



Annual Members' Review

31 December 2021

Incorporating the Financial Statements

Contents

01 / Society Information	3
02 / Introduction	4
03 / Chairman and Chief Executive Officer's Statement	5
04 / Community Matters	11
05 / Directors' Report	16
06 / Corporate Governance Report	20
07 / Directors' Remuneration Report	22
08 / Statement of Directors' Responsibilities	24
09 / Independent Auditor's Report	26
10 / Financial Statements	
/ Statement of Comprehensive Income	32
/ Statement of Financial Position	33
/ Reconciliation of Members' Funds	34
/ Statement to Cash Flows	34
/ Notes to the Financial Statements	35

01

Society Information

Directors:

Andy Golding (Chairman and Chief Executive Officer)
Clive Kornitzer
John Paddick
April Talintyre

Society Secretary:

Jason Elphick

Registered Office:

Reliance House
Sun Pier, Chatham
ME4 4ET

Auditor:

Deloitte LLP, Statutory Auditor
1 New Street Square
London
EC4A 3HQ

Registered Number:

31056R

02

Introduction

The Directors have pleasure in presenting the summary Report and Financial Statements for the year ended 31 December 2021. These Financial Statements are an extract of the audited accounts and the Directors' Report which will be available to Members free of charge on demand from the Kent Reliance Provident Society Limited's (the Society) Registered Office from 20 June 2022 (and on the Society's website, www.krps.com).

The Society is regulated under the Co-operative and Community Benefit Societies Act 2014. The Society is a mutual organisation and operates exclusively for the benefit of its Members.

Andy Golding
Chairman and Chief Executive Officer

03

Chairman and Chief Executive Officer's Statement

I am pleased to report on the performance of the Kent Reliance Provident Society Limited (the Society) for 2021, together with a brief outline of the performance of OneSavings Bank plc (OSB or the Bank), which is the legal entity providing the banking services to the Society's Members; and, in which the Society retained a shareholding until 27 November 2020, when OSB GROUP PLC (OSBG) was inserted as the new listed holding company of the Group with the Society shares in OSB being exchanged for shares in OSBG. The Group comprises OSBG and its subsidiaries (together, the Group).

Following the insertion of OSBG, OSB continues in operation as a banking entity and a 100% owned subsidiary of OSBG. The Society's shareholding in OSB was transferred into an equivalent shareholding in OSBG and remained unchanged. During the year, the value of the Society's shareholding in OSBG has increased by £1.5m in line with OSBG's share price (2020: decreased by £115k).

The Society has evolved from its original conception. Its primary activity is now, subject to the approval of its Members at its Annual General Meeting (AGM), to distribute the dividend income it receives from those shares to charity.

Members will recall that at last year's Annual General Meeting (the AGM), the Society's Board once again recommended that where revenue is received by the Society, by way of dividends from its shareholding in OSBG, this will be donated to worthwhile causes through the Society's own Community Fund and once more,

this proposal was overwhelmingly endorsed by Members; however, no such revenue was received during the prior year, and thus no charitable donations were made in 2021.

The Bank and the Society share a common ancestry going back over 150 years, and continue to share the common interests of their respective customers/Members and the integrity of the trading name of Kent Reliance.

OSB continues to underwrite the operational and governance costs of the Society and also to fund the Society's monthly prize draw and community giving programme. The following information gives an overview of the Group and how it performed during 2021.

Overview of OSB GROUP PLC

Extracted from the 2021 Annual Report
& Accounts

Chief Executive Officer's Statement

I am incredibly proud of the operational and financial performance of OSB Group, and our delivery of record profits, whilst proving once again the resilience of our strategy and business model against the backdrop of the pandemic.

In 2021, we made significant progress on important projects including our approach to climate change and sustainability. More importantly, the Board has committed to be carbon neutral for our direct emissions in 2021 through reduction initiatives and emissions removal credits. In addition, we have set a significant target of achieving Net Zero greenhouse gas emissions by 2050 and we are developing detailed plans to achieve this ambitious goal for the Group and our stakeholders. We fully recognise that no business can achieve net zero on their own and collaborative support from industry and policy makers will be required.

We continued to build our business and delivered underlying and statutory net loan book growth of 10%, supported by £4.5bn of new lending at attractive margins. This was delivered as the Group successfully met the challenges from ongoing uncertainty caused by the pandemic. Once again for 2021, we achieved a class-leading return on equity of 24% on an underlying basis and 20% on a statutory basis (2020: 19% and 13% respectively).

The Group has a very strong capital position and proven capital generation capability through profitability, with the fully-loaded CET1 ratio improving further to 19.6% as at 31 December 2021 (31 December 2020: 18.3%). This has enabled the Board to support strong growth and shareholder returns, and announce a £100m share buyback programme to commence on 18 March 2022. Additionally, the Board is recommending an increase in the full year 2021 ordinary dividend pay-out ratio to 30%. The Board remains committed to returning any additional excess capital to shareholders and intends to update the market on its capital management framework once greater clarity is obtained on the impact of Basel 3.1 and its timing versus the Group attaining IRB accreditation.

Overview of OSB GROUP PLC

Extracted from the 2021 Annual Report & Accounts

Financial performance

I am delighted that the Group continued to generate a high level of profitability during 2021, with record underlying pre-tax profit of £522.2m, up 51% on the prior year, and underlying basic earnings per share of 86.7 pence, up 49% (2020: £346.2m and 58.1 pence, respectively). On a statutory basis, profit before tax increased to £464.6m (2020: £260.4m) and basic earnings per share was 76.0 pence (2020: 42.8 pence). The underlying net interest margin for the year improved to 282bps (2020: 247bps) due to a lower cost of retail funds and one-off underlying net effective interest rate gains of £18.6m which contributed 8bps to NIM in the year. The statutory NIM was 253bps for 2021 (2020: 216bps).

