

Anglo Saxons Friendly Society

Report and Financial Statements

For the year ending 31st December 2020

Contents	Page No
Society Information	3
Chairman's Introduction	4
Chief Executive's Report	5
Strategic Report	7
Corporate Governance Report	11
Committee of Management Remuneration Report	15
Committee of Management Report	16
Committee Reports	20
Report of the Independent Auditor	23
Financial Statements as at 31 December 2020	28

Society Information

Bankers:	Barclays Bank 76A New Road Gravesend DA11 OAF
Auditors:	Neil Shaw Berringers LLP Lygon House 50 London Road Bromley Kent BR1 3RA
Actuary:	Nigel Silby E D (Financial) Limited Old Bank House 59 High Street Odiham Hampshire RG29 1LF
Legal Advisers:	Tees Law Cathedral Place, Brentwood, Essex, CM14 4ES
Investment Advisers:	Quilter Cheviot 1 Kingsway London WC2B 6AN

Chairman's Introduction

In my report to you last year, I said "I look forward to future Reports when I can write about more exciting developments that will be of greater interest to you personally." Little did any of us know just what a dramatic and terrible turn of events would unfold in 2020 and how seriously we all would be affected.

My expectation for 2020 was that we would make considerable progress on designing the long term future of your Society. Instead, by April we had moved into managing our response to the pandemic and making sure that the Society, its staff and its members were protected throughout. At the time of writing, we remain in that position as the 2021 lockdown continues.

I will not describe the lengths we have gone to, to do as much as we could to manage the business and our lives safely and soundly, as you will have gone through the experiences yourselves. Please do accept my best wishes for your personal situations and my thanks for your continued support and patience.

We are continuing to develop our thinking on how best to support members in the future and on how you all can benefit from the Society's strong financial position. To keep you informed on progress, we increased written communications to you in 2020 and will do more in that respect in 2021.

The composition of the Board changed somewhat during the year, two Board members stepped down, Michael Deacon left us in Quarter 1 and thanks are due to him for his excellent service. Michael is a journalist with a national newspaper and, of course, with both Brexit and the Pandemic to cover, felt he could not be sure of having enough time to serve the Society. Great thanks are also due to Keith White, who left in Quarter 2. Keith was a Trustee of the Society and served on the Committee of Management for some 18 years. We will all miss his good humour, positive attitude and considerable knowledge on property matters. Enjoy retirement, Keith!

Our board used the opportunity to consider what additional skills might be useful and towards the end of the year, two new Non-executive Directors joined the Board – Justine Morrissey an actuary with considerable Friendly Society experience and Elizabeth Woolman with a track record of leading digital transformation in a global IT business. I am sure their experience and ability will make a great contribution to our future success.

I must take this opportunity to thank all of our staff for the determination and flexibility they have shown in helping the Society through the pandemic, also to Mark McManaman for the effort he put into the Society – initially during his 7 years on the Committee of Management and for his period as Chief Executive. Mark has returned to his career as a Chartered Surveyor and we wish him well.

The Board's thanks also go Geoffrey Spencer, who stepped in as a temporary Acting Chief Executive following Mark's departure and steered the Society through a very difficult 2020.

Finally we welcome Paul Osborn who joined the Society towards the end of 2020 as Chief Executive Designate, he has considerable senior management experience in the Friendly Society movement and his report, which follows below, provides more detail on the significant amount of change achieved during the year despite the operational difficulties.

Kim Harris

Chairman

1st April 2021

Chief Executive's Report

2020 has been an extraordinary year and the difficulties and challenges have continued into 2021. All businesses have found it very difficult to manage their operations due to the constantly changing guidance and legislation as the Pandemic changed its nature and course throughout the period.

The Board took a decision in March that, for the rest of the year, it should focus on ensuring the Society, its Members and its staff were kept safe and affected as little as possible. It also decided that, in view of the limited opportunity for people to meet, that the focus would be on improving a range of business activities that did not require face to face meetings. These important business changes are described below.

The financial results of the Society, which are explained more fully on Pages 28-38 are very positive with the key points being:

- The surplus for the year was £8m, resulting mainly from the Board implementing a change to the valuation methodology that closer values the property portfolio to its fair value.
- The Solvency of the Society, explained in more detail in note 18, has increased surplus assets from £9.4m in 2019 to £18m in 2020.
- Investment income has increased by 8% because of higher property rental income.
- Management expenses have increased in 2020 very much in line with our plans to investment in improving the infrastructure and building professional foundations for the future, now that the Society has incorporated and is a large Non-Directive Society.
- All valid claims were paid during the year and necessary property maintenance was carried out.

Turning now to the programme of change carried out in 2020, the following are important:

The Annual General Meeting

Pandemic lockdowns and social distancing requirements meant that a traditional AGM could not be held, and neither could the half-yearly AGM. To overcome this difficulty, we established postal proxy voting for the first time in the Society's history. This worked extremely well and will remain in place going forward. We will still hold physical AGM meetings as well as soon as it is safe to do so.

Member Communications

We were conscious that written communication with Members had been "infrequent" over recent years and although there is a website, it is not frequently visited by Members. For these reasons, three communications were delivered in 2020 – the AGM pack, containing a summarised Annual Report, a letter from the Chairman and an Autumn Newsletter.

In 2021, we will continue communications and will be launching a modernised website.

Information Technology Systems

The Society's information systems were in need of an overhaul to bring them up to modern "cloud" based systems standards, with greatly enhanced levels of cyber security. Further improvements are planned in 2021, including an improved Membership Database.

Head Office Premises

The Society's premises in Berkeley Road, Gravesend, need considerable money spending on them as they have become rather dilapidated. Anglo-Saxons Hall, next door, is in a very poor state. The office accommodation is also far too large for the four staff members usually present.

Planning permission was obtained to convert the two terraced houses that make up the office space back to residential use. The Board has therefore decided to sell them on that basis.

The future of Anglo-Saxon Hall is, as yet, undecided and we will canvas views from the Membership about its future before a decision is taken.

The Society has moved to work from serviced office space at The Old Rectory Basepoint, Northfleet as it provides a more comfortable and safer working environment for our staff. Our telephone number has not changed.

