strategy of the Society ensuring it is fit for purpose for a long-term insurance business. In carrying out this work the Directors concluded that the financial strength of the Society, built up over the last 147 years, can support growth in the number of members to a level that will make the business sustainable in the long term. The current membership is aging and recruiting younger members from the Gravesham area is paramount for the future of the Society.

As part of the strategic review, the Board sent a questionnaire to every member of the Society residing in the UK, to obtain their view on what the Society currently offered and what they would like from the Society in the future. The response rate was very positive and provided several clear messages that have been built into the strategic work. This process included a review of the purpose of the Society and new Vision and Mission Statements along with the current and aspirational values. This is outlined in more detail on page 10. This strategic process also concluded several other pertinent points which the Board is currently implementing:

- ❖ **Member Engagement.** Being a Society whose purpose is to support the Gravesham community, member engagement is very important. A new Member Forum was set up in 2024 which met twice in the year. The Forum will continue to meet, at least twice a year, to supplement the two general meetings and give members an opportunity to contribute ideas and feedback on strategic initiatives and plans. Currently there are three members participating, with further members showing an interest to join. Meetings are held electronically to ensure all members can participate.
- ❖ **New Brand, new website and new Members.** Research demonstrated that to attract new members into the Society, the brand needed to be refreshed and modernised. This work was concluded in 2024 with the launch of Gravesham Friendly and the launch of a new improved website. Now this is in place, the objective for 2025 is to use the new branding to attract new local members into the Society using several distribution channels. This work commenced in 2024 with a review of the business development processes.
- ❖ **Member Outcomes.** We exist to support our members and deliver the best member outcomes possible. To ensure the business has a sustainable future based upon its locality in Gravesham, it will need to focus on continuing to deliver excellent service and payment of benefits for the health-related needs of its members. To support this objective, it went live with a new Customer Relationship Management (CRM) system in 2023 and improved the digital member access through the new website in 2024. This has enabled 89% of insurance and discretionary business with members to be transacted electronically, supporting our business and climate change strategies. Member outcomes have improved significantly with over 95% of claims approved within 3 working days and over 99% of claims paid. These results are supported by positive feedback from our members.
- ❖ **Property portfolio.** Over three-quarters of our members believe it is important for the Society to take a proactive approach to climate change and to the environment with our investments, particularly the property portfolio. To meet this strong mandate, the Board will ensure our property portfolio reflects our vision and mission and the Society transitions away from our legacy property portfolio to new or recently built properties, which meet appropriate long term, sustainable environmental standards. This transition will be managed to achieve at least an energy performance certificate rating of C, or the equivalent for future standards. Work has started on this and is expected to continue in a phased approach over approximately the next 10 years.

Corporate Governance Report

Purpose, Leadership and Strategy (cont)

Changes to support this strategic work have been underpinned by improved governance, recruiting and retaining employees with the right training and skillset, improved technology infrastructure, completion of a three lines of defence model, enhancement of the controls and procedures within the day-to-day operations, all designed to meet the requirements of a 21st century member owned friendly society. It is pleasing to be able to report that significant progress has been made in all these areas in 2024.

Board Composition

In January 2024 Paul Wiltshire resigned from the Board and as Chair of the Investment Committee on health reasons. Justine Morrissey was appointed to Chair the Investment Committee from January 2024. The Board has assessed its skills matrix following the departure of Paul Wiltshire and concluded that they meet the requirements to manage the business of the Society, and it is not necessary to recruit a new Non-Executive Director.

At the end of 2024, the Board of Directors consisted of six members: five Non-Executive Directors and one Executive Director. Of the Non-Executive Directors, four meet the definition of independent and one is a member of the Society.

In assessing the Board skills, it is pleasing to note that the Board has a diverse range of technical knowledge and skills with expertise in law, actuarial, accountancy, sales and marketing, investment and property management.

Board members are assessed annually to ensure they remain fit, proper and competent for their role. Training and development plans are in place to assist Directors as needed. The Board of Directors will also appraise itself annually and decide if the composition of the Board needs to change. As part of this process, it has developed succession plans both for itself and staff.

Elizabeth Woolman also holds the Board responsibilities for the Senior Independent Director and Deputy Chair roles.

The Society has gender diversity at Board of Director level and at staff levels and will seek to address ethnic diversity going forward.

Across the Society the gender balance of the Board and Staff at the balance sheet dates is as follows:

Numbers

	Male	Female	% Female	2023 % Female
Board – NEDs	3	2	40%	33%
Board - Executive	1	0	0%	0%
Staff	2	3	60%	60%
Total	6	5	45%	42%

Remuneration

	Male	Female	2023 % Female
Board – NEDs	61%	39%	31%
Board - Executive	100%	0%	0%
Staff – Excluding CEO	45%	55%	57%
Total	64%	36%	34%

Corporate Governance Report

Board Composition (cont)

Below is a summary of the experience of each member of the Board of Directors who served in 2024:

Kim Harris - Chairman

Kim joined the Society in late 2019 and is Chairman of the Society. He has been associated with the mutual sector for many years, firstly through the Woolwich Building Society where he started as a cashier and progressed to senior management, and also at Shepherds Friendly Society where he held both non-executive and executive positions. Kim is also the Chairman of the "Upper Nidderdale Federation", which is the governing body for rural primary schools in Nidderdale, Yorkshire. With a strong social conscience, Kim is passionate about the need to combine ethics with profitability in business. He has personally developed a highly successful recruitment company, a sustainable hill farm in the Yorkshire Dales and a "glamping" venture with a strong focus on the environment. Kim has won awards for sustainable land management and wildlife habitat creation; he holds the Freedom of the City of London and is a member of MENSA the high IQ Society.

Gez Gibbs

Gez has been a Non-Executive Director (NED) at Gravesham Friendly since 2018. He is a qualified solicitor and has been in practice for more than 25 years. Gez works for a large regional law firm where he specialises in property litigation dealing with all manner of disputes involving both commercial and residential property. Gez also serves on the Investment Committee where his professional experience in property is particularly relevant to the management of the Society's core assets. Gez is himself a member of the Society as is his wife. As a Member NED, Gez is well-placed to represent members' interests at Board level.

Martin Collins

Martin joined the Society in 2019 and is Chairman of the Audit and Risk Committee. He is a Chartered Accountant with over 30 years' experience in the friendly society movement having started as an Accountant with Holloway Friendly Society before progressing to Finance Director and then Chief Executive. In recent years Martin has worked as a consultant to several other friendly societies and is a member of the With-Profits Committee at Healthy Investment. Martin is also a trustee of several charities.