The Group maintained its strong focus on cost discipline and efficiency and the underlying management expense ratio remained broadly stable at 70bps in 2021. The underlying cost to income ratio which benefitted from stronger net interest income, and fair value gains on hedging activity, further improved to 24% from 27% in 2020. The statutory management expense ratio and cost to income ratio were 71bps and 26%, respectively (2020: 70bps and 31%). The management expense and cost to income ratios in both 2021 and 2020 also benefitted from cost synergies and lower spending as a result of lockdowns, the working from home guidance and some hiring delays in an increasingly competitive labour market.

ESG (environmental, social and governance)

Our Purpose is to help our customers, colleagues and communities prosper. To achieve it, we operate in a sustainable way with relevant ESG matters at the heart of our business.

Strong governance is fundamental to delivering the Group's strategy and we have a long tradition of looking after our stakeholders and involvement in the communities in which we operate. The environment is no less important to us. As a specialist lender, we have long been aware of our responsibilities and the positive impact we can have on society by responding to the challenges and opportunities that ESG matters present and which have become an integral part of the Group's strategy.

We have created a new ESG governance structure and a dedicated team responsible for managing the Group's ESG strategy and coordinating its implementation and delivery. I am delighted that following our decision to become carbon neutral for our direct emissions in 2021 and to demonstrate our continued and long-term dedication to climate change, we have joined the Net Zero Banking Alliance. We have also committed to assist with industry's efforts to achieve its decarbonisation goals and to achieve net zero greenhouse gas emissions by 2050.

Our people are our key asset and we continued to work hard to keep them safe and supported, in the UK and India throughout 2021. I would like to take this opportunity to thank all of our colleagues for their continued dedication, flexibility, strong team spirit and camaraderie throughout 2021. Our customers continued to receive the support that they are accustomed to, delivered by our resilient and effective operations. We were also active in supporting our communities through a range of community and fundraising initiatives, donating nearly £395k to charitable causes in 2021.

Overview of OSB GROUP PLC

Extracted from the 2021 Annual Report & Accounts

Looking forward to 2022

The UK economy showed determined strength during 2021, which included strong employment growth and house price inflation. However, recent geopolitical events driving further inflationary pressure, do create additional uncertainty over the macroeconomic outlook. OSB Group has a proven track record of delivering strong results as a listed business and we have consistently demonstrated our resilience. The solid foundations of our business allow us face the future with optimism.

The Group has a healthy pipeline of new business and we are successfully leveraging our unique multi-brand structure to drive strong current application volumes. We are seeing strong demand for our products in our core markets and landlord confidence in BTL remains positive. Our own research confirmed that tenant demand is good and trending upward.

Based on current new business volumes and our focus on retention, we expect to deliver underlying net loan book growth of c. 10% in 2022. The pricing and funding costs we are currently seeing are expected to deliver an underlying NIM for 2022 broadly flat to 2021. We expect the underlying cost to income ratio to increase marginally, with potential for additional inflationary headwinds. The cost to income ratio in 2021 benefitted from fair value gains from hedging activities and reduced expenditure during the pandemic.

NB: The full text of this statement can be found in the 2021 Annual Report and Accounts of the Group, which can be found at www.osb.co.uk

Customers, Community and the Society

The Bank and the Society continue to work closely to preserve the values of service excellence, innovation and value that have been a key part of the Kent Reliance history. Whilst the Society no longer delivers the banking operations of the Kent Reliance brand, the Bank has continued to deliver improvements to its products and services, whilst the Society has increasingly focused on its charitable giving and this is now its primary activity.

This commitment to preserving the place of customers within the heart of the Bank is reflected in the measurement of its customer satisfaction, the scores of which have continued to improve, with the key performance indicator of Net Promoter Score (NPS – broadly a reflection of the number of customers who would definitely recommend the Bank to others) remaining high at +70 for the year (up from +67 in 2020) and reflected in the savings retention rate of 90% (2020: 93%).

In addition, I am delighted to report that the OSB Group has continued to fund and operate the Society's monthly free prize draw for qualifying Members, with a further 12 Members receiving a prize of £1,000 each during the year. Details of the rules of the draw can be found on the Society's website (www.krps.com).

To match this prize fund, OSB Group also donates £1,000 each month to the Society's Kent Reliance Community Fund, which is administered on its behalf by the Kent Community Foundation. In addition, the Society is also a member of the Medway 100 Club, a group of businesses which pool donations into a fund designed to support the many good community causes that operate within the Medway Area. More details of the causes that have benefited from these funds and others that OSB has supported directly appear in this Annual Members' Review.

Dividend

OSBG recommenced its dividend in 2021, with a final dividend of 14.5 pence per share paid in May 2021 and an interim dividend of 4.9 pence per share paid in November 2021. Due to the impact of COVID-19, no dividend was paid in 2020 by OSBG.

Whilst no dividend income was received in 2020, the Society continued to distribute funds to worthy causes throughout Kent from donations made to

and retained by the Kent Community Foundation in previous years. OSB continued to underwrite the operational and governance costs of the Society and fund the Society's monthly prize draw.

Summary

Once again, I am happy to report that the Bank and the Society have continued to grow and deliver against their joint mandates; working in partnership to bring our customer values to life, and through the generosity of Members, providing financial assistance to a wide range of community causes and organisations.

For over 11 years the OSB Group has met the operational governance costs of the Society. In that time the activities of the Society have narrowed and its primary activity is now its charitable giving programme. It is apparent to the Board that its structure and constitution created in 2011 are no longer the most appropriate for this purpose. As such the Board has been considering the most appropriate corporate structure and governance to continue this charitable focus and is proposing to ask Members to vote on the following proposal at the forthcoming AGM in July.

The Board of Directors of the Society will be requesting Members' approval to wind up the Society, with its assets being transferred into a new charitable foundation. The reason for this is to ensure the future use of the Society's assets for charitable purposes and the foundation will continue the charitable giving carried out by the Society more efficiently, with lower administrative costs.

This will not affect Members' Kent Reliance mortgage or savings account in any way. Kent Reliance, a trading name of OneSavings Bank plc, will continue to provide and administer Members' accounts as it does today.

