COMPASS
FRIENDLY SOCIETY

OLD BANK HOUSE
59 HIGH STREET
ODIHAM
HAMPSHIRE
RG29 1LF

COMPASS FRIENDLY SOCIETY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2025

COMPASS FRIENDLY SOCIETY LIMITED

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COMPASS FRIENDLY SOCIETY LIMITED

DETAILS OF THE SOCIETY AS AT 31 DECEMBER 2025

Registered and Incorporated on:	11 December 1995
Registration Number:	1143F
FRN	189097
Members of the Board:	R C Wroath FCII (Acting Chairman, Independent) M R Burrow MA FIA T G Davies MA RIBA (Senior Independent Director) E Fairless MA AIA DipDM D Moakes BSc FIA
Chief Executive and Secretary:	E Fairless MA AIA DipDM
Actuarial Function Holder:	N F Silby BSc FIA
Auditors:	Liles Morris Limited 1st Floor 80 Coombe Road New Malden Surrey KT3 4QS
Bankers:	Barclays Bank plc Basingstoke Business Centre PO Box 6093 Basingstoke RG21 3RX

As at the 31 December 2025 the Society was authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and was a member of the Association of Financial Mutuals and the Financial Services Compensation Scheme.
Registered and incorporated under the Friendly Societies Act 1992.

COMPASS FRIENDLY SOCIETY LIMITED

REPORT OF THE BOARD
FOR THE YEAR ENDED 31 DECEMBER 2025

Purpose and Objectives of the Society

- To provide financial security for members through quality protection and investment products.
- To attend to members' claims for benefits and assistance in a prompt, sympathetic and efficient manner.
- To enable a solvent dissolution of the Society
- To embed a positive culture and the principles of Consumer Duty into all aspects of the Society's Business

Solvency

As at 31 December 2025 the Society had the required margin of solvency as prescribed in Regulations made under section 48(2) of the Friendly Societies Act 1992.

Statement of Responsibilities of the Society

The Friendly Societies Act 1992 requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society and of the income and expenditure of the Society for that period. In preparing those financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Society must cause proper accounting records to be kept and establish and maintain systems of control of its business and records and of inspection and report. The accounting records must show and explain the transactions of the Society and disclose with reasonable accuracy and promptness the financial position of the Society at any time. The accounting records and the systems of control and of inspection and reporting must:

- enable the Board properly to discharge the duties imposed on them by or under the Friendly Societies Act 1992 and their function of direction of the affairs of the Society; and
- enable the Society properly to discharge the duties imposed on it by or under the Friendly Societies Act 1992.

Hence the Society is responsible for safeguarding the assets and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Complaints Procedures

The Society endeavours to maintain high standards of integrity and fairness when dealing with its members. However, should a complaint arise, the Society would follow the complaints procedure advocated by the Financial Conduct Authority. The procedure is set out in the Society's Compliance Manual which, in particular, includes the right of referral to the Financial Ombudsman Service if the complaint cannot be resolved by the Society.

Corporate Governance Report

In preparing this report, the Board confirm that we consider the annual report and financial statements taken as a whole to be fair, balanced and understandable, providing information that is necessary for members to assess the Society's performance, business model and strategy.

The Society's Board is accountable to the Society's members and UK Regulators for the operation of the Society and regards good corporate governance as fundamental to this responsibility

The Society follows the AFM Corporate Governance Code issued in January 2019. This code focusses on culture within the organisation and stakeholder engagement, sets out Principles of best practice to be adopted on a comply and explain basis and provides guidance on how organisations might achieve each of the principles in a manner appropriate to its size and complexity. The Principles and how they have been applied by Compass are set out below.

