

Sample Pension Fund

(123) Example Academy Trust

FRS102 Report as at 31 August 2025
v1

8 April 2025



Introduction

We have been instructed by Sample County 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 2025. We have taken account of current LGPS Regulations, as amended, as at the date of this report.

This report should be read in conjunction with the 31 August 2025 accounting briefing note. The figures contained in this report are in respect of the Employer's pension obligations under the LGPS as at 31 August 2025. 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.

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.

This report is addressed to the Fund, and is provided in our capacity as Fund Actuary to the Fund. The report may be shared with the Employer, provided that it is shared in its entirety, but it does not constitute advice to them. The Employer may also share the information contained in this report with their auditor, but BW neither assumes nor owes any duty or responsibility to any third party who relies on that information. Any liability to any third party is expressly disclaimed to the fullest extent permitted by law.

Barnett Waddingham does not provide, and shall not be responsible for, accounting or audit advice. From time to time, we may comment or otherwise give an opinion on any information, documentation, and/or guidance provided to us by or on behalf of the Fund. The Fund shall not rely on any such comment or opinion to make (or refrain from making) any decision or take (or refrain from taking) any action.

This report reflects our understanding of the relevant accounting and audit standards in force at the date of this report. It complies with Technical Actuarial Standard 100: General Actuarial Standards (TAS 100) as issued by the Financial Reporting Council (FRC).

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 this report.

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

A N Actuary FFA
Partner

Data used

We have used the following items of data which we received from the administering authority:

Results of the latest valuation as at	31 March 2022
Results of the previous FRS102 report (v1) as at	31 August 2024
Actual Fund returns to	n/a
Fund asset statement as at	31 August 2025
Fund income and expenditure items to	31 August 2025
Employer income and expenditure items to	31 August 2025
Details of any new unreduced early retirement payments to	28 February 2025
Details of any settlements to/from the Employer for the period to	31 August 2025

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 valuation for members receiving funded benefits.

Member data summary	Number	Salaries/Pensions £000s	Average age (salary/pension weighted)
Actives	87	1,332	51
Deferred pensioners	108	125	55
Pensioners	29	72	68

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 2025	£1,760,000
Projected payroll for the year to 31 August 2026	£1,760,000

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	20.5%	2.1%	2.1%	2.1%	22.6%	22.6%	22.6%
plus monetary amount (£000s)		-	-	-	-	-	-

Funding approach

The Employer currently participates in the Academies pool with other employers in order to share experience of risks they are exposed to in the Fund. At the 2022 valuation, the deficit for the whole pool was calculated and allocated to each employer in proportion to their value of liabilities. The next reallocation will be carried out at the 2025 valuation, should the Employer remain in the pool. Each employer within the pool pays a contribution rate based on the cost of benefits of the combined membership of the pool.

Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 August 2025 is calculated to be -0.18% based on the Fund asset statements and Fund cashflows as set out in the Data section preceding this section.

The Employer's share of the assets of the Fund is approximately 0.21%.

The estimated asset allocation for the Employer at 31 August 2025 and 31 August 2024 is as follows (noting that due to rounding they may not total 100%):

Asset breakdown		31 Aug 2025		31 Aug 2024	
		£000s	%	£000s	%
Public Equities	MCA010	4,101	57%	4,181	53%
Private Equities	MCA010	844	9%	1,021	13%
Infrastructure	MCA040	900	9%	730	9%
Real Estate	MCA040	654	11%	924	12%
Credit		944	15%	1,210	15%
Cash	MCA050	66	2%	135	2%
Longevity Insurance		-322	-4%	-304	-4%
Total		7,187	100%	7,897	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 2025 briefing note issued alongside this report unless noted otherwise below. The key assumptions used are set out below.

The assumptions at 31 August 2025 have been set with reference to market conditions at 31 March 2025 due to the timescales required for producing this report.

Financial assumptions		31 Aug 2025	31 Aug 2024	31 Aug 2023
		p.a.	p.a.	p.a.
Discount rate	MAP040	5.80%	5.05%	5.35%
Pension increases (CPI)	MAP010-MAP030	2.90%	2.80%	2.90%
RPI inflation		3.20%	3.15%	3.25%
Salary increases	MAP020	3.90%	3.80%	3.90%

Projected unit method is used in our calculations.

We have allowed for actual ONS CPI inflation observed between August 2024 and February 2025. This is reflected in the Experience loss/(gain) on defined benefit obligation figure in the results.

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 2025	31 Aug 2024
Base table	S3PA	S3PA
Multiplier (M/F)	110% / 105%	110% / 105%
Future improvements model	CMI_2024	CMI_2023
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.
2022/23 weight parameter	n/a	15%
Half life parameter	1.0	n/a

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 2025	31 Aug 2024
Retiring today	Males	ALE010	20.7	20.7
	Females	ALE020	23.7	23.6
Retiring in 20 years	Males	ALE030	22.0	22.0
	Females	ALE040	25.1	25.0

Employer duration

The estimated Macaulay duration of the Employer's liabilities as at the accounting date using the assumptions set out above is 17 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 2025.

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

As a result of some members transferring into / out of the Employer over the year liabilities have been settled at a cost different to the accounting reserve. The capitalised loss of this settlement is £2,000. This figure has been included within service cost in the statement of profit and loss. The table below sets out the settlement events allowed for in this disclosure.