It is important to stress that all banking operations carried out under the Kent Reliance Brand have been (since 2011) undertaken by the OSB Group, and will remain unaffected by any such change. The Bank remains committed to continual engagement with all of its customers through many channels including customer engagement panels and customer engagement activity studies.

Andy Golding

Chairman and Chief Executive Office

4 May 2022

04

Community Matters

For over 150 years, Kent Reliance has been synonymous with the county of Kent and a passionate supporter of its local community. This passion is equally shared across the OSB Group and most significantly via the charitable activity of the Society.

It has been eight years since we announced that the Society had developed a community fund and committed to donating £1,000 each month to it, together with the dividend received by the Society in respect of its holding of ordinary shares in OSBG.

As outlined last year, no dividend income was received in 2020 (although these have subsequently restarted during 2021); therefore, no onward donation was made in 2021 following the AGM. However, because of monies previously donated to the Kent Reliance Community fund (which is held by the Kent Community Foundation), the Society has been able to maintain its programme of charitable and community giving during 2021. The Kent Community Foundation has been able to continue to provide a shortlist of worthy causes during the year for the Society to consider and approve; however, in light of the ongoing pandemic, no panel of the Society met and these requests were approved directly by the Society.

The focus of these donations has continued to be in support of smaller, volunteer-based services assisting young and older people in need.

During 2021, the COVID-19 restrictions continued to prevent the normal panel of Members of the Society meeting to decide which applicants should receive donations from the Community Fund. The Society reviewed all applications submitted and by the end of 2021 had agreed a total of 35 requests totaling £127,200.

Since the Community Fund began, the Society has given out £492,956 in grants to 210 projects. Of these, 139 have been for children and young people, with the remaining 71 being for the elderly across Kent and Medway

The following is just a sample of the feedback from previously funded projects.

Friends of Holcot

Annual Pantomime Trip
£2,800 Grant Awarded
 126 Beneficiaries

Funding allowed Friends of Holcot (FOH) to take 126 beneficiaries to the Christmas pantomime in December 2021. Originally, the trip was set for December 2020 but due to the pandemic the trip had to be postponed. Early booking allows them to book various rows for disadvantaged children and their parents to attend the pantomime that many could not afford to do themselves, allowing them to enjoy an activity they would not have access to.

So many beneficiaries have said that this year's panto trip has had a tremendous impact on their lives. The pandemic has meant juggling household chores and home schooling with limited support and were finding themselves increasingly anxious and isolated from their time inside. This trip enabled them to enjoy and laugh freely with their friends and neighbours, which made them feel more relaxed as they were able to take part in something outside of their home with the support of FOH and their friends.

Case study

L was born into a travelling family and was a daddy's girl from the day she was born. Her father was not just HER father but was the 'male figure' to her three girls. The eldest is 14, doesn't have very good school attendance and has no contact with the biological father. The youngest two (aged 2 and 9) have the same father and during the pandemic they got back together briefly. Unfortunately, this did not last long and when the relationship ended L found she was pregnant once again. L works part time in a local care home for special needs adults.

Just after L had her first COVID-19 jab last year her father became ill and sadly passed away very suddenly on the same day that his father had a fatal heart attack. This left L and her mother devastated and L never had her second jab. Since finding she was expecting a boy, she has been terrified of catching COVID-19 and it affected the baby that she has begun to think of as her father returning to her. She isolated herself completely and this had a devastating effect not just on her mental health but also that of the children.

Over the years, L has come to absolutely adore the panto dame that performs at The Hawth theatre and was devastated at the thought of her younger children missing out. With the promise of being able to drive herself and bring her mother for support (and so they could begin a new family tradition) she was persuaded out of the flat for the first time in many, many months and she had a fantastic time. She is still being extremely careful, but the children are now allowed to mix with others and she has returned to work.

The French Hospital

Sheltered Accommodation, Reducing Social Isolation

£2,000 Grant Awarded

The French Hospital has been supporting people in need since being founded in 1718. Today, the charity provides affordable sheltered accommodation which allows older residents to live full, dignified and independent lives in Rochester.

£2,000 was awarded to support the group's access project to improve social inclusion for older residents of the hospital. Unfortunately, due to COVID-19, they could not open the classes up to other local groups who support the elderly as originally intended.

Funding supported the purchase of chairs and exercise class resources to run a weekly chair exercise class for elderly residents. Twenty beneficiaries took part in the sessions and were able to improve their fitness through light exercise.

The exercise project has been monitored with feedback from both the fitness instructor and the residents who took part in the class. The chairs will not only be used by the residents at The French Hospital but by the wider community who access activities on the site.

The exercise class has had a huge impact not only on the resident's physical health but also on their well-being. The classes were well attended and there is a waiting list for more classes. After three periods of lockdown due to the pandemic, the class has improved social interaction and reduced loneliness and isolation for several residents who attended.

Case study

Jeanne, aged 95, started the exercise class feeling apprehensive and also anxious after a long period of social isolation. Her health has improved markedly and she now can do the class without her walker. Jeanne is now standing up straight which is a very visible benefit. She actively participates in every class and enjoys the social side. She has not missed a class and recently took place in the Medway Mile with others from the group. She raised some funds for The French Hospital for future classes.

Tunbridge Wells and District Volunteer Bureau T/A Community Car Service

Christmas Dinner/Core Costs

£5,000 Grant Awarded

A registered charity providing a community car service for elderly and disadvantaged adults in Tunbridge Wells and the surrounding areas. Services include transport to and from medical appointments, day centres and social inclusion projects such as outings.

£5,000 was awarded at the panel for the Christmas lunches and core costs to be supported for six months.

Funding was allocated and split equally between delivery costs for the Christmas lunch food hampers and the car services core running costs. This enabled the group to support 180 elderly beneficiaries across the grant period.

Beneficiaries were able to access a tailored Christmas hamper that provided lunch and goodies selected for them. This was used to support elderly residents and the vulnerable who lived alone or had no family locally to be able to have a Christmas lunch and presents. With Christmas being a particularly isolating time for many elderly people, it helped to bring some festive cheer and enable them access to food and gifts at no cost, so there was no stress due to financial means.

