TPT Retirement Solutions

Annual Report and Financial Statements 2016

tpt
Retirement Solutions

Pension Scheme Registration Number 00281218RV

Contents

Page Number

Trustee and Advisers

Trustee	Verity Trustees Limited
Chair of Trustees	Sarah Smart
Co-opted Directors	Sarah Smart – Independent Chair Barry Parr (resigned 30/09/2016) Michael Ramsey (appointed 01/10/2016) David Robertson (appointed 01/10/2016)
Employer-Nominated Directors	Jonathan Cawthra (resigned 30/09/2016) (a) Elizabeth Garner Keith Nunn (resigned 30/09/2016) Colin Small (p) Jonathan Wheeler (p)
Member-Nominated Directors	Joe Robertson (resigned 30/09/2016) (p) Maggie Rodger (d) Frank Shore (p) Richard Stroud (p) Peter Weiner (resigned (30/09/2016)
	(a) Active member of the Trust (p) Pensioner member of the Trust (d) Deferred member of the Trust
Scheme Administrator	Michael Ramsey, The Pensions Trust
Defined Contributions Administrator	Jardine Lloyd Thompson
Fund Actuary	Steven Robinson FIA JLT Benefit Solutions
Independent Auditors	PricewaterhouseCoopers LLP
Solicitors	Linklaters LLP Pinsent Masons LLP Birkett Long LLP
Bankers	The Royal Bank of Scotland plc Barclays Bank plc
Investment Managers	Ashmore Investment Management Limited AXA Wealth Limited BlackRock Investment Management (UK) Limited Cardano Risk Management Limited CB Richard Ellis Investors Limited First State Investments (UK) Limited Invesco Perpetual

	King Street Capital Management L.P. Lazard Asset Management Limited (Terminated 12/02/2016) Hayfin (Appointed 02/03/2016) Sands Capital (Appointed 22/12/2015) Legal & General Investment Management Limited Marathon Asset Management Meridiam Infrastructure Mesirow Advanced Strategies Nephila Capital Ownership Capital Rothesay Life Royal London Asset Management Limited Ruffer LLP Standard Life Investments Vontobel Asset Management Inc. (Terminated 09/05/2016)
Property Valuer	Cluttons LLP
Investment Consultants	Mercer Investment Consulting Cardano Risk Management Limited
Custodian	The Northern Trust Company
Custody Consultants	Thomas Murray Data Services
Address for enquiries	TPT Retirement Solutions 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 year ended 30 September 2016

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

Scheme Constitution and Management

The Trust is governed by Verity Trustees Limited, the sole corporate Trustee. From 1 October 2016 The Pensions Trust became known as TPT Retirement Solutions ("TPT"); TPT is responsible for the operation of the Trust. As at 30 September 2016 the Trustee Board consisted of 12 Directors, five of whom are elected by the members, five by the employers and two Directors co-opted onto the Board by the elected Directors. From 1 October 2016 the number of Directors of Verity Trustees Limited reduced to 9, three elected by the members, three by the employers and three co-opted by the elected Directors.

The Articles of Association of the Trust's corporate Trustee and the Rules of the Trust contain provisions for the appointment and removal of trustees. Sarah Smart's current appointment as a co-opted Director was due to end on 29 February 2016. Following a review of performance and considering the need for continuity during a period of change the Trustee has agreed to extend Sarah Smart's appointment until 30 September 2018.

For the Scheme year commencing 1 October 2015, Sarah Smart was re-elected Chair of the Board, and Chair of the Funding Committee, Jonathan Cawthra was elected as the Senior Elected Director, Joe Robertson was re-appointed as Chair of the Audit and Compliance Committee, Keith Nunn was re-appointed as Chair of the Investment Committee and Peter Weiner was appointed as the Chair of the Appeals and Discretions Committee.

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 39 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 21 to 57 have been prepared and audited in compliance with regulations made under sections 41(1) and (6) of that Act.

The summary financial performance of the Trust is as follows:

	2016 £m	2015 £m
Contributions Receivable	495.4	501.1
Transfers In and Other Income	54.8	16.5
Benefits Payable (incl. Payments to Leavers)	(329.1)	(290.3)
Administrative Expenses (incl. PPF levy)	(19.1)	(18.0)
Net Additions from dealing with Members	202.0	209.3
Net Investment Income	50.8	69.6
Change in Market Value of Investments	1,699.8	463.8
Net Returns on Investments	1,750.6	533.4
Net Increase in the Fund during year	1,952.6	742.7
Net Assets at beginning of year	7,177.0	6,434.3
Net Assets at end of year	**9,129.6**	**7,177.0**

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

- Contributions receivable have decreased by 1.1% when compared to last year, from £501.1m to £495.4m; Defined Contribution (DC) contributions have increased by £15.4m consistent with a 9.8% increase in members. Defined Benefit (DB) contributions show a £21.1m decrease, an 17.9% fall in normal and special contributions and a 4.7% increase in deficit funding contributions.
- Transfers In and Other Income includes a bulk transfer value relating to Paddington Church Housing Association for £40.1m. Individual transfers in have fallen 17.2% from £8.7m to £7.2m.
- Within benefits payable, the pensions payable have increased by 6.8% from £147.4m to £157.4m, which is in line with the increased number of pensioners in the year and annual pension increases.
- The overall net return on investments during the year was an increase of 228.2% compared with the previous year from £533.4m to £1,750.6m.

Contributions

During the year a number of employers remitted contributions later than the date set out in the Schedules of Contributions or Payment Schedules. In respect of the year ended 30 September 2016 there were 1,299 late payments representing total contributions of approximately £14.6m relating to 784 employers. The Trust has taken actions to reduce the number of occasions upon which employers remit contributions late.

Membership and Benefits

As at the year-end, there were 4,623 participating employers (2015: 4,544), of which 2,492 (2015: 2,459) were active.

The change in membership during the year is as follows:

	Active Members	Deferred Members	Pensioners	Beneficiaries	Total
At the start of the year	125,908	74,063	37,005	3,252	240,228
New members	38,774	295	156	-	39,225
Members Retiring	(599)	(1,733)	2,332	-	-
Members leaving prior to pension age	(16,814)	16,814	-	-	-
Members leaving with refunds	(14,861)	(2,678)	-	-	(17,539)
Deaths	(129)	(124)	(1,146)	-	(1,399)
New beneficiaries	-	-	-	308	308
At the end of the year	**132,279**	**86,637**	**38,347**	**3,560**	**260,823**

At the start of the year:					
DB	20,838	61,510	37,005	3,252	122,605
DC	105,070	12,553	-	-	117,623
Total	**125,908**	**74,063**	**37,005**	**3,252**	**240,228**
At the end of the year:					
DB	16,928	61,446	38,347	3,560	120,281
DC	115,351	25,191	-	-	140,542
Total	**132,279**	**86,637**	**38,347**	**3,560**	**260,823**

Included in the above are 11,075 (2015: 11,435) pensioners and beneficiaries whose benefits are provided by annuities.

Hybrid members are included as Active DC members with a Deferred DB record.

New members joining are stated net of auto-enrolment opt-outs where contributions were never remitted to the Trust.

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. Following the change in the statutory basis for increasing pensions in payment, from April 2011 pensions in payment have for the most part been calculated with reference to the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI), unless scheme rules provide otherwise.

The table below summarises the most recent increases applied:

	Minimum	Maximum	Average
Effective date			
Pensions in payment			
6 April 2014	0%	5.0%	**2.5%**
6 April 2015	0%	5.0%	**2.5%**
6 April 2016	0%	5.0%	**2.5%**

Transfer Values

Cash equivalents paid during the year with respect to transfers have been calculated and verified in the manner prescribed by the Pensions Act 1993 and do not include discretionary benefits. Following receipt of insufficiency reports from the Scheme Actuary, transfer values payable from the Scottish Voluntary Sector Pension Scheme (SVSPS), Northern Ireland Charities Pension Scheme (NICPS) and the Royal National College for the Blind Defined Benefit Scheme are currently reduced due to the underfunding in the schemes.

Security of Deficit Funding

As at 30 September 2016 the Trust held 37 (2015: 39) contingent assets in relation to 38 employers (2015: 38 employers) that participate in, or used to participate in, the various schemes administered by the Trust. These contingent assets comprise charges on property, company guarantees, bank guarantees and escrow accounts. The contingent assets relate either to the admission and continued participation of certain employers in the Trust's schemes, the apportionment of withdrawing employers' share of the deficit to other participating employers within the same scheme or to provide security to support an extended recovery plan. The circumstances in which these assets will become the property of the Trust are set out in agreements with the relevant employers.

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.

All the Trust's scheme sections were valued over the last 3 year period. Details of the individual schemes' actuarial valuation certifications are contained in the Summary of Actuarial Certificates section of the annual report on pages 59 and 60. In the years in between full actuarial valuations an actuarial update is prepared by the Scheme Actuary. The actuarial update is a roll forward of the full actuarial valuation.

The aggregate valuation of all the Trust's schemes at 30 September 2015 is the sum total of either the full actuarial valuations at that date or the latest actuarial update. The aggregate valuation of all the Trust's schemes as at 30 September 2016 is a roll forward of the 2015 valuation using assumptions agreed with the Scheme Actuary.

Valuation date 30 September	**2016**	**2015**
Value of Technical Provisions	£11,340.0m	£9,122.7m
Value of Assets Available to meet Technical Provisions	£8,325.7m	£6,633.3m
as a percentage of Technical Provisions	73%	73%

The value of technical provisions is based on the Pensionable Service accrued to the valuation date and assumptions about various factors that will influence each scheme in the future, such as the levels of investment returns and pay increases, when members will retire and how long members will live. The method and significant actuarial assumptions used in the 2016 calculations are as follows:

Method

The actuarial method used in the calculation of the technical provisions is the Projected Unit Method, with a control period of one year for open schemes and of duration to Normal Pension Age for schemes closed to new entrants.

Significant Actuarial Assumptions

Discount Interest Rate: Scheme specific based upon projecting benefit cashflows set by reference to the fixed interest gilt curve (as derived from Bank of England data) at the valuation date.

Future Retail Price Inflation: Scheme specific based upon projecting benefit cashflows set by reference to the implied inflation curve (as derived from Bank of England data) at the valuation date.

Future Consumer Price Inflation: Retail Price Inflation – 0.9%

Pension Increases: Derived from the term dependent rates for future consumer price inflation allowing for the caps and floors on pension increases according to the provisions of the schemes' rules.

Pay Increases: General pay increases of 1% per annum above the rates for the future retail price inflation.

Mortality: Mortality and morbidity tables produced by the CMI (Continuous Mortality Investigation) with the support of the Institute and Faculty of Actuaries are used. For the period pre-retirement, 57% of S2PxA CMI 2015 tables with a long term improvement scaling factor of 1.5% for males and 1.25% for females are used. For the period post retirement, 86% of S2PxA CMI 2015 tables with a long term scaling factor of 1.5% for males and 1.25% for females. The standard mortality assumptions may be adjusted to reflect actual scheme experience.

Recovery Plan

The arrangements for each scheme section are formalised in Schedules of Contributions that are certified by the scheme actuary. Details of the date of certification of each schedule can be found on pages 59 and 60. A copy of the example certificate can be can be found on page 58.

Investment Management

Investment Strategy and Principles

The Trustee is responsible for determining the schemes' investment strategies.

In accordance with section 35 of the Pensions Act 1995, the Trustee has agreed a Statement of Investment Principles (SIP). This was last revised in 2015 and is currently undergoing a review. A copy of the full SIP may be obtained from the contact for enquiries on page 2.

