



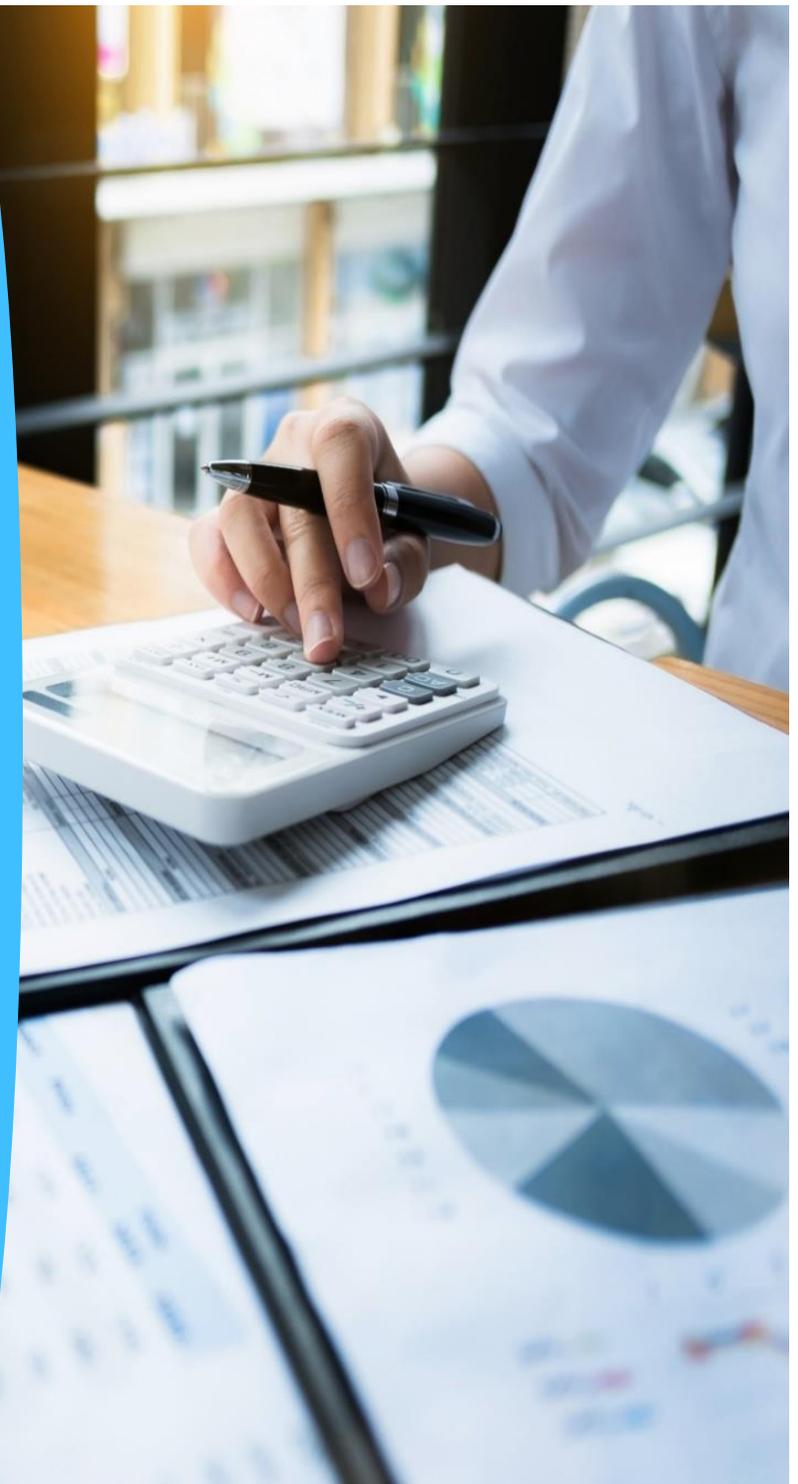
**BARNETT
WADDINGHAM**
beyond the expected

Sample Pension Fund

(123) Example Academy Trust

FRS102 Report as at 31 August 2024
v1

19 April 2024



Introduction

We have been instructed by Sample Borough Council, the administering authority to the Sample Pension Fund (the Fund), to undertake pension expense calculations in respect of pension benefits provided by the Local Government Pension Scheme (the LGPS). These benefits are provided to employees of Example Academy Trust (the Employer) as at 31 August 2024. We have taken account of current LGPS Regulations, as amended, as at the date of this report.