Each hamper was delivered to the beneficiaries' door, with volunteer drivers spending time completing doorstep befriending, thereby helping to reduce and ease social isolation. The service followed up with all beneficiaries of the hampers as part of their telephone befriending, with many expressing how grateful they are to have received a hamper.

As part of the core funding contribution, the charity covered the costs of vital overheads, staff and travel to continue to run the service, allowing beneficiaries access to the car service to attend appointments and get their shopping.

Case study

We delivered the hampers to our customers many of whom have the key safe number for access. When the driver knocked on Violet's door, he got no response. Whilst that is not unusual as Violet was hard of hearing, he used the key safe and let himself in.

When he entered her flat and he found her on the floor. She had had a fall in the night when she had got up to get a drink. He followed CCS procedure and called 999 then called the office to let us know what was going on. Violet had been taken to Tunbridge Wells Hospital and her family notified.

Custom Folkestone CIC

Locavore Growing Project
£3,000 Awarded
 125 Beneficiaries

A Custom Folkestone CIC works with communities in particular children and young people with learning disabilities/neurodiversity to produce food sustainably and ethically. The group commission research and artworks that explore food systems and environmental impact to allow them to run a wide variety of thought-provoking events for the community.

£3,000 was granted to support the Locavore Growing project. The grant covered the staff, equipment and overhead costs for the weekly sessions. This enabled 125 beneficiaries to take part in the project supported by 30 volunteers.

The project was originally to support and enable care homes to develop their garden spaces and to grow their own food. Volunteer befrienders would be matched with elderly residents to reduce isolation and improve mental health. The project is intergenerational, with visits to and from a local primary school..

They had to repurpose the work to include remote interactions with care home residents, which created opportunities for them to exchange knowledge and stories with primary school children and contribute to an intergenerational newspaper.

This has allowed beneficiaries to not only create content but enabled elderly beneficiaries to gain support using technology and the internet, all while creating a shared piece of work. It has involved food and growing where a majority of the care home residents have helped to garden and plant seeds, sharing the progress with the children. It has allowed many to cultivate new interests while also reducing their social isolation.

Case study

The Year 5 children at Martello Primary school met some of the care home residents from Brampton lodge on a zoom meeting.

They talked about their gardens and their hopes for the future but because it was winter, they were not able to start any actual planting activities so one of the children suggested that

they could share Christmas music instead. They invited the residents to their online Christmas concert and the residents were a very happy audience, tapping their feet happily to the children's musical performances. They were even more thrilled when the children decided to make garden-themed Christmas cards for each resident.

Olympia Boxing CIC

Boxing 4 Parkinson's Project
£2,500 Awarded
 32 Beneficiaries

The CIC deliver Boxing Fitness programmes to disadvantaged communities across Kent & Medway. They work to support people to not only get fit but reduce their social isolation by making friends and sharing new experiences.

£2,500 was awarded to support the Boxing 4 Parkinson's project.

Funding covered the sessional costs attended by 32 beneficiaries with Parkinson's. Sessions were adapted to the beneficiaries' abilities and needs to enable each member the chance to take up a sport, which helped to improve their physical well-being.

The programme has improved the health, socialisation and mental health of people living with neurological conditions and their carers by giving them the opportunity to engage in an activity together and share their own experiences.

Case study

Phil's wife said to us that after each session she gets her old Phil back for about an hour as the programme regulates his Parkinson's.

Bob: "This programme gives us hope and shows us that were not finished yet. You have made us exit our comfort zones to be able to improve our daily living".

Romney Marsh Day Centre

Care of Older People/Social Isolation

£3,500 Awarded

Romney Marsh Day Centre's (RMDC) charitable objects are to promote the care of older people.

They aim to prevent social isolation as well as enabling older people to maintain their physical and mental health.

£3,500 was awarded to support the costs of the information and advice room.

Funding supported the salary costs of the Information and Advice Co-ordinator from January to March 2021. During this time they supported 89 elderly beneficiaries to access the service.

Beneficiaries can access the service from the centre, home visits (when restrictions allowed) and over the phone. RMDC supported them with general advice and signposting as well as helping them to apply for Attendance Allowance, Personal Independence Payments (PIP), Carers Allowance and blue badges. Some of the service users required support with utility bills (due to debts and assistance around changing suppliers).

In addition to advice provision, the group has a directory of local trades people (gardeners, electricians, waste removers, etc) that are vetted and trusted suppliers that can help older people with urgent repairs needed on their homes. For some, RMDC can signpost them to solicitors who can draw up wills and a lasting power of attorney.

The support has been invaluable to many beneficiaries enabling them to be talked through a sometimes complicated process at no cost, which, for those who are living on their pensions, is important when their funds just cover their bills and food costs.

Case study

Mr and Mrs TJ - New Romney, written by Tony Hooper, Advice and Information Worker.

This couple in their 70's first came to visit me in the Romney Marsh Day Centre in 2019. They were both enquiring as to what benefits they were entitled to as they were only in receipt of their State Pensions and had lost the majority

of their savings when they lost their home in France due to ill-health and they had now returned to Britain to live, to be nearer their family.

Mr TJ had severe problems with breathing, heart failure, osteoarthritis and diabetes. Mrs TJ had lung disease and had both knees and one hip replaced which had not been successful.

I advised that both were entitled to a number of benefits and assistance due to their financial and health needs.

Both Mr and Mrs TJ were over the moon with the results and had a tour round the centre and decided they would like to stay for lunch and that they would like to become regular users of the centre.

Since their first visit, I have also assisted in getting them on the housing list and then moved from what turned out to be a mould infested flat with a lift that was out of action for ten weeks, which rendered them housebound as neither could manage the stairs. They were moved to a one bed flat council property in Hythe in which they are now very happy.

05

Directors' Report

The Directors present their Report, and audited financial statements, for the year ended 31 December 2021.

