

Anglo-Saxons Friendly Society

Report and Financial Statements
For the year ending 31st December 2025

Trading as



Gravesham
Friendly

People, Community, Environment

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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:	Sally Butters Steve Dixon Associates LLP Global House 1 Ashley Avenue Epsom KT18 5AD
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 trading as Validera 30 Camp Road, Farnborough, Hampshire, GU14 6EW
Compliance Manager	Bhavin Vadher

Chairman's Introduction

Introduction

I can hardly believe my first Chairman's Introduction for the Report & Accounts was written in 2019. The Society has progressed significantly since that time, and it gives me great pleasure to write my seventh Chairman's Introduction and update members on the Society's progress over the last year.

The Society's Vision and Mission statements have remained unchanged since they were set by the Board in 2022. They are reviewed annually to ensure they remain relevant, and the Board considers they are as relevant now as in 2022. They are:

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.*

Strategy

To achieve the vision and mission, the strategy is broken down into four pillars outlined in detail on page 11. Progress in those four pillars has been well documented in my previous reports over the last few years and during 2025, the focus has been on two areas:

1 Increasing the number of members

Attracting new members is not unique to Gravesham Friendly but it is very much an industry sector challenge for all Friendly Societies and an objective set by the Government and our regulators, the FCA and PRA. A recent PRA letter mentioned the challenges in the sector that most Societies are experiencing of having an aging and declining membership coupled with increasing costs.

The Society's aim is to increase the number of members in a sustainable and controllable way to ensure cash flow, resource and service to members is not compromised. Several initiatives have been instigated to support this growth objective, including launching an increased level of cover in our sickness policy (£250 per week) and a group scheme sickness policy, in June 2025.

A Business Development and Marketing Executive was also recruited in 2025, and staff members have attended community events of our partners held at Cyclopark and Vaisakhi at the Gurdwara. As well as the aim of attracting new members, these events align with the vision to enrich the Gravesham community.

Members have also contributed greatly to growing the membership through the Member-Get-Member scheme which is a great testament to how our members view and value the Society. Members are our best advocates.

2 Improving the quality and financial return of our property portfolio

Rental property in the Gravesham area has been the main asset class of the Society since its inception and is supported by members, as evidenced through member surveys. It has delivered consistent income returns to support our business model, capital growth to support the Solvency and all with relatively low volatility. Rental income provides consistent income to pay expenses, claims and discretionary benefits.

In May 2025, the Society purchased a block of nine flats at Ebbsfleet with an Energy Performance Certificate (EPC) 'B' rating. This aligns with our strategy as the flats are energy efficient, low carbon, have little maintenance costs and provide an increased rental return compared with the rest of the property portfolio. It also helps diversify the property portfolio.

Chairman's Introduction (cont)

The purchase of the nine flats at Alkerden has increased the property holding to above the property asset class benchmark position in the investment strategy, but the Investment Committee is comfortable with this approach in the short term. The strategy of reducing the number of properties with the lowest environmental energy rating, as they become vacant, is being actioned as part of a 10-year plan. To date, 13 properties have been upgraded to an EPC C rating, which represents 50% of the portfolio, an increase from a third of properties two years ago.

The Board holds an annual Strategy Day to review the progress of our strategy and update, and agree, objectives for the coming year.

Member Forum

It is always good to meet with Members and hear their thoughts and ideas on how the Society can continue to improve and evolve. One Member Forum meeting was held during 2025 which was productive and covered many areas. All suggestions and ideas were gratefully received and are being followed up.

Community

Part of the vision and strategy is to enrich the local Gravesham community.

The Society is pleased to support and partner with five local organisations, which align with our values:

- ❖ Cyclopark
- ❖ Gravesham Repair Café
- ❖ Gravesham Sanctuary
- ❖ Guru Nanak FC
- ❖ Shorne Woods

Events attended in 2025 included a stall at Vaisakhi, Easter and Halloween themed events at Cyclopark, a member walk through Shorne Woods and a guided tour of the Gurdwara. The latter two were arranged for members and were well attended. The Vaisakhi celebration and events at Cyclopark will be attended in 2026 to promote our brand in the local community and to ultimately attract new members.

In addition to the annual sponsorship of Gravesham Sanctuary, a further donation was made equal to the number of votes cast at the AGM.

Communication with the Regulators

Several touchpoints have been held with the Regulators during 2025. The PRA provides regulatory oversight to the Society, it expects to see a long-term sustainable business plan with meaningful growth in membership numbers and controlled costs. Specifically, their focus on Gravesham Friendly this year has been to ensure the Society has:

- ❖ Liquidity Resilience as such a large proportion of its assets is invested in property.
- ❖ A solvent exit plan, to ensure the Society has the ability to deliver an orderly solvent exit if required, particularly understanding the options available. This will be developed in 2026.
- ❖ Climate change risks – the Board understand the financial risks from climate change. This is relevant to Gravesham Friendly with our large property portfolio.

A meeting with the PRA and FCA took place in May when the Society's declining policy numbers, applicable to many mutuals, was discussed as well as the strong solvency, large property portfolio, financial projections and current strategy. Overall, the FCA was pleased to observe the sustainable plan to grow the membership and the processes in place to monitor member outcomes.

Chairman's Introduction (cont)

Governance

In 2025, the Board undertook an external Board Effectiveness Review to comply with good corporate governance. It was also an opportunity for the Board to receive feedback on how it operates and to obtain advice on succession planning. I am happy to advise that the result was positive with no major issues or concerns raised. It was especially pleasing to note that good membership engagement was highlighted.

Every three years the position of Appropriate Actuary is reviewed, and consideration is given as to whether the current office holder should continue or be benchmarked with other suitably qualified candidates. In 2025, aligned with John Bergum's retirement from Broadstone, a tender process took place with Sally Butters from SDA being appointed as the new Appropriate Actuary for the 2025 year end. John had been the Actuary for four years and I would like to thank him for all his hard work and wish him well in his retirement.

Succession planning will be very relevant to the Society in 2026 as the current Board members will retire in 2027, 2028 and 2029 having served 9 years. The AFM Corporate Governance Code recommends that Non-Executive Directors should not be treated as 'independent' after this time and suggests any extensions requires a clear explanation on the 'comply or explain' principle.

The AFM issued a new Corporate Governance code in 2025 that applies to the 2025 year end. A corporate governance code serves as a set of guidelines for board directors, outlining how they should approach governance within the society. These codes are designed to promote transparency, accountability and ethical behaviour, thereby fostering trust among members. A review of this code is incorporated into the body of the accounts, and I am very pleased to advise that Gravesham Friendly meets all best practice requirements.

