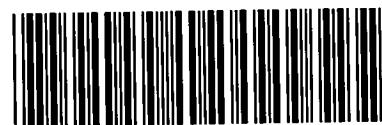


Company Registration No. 00418311 (England and Wales)

**THE FORCES PENSION SOCIETY**  
**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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# THE FORCES PENSION SOCIETY

## COMPANY INFORMATION

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<b>Directors</b>	Vice Admiral P J Wilkinson CB, CVO (Chairman) Air Vice-Marshal A J Burton OBE Ms C E Foxley Major General A P N Currie CB, CBE Captain T F W Martin OBE Lieutenant Colonel F T West Commander R E Williams OBE Group Captain W Mahon Warrant Officer 1 G W Spark MBE Group Captain J Wheeler OBE	(Appointed 8 June 2016) (Appointed 8 June 2016)
<b>Secretary</b>	Mr J S Pitt-Brooke CB	
<b>Company number</b>	00418311	
<b>Registered office</b>	68 South Lambeth Road London SW8 1RL	
<b>Auditor</b>	Berley Chartered Accountants, Statutory Auditors 76 New Cavendish Street London W1G 9TB	
<b>Business address</b>	68 South Lambeth Road London SW8 1RL	

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# THE FORCES PENSION SOCIETY

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# THE FORCES PENSION SOCIETY

## REPORT OF THE COUNCIL

### FOR THE YEAR ENDED 31 DECEMBER 2016

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The Council Members present the strategic report for the year ended 31 December 2016.

#### **Principal activities and business review**

The principal activities of the Forces Pension Society ('the Society') during the year remained consistent with the most recent (amended 2011 by AGM resolution) iteration of the Articles of Association of the Society. This is to secure equitable and just Armed Forces pensions for the personnel of all three services, serving and retired, and for their widows, widowers, eligible partners, civil partners and dependents, which recognise the unique commitment they make and have made to the country and which are in line with modern good practice; and to advise and assist members of the Society on pension problems and related issues.

Throughout the year, the Society's reputation and influence grew. The Society was unchallenged as a source of authoritative and expert knowledge of Armed Forces pensions, widely respected as such in the Ministry of Defence ("MoD") and beyond. During the year the General Secretary of the Society was re-elected to the Executive Committee of the Confederation of Service Charities ("COBSEO"), the organisation of Armed Forces charities. This position, along with membership of the MoD's Armed Forces Pension Board and the Public Sector Pensions Council, meant that the Society was hugely influential across a range of pensions issues. The Society used this position to bring influence to bear on behalf of those actually receiving, or waiting to receive, Armed Forces pensions.

During the year there were no high profile pensions issues around which the Society felt it appropriate to campaign, but nevertheless the Society was responsible for significant interventions in a number of individual pensions cases where disputes were resolved in favour of its members, and in particular the Society identified and remedied a failing in the MoD to provide proper pensions to those on the 1975 pension scheme who had been promoted from the ranks and who had not had their 'LE supplement' properly taken into account. Once the MoD belatedly recognised this, dozens of pensioners had their awards increased to the proper level.


The pensions landscape was seen as complicated following the introduction of the 2015 Scheme, and many service personnel found it difficult to understand. Against that background, the Society provided a much needed source of expert, independent, and accessible advice. The number of queries received by the Society continue to grow, and in total during the year some 8,000 (2015: 7,000) were dealt with. This put considerable pressure on the Society's pension enquiries team, and during the year two new members were recruited to reinforce that team. The Society's offices in Vauxhall were significantly modernised to accommodate this larger team.

2016 was the year of the Society's 70th birthday, a milestone which was marked with a number of special events, notably a reception at the House of Lords in May 2016 which was attended by Government ministers, members of both Houses of Parliament, Chiefs of Staff, as well as a number of the Society's own members including some who had been members for 50 years or more. There was also a special edition of the Society's magazine *Pennant* which reviewed the achievements of the Society over its 70 year life and reprinted some key original documents from its numerous campaigns.