Business review

The Society did not make any donations to charity in the year as no dividends were received in the prior year.

The Society assisted OSB by continuing the customer engagement panel and the free monthly prize draw, both operated and funded by OSB.

Financial results

The Society's gross profit for the year to 31 December 2021 was £229k (2020: £174k operating loss) due primarily to dividends of £227k (2020: nil) received from its investment in OSBG. As no dividends were received in 2020 no charitable donations were made during 2021.

Other income from the revaluation of its investment in OSBG shares of £1,532k (2020: £115k expense) resulted in profit before taxation of £1,762k (2020: £283k loss). The profit after taxation for the year was £1,167k (2020: £334k loss).

Assets

The Society's sole investment is its holding of shares in OSBG.

As at 31 December 2021, the Society held (and continues to hold) 1,169,815 Ordinary Shares in OSBG (2020: 1,169,815 OSBG Ordinary shares). In line with last year, the Board has decided that it is appropriate for the investment to be valued in the Society's financial statements at the prevailing market value as at the accounting reference date.

Capital

The Society is not regulated as a financial institution, but is registered with the Financial Conduct Authority as the registering authority under the Co-operative and Community Benefit Societies Act 2014. This legislation replaced the former Acts of Parliament that governed Industrial and Provident Societies and under which the Society was originally incorporated.

There are no specific externally set capital requirements. However, the Board is mindful of its financial obligations and has agreed to have sufficient reserves (from retained earnings) to enable an orderly wind down of its affairs in the event that such action is required.

Creditor Payment Policy

The Society's policy concerning the payment of its trade creditors is to pay within the agreed terms of credit, usually 30 days from invoice, once the supplier has discharged its contractual obligations. These terms of payment were settled with suppliers when agreeing the terms of each transaction.

Going concern

The Directors have undertaken a going concern assessment to satisfy themselves that the Society has sufficient resources to continue in operational existence for a period in excess of 12 months from the date of this Report and have prepared the financial statements on this basis.

In assessing whether the going concern basis is appropriate, the Directors considered the information contained in the financial statements and the latest business plans for the Society. The assessment also considered projections for the Group from which the Society receives dividend income; and, of which OSB is a subsidiary.

The Society interacts with OSB in a number of areas:

- The Society receives reimbursement from OSB to cover its ongoing operating and governance costs for services and activities it undertakes on behalf of the Society's Members.
- The Relationship and Services Agreement dated 31 January 2011 between the Society and OSB details a number of essential corporate support activities which OSB undertakes to provide (e.g. including the maintenance of the membership database).

Projections for the Group have been subject to sensitivity tests, including stress scenarios, which have been compared to the latest economic scenarios provided by the Group's external economic advisors, as well as reverse stress tests. In making the assessment, the Directors have considered all principal and emerging risks including climate risk where the risk is likely to emerge outside of the going

concern assessment horizon. The assessment focused on capital, liquidity and operational resilience at the Group level to demonstrate the strength of the Group as a Going Concern.

Having reviewed these assessments, the Directors are satisfied that the Society has sufficient resources to continue in operational existence for a period in excess of 12 months from the date of this report.

Material uncertainty related to going concern

The Directors are considering a circular to the membership proposing to wind up the Society and distribute its investments and assets to a new charitable foundation. The reason for this is to ensure the future use of the Society's assets for charitable purposes and the foundation will continue the charitable giving carried out by the Society more efficiently, with lower administrative costs.

Should the proposal be made to and approved by Members there is the prospect of the Society being wound up in the future. In this event the Society would fully realise its assets and discharge its liabilities. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Society's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Charitable donations

During the year, the Society did not make any charitable donations (2020: £178k). However, it did support 35 organisations by distributing £127k from funds it had previously donated to the Kent Community Foundation, which held them on the Society's behalf.

Directors

The full list of Directors who served on the Board during the year to 31 December 2021 and to the date of this Directors' Report is as follows:

- Andy Golding (Chairman and Chief Executive Officer)
- Clive Kornitzer
- John Paddock
- April Talintyre

The Board remains committed to the achievement of high standards of corporate governance which it considers to be central to the effective management of the Society and to maintaining the confidence of Members.

Directors' indemnity provision

The Articles provide, subject to the provisions of UK legislation, an indemnity for Directors and Officers of the Society in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them, which relate to anything done or omitted, or alleged to have been done or omitted, by them as Officers or employees of the Society. Directors' and Officers' liability insurance cover is in place in respect of all Directors.



Events after the reporting date

There are no events to report.

Auditor

The Auditor, Deloitte LLP, has expressed their willingness to continue in office. A resolution to re-appoint Deloitte as external auditor will be presented at the AGM.

Each of the persons who is a Director at the date of approval of this Directors' Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Society's Auditor is unaware; and
- The Director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Society's Auditor is aware of that information.

This report was approved by the Board on 4 May 2022 and signed on its behalf by:

Jason Elphick

Society Secretary
Kent Reliance Provident Society Limited

.....

The Society currently
only receives **one source**
of income

.....

06

Corporate Governance Report

Introduction

The Board recognises the importance of sound corporate governance, and is committed to ensuring best practice is applied throughout the Society in a proportionate manner.

The Board of Directors

The Board was chaired by Andy Golding and constituted four Directors (including the Chairman) at the reporting date. The Chairman and two other Directors are Executives of OSBG; of which the Chairman and one other are also Directors. The remaining Director is an Executive of the Society. The Board convenes at appropriate intervals throughout the year and in 2021 met four times; Directors also interact informally on a regular basis in the normal course of business. Additional Board meetings may be called at such other times as the Chair deems appropriate.

The Board is responsible for setting the strategy for the Society and for ensuring that there are appropriate financial and business systems and controls in place to safeguard the interests of the Society's Members. The Board is also responsible for ensuring the Society's continuing commitment to carrying out its business fairly, honestly and openly, in line with its mutual principles.