Principle	How Compass has applied the Principle
Purpose and Leadership An effective board promotes the purpose of an organisation, and ensures that its values, strategy and culture align with that purpose.	**Purpose** The Society's purpose is set out on page two of this report
	Values The Society's values are: • Honesty and integrity • Trust and respect • Empathy and compassion and • Expertise and professionalism
	Culture The Board aims to embed a positive culture and the principles of Consumer Duty into all aspects of the Society's Business.
	Strategy The Society's current strategy can be found in the Strategic Report on page 8.
Board Composition Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the organisation.	**Chair** The roles of the Chair and Chief Executive remained separate during 2025 and are distinct in their purpose. The Chair is responsible for leadership of the Board and ensuring that the Board acts effectively. The Chief Executive has overall responsibility for managing the Society. Colin Wroath, who was considered independent on appointment, is Acting Chairman of the Society.
	Balance and Diversity The Board is mindful of the need to ensure the right balance of skills, experience and background in its recruitment of directors. It is recognised that diversity in gender and ethnic backgrounds would benefit the Society. However, competence relevant to the Society's needs remains the primary consideration.
	Size and Structure The Society's Board consists of 5 members, all of whom are subject to annual re-election. In the opinion of the Board, two non-executive directors are considered to be independent. Glyn Davies has been appointed Senior Independent Director. The Board met four times during 2025 and all Board members attended the meetings. The Board is satisfied that its range of expertise and experience is appropriate for the current needs of the Society.

Principle	How Compass has applied the Principle
	Effectiveness Board director roles are voluntary and not contractual, so individual appraisals are not undertaken. There were no operational issues or concerns with any director during 2025. All Board Members have access to both independent professional advice, as necessary, and the advice and services of the Secretary, who is responsible to the Board for ensuring its procedures are complied with. The Secretary, who is also the Society's Chief Executive, is also responsible for ensuring good information flows to the Board. The Board is satisfied that she carries out these duties effectively. Both the appointment and removal of the Secretary is a matter for the Board as a whole.
Director Responsibilities The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.	**Accountability** The following decisions are reserved for the Board: • Approval of accounts • Approval of Regulatory Returns • Investment policy • Approval of appointment of outsourcing arrangements / contracts with third parties • Recommendation of changes to the Memorandum and Rules of the Society to be proposed at the Society's AGM.
	Committees When required the Society's Board acts as the Nomination Committee and Remuneration Committee. In view of the Society's size the Board has agreed that it is not appropriate to appoint an Internal Auditor. The Board established the Management and Finance Committee on 19 November 2009 to keep abreast of regulatory developments. The Committee consists of Mike Burrow, Elaine Fairless, David Moakes and Nigel Silby and reports directly to the Board. During 2025 the MFC met at the same time as the Society's Board. The Management and Finance Committee also acts as the Society's Audit Committee – see page 6.
	Integrity of Information The Society's financial information is audited annually by its external auditors.
Opportunity and Risk A board should promote the long-term sustainable success of the organisation by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks.	**Opportunity** The Strategic Report on page 8 sets out the options available to the Society.
	Risk As in all businesses, the Society faces a number of risks which if not monitored or managed may impact the Society's financial position. The Society operates within a cautious risk range overall. The Board has identified a key number of risks to the Society. These include poor long-term investments, increased operational costs and expenses and an increase in claims.

Principle	How Compass has applied the Principle
	Responsibilities The Board is responsible for the management of risk. Day to day risk management is delegated to the Society's Management and Finance Committee and Chief Executive. This duty is fulfilled through a formal risk policy, risk framework and risk appetite statement and key risks are monitored closely. These include Conduct Risk ("Treating Customers Fairly"). Compass Friendly Society prides itself on the high standard of service it provides to its members, but regularly reviews all its activities to identify any areas where we may be falling short so that the necessary remedial action can be taken.
	Financial Crime The Society continually reviews its exposure to financial crime and other cyber risks and takes appropriate measures including anti-fraud and anti-money laundering training to mitigate these risks. The Society's Money Laundering Reporting Officer is Colin Wroath.
Remuneration A board should promote executive remuneration structures aligned to the long-term sustainable success of an organisation, taking into account pay and conditions elsewhere in the organisation.	No directors are paid for their time or support of the Society. However, expenses are paid for attending meetings. These expenses are paid to Board members at a rate of £50 per meeting. Administrative services are outsourced to E D (Financial) Limited.
Stakeholder Relationships and Engagement Directors should foster effective stakeholder relationships aligned to the organisation's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.	All adult members are entitled to attend and vote at the Society's Annual General Meeting. All proposals are decided by a simple majority unless the Rules of the Society specify otherwise. All members receive individual notification of the AGM. Those unable to attend the AGM may appoint a proxy to vote on their behalf. The Board is committed to maintaining good communications with members and providing them with sufficient relevant information to understand the performance of their products. Details of the members of the Society's Board and further information about the Society's corporate governance arrangements are available on request.