All of this successful and impressive work led to a steady increase in the number of members which grew in every month during the year. At the end of the year there were 46,608 members, an increase of 3,628 during the year. This steady expansion looks likely to continue.

At the beginning of 2017 the Society is in good health and good heart; its position unchallenged, and optimistic about the future. These accounts show a financial situation that is very sound.

On behalf of the board



Vice Admiral P J Wilkinson CB, CVO (Chairman)  
**Director**

14 June 2017

# THE FORCES PENSION SOCIETY

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2016

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The Council Members present their annual report and financial statements for the year ended 31 December 2016.

#### Principal activities

The principal activities of The Forces Pension Society ("the Society") during the year remained consistent with the most recent (amended 2011 by AGM resolution) iteration of the Articles of Association of the Society. This is to secure equitable and just Armed Forces pensions for personnel of all three Services, serving and retired, and for their widows, widowers, eligible partners, civil partners and dependants, which recognise the unique commitment which they make and have made to their country and which are in line with modern good practice; and to advise and assist members of the Society on pension problems and related issues. The Society has continued to pursue these aims with energy and professionalism, and a deep understanding of the Armed Forces Pension Schemes.

#### Members of the Council

The Council Members who held office during the year and up to the date of signature of the financial statements were as follows:

Vice Admiral P J Wilkinson CB, CVO (Chairman)

Air Vice-Marshal A J Burton OBE

Ms C E Foxley

Major General A P N Currie CB, CBE

Warrant Officer 2 P D Harvey

(Resigned 8 June 2016)

Captain T F W Martin OBE

Lieutenant Colonel F T West

Commander R E Williams OBE

Group Captain W Mahon

Warrant Officer 1 G W Spark MBE

(Appointed 8 June 2016)

Group Captain J Wheeler OBE

(Appointed 8 June 2016)

#### Retirement and re-election of members

The Society continues to appoint and retire members of its Council in accordance with the Articles of Association. Appointment gives due regard to both the representational role and the broader experience of those members. All current Council Members were confirmed in office at the Society's Annual General Meeting on 14th June 2017.

#### Results and dividends

The results for the year are set out on page 6.

The council members do not recommend the payment of any dividends.

#### Political and charitable donation

The company made no political contributions during the year (2015: £nil). The company made no charitable donations during the year (2015: £nil).

# THE FORCES PENSION SOCIETY

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### **Council members and their responsibilities**

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

Company law requires the the Council Members to prepare financial statements for each financial year. Under that law the Council Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Council Members 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the Council Members 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The Council Members are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement of disclosure to auditor**

So far as each person who was a Council Member at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the Council Members individually have taken all the necessary steps that they ought to have taken as Council Members in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board



Air Vice Marshal A J Burton OBE

**Director**

14 June 2017

# THE FORCES PENSION SOCIETY

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THE FORCES PENSION SOCIETY

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We have audited the financial statements of The Forces Pension Society for the year ended 31 December 2016 which comprise the Group Statement of Comprehensive Income, the Group Statement Of Financial Position, the Company Statement Of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of council members and auditor**

As explained more fully in the Council members and their responsibilities section set out on page 4, the Council Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 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 requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit, the information given in the Report of the Council and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Report of the Council and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Report of the Council and the Directors' Report.

# **THE FORCES PENSION SOCIETY**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF THE FORCES PENSION SOCIETY**

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#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Mark Levy (Senior Statutory Auditor)**  
**76 New Cavendish Street, London, W1G 9TB**

**For and on behalf of**  
**Berley Chartered Accountants, Statutory Auditors**

**14 June 2017**



# THE FORCES PENSION SOCIETY

## GROUP STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	1,085,556	955,615
Cost of sales		(1,782)	(800)
<b>Gross profit</b>		<b>1,083,774</b>	<b>954,815</b>
Administrative expenses		(1,069,122)	(888,580)
<b>Operating profit</b>	<b>4</b>	<b>14,652</b>	<b>66,235</b>
Interest payable and similar charges	7	(56)	(747)
Other gains and losses		32,288	9,526
<b>Profit before taxation</b>		<b>46,884</b>	<b>75,014</b>
Taxation	8	(15,750)	(6,830)
<b>Profit for the financial year</b>	<b>22</b>	<b>31,134</b>	<b>68,184</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>31,134</b>	<b>68,184</b>

Total comprehensive income for the year is all attributable to the owners of the parent company.

