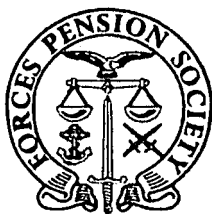
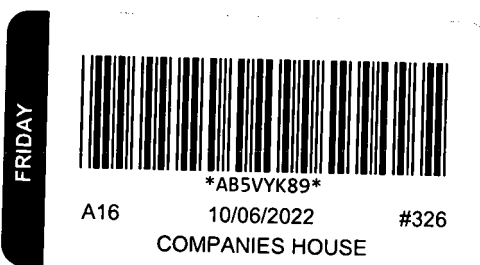


COMPANY REGISTRATION NUMBER: 00418311



**CHAMPIONING ARMED FORCES
PENSIONS SINCE 1946**

**Report of the Directors and
Consolidated Financial Statements for the Year Ended 31 December 2021
for
THE FORCES PENSION SOCIETY**



THE FORCES PENSION SOCIETY

**Contents of the Consolidated Financial Statements
for the Year Ended 31 December 2021**

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THE FORCES PENSION SOCIETY

**Company Information
for the Year Ended 31 December 2021**

DIRECTORS:

G W Berragan
W H Moore
J C Westbrooke
J K Wheeler
D J Marsh
N A Murdoch
C Musgrave
P A Quinn
L F M Swinyard-Jordan
P Cope
R P Stearns
S R Willis
N Marshall

SECRETARY:

M P Lowe

REGISTERED OFFICE:

68 South Lambeth Road
Vauxhall
London
SW8 1RL

REGISTERED NUMBER:

00418311 (England and Wales)

THE FORCES PENSION SOCIETY

Report of the Directors for the Year Ended 31 December 2021

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2021.

REVIEW OF BUSINESS

The accounts presented comprise The Forces Pension Society (FPS) and its investment subsidiary, The Forces Pension Society Investment Company Limited - referred to as "Investco". The financial statements that follow incorporate the results of both FPS and Investco together in one consolidated report, in order to give a full picture of the financial health of the whole organisation. During the process of preparing the accounts, any transactions between FPS and Investco have been eliminated on consolidation to avoid any risk of confusion.

2021 represented another period of significant challenge and opportunity for the Forces Pension Society, with most of the year spent working from home before transitioning to a hybrid (mixed office and home working) operating model from late September onwards. In June we successfully conducted a hybrid AGM via Zoom with a minimal physical quorum assembled in Basingstoke. We also celebrated the Society's 75th Anniversary with a member focussed event on board HMS Victory in Portsmouth. Throughout the year we continued (and will continue) to work within the objectives set in our Articles of Association which require us to secure equitable and just pensions for all Armed Forces pensioners, and to guide and assist our members with pension enquiries.

The Society continued to exert its influence by holding the MoD and wider Government to account for the successful implementation of the so called 'McCloud remedy', affecting some 140,000 active, deferred and recently retired Armed Forces Pension Scheme (AFPS) members. Having successfully secured the remedy solution entitled 'Deferred Choice Underpin' in early 2021 we have, and continue to be, actively engaged in the public consultation process ahead of the legally binding implementation deadline of October 2023. There remains a host of complex policy issues to be resolved and entire systems and process to be updated; we are tracking this very closely and keeping our members fully informed of developments. We remain in dispute with the Government in one area which is now subject to a legal challenge by some Public Sector Unions who are challenging how the Government has decided to fund the £17Bn costs of the McCloud remedy. In our view, the Government is acting against both the letter and spirit of the 2015 Public Sector Pension Schemes in relation to the cost control mechanism that is designed to balance costs between scheme members and employers. Of note, the MoD has now given an assurance that the outcomes of any successful legal challenge in favour of the Public Sector Unions would be equally applicable to members of the AFPS.

2021 saw yet another record number of pension enquiries dealt with by the Society (17,207 in 2021 compared with 15,321 in 2020, 14,877 in 2019, and 14,600 in 2018). Many enquiries are complex in their nature, and most come with an additional request for McCloud related information as it affects the individual member. Unfortunately, such detailed individual information will not be available for some time yet. Due to the Pension Team's commitment and professionalism, we managed to cope with demand and achieved our performance target of answering enquiries within 10 working days through most of the year, only breaching that target by up to 5 additional days during some periods of peak demand. We continue to exploit technology with a particular focus on the members' area of the website to improve member 'self-help' capability. Visits to the website and the members' area have increased significantly: in 2021 there were a total of 320,239 visits to the website and 161,868 visits to the members' area, representing a greater than 4-fold increase in visits to the members' area since 2019. This highlights the developing nature of the business and the growing trend for self-help alongside a distinctly personalised service; validating our decision to invest further in pension consultants, website, and information technology since 2019. It also underscores the need to keep up with trends in technology as we strive to meet the needs and expectations of our growing membership.