Justine Morrissey

Justine joined the Society as a NED in November 2020. She sits on both the Audit and Risk Committee and the Investment Committee and is the appointed Consumer Duty Champion. She was appointed Chair of the Investment Committee in January 2024. Justine is a financial services professional with more than 25 years' experience working in the Insurance industry including both Executive and NED roles. Justine qualified as an actuary in 2000 and has had the opportunity to work in a broad range of actuarial areas from financial reporting through to product development. She maintains her Actuarial knowledge as a Fellow of the Faculty and Institute of Actuaries where she is also a volunteer. She is Director of Finance and Risk at a small Friendly Society that focuses on savings and investment products. She is also a Non-Executive Director at a general insurance company, owned by one of the UK's largest charities, where she chairs both the Audit and the Risk committees.

Elizabeth Woolman - Senior Independent Director and Deputy Chair

Liz joined the Society as a NED in November 2020. She is the Senior Independent Director and Deputy Chair and sits on both the Audit and Risk Committee and the Investment Committee. Liz has a degree in Management Studies and an MBA, she is also a qualified Marketeer. Liz is a Non-Executive Director for both the Pension Protection Fund and Local Pensions Partnership Administration and is an Executive Coach and Founder at Reconnect Business Coaching. Liz has over 20 years' experience in FTSE 100 organisations in the Financial Services and Global Technology Sector, where she held Senior Executive positions in a wide range of functions including Human Resources, Sales, Marketing, Strategy and Commercial Product Management.

Corporate Governance Report

Board Composition (cont)

Paul Osborn – Chief Executive Officer

Paul joined the Society in November 2020 as Chief Executive Officer. He is a member of the Investment Committee. Paul is a qualified Chartered Accountant and member of the Institute of Chartered Accountants in England and Wales. He is also a member of the Institute of Directors. He currently has over 25 years affiliation with the friendly Society and mutual sector. He spent 13 years at Foresters Friendly Society: 6 years as Finance Director and 7 years as Chief Executive Officer. Prior to that he was Head of Finance and Investment at Teachers Provident Society. Paul also sat on the Association of Financial Mutuals Board for 3 years, the trade body for the mutual sector.

Board of Director's Responsibilities

The responsibilities of the Board of Directors as a governing body and as individual Board members have been set out in a Board Manual. That document, along with the Rules of the Society, are the foundation documents upon which the governance of the Society is conducted.

The Board Manual lists 24 Board Policy Statements which define the expectations of the governing body on a wide range of subjects.

In addition, several of the Non-Executive Directors and the Chief Executive are approved by the Prudential Regulation Authority and the Financial Conduct Authority as Senior Manager Function Holders and have regulatory defined Prescribed Responsibilities allocated to them.

To assist the Board of Directors with its management of this increasingly complex area of governance, two sub committees are in place: Audit and Risk Committee chaired by Martin Collins, and Investment Committee chaired by Justine Morrissey, both with many years of experience in the friendly society sector.

Opportunity and Risk

The Board of Directors review the opportunities the Society has to support its desire for achieving and delivering long term sustainability in a low-risk way.

The Society has in place a comprehensive Risk Management Framework that interconnects with a Risk Appetite Statement and an emerging Risk Register. This has created an approach which closely monitors and mitigates the risks the Society is exposed to.

The Business Plan to deliver the Society's strategy, sets out how the Board of Directors seeks to ensure the organisation is sustainable in the long term and preserves value for the members' benefit, in a low-risk way.

Given its financial strength, the Board of Directors believes that growth in membership in a controlled way will not put members funds at risk by aggressive or innovative business expansion programmes.

Corporate Governance Report

Stakeholder Relationships and Engagement

The Society informs its membership of its strategy, performance and future plans in a number of ways. These include:

- ❖ The Annual General Meeting held in May
- ❖ An additional half-yearly Special General Meeting held in November
- ❖ Member Forum that meets at least twice a year
- ❖ A quarterly newsletter and other ad-hoc newsletters reporting the events at annual and general meetings
- ❖ Regular electronic (e-mail) updates – over 90% of the membership communicate by e-mail
- ❖ An updated modern and user-friendly website
- ❖ The availability of the CEO, Chairman, SID and other Board Members to receive feedback.

From 2024 a new Member Forum was set up. More information on this can be found on page 16. These meetings are set up to ensure the Board has at least quarterly contact with the members.

In terms of its relationship with staff, the Society is very small and all staff can speak to the CEO and any Board Member whenever they wish. The Board has an appointed staff representative that attends quarterly staff meetings. The annual staff appraisal procedure also allows staff and managers to raise and discuss any matters of importance to them. The Society has in place a comprehensive Staff Manual to ensure communication channels are clearly explained and understood.

The Society has a limited number of suppliers in view of its small size. The most material business relationships are with its professional services providers and regular conversations and reviews are held with them to ensure business relationships are on a sound commercial basis which works for both parties.

Remuneration Report

Remuneration

The Society's approach to remuneration is an integral part of the Society's strategy. The policy aims to attract, motivate, support and retain high quality diverse talent with the necessary skills to achieve the Society's strategic objectives, meet regulatory requirements and support the short, medium and long-term interests of members. Remuneration is considered within the financial services sector for the geographical location the Society occupies and business affordability. The policy is to provide an industry competitive level of salary which is achieved through regular salary benchmarking exercises and a good working environment. Salaries are reviewed annually, and all staff are entitled to join a defined contribution pension scheme.

The Society has one Executive (the CEO) and his pay has been determined by a benchmarking exercise, carried out by the Non-Executive Directors, against other Friendly Societies that have similar asset size and characteristics. The remuneration of all Non-Executive Directors, including the Chairman, is reviewed on an annual basis by the Board using advice and guidance from both internal and external sources, and supplemented as required with expert advice. This review ensures the level of pay is commensurate with the scale and complexity of the business operation being managed and aligns with salaries paid elsewhere in the sector.

It is also recognised that certain additional employees may be subject to the Senior Manager and Certification Regime introduced by the Society's regulators, and this may cause reassessments to be made based upon the enhanced level of personal accountability attached to certain roles.

Board of Directors Remuneration 2024

Name	Salary/Fee £	Bonus £	Pension £	Other £	Total 2024 £	Total 2023 £
Executives						
P Osborn (CEO)	118,750	-	17,812	15,000	151,562	151,562
Sub-total	118,750		17,812	15,000	151,562	151,562
Non- Executive Board Members						
K Harris (Chairman)	34,750	-	-	-	34,750	33,000
M Collins	27,167	-	-	-	27,167	26,000
G. Gibbs	23,167	-	-	-	23,167	22,000
J Morrissey	26,910	-	-	-	26,910	22,000
P Wiltshire	2,167	-	-	-	2,167	26,000
E Woolman	27,167	-	-	-	27,167	26,333
Sub -total	141,328	-	-	-	141,328	155,333
Total	260,078	-	17,812	15,000	292,890	306,895

Paul Wiltshire's salary as a director was for the period up until he resigned in January. Throughout the remainder of 2024 he was paid a salary of £10,083 for his expertise and experience.