The Board has oversight of the strategy and retains control through challenge at Board meetings. All Board members receive accurate, timely and clear information to enable them to make an effective contribution to Board discussions. The scope and nature of such information is reviewed on an ongoing basis to ensure that it remains relevant and concise.

Directors have access to the advice and services of the Society Secretary, whose appointment is a matter for the Board and who is responsible for ensuring Board procedures are followed and for advising the Board, through the Chairman, on matters relating to governance.

Board attendance record

A table showing attendance at scheduled meetings is shown in the table below. Against each Director's name is shown the number of meetings they attended in the year to 31 December 2021. The number of meetings each Director was eligible to attend is shown in brackets.

Director	Meeting
Andy Golding	4(4)
Clive Kornitzer	4(4)
John Paddick	4(4)
April Talintyre	3(4)

Board balance and independence

The Board consisted of four Directors as at 31 December 2021. The size and composition of the Board is kept under review to ensure an appropriate balance of skills and experience is represented on the Board.

Appointments to the Board

There were no new appointments to the Board during 2021 and up to the date of signing this Annual Report.

Re-election

Directors are required to submit themselves for re-election at the first Annual General Meeting after their appointment and at least once in every three years thereafter.

System of internal control

The Board is responsible for determining the Society's strategy for managing risk and overseeing its systems of internal control, and is committed to embedding internal control and risk management into the operation of the Society. The Chief Executive Officer and the Chief Operating Officer are responsible for designing, operating and monitoring risk management and internal controls.

The Board is satisfied that during the year, the Society maintained an adequate and appropriate system of internal control.

The role of the Board includes a review of the Society's accounting policies at least annually, a review of the financial statements including any significant financial reporting judgements on which they are based and monitoring the systems of internal control.

Financial reporting

The Statement of Directors' Responsibilities in preparing the Society's financial statements are set out on pages 24 and 25.

07

Directors' Remuneration Report

Introduction

The purpose of this Report is to outline the Board's policy for the remuneration of the Society's Executive and Non-Executive Directors and to explain the process for setting Directors' remuneration.

Remuneration of the Society's executive management

Currently, the Chief Executive Officer is remunerated solely by OSB, where he holds the same position as Chief Executive Officer. Two other Directors are also remunerated solely by OSB. Their remuneration is determined in accordance with OSBG Board governance procedures which are laid out in OSBG's latest Annual Report and Accounts, which is available to download from www.osb.co.uk. The Society has only one Executive Director, the Chief Operating Officer, whose terms and conditions fall within the remit of the Society's Board.

The remuneration of the Chief Operating Officer is shown below and has reduced due to a reduction in working hours effective from February 2021.

	2021 £'000	2020 £'000
Short-term employee benefits ¹	38	78
Post-employment benefits	1	7
Gains made on the exercise of SAYE options	-	3
	39	88

¹Short-term benefits comprise salary costs and bonus

- Basic salary is determined by levels of responsibility, external market competitiveness and individual performance in the role. The Society's policy is to position salaries so that on average, they are in line with salary packages for similar positions in comparable institutions, taking account of the fact that no benefits in kind (such as Society cars and private medical insurance) are enjoyed by the Society's employee.
- An annual bonus is paid at the discretion of the Board, when determined appropriate, according to success in the delivery of corporate and individual objectives.
- The Chief Operating Officer is an inactive member of the Group pension scheme.
- Standard contractual terms for executive level appointments include notice periods of between 3 and 12 months.
- Participation in the OSBG Save As You Earn scheme (SAYE) or Sharesave Scheme. The Sharesave Scheme allows employees to purchase options by saving a fixed amount of between £5 and £500 per month over a period of either three or five years at the end of which the options, subject to leaver provisions, are usually exercisable. If not exercised, the amount saved is returned to the employee. The Sharesave Scheme has been in operation since 2014 and an invitation to join the scheme is usually extended annually, with the option price calculated using the mid-market price of an OSB GROUP PLC ordinary share over the three dealing days prior to the Invitation Date and applying a discount of 20%.

Non-Executive Directors' fees

During the current and prior year, none of the Non-Executive Directors received any remuneration for their time spent in connection with their role as a Director of the Society.

Summary

This report, together with the disclosure in note 3 to the Annual Report and Accounts, is provided to give Members insight into the overall cost of the Society's Directors' remuneration.

08

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 requires the Directors to prepare financial statements for each financial year. The Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Society and of the profit or loss of the Society for that period.

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board and signed on its behalf by:

Jason Elphick
Society Secretary
4 May 2022

09

Independent auditor's report to the Members of Kent Reliance Provident Society Limited

In our opinion the financial statements of Kent Reliance Provident Society Limited (the 'Society'):

- give a true and fair view of the state of the Society's affairs as at 31 December 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Reconciliation of Members' Funds;
- the Statement of Cash Flows;
- the related Notes 1 to 10.

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" (United Kingdom Generally Accepted Accounting Practice).



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We 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 Financial Reporting Council's (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.

Material uncertainty related to going concern

We draw attention to note 1 in the Financial Statements, which indicates that the Directors are considering a circular to the membership proposing to wind up the Society and distribute its investments and assets to a charitable foundation. The proposal would require membership approval. Should the proposal be approved, there is the prospect of the Society being wound up. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Society's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Board

As explained more fully in the board's responsibilities statement, 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We considered the nature of the Society's industry and its control environment, and reviewed the Society's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Society operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the Financial Statements. These included

Co-operative and Community Benefit Societies Act 2014 and tax legislation; and

- do not have a direct effect on the Financial Statements but compliance with which may be fundamental to the Society's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel, concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing correspondence with HMRC and the Financial Conduct Authority.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report in respect of the following matters if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Society, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society, for our audit work, for this report, or for the opinions we have formed.

Neil Reed, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP,
Deloitte LLP
Statutory Auditor
Birmingham,
United Kingdom

4 May 2022



10

Financial Statements



Statement of Comprehensive Income

	Notes	Year ended 31 Dec 21 £'000	Year ended 31 Dec 20 £'000
Turnover	2	365	194
Cost of sales	3	(136)	(368)
Gross profit/(loss)		229	(174)
Other income/(expense)	4	1,533	(109)
Operating profit/(loss)		1,762	(283)
Profit/(loss) before taxation		1,762	(283)
Tax on profit/(loss)	5	(595)	(51)
(Profit/(loss) for the financial year)		1,167	(334)

The above results are derived wholly from continuing operations.