The income statement has been prepared on the basis that all operations are continuing operations.

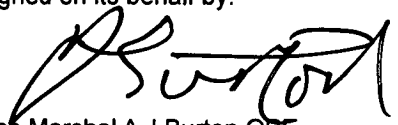
# THE FORCES PENSION SOCIETY

## GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	9	574,865		560,048	
Investments	10	414,964		348,833	
		<u>989,829</u>		<u>908,881</u>	
<b>Current assets</b>					
Stocks	13	3,362		2,339	
Debtors	14	45,666		65,119	
Cash at bank and in hand		158,865		139,453	
		<u>207,893</u>		<u>206,911</u>	
<b>Creditors: amounts falling due within one year</b>	15	(463,921)		(414,736)	
<b>Net current liabilities</b>			(256,028)		(207,825)
<b>Total assets less current liabilities</b>			<u>733,801</u>		<u>701,056</u>
<b>Creditors: amounts falling due after more than one year</b>	16		(17,091)		(21,936)
<b>Provisions for liabilities</b>	18		(18,424)		(11,968)
<b>Net assets</b>			<u>698,286</u>		<u>667,152</u>
<b>Capital and reserves</b>					
Revaluation reserve	21	15,851		15,851	
Profit and loss reserves	22	682,435		651,301	
<b>Total equity</b>			<u>698,286</u>		<u>667,152</u>

The financial statements were approved by the board of directors and authorised for issue on 14 June 2017 and are signed on its behalf by:

  
Air Vice Marshal A J Burton OBE  
Director

  
Major General A P N Currie CB, CBE  
Director

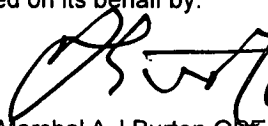
# THE FORCES PENSION SOCIETY


## COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	9		24,865		10,048
Investments	10		100		100
			<u>24,965</u>		<u>10,148</u>
<b>Current assets</b>					
Debtors	14	518,615		543,553	
Cash at bank and in hand		70,251		41,328	
		<u>588,866</u>		<u>584,881</u>	
<b>Creditors: amounts falling due within one year</b>	15	(460,983)		(394,755)	
<b>Net current assets</b>			<u>127,883</u>		<u>190,126</u>
<b>Total assets less current liabilities</b>			<u>152,848</u>		<u>200,274</u>
<b>Creditors: amounts falling due after more than one year</b>	16		(17,091)		(21,936)
<b>Net assets</b>			<u><u>135,757</u></u>		<u><u>178,338</u></u>
<b>Capital and reserves</b>					
Profit and loss reserves	22		<u><u>135,757</u></u>		<u><u>178,338</u></u>

The financial statements were approved by the board of directors and authorised for issue on 14 June 2017 and are signed on its behalf by:

  
Air Vice Marshal A J Burton OBE  
Director

  
Major General A P N Currie CB, CBE  
Director

Company Registration No. 00418311

# THE FORCES PENSION SOCIETY

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

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	Revaluation reserve	Profit and loss reserves	Total
	£	£	£
<b>Balance at 1 January 2015</b>	15,851	583,117	598,968
	<hr/>	<hr/>	<hr/>
<b>Year ended 31 December 2015:</b>			
Profit and total comprehensive income for the year	-	68,184	68,184
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2015</b>	15,851	651,301	667,152
	<hr/>	<hr/>	<hr/>
<b>Year ended 31 December 2016:</b>			
Profit and total comprehensive income for the year	-	31,134	31,134
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2016</b>	15,851	682,435	698,286
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# THE FORCES PENSION SOCIETY

