



Retirement Solutions

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The Pensions Trust 2016

Annual Report
and Financial
Statements **2017**

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Trustee and Advisers

Trustee	Verity Trustees Limited (Appointed 01/04/2016)
Chair of Trustees	Sarah Smart (Appointed 01/04/2016)
Co-opted Directors	Sarah Smart – Independent Chair (Appointed 01/04/2016) Michael Ramsey (Appointed 01/10/2016) David Robertson (Appointed 01/10/2016) Barry Parr (Appointed 01/04/2016, Resigned 30/09/2016)
Employer-Nominated Directors	Elizabeth Garner (Appointed 01/04/2016) Colin Small (Appointed 01/04/2016, Resigned 30/09/2017) Jonathan Wheeler (Appointed 01/04/2016) Paul Oldroyd (Appointed 01/10/2017) Jonathan Cawthra (Appointed 01/04/2016, Resigned 30/09/2016) Keith Nunn (Appointed 01/04/2016, Resigned 30/09/2016)
Member-Nominated Directors	Maggie Rodger (Appointed 01/04/2016, Resigned 30/09/2017) Frank Shore (Appointed 01/04/2016) Richard Stroud (Appointed 01/04/2016, Resigned 30/09/2017) Thomas Hague (Appointed 01/10/2017) Andrew Newberry (Appointed 01/10/2017) Joe Robertson (Appointed 01/04/2016, Resigned 30/09/2016) Peter Weiner (Appointed 01/04/2016, Resigned 30/09/2016)
Scheme Administrator	Michael Ramsey, TPT Retirement Solutions
Fund Actuary	Steven Robinson FIA (Appointed 01/10/2016) JLT Benefit Solutions
Independent Auditors	PricewaterhouseCoopers LLP (Appointed 27/06/2017)
Solicitors	Linklaters LLP (Appointed 01/10/2016) CMS Cameron McKenna Nabarro LLP (Appointed 19/10/2017)
Investment Managers	Ashmore Investment Management Limited (Appointed 13/01/2017) BlackRock Investment Management (UK) Limited (Appointed 03/03/2017) Invesco Asset Management Limited (Appointed 24/01/2017) Legal & General Investment Management Limited (Appointed 06/02/2017) Mesirow Advanced Strategies (Appointed 05/12/2016) Royal London Asset Management Limited (Appointed 30/06/2017) Ownership Capital B.V (Appointed 28/04/2017) Sands Capital Management LLC (Appointed 12/04/2017) Ruffer LLP (Appointed 13/04/2017)
Investment Consultants	Mercer Investment Consulting (Appointed 16/06/2017) Redington Investments Limited (Appointed 01/10/2017)
Custodian	The Northern Trust Company (Appointed 01/02/2017)

Address for enquiries

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Verity House
6, Canal Wharf
Leeds
West Yorkshire
LS11 5BQ
Email: enquiries@tpt.org.uk
Website: www.tpt.org.uk

Trustee's Report

For the 18 month period ended 30 September 2017

The Trustee presents its Annual Report on The Pensions Trust 2016 ("the Trust"), together with the Financial Statements of the Trust for the 18 month period ended 30 September 2017.

Scheme Constitution and Management

The Trust is a defined benefit scheme established by Deed on 1 March 2016; the HMRC approved the Trust on 30 March 2016 therefore the accounting reference period began on 1 April 2016.

The Trust is governed by Verity Trustees Limited, the sole corporate Trustee. Since 1 October 2016 The Pensions Trust 2016 has operated under the name TPT Retirement Solutions ("TPT"); TPT is responsible for the operation of the Trust. As at 30 September 2017 the Trustee Board consisted of nine Directors, three of whom are nominated by the members, three by the employers and three co-opted onto the Trustee Board by the member and employer nominated Directors. Verity Trustees Limited is also the corporate Trustee of the scheme known as The Pensions Trust. Directors of Verity Trustees Limited can be nominated by members and employers of either scheme.

The Articles of Association of the corporate Trustee and the Rules of the Trust contain provisions for the appointment and removal of trustees.

