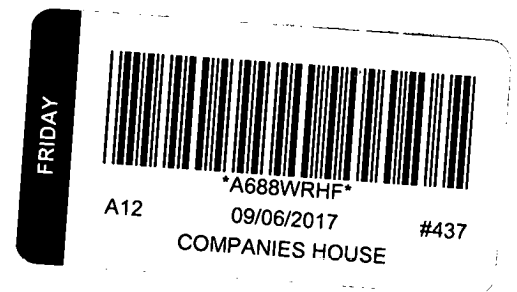


Company Registration No. 00892077 (England and Wales)

THE FORCES PENSION SOCIETY INVESTMENT COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016



THE FORCES PENSION SOCIETY INVESTMENT COMPANY LIMITED

COMPANY INFORMATION

Directors	Mr M P Morrissey Vice Admiral P J Wilkinson CB, CVO Mr E D J Goodchild Mr J S Pitt-Brooke Major General A P N Currie CB, CBE (Appointed 8 June 2016)
Secretary	S P Hermelin
Company number	00892077
Registered office	68 South Lambeth Road London SW8 1RL
Auditors	Berley Chartered Accountants, Statutory Auditors 76 New Cavendish Street London W1G 9TB

THE FORCES PENSION SOCIETY INVESTMENT COMPANY LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 4
Statement of total comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Notes to the financial statements	8 - 16

THE FORCES PENSION SOCIETY INVESTMENT COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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

Principal activity and review of the business

The principal activity of the company continued to be the holding of investments and property.

A revaluation review of the long leasehold property, which was last professionally valued during 2013, was not undertaken in the year. The current valuation is still less than historic cost. The directors consider that this represents only a short-term setback in value in the life of the property, which will not affect the company as a going concern.

Directors

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

Mr M P Morrissey

Vice Admiral P J Wilkinson CB, CVO

Mr E D J Goodchild

Mr J S Pitt-Brooke

Major General A P N Currie CB, CBE

(Appointed 8 June 2016)

Results and dividends

The statement of comprehensive income is set out on page 5 and shows the results for the year. The company's profit for the year amount to £73,715 (2015: £37,756).

The directors do not recommend the payment of a dividend.

Post reporting date events

There have been no events since the balance sheet date which materially affect the position of the company.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report 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 of the profit or loss of the company 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 transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE FORCES PENSION SOCIETY INVESTMENT COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

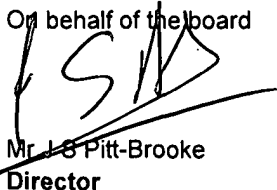
FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of disclosure to auditors

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

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



Mr. J. B. Pitt-Brooke
Director

27 March 2017

THE FORCES PENSION SOCIETY INVESTMENT COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE FORCES PENSION SOCIETY INVESTMENT COMPANY LIMITED

We have audited the financial statements of The Forces Pension Society Investment Company Limited for the year ended 31 December 2016 set out on pages 5 to 16. 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 Financial Reporting Standard 102.

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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on , the directors 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 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 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 matters 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Directors' Report has 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 Directors' Report.

THE FORCES PENSION SOCIETY INVESTMENT COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE FORCES PENSION SOCIETY INVESTMENT COMPANY LIMITED

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 in preparing the directors' report and from preparing a strategic report.

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

For and on behalf of
Berley Chartered Accountants, Statutory Auditors

10 May 2017

THE FORCES PENSION SOCIETY INVESTMENT COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover		85,168	84,451
Cost of sales		(1,782)	(800)
Gross profit		83,386	83,651
Administrative expenses		(26,153)	(47,845)
Operating profit	2	57,233	35,806
Interest payable and similar expenses		(56)	(747)
Other gains and losses		32,288	9,526
Profit before taxation		89,465	44,585
Taxation		(15,750)	(6,830)
Profit for the financial year		73,715	37,755
Other comprehensive income		-	-
Total comprehensive income for the year		73,715	37,755

THE FORCES PENSION SOCIETY INVESTMENT COMPANY LIMITED


STATEMENT OF FINANCIAL POSITION

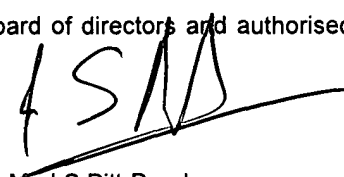
AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	4	550,000		550,000	
Investments	5	414,964		348,833	
		<u>964,964</u>		<u>898,833</u>	
Current assets					
Stocks		3,362		2,339	
Debtors	6	8,705		31,859	
Cash at bank and in hand		88,615		98,126	
		<u>100,682</u>		<u>132,324</u>	
Creditors: amounts falling due within one year	7	(484,592)		(530,274)	
Net current liabilities			(383,910)		(397,950)
Total assets less current liabilities			<u>581,054</u>		<u>500,883</u>
Provisions for liabilities	8		(18,424)		(11,968)
Net assets			<u><u>562,630</u></u>		<u><u>488,915</u></u>
Capital and reserves					
Called up share capital	9		100		100
Revaluation reserve	10		15,851		15,851
Profit and loss reserves			546,679		472,964
Total equity			<u><u>562,630</u></u>		<u><u>488,915</u></u>