Outsourcing of Property Management

The Society has a portfolio of residential properties in the Gravesham area and one of the most demanding tasks for the Society is management of this residential property portfolio. Many of the properties are old and the work involved in ensuring they are maintained is substantial, particularly with an ever-changing regulatory playing field.

It has become clear that our ability to do this successfully was becoming increasingly difficult for our in-house staff and so the decision was taken to outsource property management to a professional company. This provides significant benefits to the Society, members, tenants, and is in line with our vision and mission objectives. A tender process was completed, and, at the end of the year, property management was transferred to Spicerhaart Residential Lettings Limited.

Climate Change

We are all aware of “climate change” and the last two years have seen an acceleration of the Government’s intention to substantially reduce the country’s carbon emissions. On 3rd December 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 likely to be affected. The property portfolio may require substantial expenditure to improve heating systems and insulation.

Our Regulator, The Prudential Regulation Authority (which is part of the Bank of England) has asked all financial services businesses to report to them on the climate change impacts they may suffer and to commence planning to deal with them. We have replied, identifying the costs of upgrading our properties as the biggest impact and, with the help of our newly appointed Property Managers, we will develop a plan to manage the portfolio in the most efficient way over the coming years.

2021

After much progress in 2020, it is important to maintain that momentum into 2021, in line with our vision and mission statements, to complete the modernisation of the back office into a 21st Century friendly society. A new website, a cloud based membership database, an upgraded accounting system are all planned to ensure the service to members is maintained at the current high levels.

With the back office in place the Directors plan to review the current sickness product and discretionary benefits offered to members. I will be writing to all members to get their thoughts and views about what they would like from the Society so that they are built into the strategic review planned for 2021. The Board and I are very keen to listen and communicate with the membership so the Society delivers what the members would like.

I wish you all a happy and healthy 2021.

Paul Osborn

Chief Executive Designate 1st April 2021

Strategic Report

Business Purpose, Model and Strategic Objectives

The Society's business purposes, model and strategic objectives are represented in our Vision and Mission Statements.

Our Vision is –

“To be a not for profit organisation, well known and respected in our community, providing great value discretionary awards to Members to assist with their health needs”.

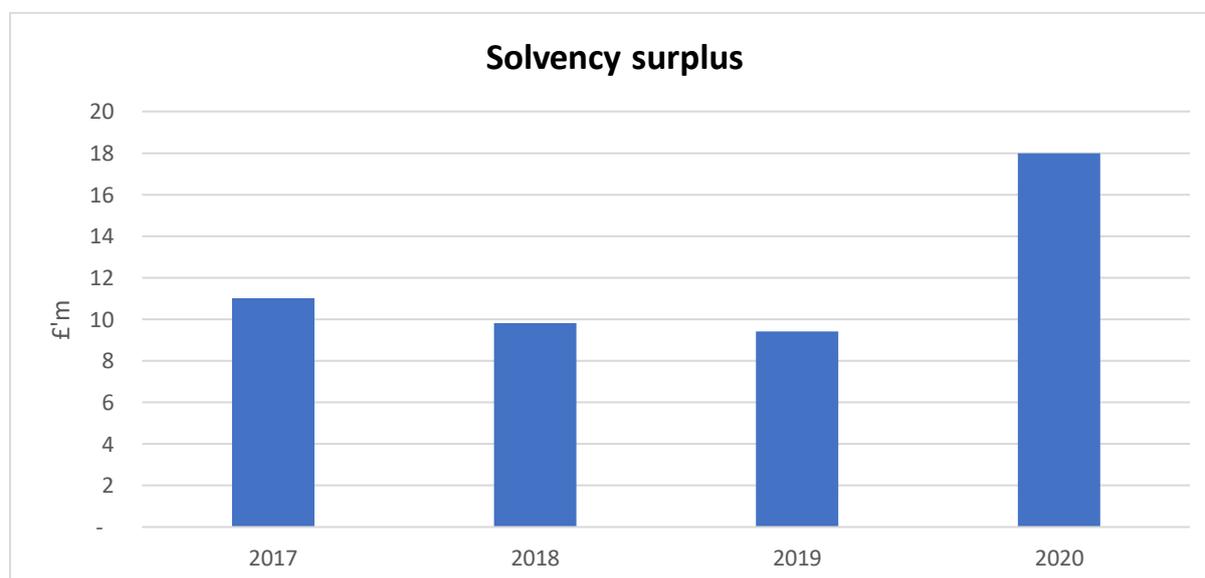
Our Mission objectives are to –

- ❖ Maintain the quality of our property investment portfolio to ensure capital is preserved and annual income from it is stable, and reliably received.
- ❖ Operate to high standards of corporate governance to protect our Members' best interests at all times.
- ❖ Establish, each year, a Target Operating Model which apportions forthcoming annual income to give annual budgets for benefit payments; property maintenance; operating expenses; addition to surplus.
- ❖ Regularly appraise the product and membership offerings to ensure they remain relevant and suitable both for the identified target market and have benefit levels which are sustainable in the longer term.
- ❖ Manage membership numbers by understanding what value of Members' discretionary awards can be supported by the average income from a property. This enables members to be added in relation to available income each time an additional property is acquired.
- ❖ Define clearly, and on a more frequent basis, what represents a fair distribution of surplus to members in respect of their discretionary benefits.
- ❖ Communicate regularly with Members' about the Society's work and provide clear and transparent information to them in meetings, in writing and via the website.

Business Performance

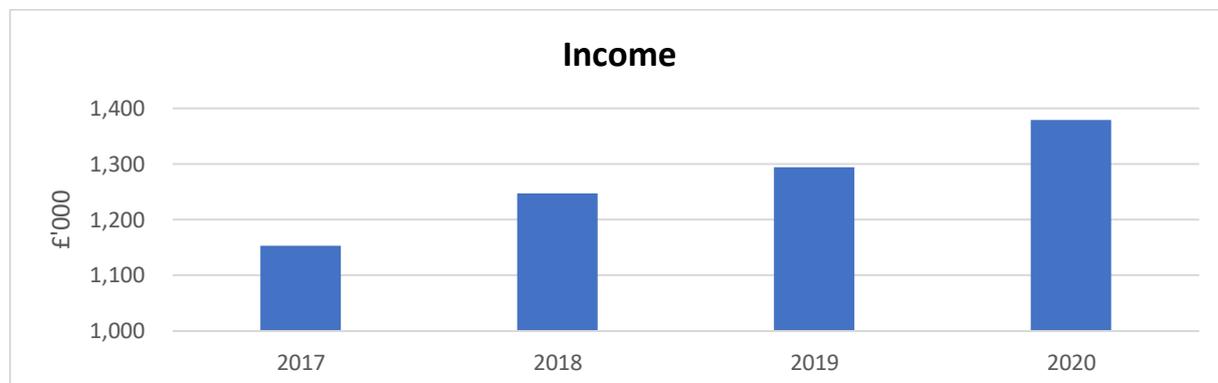
The results for 2020 are set out on pages 28 to 38. The Society has four key measures to assess its performance and ensure it retains its financial strength and strong solvency position.