Environment

A decision was taken not to renew the Carbon Neutral Britain certification as we were advised that money is used to invest in trees in Africa. Whilst this is a worthwhile cause, it does not align with the Society's strategy and our proposal is to use the money to offset our carbon footprint with a local organisation.

Conclusion

The positions of Chairperson and Senior Independent Director are appointed annually at the first Board meeting after the AGM in accordance with Society Rule 16.1. I would like to thank my fellow Board members for placing their trust in me to lead the Society. It is a privilege to serve as the Chairman and not a position I take for granted.

My thanks also go to every member of the small but committed team for all their hard work during 2025. They work together to support the members and each other to produce outstanding results which is evidenced by the exceptional member feedback received. Finally, my thanks are to the members for being part of Gravesham Friendly.

Kim Harris

Chairman

9 April 2026

Chief Executive's Operational Report

New members and supporting the Community

2025 was spent changing the operational focus of the team from launching the new brand and setting up the digital paperless processes, to laying down the foundations for attracting new members into the Society in 2026. This is one of two key priorities in the Society, which supports the growth requirements of the Regulators and the Government. Growth in the Society meets two objectives, having more policies to spread expenses over and providing a sustainable future for the next 150 years.

Launching the right product(s) to the right target market in the right location takes a lot of work to ensure the product will meet member needs. An additional challenge is that Friendly Societies are not as prevalent as they were when the Society was established in 1877, resulting in people not being as familiar with Friendly Societies, and mutuality, and the unique benefits they offer. Together with an environment where household costs are increasing, people naturally must prioritise where they spend their money. In support of our strategy to increase our membership in a sustainable way, we implemented several initiatives in 2025:

- ❖ Launched an increased level of sickness benefit at £250 per week, to sit alongside the £100pw product.
- ❖ Launched a group version of the £100pw and £250pw sickness product providing income protection.
- ❖ Recruited a Business Development and Marketing Executive.
- ❖ Upgraded the Customer Relationship Management (CRM) system to provide more insightful management information and embedded the new brand into daily operations.

Reviewing similar products on the market, and in the mutual sector, shows the sickness product offers excellent value for money, particularly when the discretionary benefits are factored in.

A local Business Development and Marketing Executive was recruited in mid-2025, with specific skills and experience that aligns with our paperless digital operation. In my view, the Society must not incur excessive new business costs in acquiring new members, which means the focus needs to be on recruiting members through the membership, through a digital and social media presence and through representing the Society at community business and social events. The Business Development and Marketing Executive has the skills to meet all these requirements and gave a presentation at the half yearly meeting in November.

All team members are dedicated to growing the membership to sustain the Society for future generations. Although it is a small team, they are professional, determined and focussed on supporting current and new members. In the fourth quarter, interviews took place to recruit an apprentice who lives in Gravesham and who started his first job with us in February 2026. This continues our objective of supporting the community as well as providing support for all areas of the business as we look to grow the membership.

The number of members at the end of 2025 is at a similar level to the end of 2022, when new members were once again able to join after Covid. With an aging membership, a higher number of deaths are being experienced, and this will unfortunately continue over the coming years.

To sustain the Society going forward, new members need to be recruited to lower the average age. Member-Get-Member has been the most effective strategy to attracting new members and will continue indefinitely with the incentive remaining in place for individual and group policies.

Staff members have also represented the Society at events held at Cyclopark and the Vaishaki to promote the Society to the community, and this will continue in 2026.

Chief Executive's Operational Report (cont)

Operational Results

The key points on the accounts, detailed fully on pages 35 to 45 are shown below:

- ❖ The Society made a surplus in 2025 of £0.4m (2024: £0.2m surplus), as shown in the Statement of Comprehensive Income on page 35. This was very much the result of an increase in property values (£0.5m), which allowed for a small strengthening of the long-term business provision and the strategic project costs (£0.2m) that delivered the new products and the Website and CRM developments that has enhanced cyber security.
- ❖ The Solvency of the Society after all required regulatory margins, explained in more detail in note 18, has fallen by £0.2m due to strengthening the resilience reserve. The surplus capital resources now stand at £17.9m at the end of 2025 (2024: £18.1m). 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 2025 these costs showed a small inflationary increase (note 10). Investment income that supports the cashflow showed an increase of £150k (note 6) over 2024 from the strategic work in increasing rental income.
- ❖ The Society paid £0.4m in discretionary claims in 2025, up £20k from 2024 as more members submitted claims. Discretionary benefits are the mechanism to distribute some of the 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 show a small inflationary increase over 2024. Operationally the paperless infrastructure is now in place and staffing levels have been enhanced by the recruitment of a Business Development and Marketing Executive.

Consumer Duty

Consumer Duty, a recent new regulatory requirement from the FCA, requires an annual report to be submitted to the Board and be available, if requested, to the FCA. Under the Consumer Duty requirements, firms must act to deliver good outcomes for customers, review products and learn from customer experiences. The surveys sent to members assist with this as a way of demonstrating we are communicating with members to hear your views, feedback and outcomes. The surveys will be sent annually as all feedback is welcomed. The survey links sent during the claims process are also part of demonstrating we are meeting our obligations under Consumer Duty and continue to improve the service we deliver to our members.

Operational Improvements

I am pleased to report that there have been numerous operational improvements in 2025, which in turn will help us to understand and improve the outcomes of members.

- ❖ The website was updated following feedback from members via the Member Survey. Members are now able to see the amount of discretionary benefits claimed during the year and their remaining balance.
- ❖ Claim payments are now paid twice a month and will increase to three times a month in early 2026. This will ensure members are reimbursed more quickly for legitimate discretionary benefit claims. This request was previously made by members, and we are pleased to be able to implement the change.
- ❖ The CRM package continues to be updated to improve reporting and security. This also allows trends to be identified, ensure service standards are met and report information to the Board.
- ❖ Social media has been brought in-house and enhanced with a new TikTok channel and more focus on the posts in Facebook, Instagram, LinkedIn and TikTok.

Chief Executive's Operational Report (cont)

Operational Improvements (cont)

- ❖ A new HR system has been implemented for staff, which provides management of policies and procedures, training and annual leave.
- ❖ A successful business continuity test was carried out in 2025 testing the new IT providers and how they would react in a disaster scenario.
- ❖ The Society also achieved the Cyber Essentials Accreditation.

Member Benefits

Parliament Hill is a platform where members can save money from the moment they join the Society on everyday household items, travel, days out etc. In late 2025, an app was launched enabling members to easily access the money saving offers.