Terms of reference of the Management and Finance Committee
Last updated in November 2011 (reviewed November 2020)

It should be noted that ultimate responsibility for running the Society rests with the Society's Board and all decisions made by Management and Finance Committee (MFC) must be referred to the Board for ratification.

1. Objectives

Within these constraints, the MFC's objectives are:

1.1 To develop and implement the strategic direction of the Society taking account of the expectations of the Society's Board regarding the overall principles of the organisation, its strategic vision and its long-term product and service objectives.

1.2 To ensure that the Society operates in accordance with its legal and regulatory responsibilities.

2. Composition

2.1 The Chief Executive has responsibility for the day-to-day management of the regulated activities of the Society. The Chief Executive is to be supported by at least two other Board members including the Society's Compliance Function Holder together with the Society's Appropriate Actuary who will form the MFC. If required, the Board may appoint further Board members to the MFC.

2.2 The Board shall appoint the Chairman of the MFC.

2.3 In the absence of the MFC Chairman, the remaining members present shall elect one of their number to chair the meeting.

2.4 The Society's Company Secretary shall be secretary of the MFC.

2.5 Only members of the MFC have the right to attend MFC meetings. However, other individuals may attend meetings at the invitation of the Chairman of the MFC and they may also be requested to withdraw from meetings of the MFC at the request of the MFC Chairman.

3. Meetings

3.1 Quorum

The MFC must comprise a quorum of at least two members.

3.2 Frequency

The MFC will meet not less than three times in any one calendar year. Additional ad hoc / event driven meetings may be called by any member of the MFC or by the Company Secretary.

3.3 Notice

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the MFC no later than 3 working days before the date of the meeting. As hoc meetings to deal with unexpected or unusual events may be called at short notice.

3.4 Minutes

The Secretary, or other member of the MFC if agreed, shall keep appropriate records of all meetings with appropriate minutes of the proceedings and resolutions as to provide evidence that the MFC is discharging its responsibilities and as required by the record keeping requirements within the PRA's and FCA's rules relating to the exercise of Senior Management Arrangements, Systems and Procedures of Control (SYSC).

MFC minutes are to be circulated by the Secretary to all members of the MFC and the Board.

3.5 Reporting

The Chairman of the MFC and the Chief Executive shall report its proceedings to the Board and attend general meetings prepared to respond to any questions on the MFC's activities.

4. Duties

4.1 Strategic Planning

The MFC is to develop an overall strategy and vision for the Society.

4.2 Business Planning

4.2.1 The MFC is to develop a business plan compatible with the strategic aims of the Society. The business plan must be sufficiently robust in order that it is able to identify and manage those risks to the long-term objectives of the Society of a regulatory, or other, nature and be updated on a regular basis.

4.2.2 The MFC is to review the business plan prior to its delivery to the Board. The review will ensure that the risks to the plan have been considered appropriately.

4.3 Business Development

The MFC is to oversee and ratify where appropriate proposals for business development that may include the formation of subsidiary operations and associations with third parties, giving due regard to the impact they may have on the strategy and risk profile of the Society.

4.4 Investment Strategy

The MFC is to oversee the development and approval of an investment policy commensurate with the aims and objectives of the Society as contained within the Society's product or other literature and to monitor investment performance.

4.5 Actuarial Roles

4.5.1 The MFC may recommend the appointment, and termination, when necessary, of the services of an Appropriate Actuary.

4.5.2 With the advice of the Appropriate Actuary, the MFC is to:

- Amend terms of contributions and benefits and develop new products.
- Approve the investment of surplus funds, in whatever form, over and above those required to meet anticipated liabilities.
- Review the Society's solvency capital requirements in respect of its long-term business as required by the Prudential Regulation Authority (PRA).
- Review the draft financial statements prior to submission to the Board.
- Review the methodology, robustness of the underlying assumptions and set the basis for actuarial valuations and capital measurements.