Solvency



The Society maintains a very strong regulatory solvency position at all times, and it has one of the strongest financial positions within the Friendly Society sector. At the end of 2020, The Society had surplus capital of £18m (2019: £9.4m) as explained in note 18. This represents a surplus of free assets over insurance liabilities as represented by the long term business provision of 173% (2019: 75%).

Income



For this measurement Income is defined as premium income and investment income. This is an important measurement as it provides income:

- ❖ To pay insurance claims and discretionary benefits.
- ❖ To maintain and re-furbish the domestic properties.
- ❖ To meet the operational expenses of the business.

The Society generates income primarily from rents on the domestic properties and dividend and interest on its stocks and shares investments. Domestic properties are owned by the Society in and around the community of Gravesend and stocks and shares are managed on our behalf by a professional investment management firm. 90% of our assets are represented by domestic property and 10% by stocks, shares and cash. We remain satisfied that investment in domestic properties in the South-East of England gives our membership the best opportunity to see their assets increase in value with low investment volatility risk, and any needs we may have for financial liquidity are covered by the readily realisable stocks and shares assets.

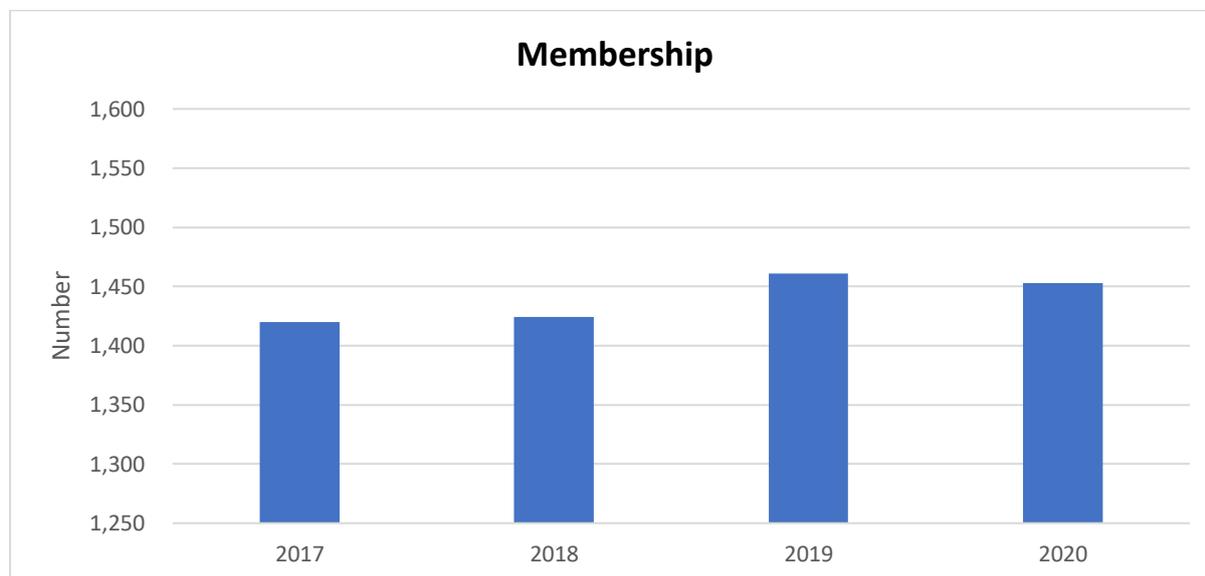
During 2020 income has increased by 6.5% (2019: 3.8%) due to growth in rental income on our domestic properties.

Expenses



Management expenses are the costs of running the Society and are controlled through a budgetary process feeding into a target operating model. This is an important measurement as the Society implements change. Expenses in 2020 were £250k higher than 2019 because of the Governance, IT, infrastructure improvements in the year along with several management and staff changes. 2020 includes a number of one-off expenses that are not anticipated in 2021.

Membership



At 31st December 2020 the Society had 1,453 members (2019: 1,461).

Risk Management and Principal Business Risks

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

- ❖ setting the Risk Appetite at governing body level,
- ❖ maintaining a Risk Register which identifies materiality of risk and mitigating actions,
- ❖ review of material risks by an Audit and Risk Committee and
- ❖ an annual review by the whole Committee of Management to recalibrate the Risk Appetite statement in the light of experience.

The principal business risks faced by the Society are –

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

Review of Business Risks and Internal Controls

During 2020 the Society has continued to implement improvements to how it reviews its business risks and how it operates its internal controls. A new Audit and Risk Committee was established at the start of the year whose Terms of Reference require it 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.

Using the new more extensive Risk Management techniques, coupled with the support of external advisors and the strong risk-based experience on the Committee of Management, The Audit and Risk Committee carried out a thorough review of the risk processes and risk register in 2020.

Further improvements will be made during 2021 with the appointment of a new outsourced Internal Audit function which will complete the work for a “three lines of defence” approach.