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

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	Profit and loss reserves £
Balance at 1 January 2015	147,908
Year ended 31 December 2015:	
Profit and total comprehensive income for the year	30,430
Balance at 31 December 2015	178,338
Year ended 31 December 2016:	
Loss and total comprehensive income for the year	(42,581)
Balance at 31 December 2016	135,757

# THE FORCES PENSION SOCIETY

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	25		91,145		82,849
Interest paid			(56)		(747)
<b>Net cash inflow from operating activities</b>			91,089		82,102
<b>Investing activities</b>					
Purchase of tangible fixed assets		(20,301)		(1,490)	
Purchase of fixed asset investments		(33,843)		-	
<b>Net cash used in investing activities</b>			(54,144)		(1,490)
<b>Financing activities</b>					
Repayment of bank loans		(17,533)		(49,653)	
<b>Net cash used in financing activities</b>			(17,533)		(49,653)
<b>Net increase in cash and cash equivalents</b>			19,412		30,959
Cash and cash equivalents at beginning of year			139,453		108,494
<b>Cash and cash equivalents at end of year</b>			158,865		139,453

# THE FORCES PENSION SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1 Accounting policies

##### Company information

The Forces Pension Society ("the company") is a private company limited by guarantee domiciled and incorporated in England and Wales. The registered office and place of business are 68 South Lambeth Road, London, SW8 1RL. The principal activities of the group and company are noted on the Directors' Report.

The group consists of The Forces Pension Society and its only subsidiary, The Forces Pension Society Investment Company Limited.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These group and company financial statements for the year ended 31 December 2016 are the first financial statements of The Forces Pension Society and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1 January 2015. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 26.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £42,581 (2015 - £30,430 profit).

# THE FORCES PENSION SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

#### 1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of The Forces Pension Society and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### 1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is provided to write off the cost, less estimated residual values evenly over their expected useful lives, of all fixed assets, except long leasehold land and buildings. Where residual value exceeds cost, or where the charge arising is not material, then no charge is made. Depreciation is calculated at the following rates:

Fixtures and fittings

Varying reducing balance rates



# THE FORCES PENSION SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and loss are recognised in profit or loss.

#### 1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

# THE FORCES PENSION SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

#### 1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# THE FORCES PENSION SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1 Accounting policies

(Continued)

##### 1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

# THE FORCES PENSION SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1 Accounting policies

(Continued)

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

#### 1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# THE FORCES PENSION SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 1 Accounting policies

(Continued)

##### 1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### 3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2016 £	2015 £
<b>Turnover</b>		
Annual subscriptions	860,520	781,646
Proportion of life members' subscriptions	6,063	6,786
Grants and donations	77,609	24,112
Income from fixed asset investments and interest	10,939	10,469
Royalty income	748	574
Commissions	73,909	72,863
Advertisement income	31,347	34,599
FAR capitation fees	19,777	22,955
Merchandising sales	1,211	596
Legacies	3,433	1,015
	<u>1,085,556</u>	<u>955,615</u>

##### Turnover analysed by geographical market

	2016 £	2015 £
United Kingdom	<u>1,085,556</u>	<u>955,615</u>

# THE FORCES PENSION SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	5,484	3,829

### 5 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	7,344	7,488
Audit of the company's subsidiaries	2,448	2,496
	9,792	9,984
<b>For other services</b>		
Taxation compliance services	2,453	-

### 6 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2016 Number	2015 Number
Staff, excluding council members	12	11

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	475,828	420,612
Social security costs	44,977	36,890
Pension costs	43,377	31,325
	564,182	488,827

No directors of the company or group received any emoluments during the current or prior year.