4.6 Risk, Compliance and Performance Reporting

4.6.1 The MFC is to set the strategy for taking risks by expressing its risk appetite which provides the broad basis for decision making.

4.6.2 The MFC is to approve and monitor the Society's risk management systems including compliance monitoring and anti-money laundering systems.

4.6.3 The MFC is to establish a system of management information designed to ensure that reports are received by the MFC and Board detailing issues relating to:

- Risk and capital management
- Review of the approach for determining regulatory capital and its approval
- Regulatory compliance
- Performance against the business plan.

4.6.4 The results of the above will form the basis of reporting to the Board as to whether the strategic aims of the Society have been achieved.

4.7 Consumer Duty

The MFC will consider the fair treatment and interests of its members in any relevant actions it takes and will report to the Board on the results of these actions.

4.8 Miscellaneous

The MFC will, as a collective body, consider any other matters relating to the regulated activities of the Society.

5. Authority

5.1 The MFC is authorised by the Board, when the fulfilment of its duties requires and at the Society's expense, to obtain individual legal or professional advice and secure the attendance of external advisors at its meetings on any matters within its terms of reference.

5.2 The MFC shall have access to sufficient resources in order to carry out its duties including access to Board members for assistance as required.

Business viability and going concern

The Society's business activities, together with the factors likely to affect its future development and performance are set out above. The Society is closed to new business and although currently viable, the Board believes that in the longer term this would not be the case and so is seeking to wind up and distribute its assets to its members.

The Society has in place processes for managing its operations and for the approval of its risk appetite, risk monitoring and reporting. The Board believes that the Society is able to manage its business effectively, having regard to its nature, scale and complexity. The Board does not believe that there is any reason why the Society could not continue to be in operation until the dissolution process is complete provided it takes place by December 2026

The Board also believes that the Society has adequate resources and income to continue in operation until dissolution provided that an agreement can be reached with the Regulators regarding the untraced Sons of Temperance Transferred Members. However, for accounting compliance, a basis other than going concern has been used to reflect the decision to dissolve.

The UK Stewardship Code

The UK Stewardship Code was published in July 2010. The Code sets out good practice for shareholders on engagement with investee companies and is overseen by the Financial Reporting Council (FRC). The following is the Society's statement of compliance.

Compass Friendly Society delegates investment management of its funds externally to BNY Mellon Fund Managers Limited (Newton) and so is not involved in direct engagement with companies. However, we monitor compliance with the Code through reports provided by Newton detailing results from stewardship and voting activities.

Strategic report

During 2025 the Board considered the three options set out in the Society's Resolution Plan and also the recommendations of the Society's Appropriate Actuary and agreed that the best way forward for the Society would be to wind up the Society and pay its assets to existing members.

Environment and Social Issues

As a mutual Society, we take our role as a socially responsible organisation seriously including the way we treat our members and acting sustainably to protect the environment in which we work and live.

The Financial Risks of Climate Change

The Prudential Regulation Authority has asked all financial services businesses, such as the Society, to report to the Regulator on the climate change impacts they may suffer and to commence planning to deal with them. The Society is embedding climate risk within its risk management framework in order to identify, measure, monitor, manage and report on its exposure to climate risks against its risk appetite statement. As a smaller firm, the Society focuses on a qualitative strategy for adapting to climate change without as much need for quantitative metrics to substantiate the approach.

The Wars in Ukraine and the Middle East

The Society's business is based in the United Kingdom and so is not directly exposed to risks arising from these wars.

However, these events do heighten the existing risks that the Society manages and monitors as part of its strategic objectives. Without mitigating actions, these risks could increase the Society's liabilities for its long-term business provisions.