For the 18 month period commencing 1 April 2016, Sarah Smart was elected Chair of the Trustee Board.

From 1 October 2016, TPT has operated a two tier governance structure. The supervisory Trustee Board appoints and holds to account a Management Board which holds delegated authority to make most decisions about the day to day running of TPT. There are five members of the Management Board, four independent non-executives and the Chief Executive. For the Scheme year commencing 1 October 2016, David Robertson was appointed as Chair of the Management Board. David is also a co-opted Director of Verity Trustees Limited. The other non-executive members of the Management Board are: Mike Balfour, Richard Coates and Wendy Mayall who are also the respective chairs of the Investment, Audit, Risk and Compliance and Funding Committees.

The Trustee has appointed professional advisors and other organisations to support them in delivering the Trust's objectives. These individuals and organisations are listed on pages 1 and 2. The Trustee has written agreements in place with each of them.

The Trust is a centralised occupational pension fund for non-associated employers ("employers"). There are two segregated schemes ("schemes") within the Trust.

Financial Developments and Financial Statements

The Financial Statements included in this annual report are the accounts required by the Pensions Act 1995. The Financial Statements set out on pages 12 to 26 have been prepared and audited in compliance with regulations made under sections 41(1) and (6) of that Act. This is the first set of financial statements since the Trust was established on 1 April 2016.

The summary financial performance of the Trust is as follows:

	2017
	£'000
Contributions Receivable	840.3
Transfers In and Other Income	51,021.9
Benefits Paid or Payable (incl. Payments to Leavers)	(333.0)
Transfers Out to Other Schemes	(65.6)
Administrative Expenses (incl. PPF levy)	(84.7)
Net Additions from dealings with Members	51,378.9
Investment Income	13.0
Change in Market Value of Investments	321.1
Investment management expenses	(62.4)
Net Returns on Investments	271.7
Net Increase in the Fund during period	51,650.6
Net Assets at beginning of period	-
Net Assets at end of period	51,650.6

Significant developments affecting the financial position of the Trust during the year include:

- Transfers In and Other Income include internal bulk transfer values relating to the Waterloo Housing Association Benefit Scheme for £19.2m and the Frank Roberts & Sons Pension Scheme for £31.8m.

Membership and Benefits

As at the period end, there were two participating employers.

The change in membership during the period is as follows:

	In Service				
	Deferred	Deferred	Pensioners	Beneficiaries	Total
At the start of the period	-	-	-	-	-
Group transfers In	35	472	201	3	711
Transfers out	(1)	(1)	-	-	(2)
Members Retiring	(2)	-	2	-	-
New beneficiaries	-	-	-	20	20
Deferred	(4)	4	-	-	-
At the end of the period	28	475	203	23	729

Pension Increases

The Trust Deed and Rules make provision for increases in pensions in payment and deferred pensions. The increases applied depend on when the benefits were accrued and under which pension scheme. Decisions on increases are made in accordance with the provisions of each scheme, taking into account the financial position of the scheme, other relevant factors and the interests of all the categories of beneficiaries. Where pensions in payment are increased annually this is normally by at least Limited Price Indexation (LPI), which means that the increase is capped at a maximum of either 2.5% or 5.0% depending upon when the benefits are accrued.

The table below summarises the most recent increases applied:

	Minimum	Maximum	Average
Effective date			
Pensions in payment			
6 April 2017	0.9%	2.0%	1.5%

Transfer Values

Cash equivalents paid during the period with respect to transfers have been calculated and verified in the manner prescribed by the Pensions Act 1993 and do not include discretionary benefits.

Report on Actuarial Liabilities

As required by Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102), the Financial Statements do not include liabilities in respect of promised retirement benefits.

Under section 222 of the Pensions Act 2004, every scheme within the Trust is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustee and the employer and set out in the Statement of Funding Principles, a copy of which is available to scheme members on request from the contact for enquiries on page 2.

The first triennial valuations for both Schemes are due as at 30 September 2017.