There were no recognised gains or losses other than the profit for the year and accordingly no statement of other comprehensive income has been prepared.

The notes on pages 35 to 41 form part of these Financial Statements.

Statement of Financial Position

	Notes	As at 31 Dec 21 £'000	As at 31 Dec 20 £'000
Fixed assets			
Investments	6	6,487	4,955
Current assets			
Debtors: Amounts falling due within one year	7	23	2
Loans and advances to credit institutions		492	302
		515	304
Creditors: Amounts falling due within one year			
	8	(62)	(80)
Net current assets			
		453	224
Total assets less current liabilities			
		6,940	5,179
Creditors: Amounts falling due after more than one year			
	8	(1,265)	(671)
Net assets			
		5,675	4,508
Reserves			
Profit and Loss account		5,675	4,508
Members' Funds			
		5,675	4,508

The notes on pages 35 to 41 form part of these Financial Statements.

The Financial Statements were approved by the Board of Directors on 4 May 2022 and were signed on its behalf by:

Andy Golding
Director

April Talintyre
Director

Jason Elphick
Society Secretary

Reconciliation of Members' Funds

	Profit and Loss account £'000	Total Members' funds £'000
At 1 January 2020	4,842	4,842
Loss for the financial year	(334)	(334)
At 31 December 2020	4,508	4,508
Profit for the financial year	1,167	1,167
At 31 December 2021	5,675	5,675

Statement of Cash Flows

	2021 £'000	2020 £'000
Cash flows from operating activities		
Profit/(loss) before taxation	1,762	(283)
Adjustments for non-cash items:		
Unrealised (gains)/losses on investments	(1,532)	115
Changes in operating assets and liabilities		
Movement in amounts receivable from/payable to OSB	(41)	39
Decrease in other debtors	2	2
Decrease in other creditors	(1)	(6)
Net cash generated/(utilised) from operating activities	190	(133)
Cash and cash equivalents at beginning of year	302	435
Cash and cash equivalents at end of year	492	302
Movement in cash and cash equivalents	190	(133)

1. Accounting policies

The principal accounting policies applied in the preparation of the financial statements for the Society are set out below.

a) Society information

Kent Reliance Provident Society Limited is a society registered under Co-operative and Community Benefit Societies Act 2014 in England and Wales and is a public benefit entity. The address of the Society's registered office is disclosed on page 3.

b) Basis of preparation

These financial statements have been prepared in accordance with applicable UK accounting standards, including Financial Reporting Standard 102: The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland (FRS 102), and with the Companies Act 2006. Amendments to FRS 102 applicable for the first time this year had no impact on the Society's accounts. The presentation currency of these financial statements is Pounds Sterling. All amounts in the financial statements have been rounded to the nearest thousand (£'000).

The financial statements have been prepared on a historical cost basis, as modified by the revaluation of investment in OSBG held at fair value through profit or loss (FVTPL).

As the consolidated financial statements of OSBG include the disclosures equivalent to those required by FRS 102, the Society has taken the exemptions available in respect of the following disclosures:

- The requirements of Section 26 Share-Based Payments paragraph 26.18(b), 26.19 to 26.21 and 26.23.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

There were no significant judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

c) Going concern

The Directors have undertaken a going concern assessment to satisfy themselves that the Society has sufficient resources to continue in operational existence for a period in excess of 12 months from the date of this Report and have prepared the financial statements on this basis.

In assessing whether the going concern basis is appropriate, the Directors considered the information contained in the financial statements and the latest business plans for the Society. The assessment also considered projections for the Group from which the Society receives dividend income; and, of which OSB is a subsidiary.

The Society interacts with OSB in a number of areas:

- The Society receives reimbursement from OSB to cover its ongoing operating and governance costs for services and activities it undertakes on behalf of the Society's Members.
- The Relationship and Services Agreement dated 31 January 2011 between the Society and OSB details a number of essential corporate support activities which OSB undertakes to provide (e.g. including the maintenance of the membership database).

Accounting policies

(continued)

Projections for the Group have been subject to sensitivity tests, including stress scenarios, which have been compared to the latest economic scenarios provided by the Group's external economic advisors, as well as reverse stress tests. In making the assessment, the Directors have considered all principal and emerging risks including climate risk where the risk is likely to emerge outside of the going concern assessment horizon. The assessment focused on capital, liquidity and operational resilience at the Group level to demonstrate the strength of the Group as a Going Concern.

Having reviewed these assessments, the Directors are satisfied that the Society has sufficient resources to continue in operational existence for a period in excess of 12 months from the date of this report.

Material uncertainty related to going concern

The Directors are considering a circular to the membership proposing to wind up the Society and distribute its investments and assets to a charitable foundation. The reason for this is to ensure the future use of the Society's assets for charitable purposes and the foundation will continue the charitable giving carried out by the Society more efficiently, with lower administrative costs.

Should the proposal be made to and approved by Members there is the prospect of the Society being wound up in the future. In this event the Society would fully realise its assets and discharge its liabilities. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Society's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

d) Turnover

Turnover includes management fee and dividend income.

The Society derives its management fee income from OSB. This income is recognised on an accruals basis.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

e) Cost of sales

Cost of sales for the Society include all operating and governance costs and are recognised on an accruals basis.

f) OSBG Sharesave Scheme

The OSBG SAYE or Sharesave Scheme is an all-employee scheme which was open to the Society's employee. The Sharesave Scheme allowed employees to purchase options by saving a fixed amount of between £5 and £500 per month over a period of either three or five years at the end of which the options, subject to leaver provisions, are usually exercisable. If not exercised, the amount saved is returned to the employee. The Sharesave Scheme has been in operation since 2014 and an invitation to join the scheme is usually extended annually, with the option price calculated using the mid-market price of an OSB GROUP PLC ordinary share over the three dealing days prior to the Invitation Date and applying a discount of 20%.