A partnership with Squiggle was also launched to offer members free will writing and a trust review service. This strengthens the membership proposition by saving members money and mitigates the risk of members experiencing legal and financial difficulties in the future. The partnership aligns with our commitment to enhance financial well-being and to support members at all stages of their life.

Member Engagement

Member engagement has been positive in 2025 and we appreciate the relationship between members and staff. Member feedback is exceptionally positive with very few complaints.

Attendance at the two member meetings was good and the challenge and interaction is welcomed. A Member Forum meeting was also held, a guided walk of Shorne Woods and a tour of the Gurdwara. These events were well received and attended by members, and the aim is to continue arranging community events.

Digital claims continue to increase year on year proving not only is the procedure straightforward but staff's encouragement and assistance with the online claims process, and the tutorial video listed on the website, have encouraged members to use this method. Almost 90% of claims are now administered digitally.

Property

As detailed in the Chairman's report, the second major strategic objective is to improve the carbon efficiency of the property portfolio, in line with our Climate Change strategy, alongside increasing rental returns to support the business. This is a medium-term project to implement improvements in a controlled way and not put pressure on cash flow. The project was progressed in May 2025 with the acquisition of nine flats at Alkerden Heights, Ebbsfleet. The acquisition provides diversification within the portfolio by acquiring new properties in a commutable area to London. The properties have an energy efficiency (EPC) 'B' rating, higher rental yields than the current portfolio and were all occupied by June 2025.

Note 6 on page 40 the investment income of the Society over the past few years and shows how it has increased by £149k from 2024.

The exercise to increase the EPC rating of existing properties to a minimum of a 'C' rating is progressing and 13 properties have been upgraded in 2024 and 2025. At the end of 2025, 50% of the 116 properties within the portfolio still have an EPC D rating or lower, which will need to be sold or improved in the coming years to align with our strategy and comply with property regulations.

The Society also has 12 regulated properties that currently offer low rents, low EPC ratings and lower market values as it guarantees tenants a home for life. These properties are being analysed to determine succession rights, estimated length of tenancies and whether the right decision is to keep them or sell them, possibly at auction, with the sitting tenant. Consideration of the tenant is paramount, not least because, in most cases, they are very elderly and have supported the Society for many years.

Chief Executive's Operational Report (cont)

Investments

The Society has a liquidity policy that requires £600k to be set aside in high quality liquid assets to provide support for the cashflow in case of adverse events. This has been invested with Legal and General Investment Management (LGIM) in their Gilt fund. The Investment Committee monitors the performance of all funds and in 2025 took the decision, after a long period of volatility in the gilt market, to move the liquidity monies from the gilt fund into a LGIM cash fund with no volatility. The transfer occurred in December 2025.

Summary

The Society continues to maintain a strong solvency that supports the Gravesham Friendly business model, which in turn supports members through discretionary benefits and the local community through our partnerships and sponsorship.

The Regulators' message is that mutuals, including Friendly Societies, must have a sustainable strategy to increase membership to ensure they remain viable. The foundations are in place for this and 2026 will be pivotal to the strategy of increasing the number of members. The product and member case studies are testament to members' view of the Society, and we are confident this can be achieved.

Paul Osborn
Chief Executive Officer

9 April 2026

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 2025 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.”

Our aspirational **Values** are:

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

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

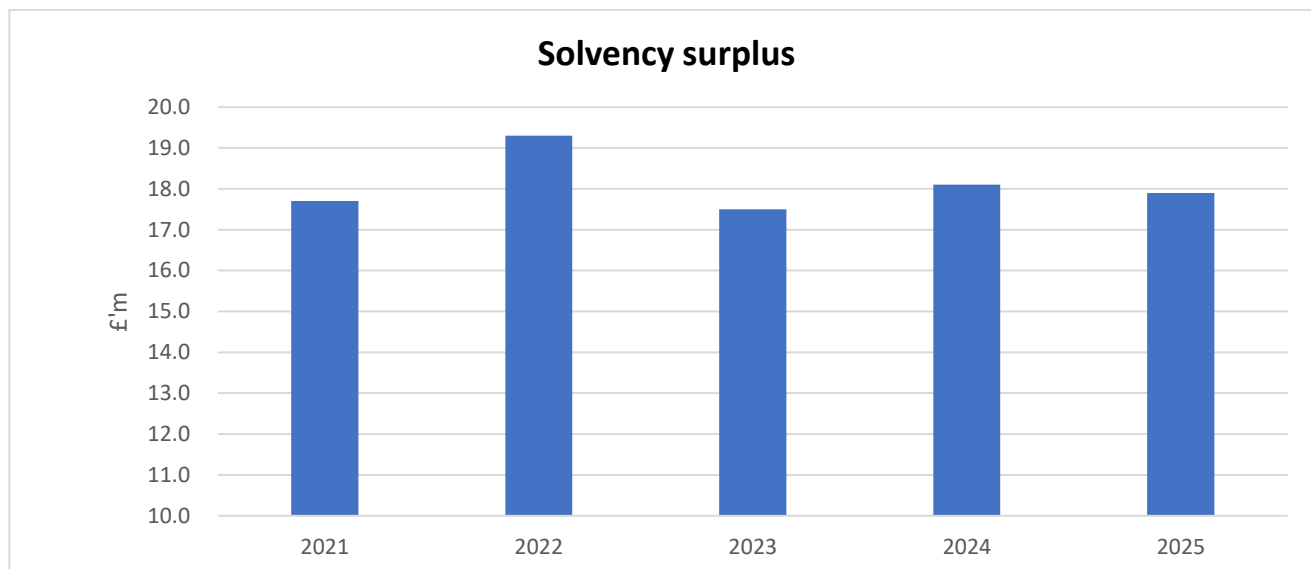
<p>Products & Benefits</p> <p>Evolve our <u>products & benefits</u> to deliver against our vision & mission and add value to our members, whilst fairly distributing surplus.</p>	<p>Membership</p> <p>Expand our <u>membership</u> to better reflect the profile of the community we serve.</p>	<p>Investments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