- **Market Risk** – The Committee of Management set up a new Investment Committee towards the end of 2020 to manage the Societies Investment Strategy and particularly ensure its asset allocation is appropriate. Currently the Society has a high allocation to ownership of domestic property, which remains well suited to its members’ best interests. The Committee of Management regards it as having both low volatility and excellent prospects of rising capital values and rental income growth at least matching inflation.
- **Liquidity Risk** – Liquidity risk, and the Liquidity risk policy now fall under the responsibility of the new Investment Committee. During 2020 The Committee of Management discussed liquidity and the possible impacts the pandemic could have on liquidity on numerous occasions. Regular cashflow monitoring was added to the Board’s agenda and a new mandate was set up with the investment manager, Quilter Cheviot, to ensure sufficient funds in its stocks and shares investments could meet a sudden large demand for cash should it arise.
- **Insurance Risk** - The Society pays a very small amount of insured benefits each year in respect of income protection, and monitoring shows this is not increasing significantly. The expectation of the Board was that insured benefits would increase with the pandemic, but those risks did not materialise. Given the Society’s large surplus no material risk is apparent.
- **Operational Risk** – Over the past couple of years the Society has invested money in improving its standards of corporate governance, its Information Technology systems, outsourcing its property portfolio, moving to a safer more modern office and enhancing a range of internal systems and controls. These operational improvements led to increased operating costs in 2020. Further work on these operational improvements will continue into 2021, to ensure that the Society is fully compliant with what is expected from a large Non-Directive Friendly Society.

Corporate Governance Report

Purpose and leadership

Since its formation in 1877, the Society has been an unincorporated Society placing upon it an obligation to invest its assets in the names of Trustees. The Committee of Management felt that it would be more appropriate now to incorporate the Society both to remove the need to be dependent upon Trustees and to vest the assets of the Society in the name of the limited company. Following the approval of the members to incorporate the Society at the 2019 Half Year General Meeting, this became effective on 1st January 2020 with the new Board of Directors initially consisting of six members of whom four met the definition of independent directors. Following the retirement of two long serving Directors soon after incorporation the Board recruited Justine Morrissey and Liz Woolman to fill these vacancies. The Board at the end of 2020 consists of six non-executive directors of whom five meet the definition of independent directors.

During 2020 the Committee of Management reviewed the Society's vision and mission statements and Corporate Plan. The review included consideration for the repayment of the Society's Bonds and that the Society should look to grow its membership base.

The purposes of the Society remain largely unchanged, and this is reflected in the Vision and Mission Statements expressed on Page 7.

During the year Mark McManaman resigned as Chief Executive Officer. Whilst a replacement was sought the Committee of Management appointed Geoff Spencer from Mutual Governance Associates to hold this role on an interim basis for 3 months. Geoff Spencer and Mutual Governance having been helping the Society since early 2019 in its governance transformation to Large Non-Directive Status. In November Paul Osborn joined the Society on a fixed term contract as Chief Executive Officer designate, with the Society currently waiting for his regulatory approval.

Last year this report outlined the Corporate Plan to deliver a business with sustainability and a future based upon its locality in North West Kent with a focus on continuing to deliver excellent service and payment of benefits for the health-related needs of its members. Changes to support this strategy included improved governance, improved technology infrastructure and a general modernisation of the operating systems, and procedures, within the day-to-day operations. It is pleasing to be able to report that significant progress has been made in all these areas and this is planned to continue during 2021.

Board Composition

Changes to the Board continued in 2020 as two further long serving Committee of Management members retired and were replaced by two new members who have extensive and diversified industry knowledge and experience, and who can be classified as independent directors.

At the end of 2020 we had a Committee of Management with 6 members of whom 5 meet the definition of independent.

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

Each Committee of Management member will be assessed annually to ensure they remain fit, proper and competent for their roles, and training and development plans will be in place to assist members as needed. The Committee of Management will also appraise itself as whole, annually, and decide if

the composition of the Committee needs to change. As part of this process, it will also develop succession plans both for itself and the executive team.

The Society now has gender diversity at Committee of Management level and will seek to address ethnic diversity going forward.

Below is a summary of the experience of each member of the Committee of Management who served in 2020:

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. At Shepherds, Kim acted as an adviser to the board of a start-up digital mortgage broker taking it through to significant venture capital investment.

Gez Gibbs

Gez has been a non-executive director at Anglo Saxons since 2018. He is a qualified solicitor who has been in practise for more than 20 years. Gez also serves on the investment committee where his long professional experience in residential 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 late 2019 and is Chairman of the Audit and Risk Committee. He is a Chartered Accountant with over 25 years' experience in the friendly society movement having started as 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.

Paul Wiltshire

Paul joined the Society in late 2019 and is Chairman of the Investment Committee. He has worked in the Financial Services sector for all his career, spanning some 40 years. This has included Corporate and Investment Banking with France's second largest lender as Managing Director of the Markets Division in London and more recently with Hambros Bank as one of the banks Senior Managers, serving on the banks Management Committee. During his tenure with both organisations Paul was responsible for managing numerous market activities in the UK, Canada and Eastern Europe. In his most recent position, he was responsible for Investment, Portfolio and Treasury Management at Hambros Bank for the UK and the Channel Islands, before retiring in 2006. Paul currently serves as a Trustee Director of a Defined Benefit Pension Scheme Company in London.

Justine Morrissey– Joined 1st November 2020.

Justine joined the Society as a Non-Executive Director in November 2020. She sits on both the Audit and Risk Committee and the Investment Committee. Justine is a financial services professional with more than 25 years' experience working in the Insurance industry including both executive and non-executive 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 also is a volunteer. Her last executive position was as Finance and Risk Director for a small Friendly Society where she was also a member of the Risk and the With-profits Committees. She is also a non-executive director at a

general insurance company, owned by one of the UK's largest charities, where she chairs both the Audit and the Risk committees.

Elizabeth Woolman– Joined 1st November 2020.

Liz joined the Society as a Non-Executive Director in November 2020. She 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 member of the Chartered Institute of Marketing. Liz was also a non-executive Director for Places for People Group, one of the UK's largest Placemaking & Regeneration Companies until January 2021 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 & 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 – Joined 1st November 2020.

Paul joined the Society in November 2020 to take over as Chief Executive Officer, which is subject to PRA approval. 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 a 26 years affiliation with the friendly Society and mutual sector. He recently spent 13 years at Foresters Friendly Society, with 6 years as their Finance Director and 7 years as their 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.

Mark Mcmanaman–Resigned as a Non-Executive Director on 30 January 2020, resigned as CEO on 31st July 2020.

Mark has been a Committee of Management member for 7 years and throughout 2019 was Chairman and Chief Executive Officer before he resigned from the Society in July 2020. He is a fellow of the Royal Institute of Chartered Surveyors and has a wealth of experience in property management and wider business management experience.