Attendance 2024

Name	Board	Audit and Risk	Investment
Number of meetings in year	6	4	4
K Harris (Chairman)	7/7	-	4/4
M Collins (Chairman Audit & Risk Committee)	7/7	4/4	4/4
G Gibbs	7/7	-	3/4
P Osborn (Chief Executive)	7/7	-	4/4
J Morrissey (Chairman Investment Committee from Jan 2024)	7/7	4/4	4/4
E Woolman (Senior Independent Director)	7/7	4/4	4/4
P Wiltshire (Resigned Jan 2024)	-	-	-

Board of Directors Report

Board Members and Interests

Details of the current members of the Board of Directors are given on pages 18 to 19. Information on how they have governed and managed the affairs of the Society in the year is given in the Corporate Governance Report on pages 16 to 20. The Society has continued to maintain Director's and Officer's liability insurance cover for the Board of Directors during the year and at the date of approval of these financial statements.

Business Activities and Future Development

The Society carries out certain types of insurance and discretionary benefit financial services business in the United Kingdom. The Society is an incorporated Society under the Friendly Society Act 1992 and is categorised as a Large Non-Directive Friendly Society by the Prudential Regulation Authority.

The Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority.

Members of the Board of Directors confirm that, to the best of their knowledge, all activities carried out by the Society during the year were within its powers and authorisations.

The Board has a business plan, based upon implementing the strategic four pillars outlined on page 10. The plan describes what developments are underway to ensure the Society has a sustainable and low risk future.

Towards the end of 2020, the Government announced a target for the UK to reduce its carbon emissions by 68% from 1990 levels by the end of 2029. As a result of this, the Society developed a Climate Change Strategy 2021-30, which is outlined further on page 14.

The FCA published its final rules and guidance on Consumer Duty in July 2022. The objective of the Consumer Duty is to set higher and clearer standards of consumer protection across financial services and requires the Society to act to deliver good outcomes for customers. A new consumer principle was introduced to ensure that the Society acts to deliver good outcomes for all members. The Society had implemented the requirements and standards of Consumer Duty during 2023 and 2024 and produced a Consumer Duty report that was presented and approved by the Board on 31st July 2024. This remains core to the Society's strategy and business objectives for 2025-27. The Consumer Duty champion, Justine Morrissey, has continued with her support by raising Consumer Duty relevant discussions and challenging the firm's Board/Management under consumer outcomes. The Board received periodic progress reports during 2024 which will continue in 2025.

Risk Management and Internal Control

In accordance with the UK Corporate Governance Code, the Board of Directors has carried out a robust assessment of the principal risks facing the Society. An overview of these risks can be found on page 13.

The effectiveness of the Society's internal control in managing those risks was monitored in 2024 by the Audit and Risk Committee. More details on the Audit and Risk Committee are shown on pages 25 and 26.

The Board of Directors has considered the effectiveness of risk management and internal controls in place during 2024 and concluded that there were no control failings causing material loss to the Society or its members.

Employees

The Society is committed to a policy which ensures that, in all aspects of recruitment, training and career development, equal opportunities are afforded to job applicants and employees irrespective of their protected characteristics. If employees become permanently disabled during employment, the Society will endeavour to retrain, or redeploy, individuals to enable their employment to continue. The Society is very small in terms of the number of employees. During 2024, in addition to the Chief Executive Officer, there were five members of staff. This limits the ability of the Society to offer career progression opportunities and to facilitate redeployment if requested.

Board of Directors Report

Going Concern Statement

The Society seeks to meet the standards set by the UK Corporate Governance Code and therefore the Board of Directors wishes to state whether the business is believed to be a going concern over the next 12 months. In contemplating this, the Board has considered the following:

- ❖ The Society's business activities, together with the factors that are likely to affect its future development and position (see details in the Chief Executive's Report pages 7 to 9)
- ❖ The analysis of material risks faced by the Society and the management of those risks (see details in the Risk Management Report pages 13 to 15) and
- ❖ The confirmation from the Society's actuary that the Society had a solvency level significantly higher than that required by the PRA regulations as at 31 December 2024 and throughout the year.

Having due regard to these matters and after making appropriate enquiries, the Board of Directors confirm that it considers it appropriate to prepare the financial statements on a going concern basis.

Statement of Responsibilities of the Board of Directors

The Board Members are responsible for preparing this Report in accordance with the Friendly Societies Act 1992 and the regulations made under it. The Board Members are also responsible for preparing the Strategic Report (pages 10 to 15), the Report on Corporate Governance (pages 16 to 20) and the Financial Statements (pages 33 to 44), in accordance with applicable law and regulations.

Friendly Society law requires the Board Members to prepare Financial Statements for each financial year. Under that law, they have elected to prepare the Financial Statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice).

The Financial Statements are required by law to give a true and fair view of the state of affairs of Anglo- Saxons Friendly Society as at the end of the financial year and of the income and expenditure for the financial year.

In preparing these Financial Statements, Board Members are required to:

- ❖ Select suitable accounting policies and apply them consistently,
- ❖ Make judgements and estimates that are reasonable and prudent,
- ❖ State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts, and
- ❖ Prepare the accounts on a going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Board of Directors is responsible for keeping proper accounting records that disclose with reasonable accuracy the financial position of the Society and enable it to ensure that the Financial Statements comply with the Friendly Societies Act 1992 and the regulations made under it. It is responsible for the maintenance and integrity of the corporate and financial information.

The Board of Directors has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

The Board of Directors confirms that, in its view, it has complied with the above requirements in preparing the Report and Financial Statements and that it considers the Report and Financial Statements, taken as a whole, are fair, balanced and understandable.

Board of Directors Report

Longer-Term Viability Statement

The Board of Directors also assesses the prospects of the Society over a period longer than the 12 months required for the going concern review. During the year, the Board of Directors attended a strategy day during which they reviewed the current strategy, considered long term sustainability, considered views of members and opportunities and threats for the Society over the next three years.

Based on this assessment, the Board of Directors has reasonable expectations that the Society will be able to continue in operation and meet its liabilities as they fall due over the period to July 2026. Given the Society's financial strength, they have no reason to think viability will be threatened going forward but will continue to review with a forward-looking timeline within its business plan.

Disclosure of Information to the Auditors

The Board members who held office at the date of approval of this Report confirm that, so far as they are aware, there is no relevant information of which the Society's auditors are unaware, and each Board member has taken all steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish that the Society's auditor is aware of that information.

