

FRS102 as at 31 August 2022 - Results Schedule

Employer : ABC Academy

Local Government Pension Scheme Fund : XYZ Pension Fund

Terms of Engagement Signed : xx 2022

Date report prepared : xx 2022

EXAMPLE

Summary information from this schedule:

(a) Balance sheet

	31 August 2022	31 August 2021
	£(000)	£(000)
Assets	6,796	7,395
Obligations	7,815	15,056
Net asset / (liability)	(1,019)	(7,661)

(b) Profit & Loss account for the period ending 31 August 2022

	£(000)
Service cost	
Current Service Cost	-
Past Service Cost (including curtailments)	-
Effect of settlements	-
Total Service Cost	-

	£(000)
Total net interest	(126)
Total defined benefit cost recognised in Profit or (loss)	(126)

Actuary

For and on behalf of Hymans Robertson LLP

(c) Key elements

Has the employer instructed bespoke assumptions?	No
Bulk transfer(s) included?	No
Unfunded Pensioner(s) included?	No

(d) General Information for auditor and Employer

The results in the Schedule report should be read in conjunction with the accompanying report entitled 'Actuarial Valuation as at 31 August 2022 for Accounting Purposes'. The method, assumptions, reliances and limitations are described in that document. The restrictions set out in the reports on the disclosure to any third party apply equally to this Results Schedule.

If there are any queries on the approach taken to derive the figures in the Results Schedule please first consider the accompanying report as it will often answer these. In particular, see the sections on recent court cases (such as the Lloyds' judgement on GMP, McCloud, Goodwin etc) and other key topics which will detail the approach taken to allow for these issues or otherwise.

Contents in the remainder of this schedule:

1. Data (including early retirements, investment returns, asset split & unfunded pensions)
2. Assumptions
3. Balance sheet, P&L, OCI disclosures as at 31 August 2022 (and prior year if relevant)
4. Projected defined benefit cost for the period to 31 August 2023
5. Sensitivity analysis

Section 1 - Data

Employer membership statistics

	Number of Records	Total Salaries/ Pensions p.a. (£000)	Average Age
	31 Mar 2019	31 Mar 2019	31 Mar 2019
Actives	118	1,833	48
Deferred Pensioners	36	42	43
Pensioners	12	46	63

The membership data summarised in the table above is as at the most recent funding valuation date of 31 March 2019. Salaries are actual, not full-time equivalent. Deferred pensioners include undecided leavers and frozen refunds. Pensioners include dependants.

Payroll

Period	Assumed Total Pensionable Payroll based on Information Provided
1 September 2021 to 31 August 2022	-

LGPS early retirements

New Early Retirements 1 September 2021 to 31 August 2022	Number	Total Pension Accrued (£)	Total Pension Actual (£)
Redundancy	-	-	-
Efficiency	-	-	-
Other	-	-	-

Teachers' early retirements

New Early Retirements 1 September 2021 to 31 August 2022	Number	Recharged Accrued Pension (£)	Total Actual Recharged Pension (£)
Redundancy	-	-	-
Efficiency	-	-	-
Other	-	-	-

Investment returns

The return on the Fund in market value terms for the period to 31 August 2022 is estimated based on actual Fund returns as provided by the Administering Authority and index returns where necessary. Details are given below:

Actual Returns from 1 October 2021 to 31 March 2022	3.9%
Total Returns from 1 September 2021 to 31 August 2022	(8.1%)

The major categories of plan assets as a percentage of total plan assets

We have used the most recent asset split provided to us and allowed for index returns, where required, on each asset category to determine the estimated split of assets as at 31 August 2022.

Period Ended	31 Aug 2022	31 Aug 2021
Equities	75% A	58%
Bonds	20% B	29%
Property	5% C	7%
Cash	0% D	6%

Unfunded benefits

A summary of the membership data in respect of unfunded benefits is shown below.

LGPS Unfunded Pensions	Number at 31 August 2022	Annual Unfunded Pension £(000)
Male	-	-
Female	-	-
Dependants	-	-
Total	-	-

Teacher Unfunded Pensions	Number at 31 August 2022	Annual Unfunded Pension £(000)
Male	-	-
Female	-	-
Dependants	-	-
Total	-	-

The annual unfunded pensions include the 2022 pension increase.