# THE FORCES PENSION SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 7 Interest payable and similar charges

	2016 £	2015 £
<b>Other finance costs:</b>		
Other interest	56	747
	<u>56</u>	<u>747</u>
Total finance costs	<u>56</u>	<u>747</u>

### 8 Taxation

	2016 £	2015 £
<b>Deferred tax</b>		
Origination and reversal of timing differences	15,750	6,830
	<u>15,750</u>	<u>6,830</u>

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	46,884	75,014
	<u>46,884</u>	<u>75,014</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	9,377	15,003
Tax effect of expenses that are not deductible in determining taxable profit	5,242	9,719
Tax effect of income not taxable in determining taxable profit	(11)	(111)
Gains not taxable	(6,458)	(1,905)
Dividend income	(2,181)	(2,088)
Deferred tax movement	15,750	6,830
Tax losses utilised	(5,969)	(20,618)
	<u>15,750</u>	<u>6,830</u>
Tax expense for the year	<u>15,750</u>	<u>6,830</u>

# THE FORCES PENSION SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 9 Tangible fixed assets

Group	Leasehold land and buildings £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>			
At 1 January 2016	550,000	63,534	613,534
Additions	-	20,301	20,301
At 31 December 2016	550,000	83,835	633,835
<b>Depreciation and impairment</b>			
At 1 January 2016	-	53,486	53,486
Depreciation charged in the year	-	5,484	5,484
At 31 December 2016	-	58,970	58,970
<b>Carrying amount</b>			
At 31 December 2016	550,000	24,865	574,865
At 31 December 2015	550,000	10,048	560,048
<b>Company</b>		<b>Fixtures and fittings</b>	<b>£</b>
<b>Cost or valuation</b>			
At 1 January 2016			63,534
Additions			20,301
At 31 December 2016			83,835
<b>Depreciation and impairment</b>			
At 1 January 2016			53,486
Depreciation charged in the year			5,484
At 31 December 2016			58,970
<b>Carrying amount</b>			
At 31 December 2016			24,865
At 31 December 2015			10,048

Land and buildings with a carrying amount of £550,000 (2015: £550,000) were revalued at 31 December 2013 by Cluttons LLP, independent valuers not connected with the group, on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.



# THE FORCES PENSION SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 9 Tangible fixed assets

(Continued)

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Cost	570,176	570,176	-	-
Accumulated depreciation	148,244	136,840	-	-
Carrying value	<u>421,932</u>	<u>433,336</u>	<u>-</u>	<u>-</u>

#### 10 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	11	-	-	100	100
Listed investments		<u>414,964</u>	<u>348,833</u>	<u>-</u>	<u>-</u>
		<u>414,964</u>	<u>348,833</u>	<u>100</u>	<u>100</u>
<b>Listed investments included above:</b>					
Listed investments carrying amount		<u>414,964</u>	<u>348,833</u>	<u>-</u>	<u>-</u>

#### Movements in fixed asset investments

Group	Investments other than loans £
<b>Cost or valuation</b>	
At 1 January 2016	348,833
Additions	304,488
Valuation changes	34,292
Disposals	(272,649)
At 31 December 2016	<u>414,964</u>
<b>Carrying amount</b>	
At 31 December 2016	<u>414,964</u>
At 31 December 2015	<u>348,833</u>

# THE FORCES PENSION SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 10 Fixed asset investments (Continued)

#### Movements in fixed asset investments Company

Shares in  
group  
undertakings  
£

#### Cost or valuation

At 1 January 2016 & 31 December 2016

100

#### Carrying amount

At 31 December 2016

100

At 31 December 2015

100

### 11 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
The Forces Pension Society England and Investment Company Wales Limited	Holding of property and investments	Ordinary	100.00	

### 12 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	23,656	30,965	505,310	528,148
Equity instruments measured at cost less impairment	414,964	348,833	-	-
	<u>414,964</u>	<u>348,833</u>	<u>-</u>	<u>-</u>
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	31,933	30,000	28,995	10,019
	<u>31,933</u>	<u>30,000</u>	<u>28,995</u>	<u>10,019</u>