Donations

The Society made a £250 donation to Ellenor, a hospice in Gravesham. In 2023 £185 was paid to Gravesham Sanctuary supporting homeless people in Gravesham. These donations are aligned with our strategy to support the Gravesham Community.

By Order of the Board

Paul Osborn
CEO and Company Secretary

4 April 2025

Committee Reports

Audit and Risk Committee (ARC)

Membership

The Committee membership during 2024 was as follows:

- ❖ Martin Collins (Chair)
- ❖ Paul Wiltshire (Resigned Jan 2024)
- ❖ Justine Morrissey
- ❖ Liz Woolman

The Committee's members have been appointed with due consideration for their skills and experience with a view to ensuring that the Committee is able to effectively carry out its purposes and responsibilities. The Society's Chair has a right to attend meetings. In addition, Committee meetings are attended, upon invitation, by the Society's Independent Auditor and its Appropriate Actuary. The Society's Chief Executive Officer, Chief Finance Officer and Compliance Manager also attend meetings.

Purposes

The purposes of the Committee are:

- ❖ To provide information, guidance and recommendations to the Board on matters affecting the firm's annual Report and Financial Statement. In so doing, aim to advise the Board that it considers the annual Report and Financial Statement is fair, balanced and understandable, and provides the information necessary for readers to assess the firm's financial performance, system of governance, business model and strategic direction.
- ❖ To evaluate, independently, assurances, however given, from management, the compliance function, internal audit and external audit in respect of the financial statements, governance standards, compliance with regulations and the systems of internal control.
- ❖ To ensure that the "lines of defence" deployed in the firm are of a high standard and sufficiently skilled and professional to protect the interests of all stakeholders in the firm.
- ❖ To champion the importance of successful Risk Management within the firm and assist in developing a culture that encourages good stewardship of risk and which demonstrates the benefits to all stakeholders of a risk-based approach to internal control and management of the business.
- ❖ To provide information, guidance and recommendations to the Board in relation to current and future risk appetite, risk measurement and mitigation. In so doing, contribute to assessing that capital management reflects the level of current and future enterprise wide risk taking and protects the solvency of the firm.
- ❖ To evaluate independently, assurances given from management, the compliance function, internal audit and external audit in respect of the risks facing the firm and how effectively they are being mitigated.

Specific Responsibilities

The Committee's Specific Responsibilities are set out within the Committee's Terms of Reference a copy of which can be found on the Society's website. The Terms of Reference were reviewed and updated during the year for the new Consumer Duty responsibilities. The specific responsibilities of the Committee cover:

- ❖ Independent Auditors
- ❖ Financial reporting and regulatory reporting
- ❖ Internal Audit, Compliance and Systems of Internal Control
- ❖ Risk Management and Risk Appetite
- ❖ Strategy and Business Planning

Board of Directors Report

Audit and Risk Committee (ARC) (cont)

Committee Activity in 2024

Activity scheduled and completed during 2024 was as follows:

- ❖ Review and recommend for approval, the Committee's Terms of Reference.
- ❖ 2023 Financial Year-End process
 - Receive the 2023 annual actuarial report from the Appropriate Actuary.
 - Review and recommend to the Board the Report and Financial Statements for the year ending 31st December 2023.
- ❖ Assessment and consideration of a future review of the role of the Independent Auditor
- ❖ Assessment of and consideration for a future review of the role of the Appropriate Actuary.
- ❖ Internal Audit
 - Review and approve the Internal Audit Plan.
 - Receive internal audit reports.
- ❖ Compliance
 - Review and approve the compliance monitoring plan for 2025.
 - Receive regular reports from the Compliance Officer on the 2024 plan.
 - Receive management reports on complaints and regulatory reporting.
 - Receive reports from the Money Laundering Reporting Officer and Whistleblowing Champion and on Threshold Conditions compliance.
- ❖ Risk Management
 - Review and approve the Risk Management Framework and Risk Appetite Statement.
 - Receive regular reports from the Risk and Compliance Group (RACG).
 - Review the Risk Register and the Society's emerging risks.
 - Risk review of the Business Plan.
- ❖ Policies - Review and recommend to the Board the approval of Society's policies within the Committee's remit
- ❖ 2024 Financial Year-End process
 - External Auditor – Work schedule, audit risk and fee structure
 - Appropriate Actuary - Work schedule, valuation assumptions and fee structure
 - Receive and consider the Year End Plan for annual financial reporting
 - Consideration of material accounting policies and judgements
 - Property and other investments valuations
 - Insurance technical provisions
 - Going concern
 - Internal controls
- ❖ Review of the Committee's performance during the year

Reporting

The Chair of the Committee submits regular reports to the Board on its activities after each Committee meeting. Minutes of all Committee meetings are circulated to all members of the Society's Board.

Committee Reports

Investment Committee (ICom)

Membership

The Committee membership during 2024 was as follows:

- ❖ Justine Morrissey - Appointed Chair January 2024
- ❖ Gez Gibbs
- ❖ Liz Woolman
- ❖ Kim Harris - Appointed Jan 2024
- ❖ Martin Collins - Appointed Jan 2024
- ❖ Paul Wiltshire - Resigned Jan 2024
- ❖ Paul Osborn

Membership of the Investment committee in 2024 was the full Board. This has the advantage of allowing time for investment matters to be discussed in detail and decisions needing Board approval to be made within the meetings. Committee meetings are attended, upon invitation, by the Society's Investment and Property Managers. With the full Board as members, the Committee benefits from a wide-ranging experience that allows it to address the challenges faced.

Purposes

The purposes of the Committee are to:

- ❖ Ensure that the Investment Strategy is in line with the Society's Purpose, Vision and Values and its obligations to its policyholders and members as to how the Society's assets are invested.
- ❖ Annually recommend to the Board, the Society's investment philosophy, embracing responsible investment and any material environmental, social and governance matters.
- ❖ Recommend to the Board the Investment Strategy, including asset allocation, for the Society. The Committee will make asset allocation decisions in line with agreed policy and strategy having considered the recommendations of the Appropriate Actuary and other relevant parties.
- ❖ Make recommendations to the Board on the Society's asset class mix. Ensure that the Society establishes the amount of funds it needs to hold as both a Cash Reserve as well as a Liquidity Buffer.
- ❖ The policy and strategy are to be reviewed and approved by the Board on an annual basis.
- ❖ Monitor the implementation and effectiveness of the Society's Investment Policy and Liquidity Policy

Specific Responsibilities

The Committee's Specific Responsibilities are set out within the Committee's Terms of Reference, a copy of which can be found on the Society's website.