Bulk transfers

I have not been asked to value any bulk transfers of membership this period.

MCA010 = A X FVATOT
MCA030 = B X FVATOT
MCA040 = C X FVATOT
MCA050 = D X FVATOT

*May also include:

MCA020 Gilts/Government bonds
MCA060 Derivatives
MCA070 Investment funds (Hedge funds, Diversified Growth Fund, LLPs)
MCA080 = Asset backed securities

In your AR see 'Changes to the fair value of Assets' for value FVATOT

Section 2 - Assumptions

Financial assumptions

The financial assumptions, as described in the accompanying covering report, are summarised below:

Period Ended	31 Aug 2022	31 Aug 2021
	% p.a.	% p.a.
Pension Increase Rate (CPI) MAP010 MAP030	7.00%	4.00%
Salary Increase Rate MAP020	6.00%	3.00%
Discount Rate MAP040	5.00%	2.00%

As at the date of the most recent valuation, the duration of the Employer's funded obligations is 29 years.

Demographic assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

		Males	Females	
Current Pensioners ALE010		22.0 years	23.0 years	ALE020
Future Pensioners* ALE030		24.0 years	25.0 years	ALE040

* Figures assume members aged 45 as at the last formal valuation date.

Life expectancies for the prior period end are based on the Fund's VitaCurves. The allowance for future improvements are shown below:

Current Pensioners	Future Pensioners
Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long term rate of improvement of 1.5% p.a.	Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long term rate of improvement of 1.5% p.a.

Please note that the mortality assumptions used to value the Obligations in the Employer's Closing Position are different to those used to value the Obligations in the Employer's Opening Position.

A commutation allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

All other demographic assumptions are as per the latest funding valuation of the Employer.

Section 3 - Balance sheet, P&L, OCI disclosures as at 31 August 2022

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for year end 31 August 2022

Period ended 31 August 2022	Assets £(000)	Obligations £(000)	Net asset / (liability) £(000)
Fair value of plan assets	7,395		7,395
Present value of funded obligations		15,056	(15,056)
Present value of unfunded obligations		-	-
Opening Position as at 31 August 2021	7,395 FVA010	15,056 DBO010	(7,661)
Service cost			
Current service cost*		- DBO050	-
Past service cost (including curtailments)		- DBO130	-
Effect of settlements	- FVA120	- DBO150	-
Total Service Cost	-	-	-
Net interest			
Interest income on plan assets	122 FVA050		122
Interest cost on defined benefit obligation		248 DBO060	(248)
Total net interest	122	248	(126)
Total defined benefit cost recognised in Profit or (Loss)	122	248	(126)
Cashflows			
Participants' contributions	- FVA100	- DBO100	-
Employer contributions	- FVA090		-
Benefits paid	- FVA110	- DBO110	-
Unfunded benefits paid	-	- DBO140	-
Contributions in respect of unfunded benefits paid	FVA130/FVA140		
Effect of business combinations and disposals	-	- DBO160/DBO170	
Expected closing position	7,517	15,304	(7,787)
Remeasurements			
Changes in financial assumptions		(7,509) DBO070	7,509
Changes in demographic assumptions		- DBO080	-
Other experience	-	20 DBO090	(20)
Return on assets excluding amounts included in net interest	(721) FVA080		(721)
Total remeasurements recognised in Other Comprehensive Income (OCI)	(721)	(7,489)	6,768
Fair value of plan assets	6,796		6,796
Present value of funded obligations		7,815	(7,815)
Present value of unfunded obligations**		-	-
Closing position as at 31 August 2022	6,796 FVATOT	7,815 DBOTOT	(1,019)

includes DBO120

Please note the Employer's fair value of plan assets is less than 1% of the Fund's total.

I estimate that the present value of funded obligations comprises of approximately £6,267,000, £608,000 and £940,000 in respect of employee members, deferred pensioners and pensioners respectively as at 31 August 2022.

* The current service cost includes an allowance for administration expenses of 0.3% of payroll.

** The unfunded obligations comprise of £0 in respect of LGPS unfunded pensions and £0 in respect of Teachers' unfunded pensions.