Business Performance

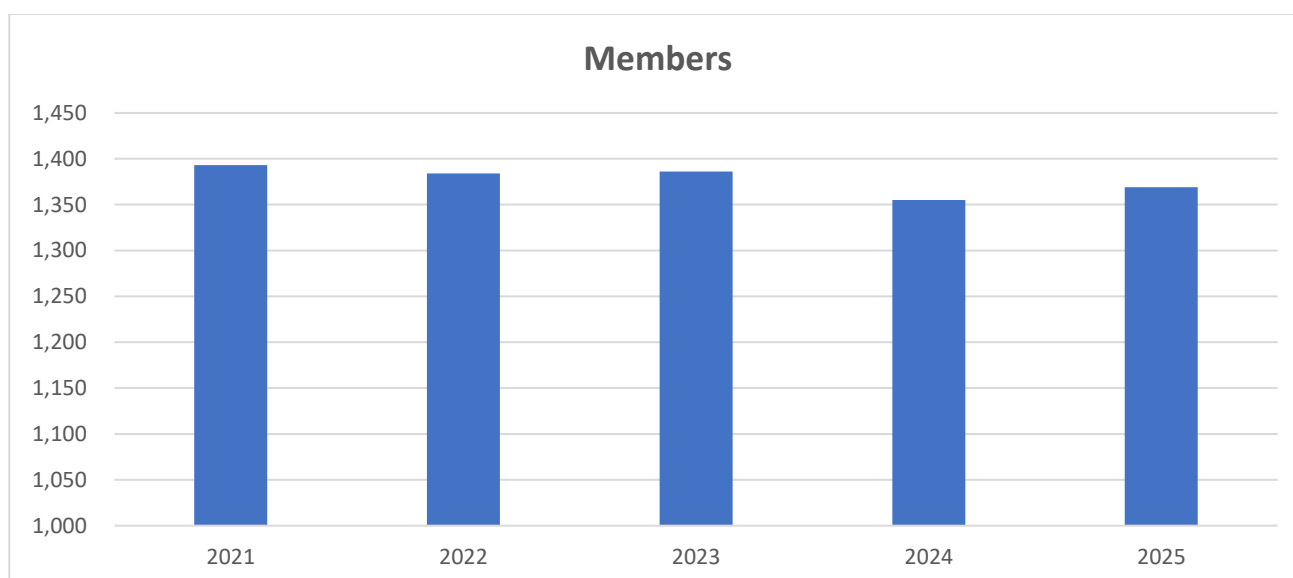
The results for 2025 are set out on pages 35 to 45. The Society has four key measures to assess its strategic performance and ensure it retains its financial strength and strong solvency position.

1 Solvency



The Society maintains a very strong regulatory solvency position and has one of the strongest financial positions within the Friendly Society sector. At the end of 2025 the Society has surplus capital of £17.9m (2024: £18.1m). This slight fall in surplus capital from 2024, is as a result of a strengthening in the resilience reserve by £0.5m, despite a because of 4m in the year. This is explained further in notes 4 (page 40) and 18 (page 43). This represents a small fall in the free asset ratio to 54.7% (2024: 57.7%). The free asset ratio is calculated as the amount of surplus assets over the amount of admissible assets.

2 Membership

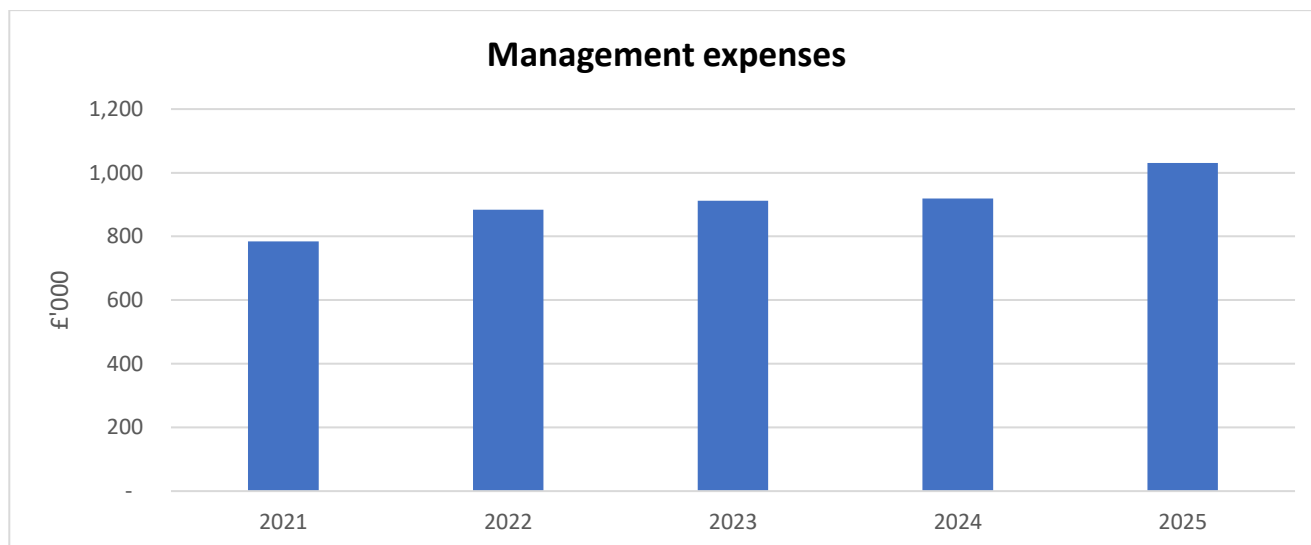


At 31st December 2025, the Society had 1,369 members a slight increase from 2024 (1,355 members). Generally, over the past five years the size of the membership has remained consistent between 1,350 and 1,400 members. In 2026 there will be a push towards increasing the number of members to provide a sustainable future for the Society.

Strategic Report

Business Performance (cont)