By continuously improving the reach and scope of our external engagement efforts throughout 2021 (including via our Roadshow briefings), we were able to connect with areas of Armed Forces Community hitherto out of reach; we conducted a total of 287 events reaching 13,554 attendees. This helps to raise awareness of the benefits and complexities of the Armed Forces Pension across the military community. The welcome £30,000 grant from the Forces Pension Society Charitable Fund (FPSCF) was used to support the Roadshow programme, which remains our primary charitable effort.

THE FORCES PENSION SOCIETY

Report of the Directors for the Year Ended 31 December 2021

All of this, combined with a focussed marketing effort throughout 2021 saw 8,831 new members join the Society, with an overall net increase of 2,586 paying memberships. As at 31 December 2021, the Society had 62,539 members, of whom 40,353 were paying memberships. We passed 63,000 members in February 2022. We reviewed our membership benefits offers and welcomed several new affinity partners during 2021. This included a refreshed exclusive travel insurance offer with a new partner, Trinity Insurance Services.

Funding from the Office of Veterans Affairs (OVA) to support the MoD's Veterans' Gateway project, the one-stop shop for veterans seeking charitable assistance, expired in September, and was not renewed by the OVA despite the Society being the Referral Partner in greatest demand. We have now transitioned to become an Information Partner only, providing a 'virtual signpost' to veterans in need including those who may be unaware of preserved pension entitlements for which they may be eligible. This is kept under review.

Turning to the Society's financial performance, the actual consolidated operating surplus for 2021 was £21K, but once adjusted for income from fixed asset investments (+£7K), revaluation of assets as at 31 Dec (+£83K) and a deferred tax adjustment (-£16K), the surplus for the year stands at £96K. As at 31 Dec the Society's cash at bank holding stood at £308K. A further £755K is invested in securities through Investco. Our Fund Manager (Waverton) oversaw an increase in value of our portfolio of 13.5% in 2021. Our short term (cash) and long term (investments) holdings are in line with the requirements set in our defined Financial Reserves Policy. The requirement is calculated against a reasonable set of concurrent scenarios acting as a 'stress test' on our reserves and annually reviewed. Also of note, the Society was a named beneficiary in the estate of the late Major Martin Maynard; this was passed in its entirety to the FPSCF via a deed of variation.

The Directors are satisfied that this performance represents sound financial management during another demanding period for the Society. As was the case in 2020, no Government assistance (furlough or otherwise) was sought during 2021. The balance sheet remains strong, and the Society is well set to meet challenges that lie ahead; be they in the wider economic and financial environment or in the level of demand for our services in light of the McCloud remedy.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

G W Berragan
W H Moore
J C Westbrooke
J K Wheeler
D J Marsh
N A Murdoch
C Musgrave
P A Quinn
L F M Swinyard-Jordan

Other changes in directors holding office are as follows:

W E Mahon - resigned 9 September 2021
P Cope - appointed 10 September 2021
R P Stearns - appointed 14 April 2021
S R Willis - appointed 10 September 2021
N Marshall - appointed 14 April 2021

THE FORCES PENSION SOCIETY

Report of the Directors for the Year Ended 31 December 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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). Under company law 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 company and the group and of the surplus or deficit of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Knox Cropper LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:


.....
G W Berragan - Director

Date: 13/4/22
.....

**Report of the Independent Auditors to the Members of
The Forces Pension Society**

Opinion

We have audited the financial statements of The Forces Pension Society (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2021 and of the group's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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 directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Report of the Independent Auditors to the Members of The Forces Pension Society

Matters on which we are required to report by exception

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

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Group Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are 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 directors determine 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 directors are responsible for assessing the group's and the parent company'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 directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Report of the Independent Auditors to the Members of The Forces Pension Society