Management and Custody of Investments

The Trustee has delegated management of investments to professional investment managers which are listed on pages 1 and 2. These managers, which are regulated by 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 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;
- Direct property, where title deeds are held by the Trust's legal advisers; and
- Additional Voluntary Contributions and other investments which are in the form of insurance policies, where the master policy documents are held by the Trustee.

Investment Performance

The performance of the Trust's investments over short and longer periods is summarised below. The Trust manages and monitors its DB investments in three separate portfolios which have differing strategies and objectives; the main portfolio, Growth Plan and Growth Plan Series 3. It does not therefore produce performance statistics at the total investment level.

In order to give an overall view of DC performance the Trust has disclosed a representative selection of its DC funds for members of different target retirement dates.

The table below summarises investment performance compared to benchmark:

Annualised return over ….	**1 Year**	**3 Years**	**5 Years**
DB			
Growth Assets			
Quoted Equities	23.8%	10.5%	13.1%
Benchmark	23.1%	9.9%	12.9%
Alternative Liquid	6.5%	3.0%	4.2%
Benchmark	2.7%	0.1%	0.7%
Alternative Illiquid	10.2%	8.7%	7.6%
Benchmark	11.1%	11.8%	9.9%
Total Growth Assets	**16.5%**	**8.1%**	**9.9%**
Benchmark	15.1%	7.5%	9.3%
Liability Matching Assets*	49.6%	31.3%	20.8%
Main Portfolio	**26.6%**	**15.1%**	**13.3%**
Benchmark	25.5%	14.7%	12.8%
Growth Plan	**22.0%**	**18.3%**	**-**
Benchmark	25.1%	18.0%	-
Growth Plan Series 3	**-0.2%**	**-0.2%**	**-**
Benchmark	0.3%	0.3%	-

*These assets are managed relative to liabilities and move broadly in line with the liabilities they cover.

Annualised return over ….	**1 Year**	**3 years**	**5 Years**
DC			
Target Date Funds (TDF)			
Pre-Retirement: TDF 2023-2025	22.2%	11.3%	-
Benchmark	0.9%	0.7%	-
Mid-Life: TDF 2029-2031	23.7%	11.3%	-
Benchmark	0.9%	0.7%	-
Young: TDF 2044-2046	22.9%	10.4%	-
Benchmark	0.9%	0.7%	-
Ethical Target Date Funds (ETDF)			
Pre-Retirement: ETDF 2023-2025	17.8%	11.4%	-
Benchmark	0.9%	0.7%	-
Mid-Life: ETDF 2029-2031	19.0%	11.5%	-
Benchmark	0.9%	0.7%	-
Young: ETDF 2044-2046	15.6%	9.3%	-
Benchmark	0.9%	0.7%	-

The Target Date Funds (TDFs) have a long-term outperformance target of inflation, as measured by CPI plus a fixed margin. The fixed margin depends on the vintage of TDF in question. The relative performance over the year has been driven primarily by an increase in the price of assets coupled with low inflation rates. Over longer periods we would expect inflation and asset prices to converge.

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 30.

Statement of Trustee's Responsibilities

Trustee's Responsibilities in respect of the Financial Statements

The financial statements, which are prepared in accordance with UK 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 the Trustee to make available to Trust members, beneficiaries and certain other parties, audited financial statements for each Trust year which:

- Show a true and fair view of the financial transactions of the Trust during the Trust year and of the amount and disposition at the end of the Trust year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Trust year;
- State whether applicable United Kingdom Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

The Trustee is responsible for supervising the preparation of the financial statements and for agreeing suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

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 adequate 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.

The Trustees are also responsible for the maintenance and integrity of TPT Retirement Solutions website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Trustee’s Responsibilities in respect of Contributions

The Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised Schedules of Contributions (for defined benefit schemes) and Payment Schedules (for defined contribution schemes) (together ‘the Schedules’) showing the rates of contributions payable to the Trust by or on behalf of the employers 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 monitoring whether contributions are made to the Trust by the employers in accordance with the Schedules. Where breaches of the Schedules occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and its 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 was approved and signed for on behalf of the Trustee on 16th March 2017.

Sarah Smart
Chair
Verity Trustees Limited
Directors of Verity Trustees Limited at 30 September 2016

Statement regarding DC Governance

For the year ended 30 September 2016

1. Introduction

This Chair's Annual Governance Statement has been prepared to demonstrate how TPT has complied with the statutory governance regulations which are central to the running of our Defined Contribution (DC) sections and DC schemes. The governance standards were designed to help members achieve a good outcome from their pension savings.

The Trustee Board is committed to having high governance standards. Whilst the information set out below is focused on specific areas of scheme governance which we are required to disclose by law, the Trustee Board recognises the importance of good scheme governance and adopts good practice governance standards across all areas of scheme management to meet the expectations as set out in the Pension Regulator's (TPR) Code of Practice 13: Governance and administration of occupational defined contribution trust based schemes.

In October 2015 TPT was independently assessed against the Master Trust Assurance Framework and in March 2016 was added to TPR's list of approved Master Trust providers as having obtained Master Trust Assurance. TPT completed its first Type 2 report (an annual Report required on TPR's published list of schemes which have obtained assurance) for the reporting period of this Statement. The Report was signed off on 2 December 2016.

2. Default investment arrangement

A default arrangement is provided for members who do not choose an investment option for their contributions. Each DC arrangement offers a range of Target Date Funds (TDFs) as its default arrangement for members who do not make a choice. A series of Ethical Target Date Funds (ETDFs) is available as the default option for members of the Ethical Fund. Approximately 97% of DC members are invested in the default TDFs or the default ETDFs.

2.1 Aims and objectives of the default strategies

Details of the default arrangement are contained in the Statement of Investment Principles (SIP). A copy of the SIP is available on TPT's website. The aim and objectives of the default strategies and policies as set out in the SIP are set by the Trustee Board and reviewed annually.

TPT's default investment strategy is designed to help ensure that the funds deliver the best possible outcome for the majority of members at retirement. Our TDFs aim primarily for fund growth in the earlier years and moves towards less risky asset allocation as the 'Target Date' (the Retirement Date, selected by the member) approaches. Over the life of the TDF, the manager has the objective of performing in excess of the inflation rate so it grows in real terms.

2.1.1 Investments held

The investments held in the default arrangement are varied in order to meet the specific performance objectives of each TDF. The funds invest in a range of underlying investments/funds under a long term insurance contract and include a balance of;

- adventurous investments including a range of equity funds;
- balanced investments and diversifiers including commodities and global properties;
- cautious investments including cash, corporate bonds and UK government bonds.

The Trustee Board is committed to responsible investment and believes that environmental, social and governance factors can have an impact on financial performance. By incorporating this information into our investment decisions we aim to reduce risk and enhance long-term returns. The Trustee Board has a responsible investment policy which can be found on TPT's website.

An ethical option, the ETDFs, is made available in all of our DC arrangements. This invests in equity funds, which track the FTSE4Good Indices, and UK government bonds. The Investment Committee (IC) keeps the investment strategy of the ETDFs under review and seeks to incorporate further diversification within these funds as further strategies become available at appropriate cost levels.

2.2 Reviewing the default arrangement and strategies

The Trustee Board has delegated the task of reviewing the default strategies to the Investment Committee (IC). The IC receives an annual stewardship review from the investment manager of the default funds covering the suitability of the default strategies, performance objectives and actual performance, the investment manager's strategy plus the charging structure and its impact on performance. Following this review the Trustee Board formally decides whether the default strategy remains suitable for the needs of members.

The performance of all investments is monitored continually and reviewed quarterly.

Following a review by the IC in 2015, the Managed Fund was replaced by the Diversified Growth Fund, the Pre-Retirement Fund was replaced with the Bond Fund and the Annual Management Charge (AMC) of the Property Fund was increased. These changes were implemented in February 2016.

In 2016 the IC agreed to tailor the investment strategy of the TDFs to better reflect the profile of our DC membership, the experience of what members are actually deciding to do with their pots at retirement and the views of members, as expressed in surveys carried out. The investment strategy has been altered to move to less risky assets 20 years before the target date, rather than 25 years previously. This enables each fund to continue to meet its return objectives to the target retirement date, despite having a higher proportion of lower returning investments in the later years. This change was implemented from October 2016.

The IC also agreed a change in investment strategy for the ETDFs to enable them to invest in a broader range of ethically screened assets, including corporate bonds and equities in emerging markets. The Trustee Board agreed to the resultant revised fee structure from October 2016 in order to improve member outcomes in the longer term.

The Trustee Board considers that it is in the best interests of the members to provide a default strategy which comprises a suite of funds reflecting the amount of time to Target Retirement Date (TRD). The Trustee Board further considers that the default strategy should not require the member to make investment choices or switch funds as they approach retirement: the strategy of each TDF is designed to be suitable for a member's own individual expected retirement date.

3. Costs and Charges

Member charges are monitored by the IC and reviewed annually. We are required to explain the charges and transaction costs paid by members.

3.1 Annual Management Charges (AMC)

<u>Target Date Funds</u> - The AMC is 0.45% pa of the fund value and all funds are priced daily.

<u>Ethical Target Date Funds</u> – For the Reporting Period of this statement the AMC was 0.60% pa of the fund value and all funds are priced daily. From 1 October 2016 the AMC has increased to 0.65% pa. The ETDF incurs higher charges because all funds are screened to ensure they meet the ethical standards required.

<u>Self-select Funds</u> - The IC undertakes certain checks to help ensure that the charges in respect of self-select funds are accurate and appropriate. Prior to 1 February 2016, the AMC in respect of each self-select fund available was 0.45% pa of the fund value. From 1 February 2016 the following AMCs apply:

Self-select Fund	AMC (pa)
Bond Fund	0.45%
Cash Fund	0.45%
Global Equity Fund	0.45%
Index-Linked Gilts Fund	0.45%
Socially Responsible Investment Fund	0.45%
Diversified Growth Fund	0.97%
Property Fund	1.00%

The Diversified Growth Fund was introduced from 1 February 2016. The higher charges associated with the Diversified Growth Fund and the Property Fund reflects the higher costs of running these particular funds.

3.2 Transaction costs

A platform charge is also payable by members. These varied between 0.05% and 0.07% over the year to 30 September 2016.

Transaction costs are payable by members in addition to the AMC and the platform charges described above. TPT's Investment Team is working with its investment managers to obtain more information on transaction costs which can be presented to members in a straightforward way. The Financial Conduct Authority is currently consulting over proposed rules for the disclosure of transaction costs when the provisions of the Pensions Act 2014 come into force. We do not currently disclose portfolio transaction costs, typical or otherwise, to members.

The cost of switching investment choices either to a TDF or a self-select fund however may incur transaction costs for the member. A change in a target retirement date resulting in a switch between TDFs may also incur transaction costs.

3.3. Value for Members

A value for money assessment was carried out in 2016 and a formal report was approved by the Trustee Board. The Trustee Board considered the extent to which the cost of membership compares against the services and benefits provided by the Scheme which included scheme governance and management, investment, administration, and communications.

The review concluded that our DC arrangements offer members good value for money as a result of robust governance and oversight by the Trustee Board and provision of engaging member communications. In addition, our cost and charges are kept as low as possible, are in line with competitors and are well below the government 'charge cap' in respect of default funds.

4. Core Financial Transactions

Our DC administration services are outsourced to JLT Benefits Solutions Limited (JLT). TPT regularly monitors the processes and controls in place in relation to the core financial transactions to ensure that they are processed promptly and accurately. Core financial transactions are specified in law as:

- Investing contributions paid into the Scheme;
- Transferring assets related to members into or out of the Scheme;
- Transferring assets between different investments within the Scheme; and
- Making payments from the Scheme to or on behalf of members.