Committee Activity in 2024

Activity scheduled and completed during 2024 was as follows:

- ❖ Review and recommend for approval, the Committee's Terms of Reference, Liquidity Policy and Investment Policy.
- ❖ Reviewed all matters relating to Society's investments at each quarterly meeting, receiving regular written reports, reviewing performance and costs. This is in addition to the regular contact that takes place between the CEO and both firms.

The Committee continues to enjoy good working relationships with the managers who have a clear vision of what the Committee require for the Society and our goals.

- ❖ Property Manager (Spicerhaart).
- ❖ Investment Manager (LGIM).

Committee Reports

Investment Committee (ICom) cont

Committee Activity in 2024(cont)

- ❖ Property:
 - Work has continued from last year to review the property portfolio. This work has focused on energy efficiency, regulatory requirements and looking to have properties that are attractive for tenants and deliver an appropriate return for the society.
 - The Committee has a much clearer view on the current portfolio and the split between properties to keep, to sell and those that need more investigation.
 - The work started last year commissioning a retrofit survey for a sample of properties has been concluded. The outcome from this work was that this would be a prohibitively expensive approach and needed specialist skills not available within the Society. It was decided not to continue with this as an approach.
 - The strategy is now focused on adding new and more modern properties into the portfolio to improve the energy efficiency and provide diversity.
 - Our property management company is helping to identify tenants that might want to move to these new properties and other properties within our portfolio we are looking to keep. In turn this should help in moving our portfolio to one that matches our ambitions.
 - At the same time as developing the strategy, work has continued on the process of reviewing and updating rents in a sympathetic manner to ensure we maintain an attractive return on the property portfolio.
- ❖ Financial Investments:
 - The Financial Investments of the Society have continued to be invested with LGIM. The committee review these investments on a regular basis in terms of performance, costs and importantly that the companies we invest in act in an ethical manner and minimise their impact on the environment.
 - The liquidity policy, based on a number of adverse scenarios, has calculated that the Society needs to have low risk/appropriate investments to the value of £600k as a liquidity buffer. This was set up in 2023 with investment into a UK Gilt Fund managed by LGIM. It was considered in 2024, but no change was made.
- ❖ Bank:
 - The move to Handelsbanken has continued through the year. This has taken a little while to complete as our different organisations learn about each other. This has been a useful experience, and we look forward to an ongoing relationship.

The activities have also been expanded as a result of the work on Property strategy as outlined above to include a loan facility that will help fund new properties. This will help to achieve the aim of a higher quality of properties in the portfolio from a commercial, energy efficiency and regulatory requirements perspective.

Reporting

The Chair of the Committee submits regular reports to the Board on its activities after each Committee meeting. Minutes of all Committee meetings are circulated to all members of the Society's Board.

Auditors

Opinion

We have audited the financial statements of Anglo-Saxons Friendly Society (the 'society') for the year ended 31 December 2024, which comprise the Statement of Comprehensive Income, Statement of Financial Position and Notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements:

- ❖ give a true and fair view of the state of the society's affairs as at 31 December 2024 and of its surplus for the year then ended;
- ❖ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ❖ have been prepared in accordance with the Friendly Societies Act 1992.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the society 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ❖ The board of managements use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ❖ The board of management has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

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

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Auditors (cont)

Key audit matters (cont)

The way in which we formed our response to the risks identified above was as follows:

- ❖ In order to address the risk around the operation of the society's Membership system during the year we have tested the operation of the controls over membership records, premium income and claims paid to members. The controls were tested on a sample basis and the extent of testing varied depending on the frequency with which the control is operated.
- ❖ In order to address the risk around ownership of the society's investments held at the year end, we confirmed the entirety of the holdings to independent third party confirmations provided by the society's Custodian. These statements were compared to known movements in the investment holdings in the year through comparison to contract notes and testing of the management's monthly investment reconciliations.
- ❖ In order to address the risk around the valuation of the society's investments we obtained independent third party confirmations of the prices for the purpose of subscription or redemption of interest in the underlying investments in investee funds as at 31 December 2024.
- ❖ In order to address the risk associated with the recording of investment transactions throughout the year ended 31 December 2024 we have tested a sample of transactions to independent documentation.
- ❖ In order to address the risk over the society's compliance with its regulatory environment we updated our understanding of the regulatory requirements and reviewed the society's correspondence with its regulators, statutory filings and managements' records of compliance with appropriate regulations.
- ❖ As part of our testing of the Membership system we performed testing relating to controls over the recognition of premium income and the process for ensuring the accuracy of changes to members' records, including new members. We also performed substantive testing on a sample of premium income and analytical procedures to validate whether revenue recognition procedures complied with UK Generally Accepted Accounting Practice.
- ❖ In order to address the risk relating to management override of controls we have reviewed all significant or unusual entries to ensure they are appropriate and reasonable. We have also reviewed key estimates and judgements for bias.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purpose of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced.

Due to gross assets being a key measure of the performance of the society by stakeholders and the fact it is used to assess the overall financial strength of the society, the basis of materiality is 1% of the gross assets of the society, which amounted to £324,000. This was applied as the materiality for the financial statements as a whole. Performance materiality, which was based on our risk assessment, was 75% of materiality. We agreed with the Audit Committee that we would report to the Committee and management all audit differences in excess of £1,000, as well as differences below that threshold that in our view warranted reporting on qualitative grounds.

An overview of the scope of the audit

The scope of the audit for the financial statements has been determined by our application of our materiality to the financial statements in association to the risks of the society when determining the level of work to be performed. All audit work was performed directly by the audit engagement team with the assistance of appointed experts.

Auditors (cont)

An overview of the scope of the audit (cont)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the board of management made subjective judgements, for example in respect of the valuation of legal and regulatory expenditure which are subject to management judgement and estimation.

We gained an understanding of the legal and regulatory framework applicable to the society and the industry in which it operates and considered the risk of acts by the society which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Friendly Societies Act, PRA and FCA rules, FRS 102 and FRS 103. We obtained our understanding through internal and external training, the use of an appropriately qualified and experienced audit team.

We designed audit procedures to respond to the risk, 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.

We focused on laws and regulations that could give rise to a material misstatement in the company financial statements. Our tests included, but were not limited to:

- ❖ agreement of the financial statement disclosures to underlying supporting documentation;
- ❖ enquiries of management;
- ❖ review of minutes of board meetings throughout the period;
- ❖ obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- ❖ review of correspondence with the PRA and FCA.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely, as auditor of the financial statements, we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that might reasonably represent a risk of material misstatement due to fraud.

Other information

The board of management are responsible for the other information. The other information comprises the information in the Report of the board of management, but does not include the financial statements and our Report of the auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Friendly Societies Act 1992

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

- ❖ the information given in the Report of the board of management for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ❖ the Report of the board of management has been prepared in accordance with applicable legal requirements.