The interim Schedules of Contributions are based on the Schedules of Contributions implemented between the employer and the scheme prior to joining the Trust and have been recommended by the Actuary. These will be formally incorporated within the actuarial certification following the completion of the first triennial valuations.

Recovery Plan

The arrangements for each scheme section are formalised in interim Schedules of Contributions that are under the recommendation of the scheme actuary. Details of the interim Schedule of Contributions for each Scheme can be found on page 29.

Investment Management

Investment Strategy and Principles

The Trustee is responsible for determining the Trust's investment strategy.

In accordance with section 35 of the Pensions Act 1995, the Trustee has agreed a Statement of Investment Principles (SIP). This was implemented in September 2017. A full copy of the SIP may be obtained from the contact for enquiries on page 2 or can be found on the TPT website.

Management and Custody of Investments

The Trustee has delegated management of its investments to professional investment managers which are listed on page 1. These managers, which are regulated by the appropriate regulatory body in their country of operation, such as the Financial Conduct Authority in the United Kingdom, manage the investments within the restrictions set out in investment management agreements which are designed to ensure that the objectives and policies set out in the SIP are followed.

The mandates put in place by the Trustee specify how rights attaching to the schemes' segregated investments are acted upon. This includes active voting participation and a requirement to consider social, ethical and environmental factors when making investment decisions. The Trustee has less influence over the underlying investments within pooled investment vehicles held by the schemes but review the managers' policies and statement of compliance in respect of these matters.

The Trust is committed to being a Responsible Investor, an approach which seeks to integrate environmental, social and corporate governance (ESG) considerations into investment management processes and ownership practices. Of the environmental risks that we consider, climate change potentially presents the most material long term risk and in line with the recommendations set out in the FSB Taskforce's Recommendations on Climate related Financial Disclosure (TCFD) we have disclosed the Trust's approach to climate risk management on our website.

The Trustee has appointed Northern Trust to keep custody of the Trust's investments, other than pooled investment vehicles, where the manager makes its own arrangements for custody of underlying investments.

The investments held at the year-end date were in respect of one of the schemes within the Trust; Waterloo Housing Association Benefit Plan. At the period end date, the Frank Roberts & Sons Pension Scheme assets had not transferred to the Trust and have been recognised as a debtor.

Investment Performance

The schemes' assets were transitioned to the Trust half way through the current financial period; therefore performance returns are based on the period of return since transition. The Trust achieved a net investment return of 3.4% during the period.

The Trustee has considered the nature, disposition, marketability, security and valuation of the investments and considers them to be appropriate relative to the reasons for holding each class of investment. More details about investments are given in the notes to the Financial Statements.

Employer Related Investments

Details of Employer Related Investments are included in note 21.

Statement of Trustee's Responsibilities

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Trust during the Trust period and of the amount and disposition at the end of the Trust period of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Trust period; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Trust will continue as a going concern.

The Trustee is also responsible for making available certain other information about the Trust in the form of an annual report.

The Trustee also has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable towards the Trust by or on behalf of the employer and the active members of the Trust and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Trust and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Trust in accordance with the schedule of contributions.

Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

Further Information

Requests for additional information about the Trust generally, or queries relating to members' own benefits, should be made to the contact listed on page 2.

Approval

The Trustee's Report on pages 3 to 9 was approved and signed for and on behalf of the Trustee on 28 March 2018.

Sarah Smart

Chair

Verity Trustees Limited

Independent Auditors' report to the Trustee of The Pensions Trust 2016

Report on the audit of the financial statements

Our opinion

In our opinion, The Pensions Trust 2016's financial statements:

- show a true and fair view of the financial transactions of the Trust during the 18 months ended 30 September 2017, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the period;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

What we have audited

The Pensions Trust 2016's financial statements comprise:

- the statement of net assets available for benefits as at 30 September 2017;
- the fund account for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In applying the financial reporting framework, the Trustee has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Trustee

As explained more fully in the statement of Trustee's responsibilities, the Trustee is responsible for the preparation of the financial statements and being satisfied that they show a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Trustee; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Trustee's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Leeds