The activities undertaken by TPT to provide assurance to the Trustee Board that core financial transactions are processed promptly and accurately and that standards of administration undertaken by JLT are maintained include the following:

- Monitoring JLT administration services against services level agreements and the extent to which member transactions have been processed on time. The report produced by JLT is discussed at monthly meetings with JLT and outlines any anomalies and the actions taken.
- Review of capacity at JLT and the level of resources available.
- Annual reporting by JLT on the completeness and accuracy of common and conditional data.
- Monthly review of reconciliations of investment transactions and member units.

- Annual audits of the core financial transactions are undertaken by TPT which include member investment allocations and other aspects of the DC investment cycle.
- Annual review of the AAF 01/06 Pensions Administration assurance report prepared by JLT.

As noted earlier, TPT has adopted the Master Trust Assurance Framework. The scope of this framework focuses on key areas of administration and provides additional assurances to the Trustee Board that relevant key administrative control procedures are suitably designed and operating effectively.

The Trustee Board is confident that the processes and controls in place are robust to ensure that the financial transactions which are important to members are dealt with properly and the requirements for processing core financial transactions specified in the Administration Regulations have been met.

5. Trustee knowledge and understanding (TKU)

The applicable law requires the Trustee Board to possess or have access to sufficient knowledge and understanding to run the Scheme effectively. The Trustee Board recognises the importance of having the right mix of skills and competencies on the Trustee Board to ensure that the Scheme is well governed and properly managed.

For the Reporting period of this Statement, the Trustee Board consisted of 12 Directors, five elected by the members, five by the employers and two Directors co-opted onto the Trustee Board by the elected Directors. Following a review the Trustee Board implemented a revised governance structure from 1 October 2016, designed to improve the speed and quality of decision making.

During the year under review no new directors were elected. In 2014 the member and employer nominated Directors were elected in accordance with an appointment process which was reviewed and approved by the Trustee Board.

None of the Directors are affiliated to companies providing administration or investment services to the Scheme.

All Directors are required to devote sufficient time to training in accordance with the requirements of the Governance Document. In addition to training provided at Trustee Board and Committee meetings, Directors are responsible for their own training programme and completing the trustee toolkit. TPT maintains a log of trustee training.

The Trustee Board has access to the services of a range of professional advisers. All Trustee Board decisions are supported by professional advice where required and this includes attendance of professional advisers at Trustee Board meetings. The Trustee Board's legal advisor attends each Trustee Board meeting and the investment adviser attends all Investment Committee meetings. In 2016 the Trustee Board engaged with professional advisers on a number of occasions to help with trustee decisions in a variety of areas.

Taking account of actions taken individually and as a Trustee Board, and the professional advice available to them, I am confident that the combined knowledge and understanding of the Trustee Board enables us to exercise properly our functions as Trustee.

Member feedback

Contact details are provided on TPT's website if members have any concerns or queries about the operational processes of the scheme. In 2016 TPT also introduced an "Ask the Trustees" section to its website.

In conclusion, the Trustee Board is satisfied that we have continued to exercise our functions as trustees properly throughout the period and have met the relevant legislative requirements.

The Statement regarding DC Governance was approved by the Trustee on 16th March 2017.

Sarah Smart
Chair of The Pensions Trust

Independent Auditors’ Report to the Trustee of The Pensions Trust

Report on the financial statements

Our opinion

In our opinion, The Pensions Trust’s financial statements:

- show a true and fair view of the financial transactions of the Trust during the year ended 30 September 2016, 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 year;
- 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’s financial statements comprise:

- the statement of net assets available for benefits as at 30 September 2016;
- the fund account for the year 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
16th March 2017

Financial Statements

Fund Account

For the year ended 30 September 2016

	Note	Defined Benefit Schemes £m	Defined Contribution Schemes £m	Expenses Reserve Account £m	Total 2016 £m	Total 2015 £m
Employer Contributions		303.6	97.3	-	400.9	402.4
Employee Contributions		36.7	57.8	-	94.5	98.7
Total Contributions	5	340.3	155.1	-	495.4	501.1
Transfers In	6	36.1	11.2	-	47.3	8.7
Other Income	7	7.4	0.1	-	7.5	7.8
		383.8	**166.4**	**-**	**550.2**	**517.6**
Benefits Paid or Payable	8	(221.9)	(6.4)	-	(228.3)	(209.6)
Payments to and on account of Leavers	9	(2.0)	(10.0)	4.7	(7.3)	(4.0)
Transfers to other Schemes	10	(72.3)	(16.0)	-	(88.3)	(70.5)
Other Payments	11	(5.2)	-	-	(5.2)	(6.2)
Administrative Expenses	12	(15.9)	(1.9)	(1.3)	(19.1)	(18.0)
		(317.3)	**(34.3)**	**3.4**	**(348.2)**	**(308.3)**
Net additions from dealing with Members		**66.5**	**132.1**	**3.4**	**202.0**	**209.3**
Net Returns on Investments						
Investment Income	13	76.2	3.2	-	79.4	97.1
Change in Market Value of Investments	14	1,576.3	123.5	-	1,699.8	463.8
Investment Management Expenses	15	(26.6)	(1.7)	(0.3)	(28.6)	(27.5)
		1,625.9	**125.0**	**(0.3)**	**1,750.6**	**533.4**
Net Increase in the Fund		**1,692.4**	**257.1**	**3.1**	**1,952.6**	**742.7**
Opening Net Assets		6,633.3	533.4	10.3	7,177.0	6,434.3
Closing Net Assets		**8,325.7**	**790.5**	**13.4**	**9,129.6**	**7,177.0**

The notes on pages 23 to 57 form part of these Financial Statements.

Statement of Net Assets (available for benefits)

As at 30 September 2016

	Note	Defined Benefit Schemes £m	Defined Contribution Schemes £m	Expenses Reserve Account £m	Total 2016 £m	Total 2015 £m
Investment Assets						
Equities		916.5	-	-	916.5	771.4
Bonds		537.6	-	-	537.6	502.7
Property	16	207.1	-	-	207.1	218.6
Pooled Investment Vehicles	17	3,256.4	765.9	-	4,022.3	3,324.3
Qualified Investment Funds (Client Specific)	17	2,767.1	-	-	2,767.1	1,831.5
Derivatives	18	180.8	-	-	180.8	71.8
Insurance Policies	19	288.8	-	-	288.8	285.1
Cash and cash equivalents	21	302.9	-	-	302.9	156.4
Other Investment Assets	21	24.7	-	-	24.7	18.7
	24	**8,481.9**	**765.9**	**-**	**9,247.8**	**7,180.5**
Investment Liabilities						
Derivatives	18	(102.2)	-	-	(102.2)	(47.7)
Cash and cash equivalents	21	(79.2)	-	-	(79.2)	(28.0)
Other Investment Liabilities	21	(44.4)	-	-	(44.4)	(5.3)
		(225.8)	**-**	**-**	**(225.8)**	**(81.0)**
Total Net Investments	14	**8,256.1**	**765.9**	**-**	**9,022.0**	**7,099.5**
Fixed Assets	27	7.4	-	-	7.4	7.8
Current Assets	28	82.5	26.3	13.4	122.2	90.5
Current Liabilities	29	(20.3)	(1.7)	-	(22.0)	(20.8)
Total Net Assets		**8,325.7**	**790.5**	**13.4**	**9,129.6**	**7,177.0**

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 year. 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 6 to 8 of the Annual Report and these Financial Statements should be read in conjunction with this report.

The notes on pages 23 to 57 form part of these Financial Statements.

Approved and signed for and on behalf of the Trustee on 16th March 2017

Sarah Smart
Chair
Verity Trustees Limited

Notes to the Financial Statements

For the year ended 30 September 2016

1. General Information

The Pensions Trust (the 'Trust') is an occupational pension scheme under trust.

The Trust was initially established to provide retirement benefits to organisations involved in social, educational, charitable, voluntary and other similar work, although any organisation is now eligible to join the Trust.

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

The Trust has a defined benefit ('DB') section the majority of which is closed to new members but existing members continue to accrue benefits, and a defined contribution ('DC') section which is open to new members and is used as an auto-enrolment scheme by certain employers. For details of schemes included as defined benefit (DB) or defined contribution (DC) see note 34.

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 individual 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').

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 Trust has adopted FRS 102 in these financial statements for the first time. Details of the transition to FRS 102 are disclosed in note 35.

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 year-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. Employees' normal contributions and Additional Voluntary Contributions (AVCs) remitted by the employer are accounted for on an accruals basis when deducted from pay. Employer normal contributions remitted by the employer that are expressed as a rate of pensionable salary are accounted for on the same basis as employees' contributions, otherwise they are accounted for in the period they are due under the Schedules of Contributions or Payment Schedules. Contributions by employers towards administrative expenses of the Trust are included within normal contributions.

   However, contributions in respect of employees in the first 30 days following auto enrolment are accounted for when their right to opt-out has expired, unless remitted to the Trust earlier.

   All contributions payable under salary sacrifice arrangements are classified as employer contributions.

ii. Employer augmentation contributions are accounted for on the due dates on which they are payable in accordance with the agreement under which they are being paid.

iii. 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.

iv. Special contributions include employer debts on withdrawal contributions (Section 75 debts) which are accounted for on the due dates on which they are payable with provision made where there is uncertainty of receipt.

v. Additional Voluntary Contributions (AVCs) are invested in accordance with the members' instructions into schemes within the Trust.

vi. Other income is recognised on an accruals basis.

c. Transfers from and to other Plans

i. Group and individual transfers in are accounted for on an accruals basis, which is normally when the transfer value is paid and member liability is accepted by the Trust.

ii. Group transfers out are accounted for in accordance with the terms of the transfer agreement.

iii. 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, including pensions funded by annuity contracts and amounts paid 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.

iv. Where the Trustee agrees or is required to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefit received from the Trust, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within benefits.

v. Following the payment of a refund of contributions to a member of any DC arrangement the units purchased by employer contributions in respect of that member are disinvested and the proceeds transferred to the Expenses Reserve Account.

e. Administrative and Other Expenses

i. The Trust operates an Expenses Reserve Account to ensure that administrative expenses are allocated to individual schemes on a smoothed basis. All administrative and investment management expenses incurred by the Trust are accounted for on an accruals basis and are charged against the Expenses Reserve Account prior to allocation against individual schemes.

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. Depreciation

Tangible fixed assets are depreciated from when the asset is operational. Assets are depreciated over their expected useful economic lives on a straight line basis. The rates used are:

Computers and Software	25%
Equipment and Fittings	10% - 25%

The Trust's freehold office has been valued independently as at 30 September 2016 on an estimated open market existing use basis. The change in valuation from the preceding year is included in the Financial Statements.

g. Investment Income and Expenditure

i. Dividends from equities, and any pooled investment vehicles which distribute income, are accounted for on an accruals basis on the date stocks are quoted ex-dividend; or, in the case of unquoted instruments, when the dividend is declared.

ii. Income from bonds is accounted for on an accruals basis and includes income bought and sold on purchases and sales of bonds. Interest on cash and short term deposits and income from other investments are accounted for on an accruals basis.

iii. Rents from properties are accounted for on an accruals basis from when earned in accordance with the terms of the lease, and are reported net of expenses.

iv. Interest is accrued on a daily basis.

v. Receipts or payments under derivative swap contracts, representing the difference between the swapped cash flows, are included in investment income.

vi. Investment income is reported net of attributable tax credits but gross of withholding taxes, which are accrued in line with the associated investment income.

vii. Income arising from annuity policies is included in investment income. Income from annuities is accounted for on an accruals basis.

viii. The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time of the year, i.e., profits and losses realised on sales of investments during the year and unrealised changes in market value on amounts held at the end of the year. 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.

ix. 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.

h. 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 listed investments (equities, bonds and certain pooled investments and qualified investment vehicles) 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.