Auditors (cont)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the society and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the board of management.

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

- ❖ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ❖ the financial statements are not in agreement with the accounting records and returns; or
- ❖ certain disclosures of board of management emoluments are not made; or
- ❖ we have not received all the information and explanations we require for our audit;

Responsibilities of the board of management

As explained more fully in the Statement of responsibilities of the board of management set out on page 21, the board is 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 board determines 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 board is responsible for assessing the society'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 board either intends to liquidate the society or to cease operations, or has no realistic alternative but to do so.

Auditors' 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 a Report of the auditors 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.

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

Use of our report

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 a Report of the auditors 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, for our audit work, for this report, or for the opinions we have formed.

Ricky Hutson BSC FCCA ACA (Senior Statutory Auditor)

for and on behalf of **Berringers LLP**,
Chartered Accountants and Statutory Auditors
Lygon House, 50 London Road, Bromley, Kent, BR1 3RA

4 April 2025

Anglo-Saxons Friendly Society
Financial Statements as at 31 December 2024

Statement of Comprehensive Income

Technical Account: Long-Term Business	Notes	2024	2023
		£'000	£'000
Earned Premium Income	5	50	48
Investment Income	6	1,418	1,390
Realised Gains Investments	6	-	48
Unrealised Gains on Investments	6	937	-
Total Technical Income		2,405	1,486
Claims Incurred	7	(377)	(1,635)
Transfer from/(to) the Long Term Business Provision	8	(431)	1,159
Other Expenditure			
Investment Property Costs	9	(440)	(435)
Management Costs	10	(925)	(855)
Investment Expenses and Charges	14	(2)	(13)
Realised losses on Investments	6	(29)	-
Unrealised Losses on Investments	6	-	(1,639)
Total Technical charges		(2,204)	(3,418)
Surplus/(Deficit) of technical income over technical charges		201	(1,932)
Transfer from/(to) the Fund for Future Appropriations	16	(201)	1,932
Balance on the Technical Account		-	-

The above results relate wholly to continuing activities.

The Society has no recognised gains or losses other than those included in the movement on the Technical account and therefore no separate statement of recognised gains and losses has been presented.

Please see the Notes to the Financial Statements section for more detail.

Anglo-Saxons Friendly Society
Financial Statements as at 31 December 2024 (continued)

Statement of Financial Position

Technical Account: Long-Term Business	Notes	2024	2023
		£'000	£'000
Investments			
Financial Investments	15	31,473	31,472
Other Assets			
Cash at Bank		747	138
Prepayments and Accrued Income		128	119
Total Assets		32,348	31,729
Fund for Future Appropriations	16	21,388	21,187
Long Term Business Provision	17	10,752	10,321
Creditors			
Other Creditors	20	208	221
Total Liabilities		32,348	31,729

The financial statements were approved by the Board and signed on the 4 April 2025 on its behalf by:

Kim Harris
Chairman of the Board

Paul Osborn
Chief Executive Officer

Anglo-Saxons Friendly Society

Notes to the Financial Statements – 31 December 2024

General Information

The Society is a Friendly Society that incorporated in the United Kingdom on 1st January 2020, under the Friendly Societies Act.

1. Basis of Accounting

The accounts have been prepared under the Historical cost convention, modified by the revaluation of certain assets as required by the Regulators.

2. Significant Accounting Policies

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

Basis of Preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102(FRS 102) and Financial Reporting Standard 103(FRS 103) as issued by the Financial Reporting Council and the Friendly Societies (Accounts and Related Provisions) Regulations 1994 ('the Regulations').

As permitted by the amendments to FRS 103 Insurance contracts, the Society recognises and measures technical provisions on long term insurance contracts on a prudent basis in accordance with Prudential Regulation Authority rules relevant to the Society. This means that the value of technical provisions disclosed in these financial statements are aligned with the Society's other regulatory financial reporting.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies selected for use by the Society. 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 3. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

After making enquiries, the directors have a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. The Society therefore continues to adopt the going concern basis in preparing its financial statements.

Earned Premiums

Earned premiums are accounted for on an accruals basis based on the period they related to. Premiums relating to the unexpired term of policies in force at the balance sheet date are treated as unearned.

Claims and Benefits

Claims for sickness, death, dental, optical, hospitalisation, bonds, maternity and energy grant are accounted for from the appropriate date of the event as notified. In 2023, new discretionary benefit claims for First Time Buyer, Home Energy Efficiency and Educational grants have been introduced and they are accounted for from the appropriate date of the event as notified. Claims payable include all related internal and external claims handling costs.

Investment Income

Investment income is accounted for on an accruals basis based on the period it relates to. Income includes rental income, contributions, dividends and interest.

Anglo-Saxons Friendly Society

Notes to the Financial Statements – 31 December 2024 (continued)

Realised and Unrealised Investment Gains

Realised gains and losses, being the differences between the net sale proceeds and market value (see Valuation of Investments below) at the beginning of the year, is included within investment income in the Technical Account when attributable to assets in the Long-Term Business Fund. Unrealised gains and losses represent the difference between the valuation of investments at the balance sheet date and market value at the beginning of the year. Unrealised gains and losses on assets purchased during the year are valued on the difference between the purchase price and the valuation at the balance sheet date.

Movements in unrealised gains and losses attributable to assets in the Long-Term Business Fund are reported in the Technical Account – Long-Term Business.

Taxation

The Society is not subject to income, capital gains or corporation tax.

Valuation of Investments

Fixed Interest and equity investments, at the end of 2024, are invested in authorised unit trusts managed by Legal and General Investment Management. The unit trusts are measured at their bid value at the balance sheet date. For the 2024 year end, the market value of quoted fixed interest and equity investments is stated in the financial statements at the closing mid-market values at the balance sheet date. Where there is no apparent market for an asset and therefore no quoted market value, a mark to model approach is taken to estimate what the market value would be if a market existed.

Regarding note 15 below, the Society's investment properties are held at valuation. The basis of valuation is defined as the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction, without deducting transaction costs. Transaction costs are provided for in the Long-Term Business Provision to be consistent with previous years. The investment properties are domestic residential properties in the North Kent area and are valued twice a year on an open market basis by qualified external valuers. From 2022 onwards, the Society took advantage of using Spicerhaart Residential Lettings Limited, our property managers, to carry out this valuation, which valued the investment properties at a value based on the properties being unoccupied. The Board then applied a reduction to this value on a property-by-property basis depending on the type of tenancy agreement in place on that property.

Pension Scheme Arrangements

Under the Pensions Act 2008, the Society was required to comply with automatic enrolment. All staff who have joined the Society after that date have been automatically enrolled into the Pension Scheme under terms that comply with that specified by the Pension Regulators.