Keith White – Retired on 30th April 2020.

Keith has been a Committee of Management member for 18 years and a Trustee for 14 years before he retired from the Society on 30th April 2020. Keith is a retired Chartered Legal Executive, specialising in civil litigation particularly landlord/tenant matters. This experience has enabled him to represent the Society in some legal disputes over the years.

Michael Deacon - Resigned on 21st January 2020.

Michael has been a Committee of Management member for 6 years before he resigned on 21st January 2020 due to work commitments. He is a political journalist with a leading national newspaper.

Committee of Management Responsibilities

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

The Board Manual lists 18 Board Policy Statements which define the expectations of the governing body on a wide range of subjects.

In addition, several of the Committee of Management members are approved by the Prudential Regulation Authority and the Financial Conduct Authority as Senior Manager Function Holders and have allocated to them, regulatory defined Prescribed Responsibilities.

As part of the Committee of Management restructuring an Audit and Risk Committee was established in 2019 and an Investment Committee established in 2020 to assist the Committee of Management with its management of this increasingly complex area of governance.

Opportunity and Risk

The Committee of Management reviews the opportunities the Society has to support its desire for 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 more closely monitors and mitigates the risks the Society is exposed to.

The outcome of the above work has been reflected in a Corporate Plan which sets out how the Committee of Management seeks to ensure the preservation of value for the member's benefit and which is a low risk approach to sustainability going forward.

Given its financial strength the Committee of Management does not believe the members funds should be placed at risk by aggressive or innovative business expansion programmes.

Stakeholder Relationships and Engagement

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

- ❖ Its Annual General Meeting
- ❖ An additional half - yearly General Meeting, which did not occur in 2020 due to the COVID pandemic.
- ❖ A newsletter
- ❖ It's website - where a new modern user-friendly version will be launched in the first half of 2021.
- ❖ The availability of the CEO and other Committee Members to receive feed-back.

In terms of its relationships with staff, the Society is very small, and all staff can speak to the CEO and any other Committee Member whenever they wish. The annual staff appraisal procedures also allow staff and managers to raise and discuss any matters of importance to them. The Society also has in place a comprehensive Staff Manual to ensure communication channels are clearly explained and understood.

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

Remuneration Report

Remuneration

The Society has one Executive (the CEO) and his pay has been determined by a bench marking exercise against other Friendly Societies that have a similar asset size. It has also been kept in line with what earlier CEOs earned, adjusted appropriately for inflation.

Each year the Committee of Management will review the level of pay to ensure it is commensurate with the scale and complexity of the business operation being managed and does not get out of step with salaries paid elsewhere in the sector.

The Society has a small number of staff and similar principles are adopted in setting their pay levels to ensure there is alignment with how executive pay is structured.

It is also recognised that certain additional employees may be subject to the Senior Manager and Certification Regime introduced by the Society's regulators in December 2018, and this may cause reassessments to be made based upon the enhanced level of personal accountability attached to certain roles.

Committee of Management Remuneration 2020

Name	Salary/ Fee £	Bonus £	Pension £	Other £	Total 2020 £	Total 2019 £
Executives						
M Mcmanaman	106,241	0	11,346	0	117,587	90,971
G Spencer	26,320	0	0	0	26,320	0
P Osborn	18,833	0	2,375	0	21,208	0
Sub-total	151,394	0	13,721	0	165,115	90,971
Non- Executive Committee of Management Members						
K Harris	33,500	0	0	0	33,500	7,500
M Collins	20,500	0	0	0	20,500	3,500
G. Gibbs	17,054	0	0	0	17,054	15,351
J Morrissey	2,333	0	0	0	2,333	0
P Wiltshire	16,500	0	0	0	16,500	3,500
E Woolman	2,333	0	0	0	2,333	0
M Deacon	3,500	0	0	0	3,500	10,728
K White	4,667	0	0	0	4,667	0
S Guyan	0	0	0	0	0	9,391
T Plaw	0	0	0	0	0	9,422
Sub -total	100,387	0	0	0	100,387	59,392
Trustees						
J Briggs	0	0	0	0	0	9,888
A Verill	0	0	0	0	0	37,273
K White	0	0	0	0	0	19,577
Sub -total	0	0	0	0	0	66,738
Total	251,781	0	13,721	0	265,502	217,101

Committee of Management Report

Attendance

Name	Board	Audit and Risk	Investment
Number of meetings in year	16	2	1
K. Harris (Chairman)	16/16		-
M. Collins (Chairman Audit & Risk Committee)	16/16	2/2	-
G. Gibbs	15/16	1/1	-
J Morrissey	1/1	1/1	1/1
P. Wiltshire (Chairman of Investment Committee)	16/16	2/2	1/1
E Woolman	1/1	1/1	1/1
M. Deacon (Secretary)	0/1		-
K. White (Trustee)	7/7		-
M. Mcmanaman (CEO)	11/11		-
G Spencer (Acting CEO 1 August 2020–31st October 2020)	2/2		-
P Osborn (CEO Designate)	1/1		1/1

The Committee of Management implemented fortnightly meetings from the middle of March to the middle of July to manage the business through the first COVID19 lockdown and the change in CEO following the resignations of M Mcmanaman. In a normal year, the Board would expect to have 6 or 7 meetings.

The Audit and Risk Committee and the Investment Committee both commenced in 2020.

Committee Members and interests

Details of the current members of the Committee of Management are given on pages 12 to 13. 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 11 to 12.

The Society has continued to maintain Director's and Officer's liability insurance cover for the Committee of Management during the year and as 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.

The Committee of Management members confirm that, to the best of their knowledge, all activities carried out by the Group during the year were within its powers and authorisations.

The Committee of Management have a Corporate Plan which describes what developments are underway to ensure the Society has a sustainable and low risk future. An important development is that with effect 1st January 2020 the Society became an incorporated Society under the Friendly Societies Act 1992.

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 likely to be affected. The property portfolio may require substantial expenditure to improve heating systems and insulation.

Our Regulator, The Prudential Regulation Authority (which is part of the Bank of England) has asked all financial services businesses to report to them on the climate change impacts they may suffer and to commence planning to deal with them. We have replied, identifying the costs of upgrading our properties as the biggest impact and, with the help of our newly appointed Property Managers, we will develop a plan to manage the portfolio in the most efficient way over the coming years.