This report is addressed to the Employer and its advisers; in particular, this report is likely to be of relevance to the Employer's auditor.

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings. Full details of the benefits being valued are as set out in the Regulations and summarised on the LGPS website (www.lgpsregs.org/) and the Fund's membership booklet (www.lgpsmember.org/).

This report is prepared in accordance with our understanding of FRS102 and complies with Technical Actuarial Standard 100: General Actuarial Standards (TAS 100) as issued by the Financial Reporting Council (FRC). This report should be read in conjunction with the post accounting date briefing note for disclosures as at 31 August 2024.

The figures contained in this report are in respect of the Employer's pension obligations under the LGPS as at 31 August 2024.

Please note that we have incorporated an asset ceiling into the Employer's balance sheet. Further details of the approach taken are given later in the disclosure. We would be happy to speak to the Employer or their auditor if more information is required.

FRS102 also requires the disclosure of any other employer provided pension benefits which are not paid from the Fund itself. We have only valued such additional liabilities, which would not be covered in the formal LGPS valuation, to the extent that they have been notified to us and are as disclosed in the data section of this report.

We would be pleased to answer any questions arising from this report.

**A Actuary FFA
Associate**

Data used

We have used the following items of data which we received from the administering authority and the Employer via the use of MS Forms:

Results of the latest funding valuation as at	31 March 2022
Results of the previous FRS102 report as at	31 August 2023
Actual Fund returns to	n/a
Fund asset statement as at	31 August 2024
Fund income and expenditure items to	31 August 2024
Employer income and expenditure items to	31 August 2024
Details of any new unreduced early retirement payments to	31 August 2024
Details of any settlements to/from the Employer for the period to	31 August 2024

The data has been checked for reasonableness, including consistency with previous valuation data where relevant, and the data is within tolerances for the purposes of this report.

Although some estimation of the data to the accounting date may be required, we do not believe it is likely to be significant to the results in this report.

We have not been notified of any significant changes or events since we received the data.

Employer membership statistics

The table below summarises the membership data at 31 March 2022 from the latest funding valuation for members receiving funded benefits.

Member data summary	Number	Salaries/Pensions £000s	Average age (salary/pension weighted)
Actives	158	1,977	45
Deferred pensioners	100	86	46
Pensioners	24	49	54

Employer payroll

The total pensionable payroll and projected payroll for the Employer is set out below and is based on information provided to us by the administering authority. This has been used to calculate the service cost and projected service cost respectively.

Estimated payroll for the year to 31 August 2024	£4,300,000
Projected payroll for the year to 31 August 2025	£4,300,000

Scheduled contributions

The table below summarises the minimum employer contributions due from the Employer to the Fund over this inter-valuation period. The Employer may pay further amounts at any time. Future contributions may be adjusted on a basis approved by us.

	Primary rate	Secondary rate for period beginning:			Minimum employer contributions due for the period beginning:		
		1 Apr 2023	1 Apr 2024	1 Apr 2025	1 Apr 2023	1 Apr 2024	1 Apr 2025
Total percent of payroll plus monetary amount (£000s)	20.0%	1.0%	1.0%	1.0%	21.0%	21.0%	21.0%
		-	-	-	-	-	-

The table of scheduled contributions above relates to the entity and all associated employers. The primary rate shown is the appropriate weighted average.

Funding approach

The entity participates in the Sample Pension Fund Academy Pool with other participating employers.

Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 August 2024 is calculated to be 26.39% based on the Fund asset statements and Fund cashflows as set out in the Data section preceding this section. The net asset statement has been provided to a date earlier than the accounting date and the return for the period to the reporting date has been estimated to be 2.83% based on market statistics.

The Employer's share of the assets of the Fund is approximately 0.35%.