These risks include:

- The risk that investment markets remain volatile due to the disruption of global economic activity
- The risk of shortages of basic commodities such as food and energy resulting in higher prices resulting in higher inflation and lower consumer confidence which could affect the Society's business model.
- The increased risk of cyber-attacks targeting the UK financial services sector which could disrupt the Society's operational activities if any attacks bypassed the Society's security systems.

The Committee will continue to monitor the events as they happen and take any necessary actions to mitigate the risks to the Society's finances.

Review of Activities for the Year

As at 31 December 2025, the Society had 158 individual members, paying regular premiums of £13,400 per annum. This compares with 182 members and £16,400 regular premiums at the end of 2024. Throughout the year the Society was closed to new business - no new members joined the Society.

The price of a tax-exempt unit in the Compass Equity Fund rose from £4.5453 at the beginning of the year to £5.5010 at the end – an increase of 21.0% in the year (an increase of 7.5% in 2024). The price of a taxable unit rose from £4.2041 to £4.9771.

The Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The Board is of the opinion that no activities have been carried on outside its powers during the year ended 31 December 2025.

Signed on behalf of the Board on 30 June 2026



E Fairless
Chief Executive and Secretary

COMPASS FRIENDLY SOCIETY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	2025	2024
	£	£
TECHNICAL ACCOUNT - LONG TERM BUSINESS		
Earned premiums, net of reinsurance	**14,910**	17,150
Investment income		
Income from investments	**30,280**	34,433
Unrealised Gains on Investments	**125,506**	43,407
Other technical Income		
Other income (note 12)	**0**	0
Claims incurred, net of reinsurance	**(143,308)**	(67,059)
Changes in other technical provisions, net of reinsurance		
Technical provision for linked liabilities	**(40,448)**	(7,106)
Long term business provision (note 9)	**137,388**	56,229
Net operating expenses		
Acquisition costs	**0**	0
Administrative expenses (note 5)	**(115,572)**	(82,476)
Reinsurance commissions and profit participation	**0**	0
Investment expenses and charges		
Investment expenses including interest	**(117)**	(105)
Unrealised losses on investments	**0**	0
Transfers from (to) the fund for future appropriations	**(8,639)**	5,527
Balance on the technical account	**0**	0

The above relates solely to continuing activities.

The Society has not presented a Statement of Changes in Equity as there are no equity holders as the Society is a mutual organisation.

COMPASS FRIENDLY SOCIETY LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	2025 £	2024 £
ASSETS		
Investments		
Investments (Note 6)	**213,277**	337,684
Assets held to cover linked liabilities	**768,261**	726,138
Other Assets		
Cash at bank and in hand	**81,677**	87,086
Prepayment	**0**	6,000
Total assets	**1,063,215**	1,156,908
LIABILITIES		
Fund for future appropriations reserve (note 7)	**118,882**	110,243
Technical provisions		
Long term business provision (note 9)	**131,410**	268,798
Technical provision for linked liabilities (note 8)	**779,315**	738,866
Creditors		
Other creditors including taxation and social security	**33,608**	39,001
Total Liabilities	**1,063,215**	1,156,908

Signed on behalf of the Board on 30 June 2026.

E Fairless
Chief Executive and Secretary

1 Accounting Policies

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

In accordance with FRS 103 on Insurance Contracts, the Society has applied existing accounting practices for insurance contracts, modified as appropriate to comply with applicable standards.

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

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies selected for use by the Society. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1 (i). Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

(b) Income from premiums, net of reinsurance premiums, is accounted for when due for payment. All premiums arise from business in the United Kingdom.

(c) Income and expenditure is accounted for on an accruals basis.

(d) Claims are recognised on notification by the member or his/her executors.

(e) Unrealised gains and losses on investments represent the difference between the valuation of the investment at the balance sheet date and the purchase price or, if they have been previously valued, their valuation at the last balance sheet date. Investments held at the balance sheet date are valued at their market price at that date.

(f) Accounting for cash and cash equivalents
Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments which are readily convertible, being those with original maturities of three months or less.

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the reporting date.