Risk Management and Internal Control

In accordance with the UK Corporate Governance Code, the Committee of Management has carried out a robust assessment of the principal risks facing the Society. An overview of these risks can be found on page 10. They were supported in this review by an external reviewer who has proposed a programme of strengthening during 2020 that will continue in 2021.

The effectiveness of the Society's internal control in managing those risks will be monitored from 2020 onwards by a newly established Audit and Risk Committee. More details on the Audit and Risk Committee are shown on pages 19 and 20.

The Committee of Management has considered the effectiveness of risk management and internal controls in place during 2020 and concluded that, whilst a strengthened approach should be implemented, there were no control failings causing material loss to the Society or its members.

Investments and Investment Committee.

The Society has over £30m of assets, which up until December were managed by the Committee of Management. To allow the Committee of Management to focus more on strategic matters going forward the Committee of Management made the decision to delegate a lot of the Investment strategy and monitoring work to a newly formed Investment Committee. This will allow deeper discussion on Property, Investments and Liquidity to take place and use the skills of the Board to better effect. More information on the Investment Committee is shown on page 22.

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 age, race, religion, sex, marital status, sexual orientation or disability. If employees become permanently disabled during employment, the Society will endeavour to retrain, or redeploy, individuals to enable their employment to continue. The Society is very small in terms of the number of employees. During 2020 in addition to the Chief Executive Officer, there were 3 members of staff. This limits the ability of the Society to offer career progression opportunities and to facilitate redeployment if requested.

Donations

The Society made no charitable or political donations.

Going concern statement

The Society seeks to meet the standards set by The UK Corporate Governance Code and therefore the Committee of Management wishes to state whether the business is believed to be a going concern over the next 12 months. In considering this, the Committee 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 from pages 5 to 6.
- ❖ The analysis of material risks faced by the Society and the management of those risks (see details in the Risk Management Report from pages 9 to 10; 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 2020 and throughout the year.

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

Longer-term viability statement

The Committee of Management 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 Committee of Management attended one strategy day during which they considered opportunities and threats for the Society over the next three years.

Based on this assessment, the Committee of Management 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 2022. 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 rolling 3 year forward looking timeline.

Statement of Responsibilities of the Committee of Management

The Committee Members are responsible for preparing this Report in accordance with the Friendly Societies Act 1992 and the regulations made under it.

The Committee Members are also responsible for preparing the Strategic Report (please see Pages 7 to 10), the Report on Corporate Governance (please see Page 11 to 14) and the Financial Statements (please see pages 28 to 38), in accordance with applicable law and regulations.

Friendly Society law requires the Committee 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 the 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, the Committee Members are required to:

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

The Committee of Management is responsible for keeping proper accounting records that disclose with reasonable accuracy the financial position of the Society and enable them to ensure that the

Financial Statements comply with the Friendly Societies Act 1992 and the regulations made under it. They are responsible for the maintenance and integrity of the corporate and financial information.

The Committee of Management have 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 Committee of Management 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.

Disclosure of information to the Auditors

The Committee 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 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.

By Order of the Committee of Management

Paul Osborn
Company Secretary
1st April 2021

Committee Reports

Audit and Risk Committee

The Board agreed to the setting up an Audit and Risk Committee in 2019 with a 1 January 2020 commencement date.

Membership

The Committee membership during 2020 was as follows:

- Martin Collins (Chair)
- Paul Wiltshire
- Gez Gibbs (Retired 10/12/2020)
- Justine Morrissey (Appointed 10/12/2020)
- Liz Woolman (Appointed 10/12/2020)

The Committees 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 and Chief Finance Officer also attend meetings.

During the year, the operations of the Society had to be modified due to the Covid-19 emergency. As a result, some of the work of the Committee has been postponed until a later date with a view to this outstanding work being completed during 2021.

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, taken, 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. These specific responsibilities 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

Committee Activity in 2020

- Review and recommend for approval, the Committee's Terms of Reference.
- Receive the 2019 annual actuarial report from the Appropriate Actuary.
- Review and recommend to the Board the Report and Financial Statements for the year ending 31st December 2019.
- Review the Committee's annual timetable.
- Consideration of future reviews of the roles of the Appropriate Actuary, Independent Auditor and Internal Auditor.
- Review the Risk Register.
- Review and recommend to the Board the approval of the following policies:
 - Internal Audit & Internal Control
 - Outsourcing
 - Risk Management
 - Business Continuity and Disaster Recovery
 - Conflicts of Interest
 - Cyber Security
 - Data Protection
 - Whistleblowing
 - Financial Crime, Corruption & Anti- Money Laundering
- Receive management reports on complaints and regulatory reporting

The Committee was due to hold a meeting in December to complete its 2020 work. This was held in January 2021 when the following 2020 work was completed:

- Appropriate Actuary - Work schedule and fee structure
- External Auditor – Work schedule and fee structure
- Year End Plan for annual financial reporting
- Consideration of material accounting policies and judgements.

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.

Investment Committee

The Terms of Reference for the new Investment Committee were approved by the Board in October 2020 and the Committee had its first meeting in December 2020.

Membership

The Committee membership during 2020 was as follows:

- Paul Wiltshire (Chair)
- Gez Gibbs (Appointed 17/12/2020)
- Justine Morrissey (Appointed 17/12/2020)
- Liz Woolman (Appointed 17/12/2020)
- Paul Osborn (Appointed 17/12/2020)

The Committees 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 Investment and Property Managers.

Purposes

The purposes of the Committee are:

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

Specific Responsibilities

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

Committee Activity in 2020

The Committee had its first meeting in late 2020 to agree a workplan for 2021, which will ensure the Committee meets the requirements of its Terms of Reference. Within the 2021 work-plan it was agreed the Committee will:

- Develop a comprehensive Investment Strategy, which meets the needs of the Society as well as the requirements of regulators. This will include a strong focus on our Environmental and Social obligations, providing improved liquidity provision and addressing diversification risks within the property portfolio. The strategy will fully comply with the Society's Climate Change Strategy.
- Conduct a periodic review of its Investment Managers.
- Monitor the performance of the new Property Managers, Spicerhaart.