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.

iii. Properties are included at fair value as at the year-end determined by independent chartered surveyors, who have recent experience of the locations and types of properties held by the Trust, in accordance with the Royal Institution of Charted Surveyors' Appraisal and Valuation Standards and the Practice Statement contained therein.

iv. Derivatives are stated at fair value.

- Exchange traded derivatives are stated at market values determined using market quoted prices. For exchange traded derivative contracts which are assets, fair value is based on quoted bid prices. For exchange traded derivative contracts which are liabilities, fair value is based on quoted offer prices.
- 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.
- Interest rate swaps are valued using an independent pricing vendor's' Overnight Indexed Swap (OIS) curve. During the term of the swap agreement, periodic cash flows are recorded as either income or an expense associated with the swap.
- Open futures contracts are included in the Statement of Net Assets at their fair market value, which is the unrealised profit or loss at the current bid or offer market quoted price of the contract.
- Options are stated at fair market value determined using specific pricing models and relevant market data at the year end.
- Security pledged is stated at fair market value based on bid prices at the year end.
- All gains and losses arising on derivative contracts are reported within 'change in market value'.

v. Annuities purchased for retired members in their own names fully discharge the Trust's liability to those members and are therefore not included in these Financial Statements. The cost of purchasing these annuities is reported within payments to and on account of leavers as the former members do not have their pension paid by the Trust. They are also removed from membership.

vi. Annuity assets which provide benefits for members, but which are in the name of the Trustee, principally the bulk annuity contracts with Rothesay Life and Legal & General, are valued by the Trust's Actuary based on the expected future pensioner benefit payments covered by the contract, discounted back to the financial year-end using assumptions agreed by the Trustee on advice from the Trust Actuary. The assets are assumed to be equal to the actuarial liability at the valuation date.

i. Other Investments Arrangements

i. The Trust continues to recognise assets delivered out under repurchase contracts and stock lending arrangements to reflect 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. Collateral received in respect of stock lending arrangements is disclosed but not recognised as a Trust asset.

ii. Cash delivered under reverse repurchase contracts (held within QIFs) is recognised as an investment receivable in the Financial Statements. Securities received in exchange are disclosed as collateral supporting this receivable but not included as Trust assets.

4. Analysis of Fund Account by category of scheme:

	2016				2015			
	DB £m	DC £m	Expense Reserve £m	Total £m	DB £m	DC £m	Expense Reserve £m	Total £m
Total Income	383.8	166.4	-	550.2	364.0	153.6	-	517.6
Total Payments	(317.3)	(34.3)	3.4	(348.2)	(278.8)	(33.9)	4.4	(308.3)
Net Additions from dealing with Members	66.5	132.1	3.4	202.0	85.2	119.7	4.4	209.3
Net Returns on Investments	1,625.9	125.0	(0.3)	1,750.6	522.3	11.2	(0.1)	533.4
Net Increase in the Fund	1,692.4	257.1	3.1	1,952.6	607.5	130.9	4.3	742.7
Opening Net Assets	6,633.3	533.4	10.3	7,177.0	6,025.8	402.5	6.0	6,434.3
Closing Net Assets	8,325.7	790.5	13.4	9,129.6	6,633.3	533.4	10.3	7,177.0

5. Contributions

	2016			2015		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Employer Contributions						
Normal	75.8	97.3	173.1	82.4	86.3	168.7
Deficit Funding	202.8	-	202.8	193.7	-	193.7
Special	24.5	-	24.5	39.8	-	39.8
Augmentation	0.5	-	0.5	0.2	-	0.2
	303.6	**97.3**	**400.9**	**316.1**	**86.3**	**402.4**
Employee Contributions						
Normal	36.6	53.2	89.8	45.2	49.1	94.3
Additional Voluntary Contributions (AVCs)	0.1	4.6	4.7	0.1	4.3	4.4
	36.7	**57.8**	**94.5**	**45.3**	**53.4**	**98.7**
Total Contributions	**340.3**	**155.1**	**495.4**	**361.4**	**139.7**	**501.1**

Employer normal contributions include contributions in respect of salary sacrifice arrangements made available to certain members by the Employer.

Contributions by employers towards administrative expenses of the Trust are included within normal contributions.

Deficit funding: An actuarial valuation of each DB scheme is carried out every three years. Deficit funding represents payments by schemes to eliminate past service deficits in accordance with the Schedules of Contributions prepared by the Actuary.

Total future commitments as at 30 September 2016 to pay deficit contributions are shown below:

	£m
Due in 1 year	98
Due in 1 - 2 years	101
Due in 2 - 5 years	302
Due in > 5 years	389
TOTAL	**890**

Deficit recovery periods differ between schemes. The shortest deficit recovery period is four years, with the longest being thirty years.

At the year end there was one scheme where the deficit contributions are calculated as a percentage of members' earnings; United Reform Church, with effect from 1 October 2016, will pay 10.5% of members' earnings to meet Recovery Plan shortfall payments.

6. Transfers In

		2016			2015	
	DB	DC	Total	DB	DC	Total
	£m	£m	£m	£m	£m	£m
Group Transfers in	40.1	-	40.1	-	-	-
Individual Transfers in	(4.0)	11.2	7.2	(4.0)	12.7	8.7
Total Transfers in	**36.1**	**11.2**	**47.3**	**(4.0)**	**12.7**	**8.7**

The group transfer in was in respect of Paddington Church Housing Association which became a participating scheme during the year. The transfer was settled by a stock transfer of £13.6m and cash of £26.5m.

Individual transfers in include amounts relating to transfers within the Trust.

7. Other Income

		2016			2015	
	DB	DC	Total	DB	DC	Total
	£m	£m	£m	£m	£m	£m
Life Assurance Income	7.4	0.1	**7.5**	6.6	1.2	**7.8**

8. Benefits Paid or Payable

	2016			2015		
	DB	DC	Total	DB	DC	Total
	£m	£m	£m	£m	£m	£m
Pensions	157.4	-	157.4	147.4	-	147.4
Commutations and Lump Sum Retirement Benefits	59.6	4.9	64.5	50.2	6.4	56.6
Lump Sum Death Benefits	4.8	1.5	6.3	5.1	0.4	5.5
Taxation	0.1	-	0.1	0.1	-	0.1
	221.9	**6.4**	**228.3**	**202.8**	**6.8**	**209.6**

Taxation arising on benefits paid or payable is in respect of members whose benefits have exceeded the lifetime or annual allowance and who elected to take lower benefits from the Trust in exchange for the Trust settling their tax liability.

9. Payments to and on account of Leavers

	2016			2015		
	DB	DC	Total	DB	DC	Total
	£m	£m	£m	£m	£m	£m
Refund of Contributions	0.3	7.6	7.9	0.4	8.2	8.6
Payments for Members joining State Scheme	0.2	-	0.2	0.1	-	0.1
Purchase of annuities	1.5	2.4	3.9	(0.6)	0.6	-
	2.0	**10.0**	**12.0**	**(0.1)**	**8.8**	**8.7**
Transfer to Expenses Reserve	-	(4.7)	(4.7)	-	(4.7)	(4.7)
	2.0	**5.3**	**7.3**	**(0.1)**	**4.1**	**4.0**

10. Transfers to other schemes

	2016			2015		
	DB	DC	Total	DB	DC	Total
	£m	£m	£m	£m	£m	£m
Group Transfers Out to Other Schemes*	12.5		12.5	11.2	-	11.2
Individual Transfers Out	59.8	16.0	75.8	43.2	16.1	59.3
	72.3	**16.0**	**88.3**	**54.4**	**16.1**	**70.5**

*Included within the amount for 2016 is the withdrawal sum relating to a scheme which transferred out from the Trust during the year: Charities Aid Foundation (£12.5m). The transfer value was settled in cash.

11. Other Payments

	2016			2015		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Premiums on Term Insurance Policies	5.2	-	**5.2**	5.5	0.7	**6.2**

12. Administrative Expenses

	2016			2015		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Gross Salaries	6.3	0.2	6.5	6.1	0.2	6.3
Other Employment Costs	2.6	0.1	2.7	1.6	-	1.6
Computer Systems and Development	0.6	-	0.6	0.6	-	0.6
Publicity and Design	0.5	-	0.5	0.7	-	0.7
Office Miscellaneous and Depreciation	1.8	0.1	1.9	2.0	-	2.0
Professional Fees	1.1	1.5	2.6	1.2	1.3	2.5
Scheme Specific Expenses	2.1	-	2.1	2.3	-	2.3
	15.0	**1.9**	**16.9**	**14.5**	**1.5**	**16.0**
Pension Protection Fund Levy	2.2	-	2.2	2.0	-	2.0
	17.2	**1.9**	**19.1**	**16.5**	**1.5**	**18.0**

Administration costs incurred during the year exceeded the costs allocated to the schemes resulting in a £1.3m (2015: £0.3m) transfer from the Expense Reserve Account.

The Trust bears all the costs of administration. Specific costs are allocated to the scheme to which they relate. General costs are allocated between schemes. Included in professional fees are the audit fee of £110k (2015: £108k) and actuarial fees of £756k (2015: £863k).

The following expenses and gains were charged / (credited) to the Fund Account.

	2016			2015		
	DB £m	DC £m	Total £m	DB £m	DC £m	Total £m
Key Management Personnel Compensation	1.4	-	1.4	1.3	-	1.3
Operating Leases Expense	0.2	-	0.2	0.2	-	0.2

Employees in Trust Pension Schemes

DB

The Trust has no employees that are active members of any of its DB pension schemes. The Trust does have employees that are deferred members of its DB pension schemes CARE and Growth Plan 1 & 2. Disclosures regarding these schemes in aggregate are included in the notes above.

Further information regarding individual DB schemes is contained in the annual scheme accounts, which are available to members.

DC

The Trust has employees that are members of its FRP defined contribution scheme. The contributions paid relating to those employees is listed below.

	2016 **£m**	**2015** **£m**
Employer Contributions		
Normal	0.7	0.7
Employee Contributions		
Normal	0.2	0.1
AVC	0.1	0.1
	1.0	**0.9**

Multi-Employer Scheme pension deficits

Under FRS102 a technical provision to reflect the discounted cash flow of future contributions payable to rectify a participating employer's share of the Trust's deficit must be recognised on its Statement of Net Assets. Current and former employees of the Trust have benefits within the Growth Plan and CARE sections of the Scheme. The administrative expenses above include an amount of £0.6m paid during the year in respect of deficit contributions to those sections. The table below provides an analysis of this sum and also sets out the net present value (PV) of future deficit contributions payable and the Section 75 debt that would be payable in the event of withdrawal:

	2016 Deficit contributions £m	**PV of future contributions £m**	**S75 debt payable in the event of withdrawal £m**
Growth Plan	0.3	3.3	11.0
CARE	0.3	3.1	27.8
Total	**0.6**	**6.4**	**38.8**

13. Investment Income

	2016 DB £m	2016 DC £m	2016 Total £m	2015 DB £m	2015 DC £m	2015 Total £m
Dividends from Equities	15.1	-	15.1	15.2	-	15.2
Income from Bonds	15.8	-	15.8	15.9	-	15.9
Rents from Properties	10.7	-	10.7	12.2	-	12.2
Income from Pooled Investment Vehicles	19.8	3.2	23.0	19.4	2.5	21.9
Qualified Investment Funds	1.0	-	1.0	-	-	-
Income from Derivatives	4.6	-	4.6	5.8	-	5.8
Annuity Income	20.9	-	20.9	21.4	-	21.4
Interest on Cash Deposits	0.8	-	0.8	4.7	-	4.7
Other	1.4	-	1.4	1.2	-	1.2
	90.1	**3.2**	**93.3**	**95.8**	**2.5**	**98.3**
Property expenses*	(13.9)	-	(13.9)	(1.2)	-	(1.2)
	76.2	**3.2**	**79.4**	**94.6**	**2.5**	**97.1**

*Activity in the Value Added Property Fund was significantly increased during 2016.