(g) Accounting for foreign currencies
The Society does not hold any investment or liabilities denominated in foreign currencies

(h) The fund for future appropriations contains the excess of assets over and above the long-term business provision and other liabilities. It represents the free assets of the Society. Any surplus or deficit on the technical account is transferred to or from the fund on an annual basis.

(i) Critical accounting judgements and estimates

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities.

Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

(j) Fair value of financial assets

Market observable inputs are used wherever possible. In the absence of an active market, estimation of fair value is achieved by using valuation techniques such as recent arm's length transactions.

2 Staff

There were no paid employees of the Society during 2024 or 2025.

3 Board Members' Emoluments

No emoluments, pensions or other payments, other than expenses for attending meetings, were paid to the Board.

The Society did not hold either Errors and Omissions Insurance or Directors' and Officers' Insurance for members of the Board throughout the year.

4 Taxation

The Society bears tax at source on dividend income received from its investments in Open-Ended Investment Companies (OEICs). In addition, the Society has issued a number of non-exempt contracts, although no corporation tax is due in respect of 2025.

5 Administrative Expenses

	2025	2024
	£	£
Audit	3,000	3,000
Professional Fees general	4,980	4,980
Professional fees re dissolution	50,592	30,778
Administration Services	12,000	12,000
Tracing services fees	25,516	11,202
Regulation Fees	1,804	1,692
Office Rent	9,600	9,600
Telephones and Postage	3,699	3,000
Subscriptions	2,160	2,100
Board expenses (note 11)	1,500	1,500
Other	721	2,624
Total	**115,572**	**82,476**

6 Investments

Investments comprise an amount invested in an investment fund that invests in short dated fixed interest securities.

7 Movement in Fund for Future Appropriations

	£
Balance at 31 December 2024	110,243
Transfer from Income and Expenditure Account	8,639
Balance at 31 December 2025	118,882

8 Technical Provision for Linked Liabilities

The PRA Rulebook did not require the Society to have a formal actuarial valuation at the end of 2025. However, in order to be able to complete form FSC4, the Actuary carried out a valuation the results of which have been used in these financial statements.

9 Long Term Business Provision

	£
Balance at 31 December 2024	268,798
Movement on provision	(131,410)
Balance at 31 December 2025	137,388

10 Capital Statement

The capital statement in respect of the Society's business is set out below. The statement shows the analysis of the available capital resources calculated on a regulatory basis, the total regulatory capital requirements and the overall surplus capital over regulatory requirements:-

	2025	2024
	£	£
Fund for Future Appropriations	118,882	110,243
Total available capital resources	**118,882**	**110,243**
Required Minimum Margin	(90,000)	(90,000)
Surplus	28,882	20,243

11 Related Party Transactions

Board members E Fairless and M R Burrow are, respectively, a director and an employee of E D (Financial) Limited.

N F Silby, Appropriate Actuary is a director of E D (Financial) Limited.

All positions were held throughout the year under review.

Board members were compensated for expenses at £50 per meeting as detailed in the Remuneration section of the Corporate Governance Report. (see Note 5)

E D (Financial) Limited provides professional and administration services to the Society.

Fees in respect of professional and administration services from E D (Financial) Limited were as follows, inclusive of Value Added Tax where applicable:-

	2025	2024
	£	£
Fees	52,800	40,800
Rent	9.600	9,600
Communications	3,699	3,000

12 Other Income

A transfer of £777,122 was received from Sons of Temperance Friendly Society on 22 December 2011. In subsequent years, some further transfers were received related to Sons of Temperance members who had not been included in the original transfer, but no such transfers were received in 2024 or 2025.

13 Royal Bank of Scotland

The Society holds funds of approximately £88,000 with Royal Bank of Scotland that is has not been able to access due to difficulties in updating the mandate. No statements have now been received for several years, and the Society has not been able to update for interest added. The Society is currently in the process of recovering the dormant account that is now held by NatWest.
The balance is part of Cash on the Balance Sheet.

14 Society's Resolution Plan

The Society closed to new business in June 2024.

During 2025 the Board considered the three options set out in the Society's Resolution Plan and also the recommendations of the Society's Appropriate Actuary and agreed that the best way forward for the Society would be to wind up the Society and pay its assets to existing members.