Reporting

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

Auditors

Opinion

We have audited the financial statements of Anglo-Saxons Friendly Society (the 'society') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, Statement of Financial Position and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 and 103 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the society's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Friendly Societies Act 1992.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Key audit matters

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

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

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 investments 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 from independent third parties confirmations of the prices for the purpose of subscription or redemption of interest in the underlying investments in investee funds as at 31 December 2020.
- In order to address the risk associated with the recording of investment transactions throughout the year ended 31 December 2020 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 the fundamental importance of the investment portfolio to the Society, it has been used to determine materiality. The basis of materiality is 1% of the gross assets of the Society which amounted to £326,824. This was applied as the materiality for the financial statements as a whole. 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.

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

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

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error.

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

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

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

Other information

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

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

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

Opinion on other matters prescribed by the Friendly Societies Act 1992

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

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

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 seven, 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.

Neil Shaw BA FCCA (Senior Statutory Auditor)
for and on behalf of Berringers LLP
Chartered Accountants
and Statutory Auditors
Lygon House
50 London Road
Bromley
Kent
BR1 3RA

1st April 2021

Anglo-Saxons Friendly Society

Financial Statements as at 31 December 2020

Statement of Comprehensive Income

Technical Account: Long-Term Business	Notes	2020(£)	2019(£)
Earned Premium Income	5	52,215	49,922
Investment Income	6	1,340,397	1,244,151
Realised Gains on Investments	6	-	69,660
Unrealised Gains on Investments	6	6,039,403	635,787
Total Technical Income		7,432,015	1,999,520
Claims Incurred	7	(454,301)	(537,444)
Transfer from/to the Long Term Business Provision	8	2,192,000	(3,275,073)
Other Expenditure			
Investment Property Costs	9	(438,903)	(435,447)
Management Costs	10	(618,588)	(359,991)
Investment Expenses and Charges	14	(10,444)	(9,415)
Realised Losses on Investments		(1,831)	-
Total Technical charges		667,933	(4,617,370)
Surplus of technical income over technical charges		8,099,948	(2,617,850)
Transfer (to)/from the Fund for Future Appropriations	16	(8,099,948)	2,617,850
Balance on the Technical Account		0	0

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 2020 (continued)

Statement of Financial Position

	Notes	2020(£)	2019(£)
Investments			
Financial Investments	15	32,419,849	26,392,732
Other Assets			
Cash at Bank		128,943	425,906
Prepayments and Accrued Income		133,705	39,074
Total Assets		32,682,497	26,857,712
Fund for Future Appropriations	16	22,132,071	14,032,123
Long Term Business Provision	17	10,405,000	12,597,000
Creditors			
Other Creditors	20	145,426	228,589
Total Liabilities		32,682,497	26,857,712

The financial statements were approved by the Board and signed on the 1st April 2021 on its behalf by:

Kim Harris
Chairman of the Board

Martin Collins
Chair of Audit and Risk Committee

Anglo-Saxons Friendly Society

Notes to the Financial Statements – 31 December 2020

General Information

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

1. Basis of Accounting

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

2. Significant accounting policies

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

Basis of preparation

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

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

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

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies selected for use by the Society. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

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

Earned Premiums

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

Claims and Benefits

Claims for sickness, death, dental, optical, hospitalisation, bonds and maternity 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 bank interest.

Anglo-Saxons Friendly Society

Notes to the Financial Statements – 31 December 2020 (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

The market value of quoted fixed interest and equity investments is stated in the financial statements at the closing mid-market values at the balance sheet date. Where there is no apparent market for an asset and therefore no quoted market value, a mark to model approach is taken to estimate what the market value would be if a market existed.

Regarding note 15 below, the Society's investment properties are held at valuation. The basis of valuation is defined as the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction, without deducting transaction costs. Transaction costs are provided for in the Long Term Business Provision to be consistent with previous years. The investment properties are domestic residential properties in the North Kent area and are valued at least annually on an open market basis by qualified external valuers. For 2020 the Society took advantage of using Spicerhaart Residential Lettings Limited, our new 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 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.

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.

Anglo-Saxons Friendly Society

Notes to the Financial Statements – 31 December 2020 (continued)

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.

4. Capital Management

Policies and Objectives

The Society's key capital management objectives are:

- To ensure 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 free asset ratio is 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.

Capital Statement	2020 (£)	2019 (£)
Total Capital Resources Before Deductions (FFA)	22,132,071	14,032,123
Regulatory Solvency Adjustments	(3,642,000)	(3,980,000)
Capital Available to Meet Regulatory Capital Requirements	18,490,071	10,052,123

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.

The capital position has strengthened considerably in 2020 due to a change in methodology of valuing the properties (see note 15) and a reduction in the LTBP (see note 17).

Available Capital

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

Anglo-Saxons Friendly Society

Notes to the Financial Statements – 31 December 2020 (continued)

5. Earned Premium Income

	2020 (£)	2019 (£)
Members Contributions	52,215	49,922
Earned Premium Income	52,215	49,922

6. Investment Income

	2020 (£)	2019 (£)
Rental Income	1,291,837	1,180,105
Deposits with Banks and Fund Managers	48,560	64,046
Investment Income (excluding Realised Gains/(Losses))	1,340,397	1,244,151
Net Gains on the Realisation of Investments	-	69,660
Unrealised Gains on Property revaluation	6,013,502	368,266
Unrealised Gains on Investments	25,901	267,521
Total Unrealised Gains	6,039,403	635,787
Investment Income	7,379,800	1,949,598

7. Claims Incurred

	2020 (£)	2019 (£)
Sickness claims	28,225	30,950
Discretionary claims	426,076	506,494
Total Claims Incurred	454,301	537,444

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

	2020 (£)	2019 (£)
Movement in year (see note 17)	2,192,000	(3,275,073)
Change in Technical Provisions	2,192,000	(3,275,073)

9. Investment Property Costs

	2020 (£)	2019 (£)
Total Repairs to Properties	438,903	435,447
Total Repairs to Properties	438,903	435,447

10. Management Costs

	2020 (£)	2019 (£)
Administration and Other Costs	618,588	359,991
Management Costs	618,588	359,991

The Society incurred no New Business costs in either 2019 or 2020.