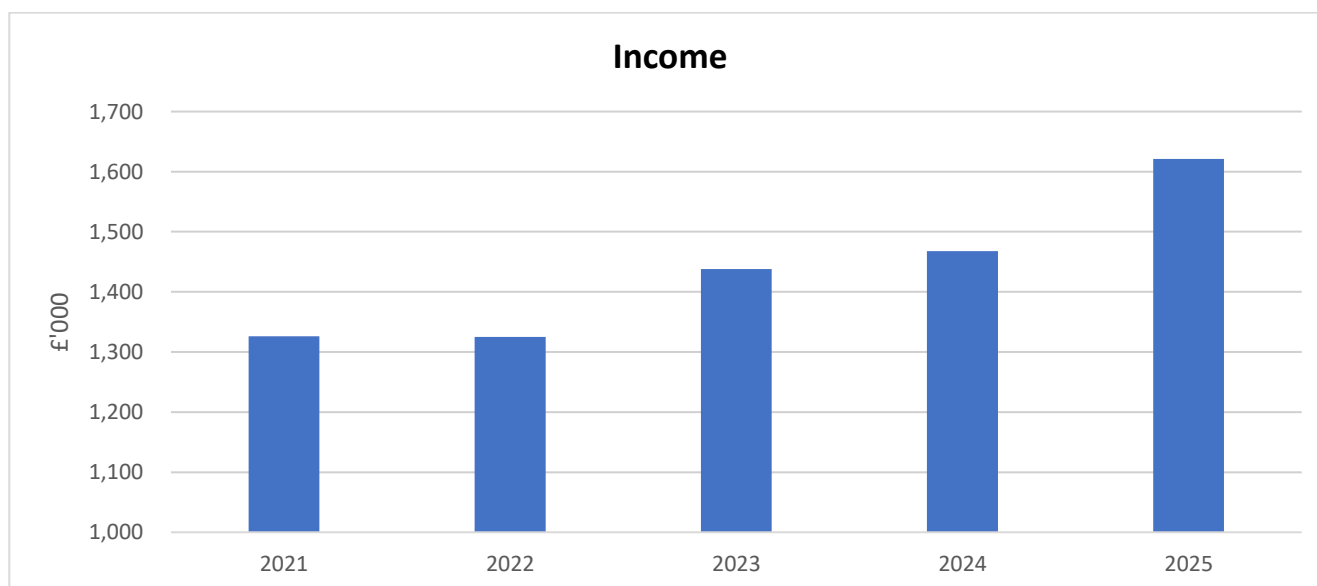
3 Expenses



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 2025, management expenses totalled £1,030k an increase of £112K over 2024 (£918k). This is shown in notes 9 and 10 (page 41) where day to day operational costs were £772k (2024: £688k) and the internal and external costs of managing the property portfolio were £258k (2024: £230k). This increase in cost reflects inflationary rises in salaries and costs as well as additional staff resource.

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 £171k in 2025 (2024: £237k) which represented the work on launching two new products, improving our CRM system, updating the website to support the new brand, commencing community work and embedding the brand within daily operations.

4 Income



Income is measured by adding premium income and investment income from our financial and property portfolio.

Strategic Report

Business Performance (cont)

4 Income (cont)

This is an important measurement as it provides cashflow to:

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

The Society generates income primarily from rents on the residential properties it owns, as well as dividends and interest on its bonds, cash and equity investments. Residential properties are owned by the Society in and around the Gravesham community. Fixed Interest, cash and equity investments are managed on the Society's behalf by Legal and General Investment Management (LGIM) in unit trusts. 94% of the assets are represented by residential property and 6% by equities, bonds and cash. The Board, supported by 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 and provide 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 initially in bonds with LGIM. In late 2025, after 18 months of volatility in the bond market, the investment was transferred to a cash fund managed by LGIM. A cash buffer has also been established. In extreme circumstances, financial liquidity is also covered by a readily realisable equity 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. Since 2023, the Society has embarked on an exercise to increase property rents to market rates over a five-year period. The first three years of this project has seen income increase by £300k as shown in the graph 4 above. This increase has also been aided by the purchase of Alkerden Heights in Ebbsfleet where higher rental yields have been achieved over the rest of the property portfolio.

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 to recalibrate the Risk Appetite statement in 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 a significant interruption to revenue is experienced, 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 cash 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 2025
Members Views	<ul style="list-style-type: none"> • Regular feedback questionnaires are in place with all members. • A new Member Forum has been set up and met twice in 2024 and once in 2025.
Carbon Emissions	<ul style="list-style-type: none"> • A paperless office in 2025. • New business (100%) and claims (90%) received digitally and paperless. • The Society was a Zero Carbon Society in 2024 and 2025.
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. 50% of the portfolio have met this standard. • Consideration for new acquisitions of new or recently built properties which meet appropriate long term sustainable environmental standards. Alkerden Heights (9 flats) was acquired in 2025 with an EPC B rating.
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 that went live in 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. • 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 2026 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 2025 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 the aim is to promote a culture that encourages good stewardship of risk and demonstrate 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, and meets monthly, which 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 works with 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 2025 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 owns a high proportion of residential property in North Kent which remains well suited to its members' best interests and the current business model. The Board of Directors regard it as having both low volatility, 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 is invested in a Cash 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 stocks and shares investments to meet liquidity and cash requirements.
- ❖ *Insurance Risk* - The Society pays 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 in 2025 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 2025, 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 offers 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 11. 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 and once in 2025. The Forum will aim 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 late 2024 with the launch of Gravesham Friendly and the launch of a new improved website. This brand was embedded further in the operational activities in 2025. Now this is in place, the objective for 2026 is to use the new branding to attract new local members into the Society using several distribution channels. This work commenced in 2025 with the recruitment of a Business Development and Marketing Executive.
- ❖ **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, a Customer Relationship Management (CRM) system is in place and in 2025, improvements were made to the digital member access and security of the CRM and website. This has enabled 90% of insurance and discretionary business with members to be transacted digitally through the website, 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 members through Survey Monkey.
- ❖ **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 the property portfolio reflects our vision and mission and the Society transitions away from the 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 (EPC) rating of C, or the equivalent for future standards. Work has started and 13 properties have been upgraded from an EPC D rating. This project will 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, implementation of a three lines of defence model and 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 2025.

Association of Financial Mutuals (AFM) Corporate Governance Code

The AFM Corporate Governance Code is written to draw on good practice from the FRC's UK Corporate Governance Code and is tailored from the AFM's own experience of supporting mutuals and members. The Code was developed to support members of the AFM to achieve high standards of corporate governance. This code is designed to ensure that mutual insurers and Friendly Societies operate in a manner that prioritises the interests of their customers and members.

The Board is committed to following best practice of corporate governance, wherever appropriate and proportionate for the Society. The code is principle-based and encourages the Society to adopt a format of "apply and explain," allowing the Society to demonstrate how they meet the six core principles outlined in the code resulting in effective corporate governance outcomes.