The estimated asset allocation for the Employer at 31 August 2024 and 31 August 2023 is as follows (noting that due to rounding they may not total 100%):

Asset breakdown	31 Aug 2024		31 Aug 2023	
	£000s	%	£000s	%
Public Equities MCA010	9,097	64%	5,597	54%
Private Equities MCA010	1,266	9%	1,293	13%
Infrastructure MCA040	1,375	10%	1,241	12%
Real Estate MCA040	1,015	7%	922	9%
Credit	1,377	10%	1,172	11%
Cash MCA050	168	1%	72	1%
Total	14,298	100%	10,297	100%

Major Categories of Plan Assets

Gilts/ Government bonds: **MCA020**

Corporate bonds: **MCA030**

Derivative: **MCA060**

Investment funds (LLPs, Hedge funds, Diversified growth funds): **MCA070**

Asset backed securities: **MCA080**

Other: **MCA090**

Actuarial methods and assumptions

Details of the actuarial methods and derivation of the assumptions used can be found in the 31 August 2024 briefing note issued alongside this report unless noted otherwise below. The key assumptions used are set out below.

Financial assumptions		31 Aug 2024	31 Aug 2023	31 Aug 2022
		p.a.	p.a.	p.a.
Discount rate	MAP040	5.00%	5.30%	4.20%
Pension increases (CPI)		2.85%	2.90%	2.90%
RPI inflation	MAP010-MAP030	3.15%	3.20%	3.15%
Salary increases	MAP020	3.85%	3.90%	3.90%

Projected unit method is used in our calculations.

We have allowed for actual pension increases up to and including the 2024 Pension Increase Order. This is reflected in the Experience loss/(gain) on defined benefit obligation figure in the results. We have also allowed for actual CPI inflation experienced from September 2023 to February 2024.

We have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2022, except for an update of the CMI projection model. Details of the post retirement mortality assumption are set out below; further details of the demographic assumptions adopted can be found in the briefing note corresponding to this report, and the Fund's actuarial valuation report.

Post retirement mortality	31 Aug 2024	31 Aug 2023
Base table	S3PA	S3PA
Multiplier (M/F)	110% / 105%	110% / 105%
Future improvements model	CMI_2022	CMI_2022
Long-term rate of improvement	1.25% p.a.	1.25% p.a.
Smoothing parameter	7.0	7.0
Initial addition parameter	0.0% p.a.	0.0% p.a.
2020 weight parameter	0%	0%
2021 weight parameter	0%	0%
2022 weight parameter	25%	25%

The assumed life expectancies, based on the assumptions set out above, are set out in the table below:

Life expectancy from age 65 (years)		31 Aug 2024	31 Aug 2023
Retiring today	Males ALE010	20.8	20.7
	Females ALE020	23.6	23.6
Retiring in 20 years	Males ALE030	22.0	22.0
	Females ALE040	25.0	25.0

Employer duration

The estimated Macaulay duration of the Employer as at the accounting date, using the assumptions set out above is 21 years.

Past service costs

Past service costs arise if member benefits are introduced, withdrawn or changed. For example, an award of additional discretionary benefits such as added years by a member would be considered a past service cost. We are not aware of any additional benefits which were granted over the year ending 31 August 2024.

Curtailments

Over the year, we understand no employees were permitted by the Employer to take unreduced early retirement that they would not otherwise have been entitled to.

Settlements

We are not aware of any liabilities being settled at a cost materially different to the accounting reserve during the year, which has been confirmed by the Fund.

Results

Balance sheet	As at	As at	As at
Net pension asset in the statement of financial position	31 Aug 2024	31 Aug 2023	31 Aug 2022
	£000s	£000s	£000s
Present value of the defined benefit obligation	12,341	10,282	5,942
Fair value of Fund assets (bid value)	14,298	10,297	3,852
Deficit / (Surplus)	(1,957)	(15)	2,090
Present value of unfunded obligation	-	-	-
Unrecognised past service cost	-	-	-
Impact of asset ceiling	1,957	-	-
Net defined benefit liability / (asset)	-	(15)	2,090

The amounts recognised in the profit and loss statement	Year to	Year to
	31 Aug 2024	31 Aug 2023
	£000s	£000s
Service cost	742	2,432
Net interest on the defined liability / (asset)	(25)	133
Administration expenses	1	3
Total loss / (profit)	718	2,568

For the purposes of our calculations, we distribute fund administration expenses amongst the employers in the Fund in proportion to their individual asset shares.