These 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 27 March 2017 and are signed on its behalf by:


Mr M P Morrissey
Director


Mr J S Pitt-Brooke
Director

Company Registration No. 00892077

THE FORCES PENSION SOCIETY INVESTMENT COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2015	100	15,851	435,209	451,160
Year ended 31 December 2015:				
Profit and total comprehensive income for the year	-	-	37,755	37,755
Balance at 31 December 2015	100	15,851	472,964	488,915
Year ended 31 December 2016:				
Profit and total comprehensive income for the year	-	-	73,715	73,715
Balance at 31 December 2016	100	15,851	546,679	562,630

THE FORCES PENSION SOCIETY INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

The Forces Pension Society Investment Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is 68 South Lambeth Road, London, SW8 1RL. The principal activity of the company is noted on the Directors' Report.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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 on 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 financial statements for the year ended 31 December 2016 are the first financial statements of The Forces Pension Society Investment Company Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 12.

1.2 Turnover

Income represents amounts receivable for goods and services net of discounts.

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.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.3 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.

THE FORCES PENSION SOCIETY INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

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 losses are recognised in profit or loss.

1.4 Impairment of fixed assets

At each reporting end date, the company 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.

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) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.5 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.

1.6 Cash and cash equivalents

Cash and cash equivalents 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 INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.7 Financial instruments

The company 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 company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 trade and other receivables 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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 company 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 company after deducting all of its liabilities.

THE FORCES PENSION SOCIETY INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other payables, 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.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables 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 company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company 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 company.

1.9 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 company'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 balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. The deferred tax balance has not been discounted.

1.10 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.

THE FORCES PENSION SOCIETY INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

2 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditors for the audit of the company's financial statements	2,448	2,496

3 Employees

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

	2016 Number	2015 Number
Office and management, including directors	6	5

4 Tangible fixed assets

	Land and buildings £
Cost or valuation	
At 1 January 2016 and 31 December 2016	550,000
Depreciation and impairment	
At 1 January 2016 and 31 December 2016	-
Carrying amount	
At 31 December 2016	550,000
At 31 December 2015	550,000

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 company, 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.

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:

	2016 £	2015 £
Cost	570,176	570,176
Accumulated depreciation	148,244	136,840
Carrying value	421,932	433,336

THE FORCES PENSION SOCIETY INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

5 Fixed asset investments

	2016 £	2015 £
Investments	<u>414,964</u>	<u>348,833</u>

Movements in fixed asset investments

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

6 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Other debtors	-	13,860
Deferred tax asset	8,705	17,999
	<u>8,705</u>	<u>31,859</u>

THE FORCES PENSION SOCIETY INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

7 Creditors: amounts falling due within one year

	2016 £	2015 £
Bank loans and overdrafts	-	17,533
Amounts due to group undertakings	481,654	510,293
Other creditors	2,938	2,448
	<u>484,592</u>	<u>530,274</u>

The bank loan amounted to £245,000 and commenced in October 2003. It is 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. As the monthly instalments have been adjusted to £4,200 per month, the balance of the loan is projected to be repaid before the contractual date for the expiry of the loan.

8 Provisions for liabilities

	2016 £	2015 £
Deferred tax liabilities	18,424	11,968
	<u>18,424</u>	<u>11,968</u>

9 Called up share capital

	2016 £	2015 £
Ordinary share capital Issued and fully paid 100 Ordinary of £1 each	100	100
	<u>100</u>	<u>100</u>

10 Revaluation reserve

	2016 £	2015 £
At beginning and end of year	15,851	15,851
	<u>15,851</u>	<u>15,851</u>

The revaluation reserve now only consists of amounts relating to the land and buildings owned by the company. 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.

THE FORCES PENSION SOCIETY INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

11 Parent company

The Forces Pension Society, a company limited by guarantee registered in England and Wales, is the ultimate parent company. The parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up is the Forces Pensions Society. The group financial statements are available to the public on payment of the appropriate fee from Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff, CR4 3UZ.

There is no ultimate controlling party.

12 Reconciliations on adoption of FRS 102

Reconciliation of equity

	Notes	1 January 2015 £	31 December 2015 £
Equity as reported under previous UK GAAP		438,299	482,884
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		<u>451,160</u>	<u>488,915</u>

Reconciliation of profit or loss

	Notes	2015 £
Profit or loss as reported under previous UK GAAP		35,059
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 or loss reported under FRS 102		<u>37,755</u>

Notes to reconciliations on adoption of FRS 102

Note 1. Deferred tax asset

The company 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.

THE FORCES PENSION SOCIETY INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

12 Reconciliations on adoption of FRS 102

(Continued)

Note 2. Deferred tax liability

The company 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.

Note 3. Fixed asset investment revaluation reserve

The company 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 company.