Code Principle	Applied	How the Society has applied it
<p>PURPOSE AND LEADERSHIP <i>An effective board promotes the purpose of an organisation, and ensures that its values, strategy and culture align with that purpose</i></p>	Yes	<ul style="list-style-type: none"> The strategy, culture and values are reviewed regularly by the Board to ensure they align with the purpose, remain relevant and are informed by research with members and the Gravesham community. They form the basis of the business plan, operational management and drive the focus of the organisation (behaviour, practices & priorities). The purpose, strategy and values are widely shared with stakeholders. The Society monitors culture and values through 360 reviews with all directors, regular interaction with staff and an external Board Effectiveness review conducted in 2025.
<p>BOARD COMPOSITION <i>Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the organisation.</i></p>	Yes	<ul style="list-style-type: none"> The Society's rules set out the requirements for election, re-election and maximum terms of office all in line with the Code. The Society has an Equity and Diversity policy. All Executive Directors, Senior Management and Non-Executive Directors are subject to approval under the Senior Manager and Certification Regime managed by the Society's regulators. The Directors regularly review the skills of the Board and ensure they are aligned with the strategic and regulatory objectives. Succession plans are in place to ensure any gaps are filled with future appointments.
<p>OPPORTUNITY AND RISK <i>A board should promote the long-term sustainable success of the organisation by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.</i></p>	Yes	<ul style="list-style-type: none"> When considering strategy, opportunities and risk, the Board regularly, at Board Meetings, considers both tangible and intangible sources of value, and the stakeholders that contribute to it. The Society has a risk management framework which guides its approach to decision making. It is reviewed annually and is regularly challenged by our Internal Audit programme of work.

Corporate Governance Report

Association of Financial Mutuals (AFM) Corporate Governance Code (cont)

Code Principle	Applied	How the Society has applied it
<p>DIRECTOR RESPONSIBILITIES <i>The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.</i></p>	<p>Yes</p>	<ul style="list-style-type: none"> • How the Society has applied it • Each Board member is subject to a detailed induction process, which outlines their responsibilities in line with regulatory requirements and best practice. Quarterly they sign off their specific and collective responsibilities within the Societies Responsibilities Map. • The Society has a documented governance process that includes the Terms of Reference for the Board and its sub-committees, a Board manual that identifies the policies in place, who is responsible for them and when they will be reviewed. • A Senior Independent Director is appointed to support the Chairman and be available for other Directors, Members and Staff.
<p>REMUNERATION <i>A board should promote executive remuneration structures aligned to the long-term sustainable success of an organisation, taking into account pay and conditions elsewhere in the organisation.</i></p>	<p>Yes</p>	<ul style="list-style-type: none"> • 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. This is documented in our Remuneration Policy. • Remuneration is based on the strategic cycle of the Society and the skills required to define and implement this. Remuneration is simple and in line with best practice there is no bonus structure in place for NED's. • All remuneration is approved by the Board with benchmarking carried out by external professional advisors.
<p>STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT <i>Directors should foster effective stakeholder relationships aligned to the organisation's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.</i></p>	<p>Yes</p>	<ul style="list-style-type: none"> • The Society have several initiatives that ensure effective relationships with key stakeholders, including the staff. These include <ul style="list-style-type: none"> ○ A Board staff champion that attends staff meetings and meets with staff members informally as a group and individually ○ Staff being involved in the strategic development ○ Meetings with Members at the AGM, Half yearly meeting, Member Forums, Member Surveys and informal routes of communication to provide feedback e.g. at member walks. • The Society has a number of Community partners and professional advisors who are regularly invited to Board or Committee meetings and support local engagement. • The Society has established clear procedures for staff or stakeholders raising concerns, which include whistleblowing policies, Whistleblowing Champion and a Senior Independent Director, who serves as a sounding board for the Chair and acts as a stakeholder intermediary when required.

Corporate Governance Report

Board Composition

Throughout 2025, 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 and independent of the Executive.

In 2025 an external review assessment was carried out on the performance of the Board, with the data concluding that the Board had a commendable overall governance performance, and an impressive average score of 86%. This high rating indicates a well-functioning board that generally meets best practice standards across multiple domains.

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 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 Senior Independent Director and Deputy Chair.

The Society has gender diversity at Board of Director level and at staff level 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	2024 % Female
Board – NEDs	3	2	40%	40%
Board - Executive	1	0	0%	0%
Staff	2	4	67%	60%
Total	6	6	50%	45%

Remuneration

	Male	Female	2024 % Female
Board – NEDs	60%	40%	39%
Board - Executive	100%	0%	0%
Staff – Excluding CEO	45%	55%	55%
Total	63%	37%	36%

Below is a summary of the experience of each member of the Board of Directors who served in 2025:

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. 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.

Corporate Governance Report

Board Composition (cont)

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 chairs the Investment committee and sits on the Audit and Risk Committee. She is also the Consumer Duty Champion. 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 and Chair of the Board at a general insurance company, owned by one of the UK's largest charities.

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.

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.

Corporate Governance Report

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 the 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 must support in 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.

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 once a year
- ❖ A quarterly newsletter and other ad-hoc newsletters reporting 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.

The Society operates a Member Forum that reports into the Board. More information on this can be found on page 17. These meetings are set up to ensure the Board has regular contact with 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 and a new HR system 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 service 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 operates within 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 2025

Name	Salary/Fee £	Bonus £	Pension £	Other £	Total 2025 £	Total 2024 £
Executives						
P Osborn (CEO)	130,000	9,434	19,500	7,500	166,434	151,562
Sub-total	130,000	9,434	19,500	7,500	166,434	151,562
Non- Executive Board Members						
K Harris (Chairman)	36,000	-	-	-	36,000	34,750
M Collins	28,000	-	-	-	28,000	27,167
G. Gibbs	24,000	-	-	-	24,000	23,167
J Morrissey	28,000	-	-	-	28,000	26,910
P Wiltshire	-	-	-	-	-	2,167
E Woolman	28,000	-	-	-	28,000	27,167
Sub -total	144,000	-	-	-	144,000	141,328
Total	274,000	9,434	19,500	7,500	310,434	292,890

Attendance 2025

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

Board of Directors Report

Board Members and Interests

Details of the current members of the Board of Directors are given on pages 20 and 21. 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 17 to 22. 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 11. 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 15.

The FCA published its final rules and guidance on Consumer Duty in July 2022. The Consumer Duty is a "major shift" in the regulation of financial services, requiring a continuous, evidence-based approach to consumer protection. The objective 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. The FCA does

"recognise that smaller firms have limited resources, and that proportionality means applying the Duty in a way that fits a firm's size and customer base. The Duty is outcomes-based, not process-heavy, and evidence should be proportionate to the firm's scale and complexity"

The Society had implemented the requirements and standards of Consumer Duty during 2023 and 2024 for its open and closed product groups, producing a Consumer Duty report that was presented and approved by the Board in each of those years. In 2025, there has been a shift from the initial implementation phase to a "business as usual" requirement focused on evidencing good outcomes. 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.

Risk Management and Internal Control

In accordance with the AFM 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 14.