14. Reconciliation of Net Investments

	Value at 01-10-15 £m	Purchases at cost and derivative payments £m	Sale Proceeds and derivative receipts £m	Change in market value £m	Value at 30-09-16 £m
Defined Benefit Section					
Equities	771.4	881.0	(966.3)	230.4	916.5
Bonds	502.7	188.1	(220.4)	67.2	537.6
Properties	218.6	20.7	(39.1)	6.9	207.1
Pooled Investment Vehicles	2,806.3	1,028.8	(1,018.8)	440.1	3,256.4
Qualified Investment Funds	1,831.5	12.2	(18.4)	941.8	2,767.1
Derivatives	24.1	296.4	(129.4)	(112.5)	78.6
Insurance Policies	285.1	2.4	(0.7)	2.0	288.8
	6,439.7	**2,429.6**	**(2,393.1)**	**1,575.9**	**8,052.1**
Other Investment Balances	13.4			-	(19.7)
Cash	128.4			-	223.7
Fixed Asset Revaluation (note 28)	-			0.4	-
	6,581.5			**1,576.3**	**8,256.1**
Defined Contribution Section	**518.0**	**201.3**	**(76.9)**	**123.5**	**765.9**
Total Investments	**7,099.5**			**1,699.8**	**9,022.0**

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

Total change in Market Value for the year ended 30 September 2015 was £463.8m (DB: £453.8m, DC £10m).

Direct transaction costs analysed by main asset class and type of cost are as follows:

		2016		
	Fees	Commission	Taxes	Total
	£m	£m	£m	£m
Equities	0.7	0.4	-	1.1

		2015		
	Fees	Commission	Taxes	Total
	£m	£m	£m	£m
Equities	0.9	0.3	-	1.2

In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles.

15. Investment Management Expenses

		2016			2015	
	DB	DC	Total	DB	DC	Total
	£m	£m	£m	£m	£m	£m
Management, Administration and Custody						
	24.5	1.7	26.2	18.6	1.2	19.8
Outperformance Fees	1.7	-	1.7	7.3	-	7.3
Performance Measurement Services	0.2	-	0.2	0.2	-	0.2
Investment Consultancy	0.5	-	0.5	0.2	-	0.2
	26.9	**1.7**	**28.6**	**26.3**	**1.2**	**27.5**

Costs incurred in respect of the Trust's investment team during the year exceeded the cost allocation to the schemes resulting in a £0.3m (2015: £0.1m) transfer from the Expense Reserve Account.

16. Property

		2016			2015	
	DB	DC	Total	DB	DC	Total
	£m	£m	£m	£m	£m	£m
Freehold Property	204.6	-	204.6	185.4	-	185.4
Virtual Freehold Property	-	-	-	9.7	-	9.7
Leasehold Property	2.5	-	2.5	23.5	-	23.5
	207.1	**-**	**207.1**	**218.6**	**-**	**218.6**

Property was valued at 30 September 2016 by an independent valuer, Cluttons LLP, which is a member of the Royal Institution of Chartered Surveyors, on the basis of fair value. The principal assumptions on which the fair value was based were rental income from current tenants, the remaining term of current leases and market rents by area for the locations in which the properties were based. Capital values were also checked against relevant evidence from comparable sales of similar properties.

17. Pooled Investment Vehicles

By type:		**2016**			**2015**	
	DB	**DC**	**Total**	**DB**	**DC**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Equities	1,690.5	11.1	1,701.6	1,382.0	8.4	1,390.4
Bonds	810.1	5.6	815.7	690.7	2.2	692.9
Property	117.5	4.6	122.1	114.8	3.7	118.5
Hedge Funds	239.4	741.1	980.5	219.8	499.1	718.9
Venture Capital and Partnerships	161.5	-	161.5	113.2	-	113.2
Cash	224.4	3.5	227.9	280.5	2.2	282.7
Commodities	13.0	-	13.0	5.3	2.4	7.7
	3,256.4	**765.9**	**4,022.3**	**2,806.3**	**518.0**	**3,324.3**

Qualifying Investor Funds (QIFs) were previously disclosed within Pooled Investment Vehicles (PIVs). The underlying investments of these are as follows:

Qualifying Investor Funds:	**2016**	**2015**
	£m	**£m**
Equities	769.3	659.1
Bonds	3,269.8	1,820.0
Pooled Investment Vehicles	164.7	59.9
Derivative Assets	1.4	0.7
Cash & Cash Equivalents	1.3	1.7
Total Investment Assets	4,206.5	2,541.4
Derivative Liabilities	(2.0)	(1.8)
Cash & Cash Equivalents	(39.0)	-
Repurchase agreement	(1,398.3)	(708.0)
Total Investment Liabilities	(1,439.3)	(709.8)
TOTAL	2,767.2	1,831.6
Notional Costs	(0.1)	(0.1)
Net Investments	2,767.1	1,831.5

The maturity period of all the repurchase agreements is less than 12 months (2015: <12months).

18. Derivatives

DB Section only		2016			2015	
	Assets £m	Liabilities £m	Total £m	Assets £m	Liabilities £m	Total £m
Exchange Traded						
Futures	1.7	(1.8)	**(0.1)**	5.4	(0.8)	**4.6**
Over-The-Counter Contracts						
Forward Foreign Currency	2.1	(26.8)	**(24.7)**	2.4	(17.4)	**(15.0)**
Swaps	168.9	(71.0)	**97.9**	56.3	(28.7)	**27.6**
Swaptions	-	-	**-**	0.2	(0.2)	**-**
Options	2.2	(2.6)	**(0.4)**	1.3	(0.6)	**0.7**
Collateral	5.9	-	**5.9**	6.2	-	**6.2**
	180.8	**(102.2)**	**78.6**	**71.8**	**(47.7)**	**24.1**

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:

- Futures: Futures were used to increase or reduce exposure to various equity indices and government bonds in a capital efficient manner.
- Forward Foreign Currency: The Trustee uses forward contracts primarily for the purposes of currency risk management. The Trust is exposed to currency risk through overseas investments denominated in non-sterling currencies and therefore utilises a currency hedging programme in order to reduce the effect of currency movements. The currency gains and losses resulting from this programme are included in the 'Change in market value' figure for derivatives in the table in note 14. In addition, the Trust used currency forward contracts to express relative value views between the US Dollar and the Euro.
- Swaps: The Trustee aims to manage the liability risk as it relates to individual schemes, particularly their sensitivity to interest rate and inflation movements. In order to use the available assets in the most efficient manner the Trust entered into interest rate and inflation swaps to better match the long term liabilities of the Trust. Swaps were also used to gain exposure to European equity markets, as well as reducing exposure to the US equity market. Both of these positions provided a capital efficient, cost effective means in which to gain the necessary exposures.
- Swaption: A swaption is a financial instrument that gives the owner the right, but not the obligation, to enter into an interest rate swap at a pre-specified yield at some point in the future. They can be used for liability hedging purposes or to express active interest rate views. Last year the Trust held various combinations of swaptions on European interest rates as active interest rate views.
- Options: Options are most commonly used to gain market exposure where the downside is limited or where a premium can be earned for limiting the upside. Over the year, the Trust employed equity put and call options to gain exposure to the Japanese equity market and also to express relative value views, for example between European and US equities. This latter structure was designed to capture the view of loose monetary policy in Europe having a beneficial impact on asset prices relative to US asset prices which were subject to an expected tightening monetary policy.

- Collateral: This type of derivative requires the posting of collateral (or 'margin') based on the change in market value of the underlying asset. As at the year end these were held as securities.

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

Futures

Type:	Expires within	Nominal Value £m	2016 Fair Value Asset £m	2016 Fair Value Liability £m
USD Equity	1 Year	(5.5)	-	(0.5)
USD Gilt	1 Year	(15.9)	0.6	(0.9)
Euro Equity	1 Year	(5.4)	-	(0.1)
Euro Gilt	1 Year	(12.3)	-	(0.3)
GBP Gilt	1 Year	(40.0)	0.3	-
Other Gilts	1 Year	22.4	0.8	-
			1.7	**(1.8)**

Included within cash balances is an asset of £2.7m (2015: of £3.4m) in respect of initial and variation margins arising on open future contracts at the year-end.

Forward Foreign Currency

Type:	Expires within	Nominal Value m	2016 Fair Value Asset £m	2016 Fair Value Liability £m
Buy GBP for USD (52 contracts)	1 Year	1,196.1	0.5	(15.3)
Buy GBP for Euro (30 contracts)	1 Year	560.6	-	(6.1)
Buy GBP for Yen (20 contracts)	1 Year	289.8	-	(4.2)
Buy GBP for CAD (2 contracts)	1 Year	5.4	-	-
Buy USD for Euro (1 contract)	1 Year	8.7	-	(0.2)
Buy USD for CNH (2 contracts)	1 Year	13.9	-	(0.5)
Sell USD for GBP (8 contracts)	1 Year	418.8	0.7	(0.5)
Sell Euro for GBP (316 contracts)	1 Year	249.2	0.6	-
Sell Yen for GBP (10 contracts)	1 Year	0.9	0.3	-
			2.1	**(26.8)**

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

Swaps

Type:	Expires within	Nominal Value £m	2016 Fair Value Asset £m	2016 Fair Value Liability £m
Equity Index Swaps				
Pay Variable for Variable GBP	1 Year	(15.3)	-	-
Pay Variable for Variable USD	1 Year	(7.2)	-	-

Inflation Swaps				
Pay Fixed for Variable	1-10 years	67.6	-	(3.8)
Pay Fixed for Variable	10-20 years	60.2	-	(5.0)
Pay Fixed for Variable	20-50 years	31.8	-	(13.7)
Pay Variable for Fixed	1-10 years	37.5	1.1	-
Pay Variable for Fixed	10-20 years	86.2	6.0	-
Pay Variable for Fixed	20-50 years	1.3	-	-
Inflation Swaps				
Pay Fixed for RPI	1-10 years	(22.1)	-	(1.3)
Pay Fixed for RPI	10-20 years	(57.1)	-	(12.7)
Pay Fixed for RPI	20-50 years	(95.1)	-	(34.5)
Pay RPI for Fixed	1-10 years	33.9	2.9	-
Pay RPI for Fixed	10-20 years	138.3	30.0	-
Pay RPI for Fixed	20-50 years	313.2	128.9	-
			168.9	**(71.0)**

The notional principal of the swap is the amount used to determine the swapped receipts and payments. Collateral of £94.8m (2015: £28.8m) is held for the unrealised gain on swaps, comprising gilts and cash. This is held in an allocated account with the counterparties' custodians and is not included within Trust assets.