Remeasurement of the net assets / (defined liability) in other comprehensive income	Year to	Year to
	31 Aug 2024	31 Aug 2023
	£000s	£000s
Return on Fund assets in excess of interest	2,283	602
Other actuarial gains / (losses) on assets	-	1,669
Change in financial assumptions	(609)	2,913
Change in demographic assumptions	-	107
Experience gain / (loss) on defined benefit obligation	64	(1,454)
Changes in effect of asset ceiling	(1,957)	-
Remeasurement of the net assets / (defined liability)	(219)	3,837

Investment expenses are included in return on Fund assets in excess of interest.

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	Year to 31 Aug 2024 £000s	Year to 31 Aug 2023 £000s
Opening defined benefit obligation	10,282	5,942
DBO050 Current service cost	742	906
DBO060 Interest cost	551	439
DBO070 Change in financial assumptions	609	(2,913)
DBO080 Change in demographic assumptions	-	(107)
DBO090 Experience loss/(gain) on defined benefit obligation	(64)	1,454
DBO150 Liabilities assumed / (extinguished) on settlements	-	4,649
DBO110 Estimated benefits paid net of transfers in	(32)	(315)
Past service costs, including curtailments <small>DBO120 and/or DBO130</small>	-	-
DBO100 Contributions by Scheme participants and other employers	253	227
DBO140 Unfunded pension payments	-	-
Closing defined benefit obligation	12,341	10,282

The experience loss/(gain) on the defined benefit obligation includes £-64,000 in respect of the allowance for actual pensions increases and CPI inflation over the accounting period.

Reconciliation of opening & closing balances of the fair value of Fund assets	Year to 31 Aug 2024 £000s	Year to 31 Aug 2023 £000s
Opening fair value of Fund assets	10,297	3,852
FVA050 Interest on assets	576	306
FVA080 Return on assets less interest	2,283	602
FVA080 Other actuarial gains/(losses)	-	1,669
FVA150 Administration expenses	(1)	(3)
FVA090 Contributions by employer	922	836
FVA100 Contributions by Scheme participants and other employers	253	227
FVA110 Estimated benefits paid net of transfers in	(32)	(315)
FVA120 Settlement prices received / (paid)	-	3,123
Closing Fair value of Fund assets	14,298	10,297

No input required for FVA060 and FVA070

Investment expenses are included in actual return on assets in excess of interest.

Reconciliation of asset ceiling	Year to 31 Aug 2024 £000s	Year to 31 Aug 2023 £000s
Opening impact of asset ceiling	-	-
Interest on impact of asset ceiling	-	-
Actuarial losses / (gains)	1,957	-
Closing impact of asset ceiling	1,957	-

The asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions. Our calculation of the asset ceiling has followed our interpretation of IFRIC14.

Our calculations assume that:

- There is no prospect of the Employer having an unconditional right to a refund of surplus on the basis that such a payment would be at the discretion of the Fund.
- The Employer is an academy and assumed to participate indefinitely.
- Primary contributions are considered to be a minimum funding requirement (MFR).
- The MFR exceeds the current cost of accrual so the potential economic benefit from future contribution reductions is nil.
- The value of the asset ceiling is therefore nil. The impact of the asset ceiling is shown above.

Sensitivity analysis	£000s	£000s	£000s	£000s	£000s
Adjustment to discount rate	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	11,196	12,099 SAP010	12,341 SAP020	12,590	13,660
Projected service cost	682	779	805	833	951
Adjustment to long term salary increase	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	12,401	12,353	12,341	12,329	12,284
Projected service cost	808	806	805	805	803
Adjustment to pension increases and deferred revaluation	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	13,623	12,583 SAP050	12,341 SAP060	12,105	11,225
Projected service cost	955	833	805	778	678
Adjustment to life expectancy assumptions		+ 1 Year	None		- 1 Year
Present value of total obligation		12,655 SAP030	12,341 SAP040		12,034
Projected service cost		832	805		779

Projected pension expense

	Year to 31 Aug 2025 £000s	Sensitivity Analysis (£000's)
Service cost	805	SAP010 = 12,099 - 12,341 = -242
Net interest on the defined liability / (asset)	(23)	SAP020 = 12,590 - 12,341 = 249
Administration expenses	10	SAP030 = 12,655 - 12,341 = 314
Total loss / (profit)	792	SAP040 = 12,034 - 12,341 = -307
Employer contributions	903	SAP050 = 12,583 - 12,341 = 242
		SAP060 = 12,105 - 12,341 = -236

These projections are based on the assumptions as at 31 August 2024. The figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 August 2024.