28 March 2018

Financial Statements

Fund Account

For the 18 month period ended 30 September 2017

	Note	Total 2017 £'000
Employer Contributions		840.3
Total Contributions	4	840.3
Group Transfers In	5	51,021.9
		51,862.2
Benefits Paid or Payable	6	(333.0)
Transfers to other Schemes	7	(65.6)
Administrative Expenses	8	(84.7)
		(483.3)
Net additions from dealings with Members		51,378.9
Net Returns on Investments		
Investment Income		13.0
Change in Market Value of Investments	9	321.1
Investment Management Expenses	10	(62.4)
		271.7
Net Increase in the Fund		51,650.6
Opening Net Assets		-
Closing Net Assets		51,650.6

The notes on pages 14 to 26 form part of these Financial Statements.

Statement of Net Assets (available for benefits)

As at 30 September 2017

	Note	Total 2017 £'000
Investment Assets		
Equities	9	1,977.6
Bonds	9	475.8
Pooled Investment Vehicles	11	16,853.3
Derivative Assets	12	217.8
Cash and cash equivalents		422.8
Accrued Income		4.4
		19,951.7
Investment Liabilities		
Derivative Liabilities	12	(207.5)
		(207.5)
Total Net Investments		19,744.2
Current Assets	16	33,504.8
Current Liabilities	17	(1,598.4)
Total Net Assets		51,650.6

The Financial Statements summarise the transactions of the Trust and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Trust's financial period. The actuarial position of the defined benefit schemes, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities in the Trustee's Report on pages 3 to 9 of the Annual Report. These Financial Statements should be read in conjunction with that Report.

The notes on pages 14 to 26 form part of these Financial Statements.

Approved and signed for and on behalf of the Trustee on 28 March 2018

Sarah Smart

Chair

Verity Trustees Limited

Notes to the Financial Statements

For the 18 month period ended 30 September 2017

1. General Information

The Pensions Trust 2016 is an occupational pension scheme under trust.

The address of the Trust's principal office is 6 Canal Wharf, Leeds, West Yorkshire, LS11 5BQ.

The Trust is a defined benefit ('DB') scheme, which is closed to new members but some members maintain a salary link to their benefits upon retirement.

The Trust is a registered pension scheme under Part 4 of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief and income and capital gains earned by the scheme receive preferential tax treatment.

2. Basis of Preparation

The financial statements of the Trust have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ('FRS 102') and the guidance set out in the Statement of Recommended Practice 'Financial Reports of Pension Schemes' (revised November 2014) ('the SORP').

The Trust was established on 1 April 2016 and therefore this is the first set of financial statements prepared covering the 18 month period ended 30 September 2017. As such, no comparative figures are presented.

In adopting FRS 102, the Trustee has adopted the provisions of 'Amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland – Fair value hierarchy disclosures (March 2016)' early.

3. Accounting Policies

The principal accounting policies of the Trust, which have been applied consistently, are as follows:

a. Currency

The Trust's functional currency and presentational currency is pounds sterling (GBP).

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the period end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

b. Contributions and Other Income

- i. Employer deficit funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions and recovery plan under which they are being paid. In the absence of a Schedule of Contributions, the contributions are paid in accordance with the recommendations of the Actuary in the Interim Schedule of Contributions.

c. Transfers from and to other Plans

- i. Group transfers in are accounted for on an accruals basis, which is normally when member liability is accepted by the Trust or the transfer value is paid.
- ii. Individual transfers out are accounted for on an accruals basis, which is normally when the transfer value is paid and member liability is discharged.

d. Benefits and Payments to and on account of Leavers

- i. Pensions in payment are accounted for in the period to which they relate.
- ii. Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement or the date the option is exercised.
- iii. Other benefits are accounted for on an accruals basis on the date of leaving or death as appropriate. Refunds and opt-outs are accounted for when the Trustee is notified of the member's decision to leave the Trust.