3. Critical Accounting Judgements and Estimates

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. Actual results in the future could differ from such estimates.

Anglo-Saxons Friendly Society

Notes to the Financial Statements – 31 December 2024 (continued)

3. Critical Accounting Judgements and Estimates (cont)

Long-Term Business Provision (“LTBP”)

The valuation of contract liabilities is based on prudent assumptions of the Appropriate Actuary in accordance with the Rules of the Prudential Regulation Authority as applicable to the Society.

The assumptions used for discount rates are based on the yield on the Society’s own investment portfolio, adjusted for the Society’s own risk exposure. Due to the long-term nature of these obligations, the estimates are subject to significant uncertainty. The main assumption underlying these techniques is that past claims development experience is used to project ultimate claims costs. Allowance for one-off occurrences or changes in legislation, policy conditions or portfolio mix are also made in arriving at the estimated ultimate cost of claims in order that it represents the most likely outcome, taking account of all the uncertainties involved. To the extent that the ultimate cost is different from the estimate, where experience is better or worse than that assumed, the surplus or deficit will be credited or charged to gross benefits and claims within the Statement of Comprehensive Income in future years.

Capital and Risk Management

Section 4 details the capital and risk management approach of the Society. The Society seeks to create value for its members by investing in the development of the business while maintaining an appropriate level of capital available.

Property Valuations

The Society owns a portfolio of domestic residential properties in the North Kent area. The valuation of these residential properties is carried out at fair value by the Society’s property managers, Spicerhaart Residential Lettings Limited. The property portfolio is the largest asset class on the balance sheet and the most material in having an impact on the balance sheet. The Board and Investment Committee regularly review the property values with actual historical experience, and expected outcomes, to ensure the estimates and assumptions are in line with current fair value. The basis for the fair value is shown in 2 above.

4. Capital Management

Policies and Objectives

The Society’s key capital management objectives are:

- ❖ To safeguard the Society’s financial strength and to support the risks it takes on as part of its business.
- ❖ To comply with the MCM capital requirements imposed by the PRA.

These objectives are reviewed by the Board annually. The surplus capital resources are monitored at regular intervals throughout the year to ensure sufficient capital is available for its capital management objectives. These assessments consider material changes in business planning assumptions, changes in financial market prices, and changes in the Society’s insurance fund. The Society complied with all externally imposed capital requirements to which it was subject throughout the reporting period. The increase in the Capital Resources (FFA) in 2024 is almost entirely due to the rise in house prices in North Kent represented by the unrealised gains in note 6. The Society has 91% of its assets in property.

Capital Statement (Note 18)	2024 £000	2023 £000
Total Capital Resources Before Deductions (FFA)	21,388	21,187
Regulatory Solvency Adjustments	(2,808)	(3,229)
Capital Available to Meet Regulatory Capital Requirements	18,580	17,958

Notes to the Financial Statements – 31 December 2024 (continued)

4 Capital Management (cont)

Measurement and Monitoring of Capital

The capital position of the Society is monitored internally on a regular basis and reviewed periodically by the Board. These objectives are reviewed, and actions taken if necessary, to ensure the adequacy of the Society's capital position. In the event sufficient capital is not available, actions would be taken to either free additional capital by altering the asset mix of the Society's investment portfolio, or through action as explained under "Available Capital" below.

Available Capital

An allowance is made for actions that management would take in adverse conditions, such as reducing bonuses and grants to zero if necessary. The assets are taken at market value and are estimated where required. All admissible assets are available to meet the regulatory requirements of the fund.

5. Earned Premium Income

	2024 £000	2023 £000
Members Contributions	50	48
Earned Premium Income	50	48

6. Investment Income

	2024 £000	2023 £000
Rental Income	1,359	1,329
Deposits with Banks and Fund Managers	59	61
Investment Income (excluding Realised Gains/(Losses))	1,418	1,390
Net Gains/(Loss) on the Realisation of Property	(29)	(6)
Net Gains/(Loss) on the Realisation of Investments	-	54
Total Realised Gains/(Losses)	(29)	48
Unrealised Gains/(Loss) on Property revaluation	888	(1,629)
Unrealised Gains/(Loss) on Investments	49	(10)
Total Unrealised Gains/(Losses)	937	(1,639)
Total Investment Income	2,326	(201)

7. Claims Incurred

	2024 £000	2023 £000
Sickness claims	24	32
Bond repayments	-	1,233
Discretionary claims	353	370
Total Claims Incurred	377	1,635

Included within Discretionary claims is a credit of £34k from the one-off energy award granted in 2022. This relates to members who did not make a claim.

Notes to the Financial Statements – 31 December 2024 (continued)

8. Change in Technical Provisions - Movement in Long Term Business Provision

	2024 £000	2023 £000
Movement in year (see note 17)	431	(1,159)
	431	(1,159)

9. Investment Property Costs

	2024 £000	2023 £000
Property Repairs	210	213
Management	230	222
Investment Property Costs	440	435

10. Management Costs

	2024 £000	2023 £000
New Business Costs	-	-
Administration and Other Costs	688	690
Strategic Project Costs	237	165
Management Costs	925	855

The costs of developing and implementing the Society's strategy in 2024 and 2023 are not directly correlated to administering the insurance policies or discretionary benefits. More information on the strategic work is available in the Chairmans Report on page 4.

11. Independent Auditor Remuneration

	2024 £000	2023 £000
Fees Paid to Berringers LLP for Audit Services	20	19

12. Board of Management Emoluments

	2024 £000	2023 £000
Executive Director remuneration	152	152
Non-Executive Director fees	141	155
Board of Management Fees (See remuneration report)	293	307
Emoluments of the highest paid Board Member	152	152

Anglo-Saxons Friendly Society

Notes to the Financial Statements – 31 December 2024 (continued)

13. Staff Costs

	2024 £000	2023 £000
Wages and Salaries	365	348
Social security costs	39	37
Other pension costs	62	60
Total staff costs	466	445

The number of employees at the end year, including executive directors, were:

	No	No
Board and Senior Management	6	7
Administration	5	5
	11	12

14. Investment Expenses and Charges

	2024 £000	2023 £000
Management Charges	2	13
	2	13

15. Investments

The Society's investments at current value were as follows:	2024 £000	2023 £000
Investment Properties	29,359	29,407
Listed Investments – Bonds	558	598
Listed Investments - Equities	1,556	1,465
Deposits with Credit Institutions	-	2
	31,473	31,472

16. Fund for Future Appropriations

	2024 £000	2023 £000
At 1 January	21,187	23,119
Transfers from/(to) the Technical Account	201	(1,932)
At 31 December	21,388	21,187