Options			**2016**	
Type:	**Expires within**	**Nominal Value £m**	**Fair Value Asset £m**	**Fair Value Liability £m**
Put Call – UK Equities	1 Year	0.1	2.2	(2.6)

The notional principal represents the value of the underlying stock protected by the option contracts. Collateral of £0.2m (2015: £1.3m) is held for unrealised gain on swaps, comprising gilts and cash. This is held in an allocated account with the counterparties' custodians and is not included within Trust assets.

At the year-end, the Trust held cash collateral of £79.2m (2015: £27.9m) in respect of derivative contracts and has pledged £Nil (2015: £Nil) cash as security and £5.9m (2015: £6.2m) in loan.

Collateral	**2016**	
Type:	**Fair Value Asset £m**	**Fair Value Liability £m**
Student Accommodation Loan	5.9	0.0

19. Insurance Policies

The Trustee holds insurance policies with Rothesay Life, Canada Life, Legal & General Assurance Society Limited and a number of sundry insurers, which provide annuity income to cover pensions for certain members and their survivors.

	2016 £m	2015 £m
Annuities with Rothesay Life	225.8	227.5
Annuities with Canada Life	21.3	19.4
Annuities with Legal & General Assurance Society	17.7	16.5
Annuities with Aviva	7.1	6.9
Annuities with Prudential	5.4	4.8
Annuities with Engage Mutual	4.7	4.3
Annuities with Standard Life	4.2	3.2
Annuities with Norwich Union	1.0	0.9
Annuities with Royal National Pension Fund for Nurses	0.5	0.8
Annuities with Just Retirement	0.8	0.6
Annuities with Aegon Scottish Equitable	0.1	0.1
Annuities with Partnership	0.1	0.1
Annuities with Scottish Widows	0.1	-
	288.8	**285.1**

The table below summarises the main financial and demographic assumptions used for the 30 September 2015 and 30 September 2016 valuations of the 2 largest policies:

	2016 Nominal (%pa)	**2015 Nominal (%pa)**
Scheme funding assumptions		
Valuation discount rate	1.7	2.7
Price inflation (RPI)	3.0	3.0
Pension increases (where not fixed):		
LPI 5%	3.0	3.0
LPI 2.5%	2.1	2.1
Post retirement mortality:		
Base Table		88% ofS2PMA (males) and 88% of S2PFA (females) year of birth tables.
Improvements to mortality		CMI_2013 projections with a long term improvement rate of 1.50%p.a. for males and 1.25% p.a. for females.

20. Additional Voluntary Contributions (AVC) Investments

Members of the DC section are allowed to pay contributions at a higher rate than required by the scheme rules. These contributions are co-invested with other DC assets and are not separately distinguishable.

The Trust does not have any DB AVC investments; these are co-invested into the DC funds.

21. Cash and Other Net Investment Balances

	2016			2015		
	DB	**DC**	**Total**	**DB**	**DC**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Cash – Sterling	279.9	-	279.9	128.8	-	128.8
Cash – Foreign Currency	23.0	-	23.0	27.6	-	27.6
Cash – Collateral	(79.2)	-	(79.2)	(28.0)	-	(28.0)
	223.7	-	223.7	128.4	-	128.4
Amounts due from Brokers	15.4	-	15.4	9.2	-	9.2
Accrued Investment Income	9.3	-	9.3	9.5	-	9.5
	24.7	-	24.7	18.7	-	18.7
Amounts due to Brokers	(44.4)	-	(44.4)	(5.3)	-	(5.3)
	204.0	-	**204.0**	**141.8**	-	**141.8**

22. Stock Lending

Securities which were on loan at the year-end are included in the Statement of Net Assets and refer to the Trust's on-going economic interest in such securities. At 30 September 2016 £115.2m equities and £5.5m bonds (2015: £39.3m and £2.6m respectively) were on loan through the stock lending programme managed by the Custodian. In exchange the Custodian held collateral of £125.7m (2015: £43.1m) in the form of obligations issued or guaranteed by the government of OECD (Organisation for Economic Co-Operation and Development) member states, as well as supranational debt which is not included in the Statement of Net Assets.

23. Defined Contribution Assets

Defined Contribution section investments purchased by the scheme are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment managers hold the investment units on a pooled basis for the Trustee. The Defined Contribution Administrator allocates investment units to members. The Trustee may hold investment units representing the value of employer contributions that have been retained by the scheme that relate to members leaving the scheme prior to vesting.

All the Defined Contributions assets are allocated to members.

24. 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:				**2016**
	Level 1	**Level 2**	**Level 3**	**Total**
	£m	**£m**	**£m**	**£m**
Defined Benefit Section				
Investment Assets				
Equities	905.1	11.4	-	916.5
Bonds	146.7	386.3	4.6	537.6
Property	-	-	207.1	207.1
Pooled Investment Vehicles	233.3	2,835.9	187.2	3,256.4
Qualified Investment Funds	-	769.3	1,997.8	2,767.1
Derivatives	-	-	180.8	180.8
Insurance Policies	-	-	288.8	288.8
Cash and Cash Equivalents	255.9	47.0	-	302.9
Other Investment Balances	9.3	15.4	-	24.7
	1,550.3	**4,065.3**	**2,866.3**	**8,481.9**
Investment Liabilities				
Derivatives	-	-	(102.2)	(102.2)
Cash and Cash Equivalents	-	-	(79.2)	(79.2)
Other Investment Balances	-	(44.4)	-	(44.4)
	-	**(44.4)**	**(181.4)**	**(225.8)**
Total Defined Benefit	**1,550.3**	**4,020.9**	**2,684.9**	**8,256.1**
Defined Contribution Section				
Pooled Investment Vehicles	-	761.3	4.6	765.9
Total Defined Contribution	**-**	**761.3**	**4.6**	**765.9**
Total Investments	**1,550.3**	**4,782.2**	**2,689.5**	**9,022.0**

The Pensions SORP also requires analysis of direct property by category in paragraph 11.27 of FRS 102. Direct property included above is included at a fair value determined by a valuation technique, i.e. category c (2015: category c). A category c investment is defined as an investment where quoted prices are not available and recent transactions of an identical asset on their own are either unavailable or not a good estimate of fair value and therefore valuation techniques are employed using either observable or non-observable data. Those investments which are classified as category C have been included as level 3 above.

Analysis for the prior period-end is as follows:

Category:				**2015**
	Level 1	**Level 2**	**Level 3**	**Total**
	£m	**£m**	**£m**	**£m**
Defined Benefit Section				
Investment Assets				
Equities	761.3	7.7	2.4	771.4
Bonds	91.5	403.6	7.6	502.7
Property	-	-	218.6	218.6
Pooled Investment Vehicles	12.6	2,632.4	161.3	2,806.3
Qualified Investment Funds	-	617.5	1,214.0	1,831.5
Derivatives	-	-	71.8	71.8
Insurance Policies	-	-	285.1	285.1
Cash and Cash Equivalents	147.8	8.6	-	156.4
Other Investment Balances	18.7	-	-	18.7
	1,031.9	**3,669.8**	**1,960.8**	**6,662.5**
Investment Liabilities				
Derivatives	-	-	(47.7)	(47.7)
Cash and Cash Equivalents	-	-	(28.0)	(28.0)
Other Investment Balances	(5.3)	-	-	(5.3)
	(5.3)	**-**	**(75.7)**	**(81.0)**
Total Defined benefit	**1,026.6**	**3,669.8**	**1,885.1**	**6,581.5**
Defined Contribution Section				
Pooled Investment Vehicles	-	514.3	3.7	518.0
Total Defined Contribution	**-**	**514.3**	**3.7**	**518.0**
Total Investments	**1,026.6**	**4,184.1**	**1,888.8**	**7,099.5**

25. Concentration of Investments

The following investments exceeded 5% of the Trust's net assets at the financial year-end.

	2016 Value £m	2016 %	2015 Value £m	2015 %
DB Investments				
BlackRock – Liability Solutions III Tailored Fund	1,662.9	18.2	982.4	13.7
Legal & General – TSCA Client Specific Unitised Fund	712.7	7.8	553.2	7.7
Legal & General - North American Equity Index Fund	384.4	4.2	388.5	5.4
	2,760.0	**30.2**	**1,924.1**	**26.8**

26. 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.

The Trust has exposure to these risks because of the investments it makes in following the investment strategy determined after taking advice from its professional investment advisor.

The Trust manages investment risks within agreed limits which are set taking into account the strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Trust's investment managers and monitored by regular reviews of the investment portfolio.

The following table summarises the extent to which the various classes of the Trust's investments are affected by the risks described above:

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

	Credit Risk	Market Risk: Currency Risk	Market Risk: Interest Rate	Market Risk: Other Price	2016 £m	2015 £m
DB Section						
Equities	○	◐	○	●	916.5	771.4
Bonds	●	◐	●	○	537.6	502.7
Property	◐	○	○	●	207.1	218.6
Pooled Investment Vehicles					3,256.4	2,806.3
Direct exposure	●	○	○	○		
Indirect exposure	◐	◐	◐	◐		
Qualified Investment Fund					2,767.1	1,831.5
Direct exposure	●	○	○	○		
Indirect exposure	◐	◐	◐	◐		
Derivatives	●	○	●	○	78.6	24.1
Insurance Policies	◐	○	○	○	288.8	285.1
Cash Deposits and Other Net Investment Assets	●	○	●	○	204.0	141.8
					8,256.1	**6,581.5**
DC Section						
Pooled Investment Vehicles	●	◐	◐	◐	**765.9**	**518.0**

Defined Benefit Section

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 from which the scheme-specific strategies are drawn. 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. The Investment Committee considers the investment strategy for these pools of assets at least quarterly, taking in to account the macro-economic environment, the outlook for each of the asset classes in which the Trust is invested and the level of achievement against the objectives set. 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.

The Trust is committed to being a responsible investor. This means ensuring that environmental, social and corporate governance (ESG) considerations are integrated into investment processes and ownership practices. The Trust believes that ESG factors can have an impact on financial performance and that by incorporating this information into investment decisions it can help reduce investment risk and enhance long-term portfolio returns.

In June 2014, 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 the Trust's website. One of the Trustee's Beliefs is that asset allocation is more important than stock selection, meaning the Trustee expects that the majority of returns within the pools of assets will come from the choice of asset class in which the Trust invests as opposed to the choice of individual instrument. Therefore the Investment Committee spends the majority of its time on asset allocation considerations rather than selecting individual securities.

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. The fund manager review process considers any changes to the fund manager's investment process, their investments strategy versus that previously set out and their performance versus the relevant benchmark.

In order to implement the investment strategy the DB investments are split into three portfolios:

1. Main Portfolio
2. Growth Plan Series 1 & 2
3. Growth Plan Series 3

As mentioned above, the Trust's investment strategy is implemented on a scheme-by-scheme basis meaning there is no top down allocation across these portfolios. In order to provide an overview of how the DB assets are broken out across the three portfolios the actual allocations to each portfolio are provided below, as well as some brief examples of the types of assets that are invested in. These are not benchmark allocations, and the actual allocations will drift as underlying scheme strategies change.

As at 30 September 2016 the allocation of the Trust's DB investments were as follows.