e. Administrative and Other Expenses

- i. The Trustee of The Pensions Trust 2016, Verity Trustees Limited is also the Trustee of the Pensions Trust. The Pensions Trust incurs all administrative and investment management expenses relating to The Pensions Trust 2016 and recharges these on a smoothed basis.
- ii. Expenses which relate specifically to individual schemes are allocated to the appropriate scheme, on an accruals basis.
- iii. Investment management expenses and administrative expenses, other than those relating specifically to a particular scheme, are allocated on the basis of asset values and member numbers, as appropriate.

f. Investment Income and Expenditure

- i. Interest is accrued on a daily basis.
- ii. Investment income is reported net of attributable tax credits but gross of withholding taxes, which are accrued in line with the associated investment income.
- iii. The change in market value of investments during the period comprises all increases and decreases in the market value of investments held at any time of the period, i.e. profits and losses realised on sales of investments during the period and unrealised changes in market value on amounts held at the end of the period. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested with the fund without issue of further units, change in market value also includes such income.
- iv. Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Trust such as fees, commissions, stamp duty and other fees. Other investment management expenses are accounted for on an accruals basis and shown separately within net returns on investment.

g. Investments

Investments are included at fair value at the date of the Statement of Net Assets. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price or most recent transaction price is used.

- i. The readily traded investments (equities, bonds and certain pooled investments) are stated at the bid price or the last traded price, depending on the convention of the stock exchange on which they are quoted.
- ii. Where quoted or unquoted unit prices are not available, the Trustee adopts valuation techniques appropriate to the class of investment. Details of the valuation techniques and principal assumptions are given in the notes to the Financial Statements where used.
- iii. Where the value of a pooled investment vehicle (PIV) or qualified investment vehicle (QIF) is primarily driven by the fair value of its underlying investments, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustment is made.
- iv. Derivatives are stated at fair value.
 - Over-the-counter (OTC) derivatives are stated at fair value estimated using pricing models and relevant market data as at the year-end date. Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
 - All gains and losses arising on derivative contracts are reported within 'change in market value'.

h. Other Investments Arrangements

- i. The Trust recognises assets delivered out under repurchase contracts and its on-going interest in those securities. Cash received from repurchase contracts is recognised as an investment asset, and an investment liability is recognised for the value of the repurchase obligation.
- ii. Cash delivered under reverse repurchase contracts held within the PIVs is recognised as an investment receivable in the financial statements.

4. Contributions

	2017 £'000
Employer Contributions	
Deficit Funding	840.3
	840.3

Under the Interim Schedules of Contributions deficit funding contributions of £700,000 per annum are payable until March 2025 for The Frank Roberts & Sons Pension Scheme and £782,000 per annum until the full Schedule of Contributions comes into force for the Waterloo Housing Pension Scheme.

5. Group Transfers In

	2017 £'000
Group Transfers in	
Pooled Investment Vehicles – Waterloo Housing Association Benefit Plan	19,168.1
Debtor – Investments – Frank Roberts & Sons Pension Scheme	31,222.1
Debtor – Cash – Frank Roberts & Sons Pension Scheme	631.7
	51,021.9

6. Benefits Paid or Payable

	2017 £'000
Pensions	290.6
Commutations and Lump Sum Retirement Benefits	42.4
	333.0

7. Transfers to other Schemes

	2017
	£'000
Individual Transfers Out	65.6
	65.6

8. Administrative Expenses

	2017
	£'000
Monthly Management Charge	65.6
Pension Protection Fund Levy	11.8
Scheme Specific Expenses	7.3
	84.7

The monthly management charge represents the amounts paid to The Pensions Trust in respect of the administration and management of the Trust.

9. Reconciliation of Net Investments

	Value at 01-04-16 £'000	Transfers In £'000	Purchases at cost and derivative payments £'000	Sale Proceeds and derivative receipts £'000	Change in market value £'000	Value at 30-09-17 £'000
Equities	-	-	2,001.1	(6.9)	(16.6)	1,977.6
Bonds	-	-	485.1	-	(9.3)	475.8
Pooled Investment Vehicles	-	19,168.1	27,943.2	(30,595.0)	337.0	16,853.3
Derivatives	-	-	1.7	(1.4)	10.0	10.3
	-	19,168.1	30,431.1	(30,603.3)	321.1	19,317.0
Other Investment Balances	-					4.4
Cash	-					422.8
Total Investments	-					19,744.2

Indirect transaction costs are included in the cost of purchases and deducted from sale proceeds.