The effectiveness of the Society's internal control in managing those risks was monitored in 2025 by the Audit and Risk Committee. More details on the Audit and Risk Committee are shown on pages 27 and 28. The Board of Directors has considered the effectiveness of risk management and internal controls in place during 2025 and concluded that there were no control failings causing material loss to the Society or its members.

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 10)
- ❖ The analysis of material risks faced by the Society and the management of those risks (see details in the Risk Management Report pages 14 to 16) 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 2025 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 11 to 16), the Report on Corporate Governance (pages 17 to 22) and the Financial Statements (pages 35 to 45), 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

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, which limits the ability of the Society to offer career progression opportunities and to facilitate redeployment if requested.

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, 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 2027. 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 £107 donation to Gravesham Sanctuary supporting homeless people in Gravesham. In 2024 £250 was paid to Ellanor, a hospice 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

9 April 2026

Committee Reports

Audit and Risk Committee (ARC)

Membership

The Committee membership during 2025 was:

- ❖ Martin Collins (Chair)
- ❖ 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 2025

Activity scheduled and completed during 2025:

- ❖ Review and recommend for approval, the Committee's Terms of Reference.
- ❖ 2024 Financial Year-End process
 - Receive the 2024 annual actuarial report from the Appropriate Actuary.
 - Review and recommend to the Board the Report and Financial Statements for the year ending 31st December 2024.
- ❖ Assessment and consideration of a future review of the role of the Independent Auditor
- ❖ Carried out a successful Tender process for the Appropriate Actuary, resulting in the Board appointing Sally Butters from Steve Dixon Associates LLP.
- ❖ Internal Audit
 - Review and approve the Internal Audit Plan.
 - Receive internal audit reports.
- ❖ Compliance
 - Review and approve the compliance monitoring plan for 2026.
 - Receive regular reports from the Compliance Officer on the 2025 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
- ❖ 2025 Financial Year-End process
 - External Auditor – Work schedule, audit risk and fee structure
 - Appropriate Actuary – Engagement letter, 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 2025 was:

- ❖ Justine Morrissey (Chair)
- ❖ Gez Gibbs
- ❖ Liz Woolman
- ❖ Kim Harris
- ❖ Martin Collins
- ❖ Paul Osborn

All Board members were members of the Investment Committee in 2025. 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 obligations to policyholders and members on how the Society's assets are invested is adhered to.
- ❖ 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 and 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 2025

Activity scheduled and completed during 2025:

- ❖ 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 presentations from external advisors, 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 2025(cont)

- ❖ Property:
 - Work has continued from last year to review the property portfolio. This work has focused on energy efficiency, regulatory requirements and looking having properties that are attractive for tenants and deliver an appropriate return for the society.
 - The Committee has a clearer view on the current portfolio and the split between properties to keep, to sell and those that need further investigation.
 - The strategy is now focused on adding properties into the portfolio to improve the energy efficiency and provide diversity. This started with the purchase of Alkerden Heights in Ebbsfleet, a block of flats with excellent energy efficiency and higher rental values that also provided diversification within the property portfolio.
 - A review is also in progress with the 12 regulated tenancies the Society owns.
 - The property management company is helping to identify tenants that might want to move to new properties or other properties within the portfolio we are looking to keep. In turn this should help in evolving the 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 to align with the market in a sympathetic manner to ensure an attractive return on the property portfolio is maintained.

- ❖ 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 investments align with our values and Climate Strategy..
 - 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. Upon review in 2025, the Committee concluded this fund was experiencing too much volatility in value and not meeting the requirement of the policy. The money was moved into a Cash Fund, also managed by LGIM, which is more closely aligned to the Liquidity Policy requirements.

- ❖ Bank:
 - The relationship with Handelsbanken is positive and the bank supported the Society with a loan facility for the purchase of Alkerden Heights. 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 Report

Opinion

We have audited the financial statements of Anglo-Saxons Friendly Society (the 'society') for the year ended 31 December 2025, 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 2025 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 management's 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 2025.
- ❖ In order to address the risk associated with the recording of investment transactions throughout the year ended 31 December 2025 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 £338,000. 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 is 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 25, 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

9 April 2026

Anglo-Saxons Friendly Society
Financial Statements as at 31 December 2025

Statement of Comprehensive Income

Technical Account: Long Term Business	Notes	2025	2024
		£'000	£'000
Earned Premium Income	5	54	50
Investment Income	6	1,567	1,418
Realised Gains Investments		95	-
Unrealised Gains on Investments		558	937
Total Technical Income		2,274	2,405
Claims Incurred	7	(409)	(377)
Transfer to the Long Term Business Provision	8	(10)	(431)
Other Expenditure			
Investment Property Costs	9	(517)	(440)
Management Costs	10	(944)	(925)
Investment Expenses and Charges	14	(2)	(2)
Unrealised Losses on Investments		-	(29)
Total Technical charges		(1,882)	(2,204)
Surplus of technical income over technical charges		392	201
Transfer to the Fund for Future Appropriations		(392)	(201)
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 2025(continued)

Statement of Financial Position

Technical Account: Long Term Business	Notes	2025	2024
		£'000	£'000
Investments			
Financial Investments	15	33,523	31,473
Other Assets			
Cash at Bank		111	747
Prepayments and Accrued Income		117	128
Total Assets		33,751	32,348
Fund for Future Appropriations	16	21,780	21,388
Long Term Business Provision	17	10,762	10,752
Creditors			
Other Creditors	20	1,209	208
Total Liabilities		33,751	32,348

The financial statements were approved by the Board and signed on the 9 April 2026 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 2025

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, maternity, first time buyer, home energy efficiency and educational grants 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 2025 (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 are invested in authorised unit trusts managed by Legal and General Investment Management (LGIM). The unit trusts are measured at their bid value at the balance sheet date. The liquidity fund of the Society is invested in the LGIM Stock & Gilts fund, whose performance in 2025 caused concern for the Investment Committee, as the capital value of the Gilt Stocks fell by £40,000. Therefore, after considering various options, the Board decided to invest the liquidity monies in the LGIM Cash Trust fund in November 2025.

For the 2025 year end, the market value of quoted LGIM Cash Trust Funds and LGIM ESG investments are 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 2025 (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 2025 is almost entirely due to the rise in house prices in North Kent represented by the unrealised gains in note 6 and further acquisitions in May 2025 of a block of flats in Alkerden, Ebbsfleet. The Society has 95% of its assets in property.