- The Main Portfolio represented 92.4% (2015: 91.0%) of DB investments, which consisted of:
  - 59.2% in growth assets; comprising UK and overseas equities, emerging market sovereign bonds, commercial property, unlisted infrastructure and a range of strategies that aim to produce absolute returns in all market environments.
  - 33.2% in matching assets that move in line with the long term liabilities of the schemes, commonly referred to as Liability Driven Investment (LDI). These assets include UK government and corporate bonds, the purpose of holding these is to hedge against adverse interest rate and inflation movements which may impact the present value of the schemes' liabilities.
- Growth Plan Series 1 & 2 represented 5.2% (2015: 5.6%) of DB investments, which in turn consisted of UK and overseas equities, corporate bonds, strategies that aim to produce absolute returns in all market environments and liability matching assets.
- Growth Plan Series 3 represented 2.4% (2015: 3.4%) of DB investments, which consisted of cash or near cash instruments.

When considering the investment strategy on a scheme specific basis for each section of the pension scheme, 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(s). 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, commercial property, over-the-counter (OTC) derivatives, has cash equivalents and undertakes stock lending activities. The Trust also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the provider of the pooled investment vehicle and also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles.

Where appropriate the Trust will only be party to an agreement where the instrument or counterparty has a credit rating of at least investment grade. The Trustee considers financial instruments or counterparties to be of investment grade if they are rated at BBB- or higher by Standard & Poor's or Fitch, or rated at Baa3 or higher by Moody's.

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.

DB Investments exposed to Credit Risk	2016 £m	2015 £m
Bonds	537.6	502.7
Property Let to Tenants	167.9	202.8
Pooled Investment Vehicles		
Bond Funds (Direct and Indirect)	810.1	690.7
Other Funds (Direct Risk only)	2,446.1	2,115.6
Qualified Investor Funds		
Bond funds (Direct and Indirect)	1,927.1	1,152.4
Other funds (Direct Risk only)	840.0	679.1
Derivatives – Assets	180.8	71.8
Liabilities	(102.2)	(47.7)
Insurance Policies	288.8	285.1
Cash Deposits and Other Net Investment Assets	204.0	141.8
	7,300.2	**5,794.3**

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.

Similarly, the credit risk arising from the letting of commercial property is mitigated by ensuring that the tenant has an appropriate covenant to ensure that rents are paid as they fall due.

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. The Trust undertakes due diligence on the appointment of a new pooled investment manager and on an on-going basis monitors any changes to the regulatory environment of the pooled managers. Pooled investment arrangements used by the Trust comprise unit linked insurance contracts and authorised unit trusts.

Indirect credit risk arises in relation to underlying investments held in a number of the pooled investment vehicles and qualifying investment funds. This risk is mitigated by ensuring that appropriate due diligence is carried out on the pooled manager's investment process at appointment, and through on-going monitoring to ensure that it remains robust.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over-the-counter (OTC). OTC derivative contracts are not guaranteed by any regulatory exchange and therefore schemes are subject to the risk of failure of the counterparty. The credit risk for OTC contracts is reduced by collateral arrangements (see note 18). Credit risk also arises on forward currency contracts. There are no collateral arrangements for these contracts, but all counterparties are required to be at least investment grade.

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

The Trust manages the credit risk arising from stock lending activities by restricting the amount of overall stock that may be lent, only lending to approved borrowers who are rated two notches above investment grade and putting in place collateral arrangements. This is summarised in note 22.

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 hedge 50% of the Dollar, Euro and Yen currency exposure contained within the growth asset portfolio by utilising forward foreign currency contracts (see note 18). The net currency exposure at the current and previous year-ends was as follows.

	Direct Exposure £m	Indirect Exposure £m	Hedging £m	2016 Net Exposure after Hedging £m	2015 Net Exposure after Hedging £m
Pounds Sterling (GBP)	7,996.5	(1,896.2)	1,077.9	7,178.2	5,436.4
Euros (EUR)	(65.0)	303.8	(119.4)	119.4	113.8
US Dollars (USD)	97.6	1,248.9	(673.2)	673.3	730.3
Japanese Yen (JPY)	92.3	33.5	(62.9)	62.9	64.2
Other Currencies	134.7	310.0	(222.4)	222.3	236.8
	8,256.1	-	**-**	**8,256.1**	**6,581.5**
Unhedged Foreign Currency Exposure				13.1%	17.4%

Interest Rate Risk

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

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

DB Investments exposed to Interest Rate Risk	2016 £m	2015 £m
Bonds	537.6	502.7
Pooled Investment Vehicles		
Bond Funds (Direct and Indirect)	810.1	690.7
Qualified Investor Funds		
Bond Funds (Direct and indirect)	1,927.1	1,152.4
Derivatives – Assets	180.8	71.8
Liabilities	(102.2)	(47.7)
Cash Deposits and Other Net Investment Assets	204.0	141.8
	3,557.4	**2,511.7**

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 or QIFs, commercial property, unlisted infrastructure and a range of strategies that aim to produce absolute returns in all market environments.

A summary of exposures to other price risk is given in the following table.

	2016	2015
DB Investments exposed to Other Price Risk	**£m**	**£m**
Equities	916.5	771.4
Property let to tenants	167.9	202.8
Pooled Investment Vehicles		
Other Funds (Direct and Indirect)	2,446.1	2,115.6
Qualified Investor Funds		
Other Funds (Direct and Indirect)	840.0	679.1
	4,370.5	**3,768.9**

Defined Contribution Section

Investment Strategy

The Trustee's objective is to make available to members an appropriate range of investment options designed to generate income and capital growth, which together with new contributions from members and their employers, will provide a retirement amount with which the member can purchase an annuity or other types of retirement solution.

In order to achieve this objective the Trust offers a range of Target Date Funds and Ethical Target Date Funds managed by AllianceBernstein, alongside a number of self–select funds. These funds sit on an investment platform provided by AXA Wealth.

The Target Date Funds and Ethical Target Date Funds offer a single solution for members throughout the accumulation phase, with the investment strategy starting out with a portfolio of equities, bonds, property and other diversifying assets and becoming more conservative as the member approaches retirement.

The self-select funds are:

- Diversified Growth Fund
- Global Equity Fund
- Socially Responsible Investment (SRI) Fund
- Property Fund
- Index-Linked Gilts Fund
- Bond Fund
- Cash Fund

The risks detailed here relate to the Defined Contribution Section (DC Section) investments as a whole. Members are able to choose their own investments from the range of funds offered by the

Trust and therefore may face a different profile of risks from their individual choices compared with the Section as a whole.

The Trust monitors the underlying risks through annual investment reviews with AllianceBernstein.

Credit Risk

The DC Section is subject to direct credit risk in unit linked insurance funds provided by AXA Wealth.

The DC Section is also subject to indirect credit and market risk arising from the underlying investments held in the Target Date Fund, Ethical Target Date Funds and self-select options. Member level risk exposures will be dependent on the funds in which members are invested.

Fund Exposed to:	**Credit Risk**
Target Date Funds	✓
Ethical Target Date Funds	✓
Diversified Growth Fund	✓
Global Equity Fund	-
SRI Fund	-
Property Fund	✓
Index-Linked Gilts Fund	✓
Bond Fund	✓
Cash Fund	✓

Market Risk

The DC Section is subject to indirect foreign exchange, interest rate and other price risk arising from underlying financial instruments held in the funds on the AXA Wealth platform.

Fund Exposed to:	**Currency Risk**	**Interest Rate Risk**	**Other Price Risk**
Target Date Funds	✓	✓	✓
Ethical Target Date Funds	✓	✓	✓
Diversified Growth Fund	✓	✓	✓
Global Equity Fund	✓	-	✓
SRI Fund	✓	-	✓
Property Fund	-	-	✓
Index-Linked Gilt Fund	-	✓	-
Bond Fund	-	✓	-
Cash Fund	-	✓	-

27. Fixed Assets

	Freehold Office £m	Computers and Software £m	Equipment and Fittings (restated)* £m	Total £m
Cost or Valuation				
At beginning of year	7.7	1.3	1.4	10.4
Revaluation	(0.4)	-	-	(0.4)
At end of year	**7.3**	**1.3**	**1.4**	**10.0**
Accumulated Depreciation				
At beginning of year	-	(1.3)	(1.3)	(2.6)
Charge for year	-	-	-	-
At end of year	**-**	**(1.3)**	**(1.3)**	**(2.6)**
Net Book Value				
At end of year	**7.3**	**-**	**0.1**	**7.4**
At beginning of year	7.7	-	0.1	7.8

*The cost and accumulated depreciation figures for Equipment and Fittings have been restated to take into account £300k worth of assets that were fully depreciated and subsequently written off. This had no effect on the Net Book Value of this category.

Freehold Office

The freehold office in Leeds is substantially occupied by the Trust. It has been revalued at 30 September 2016 by an independent valuer, Cluttons LLP, which is a member of the Royal Institution of Chartered Surveyors, on the basis of its estimated open market value for existing use.

If the freehold office had not been revalued, it would have been carried in the Statement of Net Assets at the year-end as:

	2016 £m	2015 £m
Cost	8.1	8.1
Accumulated Depreciation	(3.5)	(3.3)
Net Book Value	**4.6**	**4.8**

28. Current Assets

	2016				2015			
	DB	DC	Expense Reserve	Total	DB	DC	Expense Reserve	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Contributions due in respect of:								
Employers	35.9	9.2	-	45.1	37.6	6.7	-	44.3
Employees	2.7	5.0	-	7.7	3.8	4.0	-	7.8
Other Debtors	0.1	-	-	0.1	0.1	-	-	0.1
Prepayments	0.2	-	-	0.2	0.7	-	-	0.7
Cash Balances	43.6	12.1	13.4	69.1	22.8	4.5	10.3	37.6
	82.5	**26.3**	**13.4**	**122.2**	**65.0**	**15.2**	**10.3**	**90.5**

All DC cash balances as at 30 September 2016 and 2015 are designated to members.

Details of employer related investments relating to contributions due at the year end are included in note 30 on page 53.

29. Current Liabilities

	2016			2015		
	DB	DC	Total	DB	DC	Total
	£m	£m	£m	£m	£m	£m
Unpaid Benefits	4.3	1.4	5.7	2.2	0.7	2.9
Tax Deducted from Pensions	0.5	0.1	0.6	0.6	0.2	0.8
Accrued Expenses	13.5	-	13.5	11.9	-	11.9
Other Creditors	2.0	0.2	2.2	5.2	-	5.2
	20.3	**1.7**	**22.0**	**19.9**	**0.9**	**20.8**

30. Related Party Transactions

Trustee-Related
Contributions received in respect of Trustees who are members of a Trust pension scheme have been made in accordance with the Trust Deed and Rules.

Fees and expenses of £221k (2015: £197k) were paid to the Trustee and Directors.

Employer-Related
The Trust invests in various housing bonds, whose underlying borrowers are drawn from a pool of registered social landlords. The names of the actual borrowers are not disclosed and can vary over time. Given the number of registered social landlords that participate in the Trust's pension schemes, it is possible that these are technically employer-related investments. The value of the

Trust's holdings in these bonds at 30 September 2016 was £19.1m (2015: £20.2m), which represents less than 1% of the Trust's assets.

The Trust has a holding in a pooled investment vehicle that invests in UK properties. One of the properties within this pooled investment vehicle is leased to the sponsoring employer of one of the Trust's DB schemes. The value of the Trust's holding in this pooled investment vehicle at 30 September 2016 was £104.7m (2015: £99.4m), which represents less than 2% of the Trust's assets.

Employer-Related Investments include late contributions that were received later than the due date set out on the Schedule of Contributions or Payment Schedule. As at 30 September 2016 there was £1.3m outstanding contributions that were received late, this included defined benefit employer normal, employee normal and deficit funding contributions. The value of late contributions outstanding at the year end date represents less than 0.1% of the Trust's assets.