The cost of the Society's employee enrolled in the SAYE scheme is borne by OSB. Further details about the Sharesave Schemes are included in the OSBG Annual Report and Accounts.

g) Tax on profit/loss including deferred taxation

The charge for taxation is based on the result for the year and takes into account current and deferred taxation. The tax charge is taken to the profit or loss account, consistent with the items it relates to.

Current taxation is the expected taxation charge or credit on the taxable profits or loss for the year. Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amounts of assets or liabilities for accounting purposes and carrying amounts for tax purposes.

Deferred tax liabilities are recognised for all taxable temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

h) Financial instruments

The Society only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities, such as Loans and advances to credit institutions, amounts receivable from and payable to OSB and investments in equity share capital.

i. Amounts receivable from and payable to OSB

Amounts receivable from and payable to OSB are recognised initially at fair value plus any directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Amounts receivable from OSB are payable on demand and are assessed for impairment based on an assessment of the probability of default.

ii. Investment in OSBG

The Society's investment in OSBG is originally recognised at transaction price and subsequently measured at FVTPL with changes in fair value recognised in other income.

i) Related parties

The Society has a related party relationship with OSB. Details of the related party transactions can be found in note 10.

2. Turnover

	Year ended 31 Dec 21 £'000	Year ended 31 Dec 20 £'000
Management fee	138	194
Dividend income	227	-
	365	194

3. Cost of sales

	Year ended 31 Dec 21 £'000	Year ended 31 Dec 20 £'000
Staff costs (see below)	39	93
Fees payable to the auditors for the audit of the Financial Statements	19	21
AGM Costs	66	63
Charitable donations	-	178
Other administrative expenses	12	13
	136	368

Staff numbers and costs

The average number of persons employed by the Society (including the Executive Director) during the year was 1 (2020: 1). Three of the Society's Directors are employees of OSB. These Directors are paid by OSB and receive no additional remuneration from the Society. The aggregate costs of the one person, which is also the remuneration of the highest paid Director is disclosed below.

The lower costs reflect a reduction in working hours effective from February 2021.

	Year ended 31 Dec 21 £'000	Year ended 31 Dec 20 £'000
Salaries and other benefits	34	75
Social security costs	4	11
Other pension costs ¹	1	7
	39	93

¹ Other pension costs relate to contributions to personal pension plans.

4. Other income/(expense)

	Year ended 31 Dec 21 £'000	Year ended 31 Dec 20 £'000
Revaluation of investment in OSBG	1,532	(115)
Interest on term deposit with OSB	1	6
	1,533	(109)

5. Tax on profit/loss

	Year ended 31 Dec 21 £'000	Year ended 31 Dec 20 £'000
Corporation tax charge	1	-
Deferred tax	594	51
	595	51

Factors affecting tax charge for the year

Tax is charged at the weighted average rate of corporation tax for the period of 19% (2020: 19%). The tax reconciliation is presented below:

	Year ended 31 Dec 21 £'000	Year ended 31 Dec 20 £'000
Profit/(loss) before taxation	1,762	(283)
Profit/(loss) multiplied by the weighted average rate of corporation taxation in the UK	335	(54)
Non-taxable dividend income	(43)	-
Expenses not deductible for taxation purposes	-	33
Tax adjustments in respect of share-based payments	-	(1)
Deferred tax rate change	303	73
	595	51

Factors that affect the tax charge in the period

On 24 May 2021, the UK Government substantively enacted legislation to increase the corporation tax rate from 19% to 25% from 1 April 2023. Deferred tax has been recognised at 25% on the basis that, at the balance sheet date, it is expected to unwind after this change takes effect.

6. Investments

The Society's total shareholding in OSBG as at 31 December 2021 is 1,169,815 shares (2020: 1,169,815 OSB shares) which equates to 0.26% of OSBG's issued share capital (2020: 0.26% of OSB's issued share capital). The current level of voting rights does not allow the Society to significantly influence business decisions of OSBG. Accordingly, the investment is classified as other long-term investments.

The movements in the investment's value are analysed as follows:

The movements in the investment's value are analysed as follows:	Year ended 31 Dec 21 £'000	Year ended 31 Dec 20 £'000
At 1 January	4,955	5,070
Fair value change due to share price movements	1,532	(115)
At 31 December	6,487	4,955

7. Debtors: amounts falling due within one year

	Year ended 31 Dec 21 £'000	Year ended 31 Dec 20 £'000
Amount receivable from OSB	23	-
Other debtors	-	2
	23	2

8. Creditors

	Year ended 31 Dec 21 £'000	Year ended 31 Dec 20 £'000
Due after more than one year		
Deferred tax (see note 9)	1,265	671
	1,265	671
Due within one year		
Accruals	53	59
Other creditors	7	-
Amount payable to OSB	-	18
PAYE & NIC	1	3
Corporation tax payable	1	-
	62	80

9. Deferred tax

Deferred tax represents the expected tax liability on the difference between the current market value and original cost of the investment in OSBG at the reporting date.

	Year ended 31 Dec 21 £'000	Year ended 31 Dec 20 £'000
At 1 January	671	620
Tax recognised in the profit or loss account and attributable to:		
- Movements in the value of shares	291	(22)
- Rate change	303	73
	1,265	671
At 31 December	1,265	671

10. Related party transactions

During the year, the Society had the following transactions with its related parties, OSB, all of which were at an arm's length basis:

	Year ended 31 Dec 21 £'000	Year ended 31 Dec 20 £'000
Management fee received from OSB	138	194
Dividend income received from OSBG	227	-
	365	194



Kent Reliance Provident Society Limited is a registered society under the Co-operative and Community Benefit Societies Act 2014. Registered No: 31056R.
Registered office: Reliance House, Sun Pier, Chatham, Kent, ME4 4ET.

KentReliance
Provident Society