10. Investment Management Expenses

	2017
	£'000
Management, Administration and Custody	62.4
	62.4

The Trust paid £62.4k in the period to The Pensions Trust in respect of the administration, management and custody of the Trust's investments.

11. Pooled Investment Vehicles

By type:	2017
	£'000
Equities	8,396.8
Bonds	4,477.8
Other	3,978.7
	16,853.3

Included within the equity PIVs above we hold a Qualified Investment Fund (QIF). The underlying investments of this are as follows:

Qualified Investor Funds:	2017
	£'000
Equities	1,675.2
Cash & Cash Equivalents	1.6
Total QIF Assets	1,676.8

12. Derivatives

Outstanding derivative financial instruments at the period end are summarised as follows:

Forward Foreign Currency			2017	
Type:	Expires	Notional	Fair Value	
	within	Value	Asset	Liability
		000's	£'000	£'000
Sell JPY for GBP (3 Contracts)	1 Year	26,685.9	185.8	(176.9)
Sell EUR for GBP (1 Contract)	1 Year	34.7	32.0	(30.6)
		26,720.6	217.8	(207.5)

The notional value represents the sterling value of the foreign currency amount of the contract translated at the year-end spot rate.

Objectives and Policies for Holding Derivatives

The Trustee has authorised the use of derivative financial instruments by their investment managers as part of their investment strategy as follows:

- Forward Foreign Currency: The Trustee uses forward contracts primarily for the purposes of currency risk management.

13. Concentration of Investments

The following investment exceeded 5% of the Trust's net assets at the financial period end.

	Value £'000	2017 %
DB Investments		
BlackRock – Liability Solutions III Tailored Fund	3,024.8	5.9

14. Fair Value of Investments

The fair value of investments has been determined using the following hierarchy.

Investment Category	Description
Level 1	The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included in Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
Level 3	Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Trust's investment assets and liabilities have been included at fair value within these categories as follows:

Category:	Level 1 £'000	Level 2 £'000	Level 3 £'000	2017 Total £'000
Investment Assets				
Pooled Investment Vehicles	22.5	12,867.1	3,963.7	16,853.3
Bonds	-	475.8	-	475.8
Equities	1,977.6	-	-	1,977.6
Derivatives	-	-	10.3	10.3
Cash and Cash Equivalents	422.8	-	-	422.8
Accrued Income	4.4	-	-	4.4
Total Investments	2,427.3	13,342.9	3,974.0	19,744.2

Pooled investment vehicles which are traded regularly are generally included in level 2. Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair values applies, valuation techniques are adopted and the vehicles are included in level 3 as appropriate.

The value of other pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustee. Where the value of the pooled investment vehicle is primarily driven by fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustments are made. No such adjustments have been made to the valuations at 30 September 2017.

The Trust did not hold any assets as at 1 April 2016 and therefore no comparative fair value hierarchy has been presented.

15. Investment Risks

Types of Risk Relating to Investments

FRS 102 requires the disclosure of information in relation to certain investment risks.

Credit Risk: This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market Risk: This comprises currency risk, interest rate risk and other price risk.

- **Currency Risk:** This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest Rate Risk:** This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other Price Risk:** This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

In the below table, the risk noted affects the asset class ● significantly, ◐ partially or ○ hardly/not at all.

	Credit Risk	Market Risk			2017 £'000
		Currency Risk	Interest Rate	Other Price	
Equities	○	◐	○	●	1,977.6
Bonds	●	◐	●	◐	475.8
Pooled Investment Vehicles					16,853.3
Direct exposure	●	○	○	○	
Indirect exposure	◐	◐	◐	◐	
Derivatives	◐	◐	●	◐	10.3
Cash Deposits and Other Net Investment Assets	●	○	●	○	427.2
					19,744.2

Investment Strategy

The Trustee's objective is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns sufficient to meet, together with future contributions, the benefits payable under the trust deed and rules as they fall due.