Employee-Related
The Trust occupies part of Verity House, Leeds. The Trust owns the freehold of this office building. The full value of this building is included in fixed assets at a revalued amount of £7.3m being 0.1% of the net assets of the Trust. Not more than 5% of the current market value of the Trust may at any time be employer-related investments as defined in Section 40 of the Pensions Act 1995. Pension contributions in respect of the Trust's employees are included in notes 5 and 12.

31. Contingencies and Commitments

As at 30 September 2016 the Trust held 37 (2015: 39) contingent assets in relation to 38 employers (2015: 38 employers) that participate in, or used to participate in, the various schemes administered by the Trust. These contingent assets comprise charges on property, company guarantees, bank guarantees and escrow accounts. The contingent assets relate to the admission and continued participation of certain employers in the Trust's schemes, to the apportionment of withdrawing employers' share of the deficit to other participating employers within the same scheme or to provide security to support an extended recovery plan. The circumstances in which these assets will become the property of the Trust are set out in agreements with the relevant employers.
As at the 30 September 2016 the Trust had no contingent liabilities (2015: £nil).

The Trust has decided to invest €84.8m (£73.4m) in an infrastructure fund, managed by Meridiam Infrastructure Managers. As at 30 September 2016 €49.8m (£43.1m) had been drawn down. The balance of the commitment can be drawn down by the manager when required to fund purchases and costs.

32. Operating Lease Commitments

Below is the total of future minimum lease payments under non-cancellable operating leases analysed by period.

	2016 £m	2015 £m
Under one year	0.1	0.3
Between one year and five years	0.3	0.2
Over five years	-	-

33. Subsequent Events

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

34. Scheme Balances

	2016 £m	2015 £m
Defined Benefit (DB) Multi-Employer Schemes – Non-associated Employers		
Northern Ireland Charities Pension Scheme[2]	29.4	22.4
Scottish Housing Associations' Pension Scheme[4]	810.6	615.7
Scottish Voluntary Sector Pension Scheme[2]	121.9	95.0
Social Housing Pension Scheme[4]	4,352.7	3,464.5
CARE Scheme[2, 4]	60.4	46.3
Growth Plan Series 1, 2 and 3[2]	900.0	854.9
Independent Schools' Pension Scheme[4]	151.6	119.6
	6,426.6	**5,218.4**
Defined Benefit (DB) Multi-Employer Schemes – Associated Employers		
Methodist Homes for the Aged Final Salary Pension Scheme[2]	49.4	42.0
Oxfam Pension Scheme[1]	169.3	136.3
Royal College of Nursing of the United Kingdom Pension Scheme[1]	273.7	219.3
Sanctuary Housing Association Final Salary Pension Scheme[1]	208.3	105.3
United Reformed Church Final Salary Scheme	23.0	19.0
Radian Group Limited Pension Scheme[1]	63.5	48.4
William Sutton Housing Association Final Salary Scheme[2]	90.7	74.7
Workers' Educational Association Pension Scheme	32.7	26.4
	910.6	**671.4**

	2016 £m	2015 £m
Defined Benefit (DB) – Single Employer Schemes		
Action for Blind People Final Salary Pension Scheme[1]	14.7	12.6
Anchor Trust Final Salary Scheme[2]	186.8	151.6
Arthritis Care Pension Scheme[2]	11.7	9.9
Christian Aid Final Salary Scheme (1988)[2]	71.5	55.7
Council for World Mission Final Salary Scheme	6.4	6.3
Edward James Foundation Pension Scheme[2]	0.3	0.9
The Genesis Pension Scheme [2,4]	39.9	-
IndependentAge Final Salary Scheme[1]	18.8	15.4
Leonard Cheshire Disability Group Pension Scheme[1]	63.5	52.5
MIND (The National Association for Mental Health) Final Salary Scheme[2]	10.8	8.8
National Council for Voluntary Organisations Final Salary Pension Scheme[2]	23.5	19.0
Paddington Churches Housing Association 2001 Pension Scheme [2]	46.9	-
Royal National College for the Blind Defined Benefit Scheme[2]	14.7	11.5
SeeABILITY Pension Scheme[2]	15.8	13.8
Stonham Final Salary Pension Scheme[1]	57.8	45.4
The Harpur Trust Pension Scheme for Non-Teaching Staff[1]	28.7	25.2
The Children's Society Pension Scheme[1]	138.3	116.3
The Livability Final Salary Pension Scheme[2]	29.3	23.3
The Oxford Diocesan Board of Finance Staff Retirement Benefit Scheme[1]	16.8	14.1
The Save the Children Defined Benefit Scheme[1]	143.2	119.8
The Together Trust Final Salary Scheme[2]	8.2	6.9
The Winchester College Support Staff Pension Scheme[2]	20.7	17.4
YHA (England & Wales) Pension Scheme[2]	20.2	17.1
	988.5	**743.5**
Total Defined Benefit Schemes	**8,325.7**	**6,633.3**
Defined Contribution (DC) Schemes		
Flexible Retirement Plan[3]	182.7	132.6
Growth Plan Series 4[3 4]	209.8	146.9
Scottish Housing Associations' Pension Scheme[4]	26.8	12.4
Social Housing Pension Scheme[4]	227.8	127.9
Independent Schools' Pension Scheme[4]	5.0	2.6
CARE Scheme[4]	5.6	4.5
The Genesis Pension Scheme[4]	8.1	-
Ethical Fund[3]	124.7	106.5
Total Defined Contribution Schemes	**790.5**	**533.4**

DB Schemes	8,325.7	6,633.3
DC Schemes	790.5	533.4
Expenses Reserve Account	13.4	10.3
	9,129.6	**7,177.0**

[1] Closed to new entrants
[2] Closed to future benefit accrual
[3] Investments are allocated to individual members
[4] Schemes within the Trust that include both DB and DC liabilities

Expenses Reserve Account

The Trust operates an Expenses Reserve Account to ensure that administrative and investment management expenses are allocated to individual schemes on a smoothed basis. All administrative and investment management expenses incurred by the Trust are charged to this account prior to allocation to individual schemes.

	2016	**2015**
	£m	**£m**
Administrative expenses incurred during the year (note 12)	(19.1)	(18.0)
Administrative expenses allocated during the year	17.8	17.7
Investment management expenses incurred during the year (note 15)	(28.6)	(27.5)
Investment management expenses allocated during the year	28.3	27.4
Other income	4.7	4.7
Net transfer to the Expenses Reserve Account during the year	3.1	4.3
Balance brought forward	10.3	6.0
Balance carried forward	**13.4**	**10.3**

35. Transition to FRS 102

This is the first year that the Trust has presented Financial Statements under FRS 102 and the Pensions SORP (2014). The last Financial Statements, for the year ended 30 September 2015, were prepared under the previous UK GAAP and the previous SORP (revised May 2007) that were in force at that time. The date of transition to FRS 102 was 1 October 2014.

The transition to FRS102 has resulted in a small number of changes to disclosures compared to those used previously however there have been no financial adjustments required.

Summary of Actuarial Certificates

The Pension Trust is a multi-employer pension provider. The Trust's actuary has signed actuarial certificates for all the Trust's pension schemes.

Each pension scheme actuarial certificate contains the following two statements from the actuary together with the signature and details of the actuary.

Statement 1

> I certify that, in my opinion, the calculation of the scheme's technical provisions as at 30 September 201X is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the scheme and set out in the statement of funding principles dated (i.e. signed on behalf of the Trustee on) [Date].

Statement 2

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that –

the statutory funding objective could have been expected on 30 September 201X to be met by the end of the period specified in the recovery plan dated (i.e. signed on behalf of the Trustee on) [Date].

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated (i.e. signed on behalf of the Trustee on [Date]).

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

The dates of the last triennial actuarial valuation and the dates of the actuary's certification of that valuation for each pension scheme are listed below.

Scheme	Year of Triennial Valuation as at 30 September	Date of Certificate	Date of actuarial update
Action for Blind People Final Salary Pension Scheme	2014	6 November 2015	30 September 2015
Anchor Trust Final Salary Scheme	2015	12 December 2016	N/A
Arthritis Care Pension Scheme	2015	11 October 2016	N/A
CARE Scheme	2013	10 April 2015	30 September 2015
Christian Aid Final Salary Scheme (1988)	2014	23 December 2015	30 September 2015
Council for World Mission Final Salary Scheme*	2012	29 November 2013	30 September 2014
Growth Plan Series 1, 2 and 3	2014	21 December 2015	30 September 2015
Independent Schools' Pension Scheme	2014	18 December 2015	30 September 2015
IndependentAge Final Salary Scheme	2013	30 December 2014	30 September 2015
Leonard Cheshire Disability Group Pension Scheme	2015	14 November 2016	N/A
Methodist Homes for the Aged Final Salary Pension Scheme	2013	12 January 2015	30 September 2015
MIND (The National Association for Mental Health) Final Salary Scheme	2013	28 November 2014	30 September 2015
National Council for Voluntary Organisations Final Salary Pension Scheme	2013	18 December 2014	30 September 2015
Northern Ireland Charities Pension Scheme	2013	22 April 2015	30 September 2015
Oxfam Pension Scheme	2013	8 January 2015	30 September 2015
Radian Group Limited Pension Scheme	2013	30 December 2014	30 September 2015
Royal College of Nursing of the United Kingdom Pension Scheme	2013	4 December 2014	30 September 2015
Royal National College for the Blind Defined Benefit Scheme	2013	30 December 2014	30 September 2015
Sanctuary Housing Association Final Salary Pension Scheme	2013	2 February 2015	30 September 2015
Scottish Housing Associations' Pension Scheme	2015	28 September 2016	N/A
Scottish Voluntary Sector Pension Scheme	2014	18 December 2015	30 September 2015
SeeABILITY Pension Scheme	2014	15 December 2015	30 September 2015
Social Housing Pension Scheme	2014	23 November 2015	30 September 2015

Scheme	Year of Triennial Valuation as at 30 September	Date of Certificate	Date of actuarial update
Stonham Final Salary Pension Scheme	2015	6 December 2016	N/A
The Children's Society Pension Scheme	2015	30 September 2016	N/A
The Harpur Trust Pension Scheme for Non-Teaching Staff	2015	17 November 2016	N/A
The Livability Final Salary Pension Scheme	2015	24 October 2016	N/A
The Oxford Diocesan Board of Finance Staff Retirement Benefit Scheme	2014	8 September 2015	30 September 2015
The Save the Children Defined Benefit Scheme	2014	23 December 2015	30 September 2015
The Together Trust Final Salary Scheme	2015	28 December 2016	N/A
The Winchester College Support Staff Pension Scheme	2014	28 August 2015	30 September 2015
United Reformed Church Final Salary Scheme	2013	5 January 2015	30 September 2015
William Sutton Housing Association Final Salary Scheme	2015	4 November 2016	N/A
Workers' Educational Association Pension Scheme	2014	23 December 2015	30 September 2015
YHA (England & Wales) Pension Scheme	2013	9 April 2015	30 September 2015

*The 30 September 2015 triennial valuation for the Council for World Mission Final Salary Scheme has not been carried out in view of the Trustee's intention to trigger a winding up immediately following the finalisation of a pension annuity buy out with Aviva Life and Pensions UK Limited.

Copies of the above certificates are available on request from the contact details on page 2. Individual actuarial certificates will be included in the 2016 annual scheme accounts.

Verity House, 6 Canal Wharf, Leeds LS11 5BQ **Tel:** 0113 234 5500
Email: enquiries@tpt.org.uk **www.tpt.org.uk**

TPT.AR&FS.0417

Retirement Solutions