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for year end 31 August 2021

Period ended 31 August 2021	Assets £(000)	Obligations £(000)	Net asset / (liability) £(000)
Fair value of plan assets	5,597		5,597
Present value of obligations		10,999	(10,999)
Opening Position as at 31 August 2020	5,597	10,999	(5,402)
Service cost			
Current service cost*		990	(990)
Past service cost (including curtailments)		-	-
Effect of settlements	-	-	-
Total Service Cost	-	990	(990)
Net interest			
Interest income on plan assets	99		99
Interest cost on defined benefit obligation		196	(196)
Total net interest	99	196	(97)
Total defined benefit cost recognised in Profit or (Loss)	99	1,186	(1,087)
Cashflows			
Participants' contributions	121	121	-
Employer contributions	468		468
Benefits paid	(75)	(75)	-
Unfunded benefits paid	-	-	-
Contributions in respect of unfunded benefits paid	-	-	-
Effect of business combinations and disposals	-	-	-
Expected closing position	6,210	12,231	(6,021)
Remeasurements			
Changes in financial assumptions		2,736	(2,736)
Changes in demographic assumptions		225	(225)
Other experience	-	(136)	136
Return on assets excluding amounts included in net interest	1,185		1,185
Total remeasurements recognised in Other Comprehensive Income (OCI)	1,185	2,825	(1,640)
Fair value of plan assets	7,395		7,395
Present value of funded obligations		15,056	(15,056)
Present value of unfunded obligations		-	-
Closing position as at 31 August 2021	7,395	15,056	(7,661)

* The current service cost includes an allowance for administration expenses of 0.3% of payroll.

Please note that I have only shown a one year history of results and if further information is required please see the previous years' reports.

Section 4 - Projected defined benefit cost for the period to 31 August 2023

Analysis of projected amount to be charged to operating profit for the period to 31 August 2023

Period Ended 31 August 2023	Assets	Obligations	Net asset / (liability)	
	£(000)	£(000)	£(000)	% of pay
Projected Current service cost *		-	-	(24.2%)
Past service cost including curtailments		-	-	-
Effect of settlements	-	-	-	-
Total Service Cost	-	-	-	(24.2%)
Interest income on plan assets	262		262	-
Interest cost on defined benefit obligation		301	(301)	-
Total Net Interest Cost	262	301	(39)	-
Total Included in Profit and Loss	262	301	(39)	(24.2%)

* The current service cost includes an allowance for administration expenses of 0.3% of payroll. The monetary value is based on a projected payroll of £xxx,xxx. **F**

The contributions paid by the Employer are set by the Fund following an actuarial valuation. For further details on the approach adopted to set contribution rates for the Employer, please refer to the latest formal valuation report and Funding Strategy Statement.

I estimate the Employer's contributions for the period to 31 August 2023 will be approximately £xxx. **E**

Notes:

The above figures should be treated as estimates and may need to be adjusted to take account of:

- any material events, such as curtailments, settlements or the discontinuance of the Employer's participation in the Fund;
- any changes to accounting practices;
- any changes to the Scheme benefit or member contribution rates; and/or
- any full funding valuation that may have been carried out on the Employer's behalf.

The monetary amount of the projected service cost for the period to 31 August 2023 will be adjusted to take account of the actual pensionable payroll for the period.

$$E \div F \times 100 = \text{ERC010 IN \% terms}$$

Section 5 - Sensitivity Analysis

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme obligations are set out below:

Change in assumptions at 31 August 2022:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	3%	212 G
1 year increase in member life expectancy	4%	313 H
0.1% increase in the Salary Increase Rate	0%	31
0.1% increase in the Pension Increase Rate (CPI)	2%	182 I

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

The provided sensitivity figures can be used to estimate the impact of adopting different financial assumptions (e.g. an Employer considering alternative accounting assumptions or to help an Employer complete an ESFA accounts return). For further details on this, please refer to the accompanying accounting covering report.

In order to quantify the impact of a change in the financial assumptions used, we have calculated and compared the value of the scheme obligations at the accounting date on varying bases. The approach taken is consistent with that adopted to derive the accounting figures provided in this report, based on the profile (average member ages, retirement ages etc) of the Employer as at the date of the most recent valuation.

Sensitivity analysis

SAP010 = where provided
 SAP020 = G
 SAP030 = H (where provided)
 SAP040 = 4% x DBOTOT (between 3-5%)
 SAP050 = I
 SAP060 = where provided