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and the parent company and determined that the most significant are the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Companies Act 2006, and the Corporation Tax Act 2010.
- We understood how the group is complying with those frameworks via communication with those charged with governance, together with the review of the Company's documented policies and procedures.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. These included risks associated with Revenue Recognition, Management Override of Controls, and the increased incentive and pressure to commit fraud due to the Covid-19 environment, which were discussed and agreed by the audit team.
- Our approach included agreeing the group's recognition of income to the terms of the underlying contract and deferred income calculations, the review of journal entries processed in the accounting records and the investigation of significant and unusual transactions identified from our review of the accounting records.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the group.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

**Report of the Independent Auditors to the Members of
The Forces Pension Society**

Use of our report

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Greg Stevenson FCA (Senior Statutory Auditor)
for and on behalf of Knox Cropper LLP
Chartered Accountants and Statutory Auditors
65 Leadenhall Street
London
EC3A 2AD

Date: 14/4/2022

THE FORCES PENSION SOCIETY

**Consolidated Income Statement
for the Year Ended 31 December 2021**

	Notes	2021 £	£	2020 £	£
TURNOVER			1,534,137		1,401,774
Cost of sales			<u>91,265</u>		<u>89,112</u>
GROSS SURPLUS			1,442,872		1,312,662
Administrative expenses			<u>1,452,962</u>		<u>1,443,435</u>
			(10,090)		(130,773)
Other operating income			<u>30,977</u>		<u>77,588</u>
OPERATING SURPLUS/(DEFICIT)	4		20,887		(53,185)
Income from fixed asset investments		7,112		7,208	
Interest receivable and similar income		<u>267</u>		<u>305</u>	
			<u>7,379</u>		<u>7,513</u>
			28,266		(45,672)
Gain/loss on revaluation of investments			<u>83,405</u>		<u>54,066</u>
SURPLUS BEFORE TAXATION			111,671		8,394
Tax on surplus			<u>15,847</u>		<u>10,609</u>
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR			<u>95,824</u>		<u>(2,215)</u>
Surplus/(deficit) attributable to: Owners of the parent			<u>95,824</u>		<u>(2,215)</u>

The notes form part of these financial statements

THE FORCES PENSION SOCIETY

**Consolidated Other Comprehensive Income
for the Year Ended 31 December 2021**

	Notes	2021 £	2020 £
SURPLUS/(DEFICIT) FOR THE YEAR		95,824	(2,215)
OTHER COMPREHENSIVE INCOME			
Change in deferred tax rate			
Income tax relating to other comprehensive income		-	(1,657)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>-</u>	<u>(1,657)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>95,824</u>	<u>(3,872)</u>
Total comprehensive income attributable to: Owners of the parent		<u>95,824</u>	<u>(3,872)</u>

The notes form part of these financial statements

THE FORCES PENSION SOCIETY (REGISTERED NUMBER: 00418311)

**Consolidated Balance Sheet
31 December 2021**

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible assets	6	1,010,861	1,003,609
Investments	7	<u>754,898</u>	<u>664,981</u>
		1,765,759	1,668,590
CURRENT ASSETS			
Stocks		1,720	2,358
Debtors	8	11,463	26,793
Cash at bank and in hand		<u>307,842</u>	<u>255,138</u>
		321,025	284,289
CREDITORS			
Amounts falling due within one year	9	<u>711,419</u>	<u>687,702</u>
NET CURRENT LIABILITIES		<u>(390,394)</u>	<u>(403,413)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,375,365	1,265,177
CREDITORS			
Amounts falling due after more than one year	10	(4,337)	(5,820)
PROVISIONS FOR LIABILITIES		<u>(40,748)</u>	<u>(24,901)</u>
NET ASSETS		<u>1,330,280</u>	<u>1,234,456</u>
RESERVES			
Revaluation reserve	11	364,088	364,088
Income and expenditure account		<u>966,192</u>	<u>870,368</u>
		<u>1,330,280</u>	<u>1,234,456</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Directors and authorised for issue on 13/4/22 and were signed on its behalf by:


G W Berragan Director

The notes form part of these financial statements


THE FORCES PENSION SOCIETY (REGISTERED NUMBER: 00418311)

**Company Balance Sheet
31 December 2021**

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible assets	6	60,861	53,609
Investments	7	<u>100</u>	<u>100</u>
		60,961	53,709
CURRENT ASSETS			
Stocks		1,720	2,358
Debtors	8	380,063	467,415
Cash at bank and in hand		<u>281,755</u>	<u>197,366</u>
		663,538	667,139
CREDITORS			
Amounts falling due within one year	9	<u>708,689</u>	<u>685,102</u>
NET CURRENT LIABILITIES		<u>(45,151)</u>	<u>(17,963)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		15,810	35,746
CREDITORS			
Amounts falling due after more than one year	10	<u>(4,337)</u>	<u>(5,820)</u>
NET ASSETS		<u>11,473</u>	<u>29,926</u>
RESERVES			
Income and expenditure account		<u>11,473</u>	<u>29,926</u>
		<u>11,473</u>	<u>29,926</u>
Company's loss for the financial year		<u>(18,453)</u>	<u>(88,196)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Directors and authorised for issue on 13/4/22 and were signed on its behalf by:


G W Berragan - Director

The notes form part of these financial statements

THE FORCES PENSION SOCIETY

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

1. STATUTORY INFORMATION

The Forces Pension Society is a private company, limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Basis of consolidation

The group comprises The Forces Pension Society and its wholly-owned subsidiary, The Forces Pension Society Investment Company Limited. These financial statements incorporate the results of both the company and the subsidiary. In preparing the consolidated financial statements all intra-group transactions and balances have been eliminated.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

- Fair value of tangible fixed assets

Land and buildings are measured at each reporting date at fair value less accumulated depreciation. The directors assess the fair value based on recent market values and periodically obtain an appraisal from a professionally qualified valuer. In determining fair value on this basis. The valuation remains sensitive to fluctuations in the property market.

- Depreciation of tangible fixed assets

Under the terms of the lease, the company is required to contribute to the costs of maintaining the building, which contains its leasehold property, in a good standard of repair. The directors consider that such maintenance of the building's condition means that the residual value of the property is not less than its book value, the appropriateness of which is reviewed annually, and as such no depreciation charge is necessary.

- Useful life of tangible fixed assets

The depreciation charge on tangible fixed assets is based on management's estimate of useful life. This is subject to uncertainty and reviewed by management at each reporting date.

- Life member subscriptions

Subscriptions for life membership are recognised as income over a period of 20 years, with amounts relating to future years recorded as creditors due in less than and more than one year as appropriate.

THE FORCES PENSION SOCIETY

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2021

2. ACCOUNTING POLICIES - continued

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Membership subscriptions are recognised on the accruals basis, with amounts received relating to periods after the year end date recorded as deferred income within creditors.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Land and buildings - 2% on cost and not provided

Plant and machinery etc - at varying rates on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Fixed asset investments

The group's investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The consolidated income statement includes the net gains and losses arising on the revaluations and disposals throughout the year.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 18 (2020 - 18).

The average number of employees by undertakings that were proportionately consolidated during the year was NIL (2020 - NIL).

THE FORCES PENSION SOCIETY

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2021

4. OPERATING SURPLUS

The operating surplus is stated after charging:

	2021	2020
	£	£
Depreciation - owned assets	<u>22,096</u>	<u>16,020</u>

5. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

6. TANGIBLE FIXED ASSETS

Group

	Land and buildings £	Plant and machinery etc £	Totals £
COST			
At 1 January 2021	950,000	110,673	1,060,673
Additions	-	29,348	29,348
At 31 December 2021	<u>950,000</u>	<u>140,021</u>	<u>1,090,021</u>
DEPRECIATION			
At 1 January 2021	-	57,064	57,064
Charge for year	-	22,096	22,096
At 31 December 2021	-	<u>79,160</u>	<u>79,160</u>
NET BOOK VALUE			
At 31 December 2021	<u>950,000</u>	<u>60,861</u>	<u>1,010,861</u>
At 31 December 2020	<u>950,000</u>	<u>53,609</u>	<u>1,003,609</u>

Land and buildings were valued on a fair value basis on 13th January 2018 by Cluttons LLP.

The historical cost of land and buildings at 31 December 2021 was £570,176 (2020 - £570,176).

If land and buildings had not been revalued they would have been included at the following historical cost

	2021	2020
	£	£
Cost	570,176	570,176
Accumulated depreciation	-	-
Carrying value	<u>570,176</u>	<u>570,176</u>

THE FORCES PENSION SOCIETY**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021**

6. TANGIBLE FIXED ASSETS - continued**Company**

	Plant and machinery etc £
COST	
At 1 January 2021	110,673
Additions	<u>29,348</u>
At 31 December 2021	<u>140,021</u>
DEPRECIATION	
At 1 January 2021	57,064
Charge for year	<u>22,096</u>
At 31 December 2021	<u>79,160</u>
NET BOOK VALUE	
At 31 December 2021	<u>60,861</u>
At 31 December 2020	<u>53,609</u>

7. FIXED ASSET INVESTMENTS**Group**

	Other investments £
COST OR VALUATION	
At 1 January 2021	664,981
Revaluations	83,405
Movement in cash	<u>6,512</u>
At 31 December 2021	<u>754,898</u>
NET BOOK VALUE	
At 31 December 2021	<u>754,898</u>
At 31 December 2020	<u>664,981</u>

The historical cost of fixed asset investments at 31 December 2021 was £597,968 (2020: £597,968). Included in the above is cash held by the investment managers of £17,327 (2020: £10,815).