Notes to the Financial Statements – 31 December 2024 (continued)

17. Long Term Business Provision

	2024 £000	2023 £000
At 1 January	10,321	11,480
Transfers from the Technical Account (note 8)	431	(1,159)
At 31 December	10,752	10,321

	2024 £000	2023 £000
Analysed as:		
Sickness, annuity and other benefits	651	803
Expenses	10,101	9,518
At 31 December	10,752	10,321

18. Capital Resources

	2024 £000	2023 £000
Available Capital resources in respect of long-term business:		
Fund for future appropriations (note 16)	21,388	21,187
Adjustment to assets onto regulatory basis	(1,028)	(1,029)
Resilience reserve	(1,780)	(2,200)
Total available capital resources	18,580	17,958
Required minimum margin	(504)	(503)
Total surplus capital resources	18,076	17,455
Total available capital resources as a percentage of required min margin	3,687%	3,567%

Movement in Capital Resources

	2024 £000	2023 £000
Opening Capital Resources	17,958	19,825
Investment return in excess of (less than) valuation requirements	325	(2,083)
Change in valuation assumptions	(1,082)	(618)
Change in resilience requirements	420	-
Other miscellaneous workings of the Fund	958	770
Change in statutory property adjustment	2	64
Balance as at 31 December	18,581	17,958

The key assumptions used for the valuation of liabilities and the basis for setting them are as follows:

Interest	2.9% per annum (2023: 2.8%) – this is set having regard to the yield on the Society’s own investment portfolio.
Resilience reserve	20% (2023: 20%) decrease in property values. 10% (2023: 10%) decrease in rental income. 10% (2023: 10%) decrease in equity values.

Anglo-Saxons Friendly Society

Notes to the Financial Statements – 31 December 2024 (continued)

18. Capital Resources – continued

Management Expenses £180.91 per annum per non-bond member (2023: £161.94) with an inflation rate of 3.5% (2023: 3.5%) per annum based on an analysis of the Society's expenses. Plus 25% of sickness premiums.

An additional global expense reserve based on expenses in addition to the above of the following amounts, which were subsequently adjusted for inflation of 3.5% (2023: 3.5%) of:

First year following the valuation:	£516,500 (2023: £648,100)
Second year following the valuation:	£388,800 (2023: £345,900)
Third year following the valuation:	£341,300 (2023: £279,600)
Fourth year following the valuation	£238,700 (2023: £200,400)
Fifth year following the valuation	£ 44,100 (2023: £36,600)
Six and subsequent	Nil

Mortality The following percentages of the English Life tables (No 17) (2023 figures shown for comparison).

Assurances	45% (45%)
Sickness	45% (45%)

These rates are set having regard to the Society's own mortality experience averaged over the last 5 years.

Sickness The following percentages of the Manchester Unity Tables AHJ (2023 figures shown for comparison).

	Males	Females
First 6 months of claim	45% (45%)	45% (45%)
Second 6 months of claim	45% (45%)	45% (45%)
Between 1 and 2 years	80% (55%)	80% (55%)
Thereafter	90% (90%)	90% (90%)

These rates are set having regard to the Society's own sickness experience averaged over the last 5 years.

The Society's risk management policies and processes include identification and control of business risks, the key components of which are:

- ❖ Market Risk - the risk of losses arising from changes in the value of assets or in the income from the assets.
- ❖ Insurance Risk - the risk of loss due to uncertainties over timing, amounts and occurrence of events insured by the Society.
- ❖ Credit Risk - the risk of loss due to default by a counterparty in meeting its financial obligations.
- ❖ Liquidity Risk - the risk that the Society, although solvent, is unable to meet its obligations as they fall due.
- ❖ Operational Risk - the risk of losses due to inadequate systems and controls, error or management failure.

Notes to the Financial Statements – 31 December 2024 (continued)

18. Capital Resources – continued

The Society has a clearly defined risk appetite for each category of risk and business policies are set accordingly. A summary of each material risk and mitigating actions are set out below.

Market Risk

The key risks are changes in the market value of the Society's investments and changes in interest rates. The majority of the Society's investments are in residential property and a 20% fall in values would reduce the available capital by £5,871k.

Credit Risk

The Society seeks to minimise credit risk, in particular those related to deposit takers and direct holdings of fixed interest securities, by limiting them to counterparties rated AA and higher. The Society has limited holdings (less than 1% of total assets) in fixed income funds where the credit rating may be lower than this, but the average credit rating of these funds is BBB or higher.

Liquidity Risk

The Society's objective on liquidity risk management is to ensure that sufficient funds are available over the short and medium term to meet the expected pattern of cashflow by way of benefit claims and expenses of management. The Society believes that its Liquidity Buffer could be sold at very short notice to meet any unexpected demands. In the interim, whilst the Liquidity Buffer is being constructed, then its Stock Exchange investments could be liquidated to meet these needs. If the Society's expenses increased by 10% the available capital would reduce by £998k.

Insurance Risk

Insurance related risks include mortality risk, morbidity risk, and persistency risk. The Society manages insurance risk by following standard underwriting. The Society does not have within its product range any embedded options or guarantees.

Mortality risks impact the Society in two ways. An increase in mortality increases the assurance claims but reduces the potential sickness claims.

The persistency experience of the Society varies over time but has remained high in the past. Factors affecting persistency include members' perception of the Society and the insurance industry, investment performance and the general economic environment.

Given the high level of persistency a large proportionate increase in lapses will have an immaterial effect on the Society.

Operational Risk

Operational risk includes all risks to which the Society is exposed, other than the risks described previously. These include, amongst others, information technology and security, personnel, outsourcing, tax, legal, fraud and compliance risks. The Society regularly reviews the risks to which it is exposed and seeks to put in place actions to limit potential adverse effects.

If such risks were to occur, additional costs may arise in remedying any issues. The Society's members would bear the impact of any changes in expense levels, as the expenses affect the amounts available for distribution to members as discretionary grants.

Anglo-Saxons Friendly Society

Notes to the Financial Statements – 31 December 2024 (continued)

19. Remuneration of the Appropriate Actuary

The Society's current Actuary, Mr John Burgum of Broadstone Regulatory and Risk Advisory Limited (Broadstone), or any of Broadstone's staff or family, were not members of the Society in 2024 or 2023 and nor do they have any financial or pecuniary interest in the Society except for fees payable of £25,488 and £22,800 to Broadstone in 2024 and 2023.

20. Other Creditors

	2024 £000	2023 £000
PAYE and National Insurance Contributions	22	22
Purchase Ledger Control	124	95
Pension Liability	0	5
Accrued Income	1	0
Accruals	61	99
	208	221