The Trust is a multi-employer pension scheme that provides tailored investment solutions for a number of underlying DB sections. In order to achieve its objective the Trustee constructs pools of assets that are then used to determine scheme specific investment strategies tailored to meet their individual set of liabilities.

The Trustee has delegated the power to set investment strategy to its Investment Committee and Funding Committee. In summary, the Investment Committee sets the fund selection and performance strategy, after taking advice from the Trust's independent investment consultants, for the various pools of assets. The Funding Committee sets scheme-specific asset allocation strategies at the same time as assessing scheme-specific funding needs.

When constructing the pools of assets from which scheme specific investment strategies are drawn the Investment Committee considers a number of factors including the expected risk and return of each asset class, diversification benefits, liquidity requirements and fees. In order to support their decision making the Investment Committee takes independent advice from the Trust's investment consultants, as well as receiving input from the Trust's Chief Investment Officer.

In June 2017, the Trustee reviewed a set of 10 Investment Beliefs that the Investment Committee must use as a framework when making decisions and agreeing the investment strategy. These Investment Beliefs can be found in full on TPT's website.

The Trustee employs third party fund managers to implement the investment strategy, meaning that the Trust does not manage any money in-house. The Trust uses a combination of both passive and active investments depending on the perceived ability to add value in the relevant area. Fund managers are monitored on an on-going basis by both the Investment Committee and the in-house Investment Team, and are met with at least annually.

When considering the investment strategy, the Funding Committee takes into account a number of considerations such as the strength of the employer covenant, the long term liabilities of the scheme, the appetite for investment risk and the funding strategy agreed with the employer. These are reviewed at least every three years in-line with the scheme's valuation to ensure that the strategy remains appropriate.

Credit Risk

The Trust is subject to direct credit risk because it invests in bonds, over-the-counter (OTC) derivatives and has cash equivalents. The Trust also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the provider of the PIV and also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles.

A summary of exposures to credit risk is given in the following table. The notes below explain how this risk is managed and mitigated for the different asset classes.

	2017
Investments exposed to Credit Risk	£'000
Bonds	475.8
Pooled Investment Vehicles	
Bond Funds (Direct and Indirect)	4,477.8
Other Funds (Direct Risk only)	12,375.5
Derivatives – Assets	10.3
Cash Deposits	422.8
	17,762.2

Credit risk arising on bonds held directly is mitigated by ensuring that the investment manager has a suitable framework in place for assessing the credit worthiness of the counterparty and the credit rating of the bonds match the desired risk profile of the mandate.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.

Indirect credit risk arises in relation to underlying investments held in a number of the pooled investment vehicles. This risk is mitigated by ensuring that appropriate due diligence is carried out on the pooled manager's investment process at appointment. OTC derivative contracts are not guaranteed by any regulatory exchange and therefore schemes are subject to the risk of failure of the counterparty.

Cash on deposit is held within financial institutions that have an investment grade credit rating.

Currency Risk

The Trust is subject to currency risk because some of the investments are held in overseas markets, either as segregated investments (direct exposure) or via pooled investment vehicles (indirect exposure). The Trust therefore invests in a currency hedged share class in order to mitigate this risk.

Interest Rate Risk

The Trust is subject to interest rate risk because some of the investments are held in bonds, interest rate swaps or Repos (either segregated investments or through pooled investment vehicles), and cash.

A summary of exposures to interest rate risk is given in the following table.

	2017
Investments exposed to Interest Rate Risk	£'000
Bonds	475.8
Pooled Investment Vehicles	
Bond Funds (Indirect)	4,477.8
Derivatives – Assets	10.3
Cash Deposits	422.8
	5,386.7

Other Price Risk

The trust is subject to other price risk, arising principally in relation to the growth portfolio (growth assets within the main portfolio) which includes directly held equities, equities held through pooled vehicles and a range of strategies that aim to produce absolute returns in all market environments.