This solvent exit process is subject to regulatory and member approval. In preparation for this the Society has put considerable effort into tracing 'Gone Away' members in relation to the Sons of Temperance transfer (Note 12).

The accounts have been prepared on a basis other than going concern.

COMPASS FRIENDLY SOCIETY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASS FRIENDLY SOCIETY LIMITED

Opinion

We have audited the financial statements of Compass Friendly Society Limited (the 'Society') for the year ended 31 December 2025 which comprise the Statement of Comprehensive Income, Statement of Financial Position, and the 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) and Financial Reporting Standard 103 – *Insurance Contracts*

In our opinion, the financial statements:

- give a true and fair view of the state of the society's affairs as at 31 December 2025 and of its 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 Friendly Society Act 1992.

Opinion on other matters prescribed by the Friendly Societies Act 1992

In our opinion the Report of the Board has been prepared in accordance with the Friendly Societies Act 1992 and the regulations made under it, and the information given therein is consistent with the financial statements for the financial year.

Basis for opinion

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

Emphasis of matter –balance held with Royal Bank of Scotland

We draw attention to Note 13 to the financial statements which explains that the Board has experienced difficulties with respect to the balance held with Royal Bank of Scotland. Our opinion is not modified in respect of this matter.

Emphasis of matter –financial statements prepared on a basis other than going concern

We draw attention to Note 14 to the financial statements which explains that the Board intend to progress a solvent exit and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in Note 14. Our opinion is not modified in respect of this matter.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the society and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board.

We have nothing to report in respect of the following matters in relation to which the Friendly Society Act 1992 s73 requires us to report to you if, in our opinion**:**

- adequate accounting records have not been kept or the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors
As explained more fully in the Statement of Responsibilities of the Society (page 2) 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the society or to cease operations, or have no realistic alternative but to do so.

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

Our audit focused on relevant risk areas and we reviewed compliance with laws and regulations through making relevant enquiries and corroboration by, for example, review of Board and Subcommittee meeting minutes, review of correspondence with and reports to the regulators along with enquiries of management.

On overview of the scope of our audit

We planned and performed our audit to enable us to form an opinion that the accounts are free from material error or misstatement. The limitation on control testing required the adopting of a transactional testing approach alongside substantive testing and analytical review to mitigate reduced controls.

Our application of materiality
We apply the concept of materiality in planning and performing our audit. This was used to identify areas and transactions that may have items that could reasonably be expected to influence users of the accounts. As well as actual material errors, consideration was given where an item would significantly influence the user's perception of the accounts, for example turning a deficit into a surplus.

We determined materiality to be £3,750 (2024: £2,000) for items impacting the Income and Expenditure accounts which is approximately 1.5% of realised income. We determined materiality of £21,000 (2024: £24,000) for items which require reclassification on the balance sheet, which is approximately 2% of gross assets.

Our assessment of material risks
Material risks are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. They include the most significant risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following risks that we believe have had the greatest impact on audit strategy and scope:

Risk area	How our audit addressed the risk area
Operation and effectiveness of the Society's systems This impacts on all areas of the financial statements and is fundamental to the data and reserves.	We obtained an understanding on the systems in place. To test those systems, we adopted a transaction testing approach as the size of the Society naturally limits the effectiveness of any controls.
Our conclusion Overall, we are satisfied that the systems in place operated as expected.	

Risk area	How our audit addressed the risk area
Solvency and the impact of going concern if minimum margins are not met. The Society holds reserves for long term technical provisions and for long term linked liabilities. These are calculated using policy data and assumptions set by the Board assisted by the Actuarial Function Holder. Due to the size and nature of the provisions, we consider this to be material to the financial statements.	In assessing solvency and minimum margins, we have: • Reviewed the Actuarial Function Holder's report and discussed the findings on both solvency and the basis for reserve calculations. • Utilised information from our transaction testing (referenced above) in considering the validity of the data being used including premium income, claims paid and policy numbers. • Checked that their report is correctly included in the financial statements.
Our conclusion Overall, we are satisfied that the long-term provisions are appropriately recognised and the actuarial report is correctly included and that the Society is solvent.	