### 13 Stocks

	Group 2016 £	2015 £	Company 2016 £	2015 £
Finished goods and goods for resale	3,362	2,339	-	-
	<u>3,362</u>	<u>2,339</u>	<u>-</u>	<u>-</u>

# THE FORCES PENSION SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 14 Debtors

	Group 2016 £	2015 £	Company 2016 £	2015 £
<b>Amounts falling due within one year:</b>				
Trade debtors	9,626	8,620	9,626	8,620
Amounts due from subsidiary undertakings	-	-	481,654	510,293
Other debtors	14,030	22,345	14,030	9,235
Prepayments and accrued income	13,305	16,155	13,305	15,405
	<u>36,961</u>	<u>47,120</u>	<u>518,615</u>	<u>543,553</u>
Deferred tax asset (note 18)	8,705	17,999	-	-
	<u>45,666</u>	<u>65,119</u>	<u>518,615</u>	<u>543,553</u>

### 15 Creditors: amounts falling due within one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	17	-	17,533	-	-
Trade creditors		14,772	2,675	14,772	2,675
Other taxation and social security		15,088	12,467	15,088	12,467
Deferred income	19	416,900	372,269	416,900	372,269
Accruals and deferred income		17,161	9,792	14,223	7,344
		<u>463,921</u>	<u>414,736</u>	<u>460,983</u>	<u>394,755</u>

### 16 Creditors: amounts falling due after more than one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Deferred income	19	17,091	21,936	17,091	21,936

### 17 Loans and overdrafts

	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans	-	17,533	-	-
Payable within one year	-	17,533	-	-

# THE FORCES PENSION SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 17 Loans and overdrafts

(Continued)

The bank loan amounted to £245,000 and commenced in October 2003. It was repayable in monthly instalments, including interest. It is secured by a first legal charge over the leasehold property at Suite 6, 68 South Lambeth Road, London. The loan bore interest fixed at 5.7% for 10 years from October 2003. Following the end of the fixed interest term on 31 October 2013, the loan reverted to the Royal Bank of Scotland standard variable rate, which was 1.75% at 31 December 2013. Since the last payment was made in May 2016, the bank loan has been fully repaid.

#### 18 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £	Assets 2016 £	Assets 2015 £
<b>Group</b>				
Tax losses	-	-	8,705	17,999
Revaluations	18,424	11,968	-	-
	<u>18,424</u>	<u>11,968</u>	<u>8,705</u>	<u>17,999</u>

The company has no deferred tax assets or liabilities.

	Group 2016 £	Company 2016 £
<b>Movements in the year:</b>		
Liability at 1 January 2016	(6,031)	-
Charge to profit or loss	15,750	-
Liability at 31 December 2016	<u>9,719</u>	<u>-</u>

# THE FORCES PENSION SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 19 Deferred income

	Group 2016 £	2015 £	Company 2016 £	2015 £
Other deferred income	433,991	394,205	433,991	394,205

Deferred income is included in the financial statements as follows:

Current liabilities	416,900	372,269	416,900	372,269
Non-current liabilities	17,091	21,936	17,091	21,936
	433,991	394,205	433,991	394,205

### 20 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	43,377	31,325

The group makes contributions into money purchase personal pension plan arrangements for the benefit of certain employees. The assets of the individual plans are held separately in independently administered funds.

### 21 Revaluation reserve

	Group 2016 £	2015 £	Company 2016 £	2015 £
At beginning and end of year	15,851	15,851	-	-

The revaluation reserve now only consists of amounts relating to the land and buildings owned by the group. Historically, the revaluation reserve included an amount relating to the unrealised gains on the revaluation of the fixed asset investments. Under FRS 102, these unrealised gains have been transferred to the profit and loss account reserves.