Anglo-Saxons Friendly Society

Notes to the Financial Statements – 31 December 2025 (continued)

4 Capital Management (cont)

Capital Statement

Capital Statement (Note 18)	2025 £000	2024 £000
Total Capital Resources Before Deductions (FFA)	21,780	21,388
Regulatory Solvency Adjustments	(3,398)	(2,808)
Capital Available to Meet Regulatory Capital Requirements	18,382	18,580

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 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

	2025 £000	2024 £000
Members Contributions	54	50
Earned Premium Income	54	50

6. Investment Income

	2025 £000	2024 £000
Rental Income	1,511	1,359
Deposits with Banks and Fund Managers	56	59
Investment Income (excluding Realised Gains/(Losses))	1,567	1,418
Net Gains/(Loss) on the Realisation of Property	60	(29)
Net Gains/(Loss) on the Realisation of Investments	35	-
Total Realised Gains/(Losses)	95	(29)
Unrealised Gains/(Loss) on Property revaluation	514	888
Unrealised Gains/(Loss) on Investments	44	49
Total Unrealised Gains/(Losses)	558	937
Total Investment Income	2,220	2,326

Anglo-Saxons Friendly Society

Notes to the Financial Statements – 31 December 2025 (continued)

7. Claims Incurred

	2025 £000	2024 £000
Sickness claims	36	24
Discretionary claims	373	353
Total Claims Incurred	409	377

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

	2025 £000	2024 £000
Movement in year (see note 17)	10	431
	10	431

9. Investment Property Costs

	2025 £000	2024 £000
Property Repairs	259	209
Management	258	230
Total Investment Property Costs	517	439

10. Management Costs

	2025 £000	2024 £000
New Business Costs	1	-
Administration and Other Costs	772	688
Strategic Project Costs	171	237
Total Management Costs	944	925

11. Independent Auditor Remuneration

	2025 £000	2024 £000
Fees Paid to Berringers LLP for Audit Services	20	20

12. Board of Management Emoluments

	2025 £000	2024 £000
Executive Director remuneration	166	152
Non-Executive Director fees	144	140
Board of Management Fees (See remuneration report)	310	292
Emoluments of the highest paid Board Member	166	152

Anglo-Saxons Friendly Society

Notes to the Financial Statements – 31 December 2025 (continued)

13. Staff Costs

	2025 £000	2024 £000
Wages and Salaries	404	365
Social security costs	45	39
Other pension costs	68	62
Total staff costs	517	466

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

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

14. Investment Expenses and Charges

	2025 £000	2024 £000
Management Charges	2	2
	2	2

15. Investments

	2025 £000	2024 £000
The Society's investments at current value were as follows:		
Investment Properties	31,880	29,359
Listed Investments – LGIM Cash Funds	1,015	558
Listed Investments – LGIM ESG Funds	628	1,556
	33,523	31,473

16. Fund for Future Appropriations

	2025 £000	2024 £000
At 1 January	21,388	21,187
Transfers from/(to) the Technical Account	392	201
At 31 December	21,780	21,388

17. Long Term Business Provision

	2025 £000	2024 £000
At 1 January	10,752	10,321
Transfers from the Technical Account (note 8)	10	431
At 31 December	10,762	10,752
Analysed as:		
Sickness, annuity and other benefits	606	651
Expenses	10,156	10,101
At 31 December	10,762	10,752

Anglo-Saxons Friendly Society

Notes to the Financial Statements – 31 December 2025 (continued)

18. Capital Resources

Available Capital resources in respect of long-term business:	2025 £000	2024 £000
Fund for future appropriations (note 16)	21,780	21,388
Adjustment to assets onto regulatory basis	(1,116)	(1,028)
Resilience reserve	(2,283)	(1,780)
Total available capital resources	18,381	18,580
Required minimum margin	(525)	(504)
Total surplus capital resources	17,856	18,076
Total available capital resources as a percentage of required min margin	3,501%	3,687%

Movement in Capital resources

	2025 £000	2024 £000
Opening Capital Resources	18,581	17,958
Investment return in excess of (less than) valuation requirements	737	325
Change in valuation assumptions	-	(1,081)
Change in resilience requirements	(503)	420
Other miscellaneous workings of the Fund	(346)	958
Change in statutory property adjustment	(88)	2
Balance as at 31 December	18,381	18,580

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

Interest

2.9% per annum (2024: 2.9%) – this is set having regard to the yield on the Society's own investment portfolio.

Management Expenses

£189.44 per annum (2024: £180.91) with an inflation rate of 3.5% (2024: 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% (2024 3.5%) of:

First year following the valuation:	£446,600 (2024: £516,500)
Second year following the valuation:	£328,000 (2024: £388,800)
Third year following the valuation:	£251,200 (2024: £341,300)
Fourth year following the valuation:	£180,100 (2024: £238,700)
Fifth year following the valuation:	£ 41,000 (2024: £44,100)
Six and subsequent	Nil

Resilience reserve

20% (2024: 20%) decrease in property values.

10% (2024: 10%) decrease in rental income.

21% (2024: 10%) decrease in equity values.

Anglo-Saxons Friendly Society

Notes to the Financial Statements – 31 December 2025 (continued)

18. Capital Resources – continued

Mortality

The following percentages of the English Life tables (No 17) (2024 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 "CMIR12" income protection tables have been assumed

Inception rates	20%
Recovery rates	
- weeks of sickness 0-2 weeks	15%
- weeks of sickness 3-13 weeks	50%
- weeks of sickness 14 and beyond weeks	150%

The following percentages of the Manchester Unity Tables AHJ table were used in 2024.

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

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

Risk management

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.

The Society has a clearly defined risk appetite for each category of risks 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 £6,376k.

Credit risk

The Society seeks to minimise credit risk, in particular those related to deposit takers, by limiting them to counterparties rated A and higher.

Anglo-Saxons Friendly Society

Notes to the Financial Statements – 31 December 2025 (continued)

18. Capital Resources – continued

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. If the Society's expenses increased by 10% the available capital would reduce by £1,019k.

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.

19. Remuneration of the Appropriate Actuary

Neither the Society's current Actuary, Ms Sally Butters of Steve Dixon Associates LLP nor any of the staff, were members of the Society during 2025. They have no financial or pecuniary interest in the Society, other than professional fees payable totalling £22,848. The Society's previous Actuary, Mr John Burgum of Broadstone Regulatory, who has since retired, had no financial or pecuniary interest in the Society, other than professional fees payable totalling £25,488 in respect of the 2024 financial year.

20. Other Creditors

	2025 £000	2024 £000
PAYE and National Insurance Contributions	24	22
Purchase Ledger Control	97	124
Accrued Income and interest payable (Loan)	6	1
Loan	1,000	0
Accruals	82	62
	1,209	209