Risk area	How our audit addressed the risk area
Management override of controls Auditing Standards require us to communicate the fraud risk from management override of controls as significant. Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	In assessing the risk that accounting records and the financial statements are materially misstated through management overriding controls, we have performed the following procedures: • We tested journals and other transactions and evaluated whether there was evidence of bias by the Board that represented a risk of material misstatement due to fraud. • We reviewed bank transactions throughout the year and since the year end for material and round sum amounts and evidenced these back to appropriate documentation and authorisation. • We reviewed the completeness and reasonableness of accounting estimates (in conjunction with work performed on the long-term provisions noted earlier). • We checked the consistency and appropriateness of accounting policies and disclosures in the financial statements.
Our conclusion Overall, we are satisfied that the accounting records and financial statements are free from material misstatement in this respect	

Risk area	How our audit addressed the risk area
Locked account held with Royal Bank of Scotland. The Society holds funds of around £88,000 with Royal Bank of Scotland. For a number of years, it has proved impossible to update the bank mandate and access to the account has been possible. There is a risk the account may no longer exist or that is materially undervalued for interest added.	In assessing the risk of account existence and valuation we have: • Discussed attempts to gain access with Board • In the absence of direct confirmation considered if alternative procedures to confirm value may be possible. • Considered if the value in the account for the asset is appropriate based on information held. • Discussed with Board whether an estimate of interest should be added.
Our conclusion We consider an emphasis of matter is appropriate as we consider the asset exists but are unable to accurately value the interest added.	

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

At the planning stage of the audit, we gain an understanding of the laws and regulations which apply to the Society and how management seek to comply with them. This helps us to make appropriate risk assessments. We focus on laws and regulations that could give rise to a material misstatement in the Society's financial statements, including but not limited to, the Friendly Societies Act 1992, and UK tax legislation.

We assess the risk of material misstatement in the financial statements including as a result of fraud and undertake procedures including:

- Review of controls set in place by management;
- Enquiry of management as to whether they consider fraud or other irregularities may have occurred or where such opportunity might exist;
- Challenge of management assumptions with regard to accounting estimates; and
- Identification and testing of journal entries, particularly those which may appear to be unusual by size or nature.

There are inherent limitations of an audit, hence there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements, or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we are less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report
This report is made solely to the society's members, as a body, in accordance with Part VI s73 of the Friendly Society 1992. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society or the society's members as a body, for our audit work, for this report, or for the opinions we have formed.



LILES MORRIS LIMITED
Chartered Accountants & Statutory Auditor
First Floor, 80 Coombe Road, New Malden, Surrey, KT3 4QS

Date : 30 June 2026

COMPASS FRIENDLY SOCIETY LIMITED

STATEMENT UNDER SECTION 77 OF THE FRIENDLY SOCIETIES ACT 1992
FOR THE YEAR ENDED 31 DECEMBER 2025

1. The Appropriate Actuary was not a member of the Society at any time during the year ended 31 December 2025

2. The Appropriate Actuary received no fees during the year ended 31 December 2025 (nil in 2024). No provision was made as at 31 December 2025 in respect of advice and assistance given to date.

3. No payments were made to the Appropriate Actuary in respect of any contract of service during the year ended 31 December 2025.

4. No other pecuniary benefits were received by the Appropriate Actuary from the Society during the year ended 31 December 2025.

The Society did not consider it necessary to make a request to the Appropriate Actuary for the above information since it was readily available from the Society's records.

COMPASS FRIENDLY SOCIETY LIMITED

REPORT BY THE BOARD UNDER

RULE 4.9 OF THE NON-SOLVENCY II FIRMS – GOVERNANCE PART OF THE PRA RULEBOOK

In our opinion, during the year ended 31 December 2025, the requirements of rules 4.6-4.8 were complied with by the Society.

Signed on behalf of the Board on 30 June 2026





R C Wroath
Acting Chairman

Elaine Fairless
Chief Executive