THE FORCES PENSION SOCIETY

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2021

7. FIXED ASSET INVESTMENTS - continued

Group
Company

Shares in
group
undertakings
£

COST

At 1 January 2021
and 31 December 2021

100

NET BOOK VALUE

At 31 December 2021

100

At 31 December 2020

100

The company's investments at the Balance Sheet date in shares in group undertakings comprise:

Subsidiary

The Forces Pension Society Investment Company Limited
Registered office: 68 South Lambeth Road, Vauxhall, London, SW8 1RL

Class of shares:	% holding
Ordinary	100.00

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Amounts owed by group undertakings	-	-	368,600	440,622
Other debtors	<u>11,463</u>	<u>26,793</u>	<u>11,463</u>	<u>26,793</u>
	<u>11,463</u>	<u>26,793</u>	<u>380,063</u>	<u>467,415</u>

Amounts owed by group undertakings represents the net amount of funds advanced to the Forces Pension Society Investment Company Ltd to finance its investing activities. The amount is interest free and repayable to the Society on demand.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Other creditors	<u>711,419</u>	<u>687,702</u>	<u>708,689</u>	<u>685,102</u>

Included within Other creditors is £684,011 (2020: £633,346) of deferred income representing the unused portion of annual subscriptions at the year end date.

THE FORCES PENSION SOCIETY

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2021

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Other creditors	<u>4,337</u>	<u>5,820</u>	<u>4,337</u>	<u>5,820</u>

11. RESERVES

Group	Revaluation reserve £
At 1 January 2021 and 31 December 2021	<u>364,088</u>

THE FORCES PENSION SOCIETY

**Consolidated Detailed Income and Expenditure Account
for the Year Ended 31 December 2021**

	2021		2020	
	£	£	£	£
Turnover				
Annual subscriptions	1,444,178		1,321,762	
Life member subscriptions	1,828		2,350	
Advertisement income	31,274		24,842	
FAR capitation fees	12,761		13,024	
Commissions receivable	42,991		38,713	
Merchandise sales	<u>1,105</u>		<u>1,083</u>	
		1,534,137		1,401,774
Cost of sales				
Opening stock	2,358		3,200	
Purchases	1,817		1,636	
Pennant	87,697		85,342	
FAR travel costs	<u>1,113</u>		<u>1,292</u>	
	92,985		91,470	
Closing stock	<u>(1,720)</u>		<u>(2,358)</u>	
		91,265		89,112
GROSS SURPLUS		1,442,872		1,312,662
Other income				
Donations, legacies and grants	30,366		76,865	
Royalties	611		723	
Dividends receivable	7,112		7,208	
Deposit account interest	<u>267</u>		<u>305</u>	
		38,356		85,101
		1,481,228		1,397,763
Expenditure				
Staff costs	1,071,363		1,067,794	
Professional fees	80,995		72,914	
Marketing & advertising	101,282		106,122	
Office costs	19,292		20,653	
Building costs	57,755		60,433	
Roadshow costs	1,666		3,687	
Office IT & website	60,186		67,031	
Governance, travel & entertainment	16,673		5,735	
Financial & bank charges	11,874		13,746	
Auditors' remuneration	9,780		9,300	
Depreciation of tangible fixed assets				
Fixtures and fittings	3,860		3,326	
Motor vehicles	5,968		4,938	
Computer equipment	<u>12,268</u>		<u>7,756</u>	
		1,452,962		1,443,435
		28,266		(45,672)

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THE FORCES PENSION SOCIETY

**Consolidated Detailed Income and Expenditure Account
for the Year Ended 31 December 2021**

	2021	2020
	£	£
Brought forward	28,266	(45,672)
Gain/loss on revaluation of assets		
Gain/loss on revaluation of investments	<u>83,405</u>	<u>54,066</u>
NET SURPLUS	<u>111,671</u>	<u>8,394</u>

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