	2017
Investments exposed to Other Price Risk	£'000
Equities	1,977.6
Bonds	475.8
Pooled Investment Vehicles	
Other Funds (Indirect)	12,375.5
Derivatives	10.3
	14,839.2

16. Current Assets

	2017
	£'000
Contributions due in respect of employers	58.3
Pending bulk transfer in respect of Frank Roberts & Sons Pension Scheme	31,853.8
Cash Balances	1,580.0
Other debtors	12.7
	33,504.8

At 30 September 2017, the Scheme had a debtor of £12.7k owing from The Pensions Trust. This represents cash balances held within the joint bank account.

All contributions outstanding at the period end date were subsequently received in line with the due dates set out in the Interim Schedule of Contributions.

17. Current Liabilities

	2017 £'000
Unpaid Benefits	3.0
Tax Deducted from Pensions	3.6
Other Creditors	1,580.0
Accrued Expenses	11.8
	1,598.4

As at 30 September 2017 the Trust had a debtor of £1,580k to the Pensions Trust in respect of cash balances held with the custodian.

18. Contingencies and Commitments

As at the 30 September 2017 the Trust had no contingent assets or liabilities.

19. Subsequent Events

There were no subsequent events requiring disclosure in the Financial Statements.

20. Scheme Balances

	2017 £'000
Waterloo Housing Association Benefit Plan	19,747.4
Frank Roberts & Sons Pension Scheme	31,903.2
	51,650.6

21. Related Party Transactions

The Trustee, Verity Trustees Limited is also the Trustee of The Pensions Trust. All of the Trustee directors serve as Trustee for each Scheme.

At 30 September 2017, the Trust had a debtor of £12.7k owing from The Pensions Trust. This represents cash balances held within the joint bank account.

As at 30 September 2017 the Trust had a creditor of £1,580k to the Pensions Trust in respect of cash balances held with the custodian.

The Trust paid £65.6k to The Pensions Trust in the period in respect of the administration and management of the Trust. The Trust paid £62.4k in the period to The Pensions Trust in respect of the administration, management and custody of the Trust's investments.

The Pensions Trust and The Pensions Trust 2016 are the only investors in two (2016: Nil) PIVs managed by BlackRock.

Independent Auditors' statement about contributions to the Trustee of The Pensions Trust 2016

Opinion

In our opinion, the contributions payable to the Trust for the Trust period ended 30 September 2017 as reported in The Pensions Trust 2016's summary of contributions have been paid in accordance with the Trust rules and recommendations of the actuary.

What we have examined

The Pensions Trust 2016's summary of contributions for the Trust period ended 30 September 2017 is set out on the following page.

Responsibilities for the statement about contributions

Our responsibilities and those of the Trustee

As explained more fully in the statement of Trustee's responsibilities, the Trust's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the Trust by the employer in accordance with relevant requirements.

The Trustee has not prepared schedules of contributions in respect of the Trust period ended 30 September 2017.

It is our responsibility to provide a statement about contributions and to report our opinion to you.

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an examination of the summary of contributions involves

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have, in all material respects, been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Trust under the Trust rules and recommendations of the actuary, in the absence of a schedule of contributions and the timing of those payments.

We test and examine information, using sampling and other techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Leeds

28 March 2018

Summary of Contributions

During the 18 month period ended 30 September 2017, the contributions payable to the Trust were as follows:

Contributions required in accordance with the recommendations of the Scheme Actuary	£'000
Deficit funding	840.3
As reported on by the Trust's Auditors	840.3

Approved by and signed for and on behalf of the Trustee on 28 March 2018.

Sarah Smart

Chair

Verity Trustees Limited

Summary of Interim Schedules of Contributions

The Pensions Trust 2016 is a multi-employer pension provider.

The dates of the next triennial actuarial valuation and the dates of the interim Schedules of Contributions for each scheme are listed below.

Scheme	Year of Triennial Valuation as at 30 September	Date of Interim Schedule of Contributions	Date of actuarial update
Waterloo Housing Association Benefit Plan	2017*	23/09/2016	N/A
Frank Roberts & Sons Pension Scheme	2017*	24/07/2017	N/A

*Valuation not yet complete therefore Interim Schedule of Contributions in place.



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