Anglo-Saxons Friendly Society

Notes to the Financial Statements – 31 December 2020 (continued)

11. Independent Auditor Remuneration

	2020 (£)	2019 (£)
Fees Paid to F W Berringer & Co for Audit Services	16,800	15,000

12. Board of Management Emoluments

	2020 (£)	2019 (£)
Executive Director remuneration	165,115	90,971
Trustee Fees	-	66,738
Non-Executive Director fees	100,387	59,392
Board of Management Fees (See remuneration report)	265,502	217,101
Emoluments of the highest paid Board Member	117,587	90,971

13. Staff Costs

	2020 (£)	2019 (£)
Wages and Salaries	249,166	162,408
Social security costs	24,352	20,522
Other pension costs	26,596	24,685
Total staff costs	300,114	207,615

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

	2020	2019
Board and Senior Management	7	7
Administration	3	3
Total	10	10

14. Investment Expenses and Charges

	2020 (£)	2019 (£)
Management Charges	10,444	9,415

15. Investments

The Society's investments were as follows:	Current Value	
	2020 (£)	2019 (£)
Investment Properties	29,758,502	23,745,000
Listed Investments – Bonds	252,978	346,632
Listed Investments – Equities	2,383,993	2,226,373
Deposits with Credit Institutions	24,376	74,727
	32,419,849	26,392,732

The methodology changed in valuing the investment properties in 2020 to be brought a lot closer in line with the Directors view of the fair value of the property portfolio. This change in methodology has added about £4m to the property value, with the remaining £2m increase a result of residential property prices in the North Kent area increasing by 7% in 2020.

Anglo-Saxons Friendly Society

Notes to the Financial Statements – 31 December 2020 (continued)

16. Fund for Future Appropriations

	2020 (£)	2019 (£)
At 1 January	14,032,123	16,649,973
Transfers from/(to) the Technical Account	8,099,948	(2,617,850)
At 31 December	22,132,071	14,032,123

17. Long Term Business Provision

	2020 (£)	2019 (£)
At 1 January	12,597,000	9,321,927
Transfers from the Technical Account (note 8)	(2,192,000)	3,275,073
At 31 December	10,405,000	12,597,000

	2020 (£)	2019 (£)
Sickness, annuity and other benefits	1,277,000	1,638,000
Bonds	1,515,000	1,861,000
Expenses	7,613,000	9,098,000
At 31 December	10,405,000	12,597,000

18. Capital Resources

	2020 (£)	2019 (£)
Available Capital resources in respect of long-term business: Fund for future appropriations (note 16)	22,132,071	14,032,000
Adjustment to assets onto regulatory basis	(1,042,000)	(831,000)
Resilience reserve	(2,600,000)	(3,149,000)
Total available capital resources	18,490,071	10,052,000
Required minimum margin	(524,000)	(634,000)
Total surplus capital resources	17,966,071	9,418,000

Total available capital resources as a percentage of required minimum margin	3,529%	1,586%
--	--------	--------

Movement in Capital resources

	2020 (£)	2019 (£)
Opening Capital Resources	10,052,000	10,387,000
Investment return in excess of valuation requirements	6,736,000	1,228,000
Change in valuation assumptions	1,760,000	(1,140,000)
Change in resilience requirements	548,000	(196,000)
Other miscellaneous workings of the Fund	(396,000)	(216,000)
Change in statutory property adjustment	(210,000)	(11,000)
Balance as at 31 December	18,490,000	10,052,000

Anglo-Saxons Friendly Society

Notes to the Financial Statements – 31 December 2020 (continued)

18. Capital Resources - continued

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

Interest 2.0% per annum (2019: 1.15%) – this is set having regard to the yield on the Society’s own investment portfolio.

Expenses of management £55.00 per annum per bond member and £75.00 per annum per non-bond member (2019: £55.00 and £75.00) with an inflation rate of 3.0% (2019: 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 3.0% (2019: 3.5%) of:

First year following the valuation: £550,000 (2019: £200,000)
 Second year following the valuation £550,000 (2019: £200,000)
 Third year following the valuation: £300,000 (2019: £150,000)
 Fourth year following the valuation £200,000 (2019: £100,000)
 Fifth year following the valuation £100,000 (2019: £100,000)

In the sixth and subsequent years following the valuation the additional global expenses are the amount in the fifth year declining by 10% p.a. subject to a minimum before inflation of £25,000 (2019: £25,000).

Resilience reserve 20% (2019: 20%) decrease in property values.
 10% (2019: 10%) decrease in rental income.

Mortality The following percentages of the English Life tables (No 17) (2019 figures shown for comparison).

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

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

Sickness The following percentages of the Manchester Unity Tables AHJ (2019 figures shown for comparison).

	Males	Females
First 6 months of claim	75% (75%)	75% (75%)
Second 6 months of claim	75% (75%)	75% (75%)
Between 1 and 2 years	125% (125%)	125% (125%)
Thereafter	200% (200%)	200% (200%)

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

An additional Covid-19 reserve of £10,000 (2019: nil) was held against the risk of excess sickness claims.

Anglo-Saxons Friendly Society

Notes to the Financial Statements – 31 December 2020 (continued)

18. Capital Resources – continued

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 £5,743k.

Credit risk

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

Liquidity risk

The Society's objective on liquidity risk management is to ensure that sufficient funds are available over the short and medium term to meet the expected pattern of cashflow by way of benefit claims and expenses of management. The Society believes that its Stock Exchange investments could be liquidated at short notice to meet any unexpected demands. If the Society's expenses increased by 10% the available capital would reduce by £1,014k.

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, regulatory changes in the dental profession, investment performance and the general economic environment.

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

Operational risk

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

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

Anglo-Saxons Friendly Society

Notes to the Financial Statements – 31 December 2020 (continued)

19. Remuneration of the Appropriate Actuary

Neither the Society's Appropriate Actuary, Mr Nigel Silby of ED Financial Limited, nor any of ED Financial Limited's staff or family, were members of the Society in 2020 and nor do they have any financial or pecuniary interest in the Society except for fees payable of £30,000 (2019: £31,000).

20. Other Creditors

	2020 (£)	2019 (£)
PAYE and National Insurance Contributions	10,169	16,668
Purchase Ledger Control	36,425	3,434
Pension Liability	2,538	2,520
Accruals	96,294	205,967
	145,426	228,589