### 22 Profit and loss reserves

	Group 2016 £	2015 £	Company 2016 £	2015 £
At the beginning of the year	651,301	583,117	178,338	147,908
Profit/(loss) for the year	31,134	68,184	(42,581)	30,430
At the end of the year	682,435	651,301	135,757	178,338

# THE FORCES PENSION SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 23 Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

The members are not entitled to any of the reserves of the group. In the event of a surplus of funds on the winding up of the group, the surplus shall be distributed to a similar organisation or to a charitable organisation.

### 24 Related party transactions

#### Transactions with related parties

During the year, the company received donations totalling £76,000 (2015: £20,000) from The Forces Pension Society Charitable Fund, a charity where the former director Warrant Officer 2 P D Harvey is also a trustee.

### 25 Cash generated from group operations

	2016 £	2015 £
Profit for the year after tax	31,134	68,184
Adjustments for:		
Taxation charged	15,750	6,830
Finance costs	56	747
Depreciation and impairment of tangible fixed assets	5,484	3,829
Loss on sale of investments	2,004	-
Amounts written off investments	(34,292)	(9,526)
Movements in working capital:		
(Increase)/decrease in stocks	(1,023)	800
Decrease in debtors	10,159	552
Increase/(decrease) in creditors	22,087	(8,188)
Increase in deferred income	39,786	19,621
<b>Cash generated from operations</b>	<b>91,145</b>	<b>82,849</b>

# THE FORCES PENSION SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 26 Reconciliations on adoption of FRS 102

##### Reconciliation of equity - group

	Notes	1 January 2015 £	31 December 2015 £
Equity as reported under previous UK GAAP		586,107	661,121
Adjustments arising from transition to FRS 102:			
Deferred taxation asset	1	22,923	17,999
Deferred taxation liability	2	(10,062)	(11,968)
Fixed asset investment revaluation reserve	3	-	-
Equity reported under FRS 102		598,968	667,152

##### Reconciliation of group profit for the financial period

	Notes	2015 £
Profit as reported under previous UK GAAP		65,488
Adjustments arising from transition to FRS 102:		
Deferred taxation asset	1	(4,924)
Deferred taxation liability	2	(1,906)
Fixed asset investment revaluation reserve	3	9,526
Profit reported under FRS 102		68,184

#### Notes to reconciliations on adoption of FRS 102 - group

##### Note 1. Deferred tax asset

The group has not previously recognised any deferred tax. However, under FRS 102, deferred tax arising on timing differences is now recognised. A deferred tax asset due to timing differences relating to accumulated tax losses being carried forward is now recognised. As a result, an asset of £22,923 arises as at 1 January 2015, decreasing to £17,999 as at 31 December 2015. The movement of £4,924 decreases the profit in the year-ended 31 December 2015.

##### Note 2. Deferred tax liability

The group has not previously recognised any deferred tax. However, under FRS 102, deferred tax arising on timing differences is now recognised. A deferred tax liability due to timing differences arising on the revaluation of the fixed asset investments is now recognised. As a result, a liability of £10,062 arises as at 1 January 2015, increasing to £11,968 as at 31 December 2015. The movement of £1,906 decreases the profit in the year-ended 31 December 2015.

# THE FORCES PENSION SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### 26 Reconciliations on adoption of FRS 102

(Continued)

#### **Note 3. Fixed asset investment revaluation reserve**

The group has historically recognised revalued its fixed asset investments at the year-end, with any gain or loss arising being taken to a revaluation reserve. When an investment was sold, any revalued amount relating to that sold investment was taken from the revaluation reserve to the profit and loss account reserve as the gain had crystallised. However, under FRS 102, any such revaluations are required to pass through the profit and loss account. As a result, the element of the revaluation reserve relating to fixed asset investments as at 1 January 2015 was £50,308, increasing to £59,834 as at 31 December 2015. The revaluation movement on fixed asset investments of £9,526 for the year-ended 31 December 2015 has been taken through the profit and loss account. The remaining revaluation reserve of £15,851 relates to the leasehold building owned by the group.