Settlements in/(out) Employer transferred from	Transfer date	Assets transferred £000s	Liabilities transferred £000s	Treated as a special event	Report date
New outsourcing	1 Jul 2025	(935)	(933)	No	07/02/2025
Total		(935)	(933)		

Results

Balance sheet	As at	As at	As at
Net pension asset in the statement of financial position	31 Aug 2025	31 Aug 2024	31 Aug 2023
	£000s	£000s	£000s
Present value of the defined benefit obligation	6,729	7,731	6,807
Fair value of Fund assets (bid value)	7,187	7,897	5,473
Deficit / (Surplus)	(458)	(166)	1,334
Impact of asset ceiling	458	147	-
Unrecognised past service cost	-	-	-
Present value of unfunded obligation	-	-	-
Net defined benefit liability / (asset)	-	(19)	1,334

The amounts recognised in the profit and loss statement	Year to	Year to
	31 Aug 2025	31 Aug 2024
	£000s	£000s
Service cost	372	301
Net interest on the defined benefit liability / (asset)	(10)	62
Administration expenses	5	5
Total loss / (profit)	367	368

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 benefit liability) in other comprehensive income	Year to	Year to
	31 Aug 2025	31 Aug 2024
	£000s	£000s
Return on Fund assets in excess of interest	(519)	1,753
Other actuarial gains / (losses) on assets	-	-
Change in financial assumptions	797	(275)
Change in demographic assumptions	38	16
Experience gain / (loss) on defined benefit obligation	9	34
Changes in impact of asset ceiling	(304)	(147)
Remeasurement of the net assets / (defined benefit liability)	21	1,381

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 2025 £000s	Year to 31 Aug 2024 £000s
Opening defined benefit obligation		7,731	6,807
DBO050	Current service cost	370	301
DBO060	Interest cost	383	365
DBO070	Change in financial assumptions	(797)	275
DBO080	Change in demographic assumptions	(38)	(16)
DBO090	Experience loss/(gain) on defined benefit obligation	(9)	(34)
DBO150	Liabilities assumed / (extinguished) on settlements	(933)	-
DBO110	Estimated benefits paid net of transfers in	(87)	(61)
	Past service costs, including curtailments DBO120 and/or DBO130	-	-
DBO100	Contributions by Scheme participants and other employers	109	94
DBO140	Unfunded pension payments	-	-
Closing defined benefit obligation		6,729	7,731

The experience loss/(gain) on the defined benefit obligation includes (£9,000) in respect of the allowance for actual CPI inflation over the accounting period.

Reconciliation of opening & closing balances of the fair value of Fund assets		Year to 31 Aug 2025 £000s	Year to 31 Aug 2024 £000s
Opening fair value of Fund assets		7,897	5,473
FVA050	Interest on assets	400	303
FVA080	Return on assets less interest	(519)	1,753
FVA080	Other actuarial gains/(losses)	-	-
FVA150	Administration expenses	(5)	(5)
FVA090	Contributions by employer	327	340
FVA100	Contributions by Scheme participants and other employers	109	94
FVA110	Estimated benefits paid net of transfers in	(87)	(61)
FVA120	Settlement prices received / (paid)	(935)	-
Closing fair value of Fund assets		7,187	7,897
No input required for FVA060 and FVA070			

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

Reconciliation of change in impact of asset ceiling	Year to 31 Aug 2025 £000s	Year to 31 Aug 2024 £000s
Opening impact of asset ceiling	147	-
Interest on impact of asset ceiling	7	-
Actuarial losses / (gains)	304	147
Closing impact of asset ceiling	458	147

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:

- The Employer does not have a right to a refund of surplus at the level required by the accounting standard. Any surplus recognised is based on the economic benefit from a reduction in contributions.
- The Employer is an academy and assumed to participate indefinitely.
- The requirement for the employer to make contributions to the Fund is considered to be a minimum funding requirement (MFR). For the period beyond the existing Rates and Adjustments certificate, our best estimate is that the existing rates remain in force. This is based on the fund actuary's methodology which is designed to provide a stable contribution rate, and also the lack of any other readily available figure.

In broad terms our analysis shows that:

- The potential economic benefit from the reduction in future contributions has been calculated to be nil. Since this is less than the unadjusted net asset of £458k, the initial impact of the asset ceiling is £458k.
- Under FRS102, there is no additional liability from an onerous funding commitment.
- The unadjusted funded surplus is £458k. There is an impact from an asset ceiling of £458k. The final funded surplus to be recognised is nil.

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	6,212	6,621	SAP010 6,729	SAP020 6,840	7,312
Projected service cost	265	297	305	314	353
Adjustment to long term salary increase	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	6,751	6,733	6,729	6,725	6,708
Projected service cost	305	305	305	305	305
Adjustment to pension increases and deferred revaluation	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	7,305	6,839	SAP050 6,729	SAP060 6,622	6,217
Projected service cost	355	315	305	296	263
Adjustment to life expectancy assumptions	+1 Year		None		- 1 Year
Present value of total obligation	6,905	SAP030	6,729	SAP040	6,558
Projected service cost	315		305		296

Projected pension expense	Year to 31 Aug 2026 £000s	Sensitivity Analysis (£000's)
Service cost	305	SAP010 = 6621 - 6729 = -108
Net interest on the defined liability / (asset)	(11)	SAP020 = 6840 - 6729 = 111
Administration expenses	5	SAP030 = 6905 - 6729 = 176
Total loss / (profit)	299	SAP040 = 6558 - 6729 = -171
		SAP050 = 6839 - 6729 = 110
		SAP060 = 6622 - 6729 = -107
Employer contributions	398	

These projections are based on the assumptions as at 31 August 2025. The figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 August 2025.