tpt
Retirement Solutions

SHPS and SHAPS
Defined Benefit Accounting

Full Functionality

Extended Solution

Overview

Employers can opt for either **Basic Access** or **Full Functionality** of the online DB accounting tool. This document details all of the features of **Full Functionality**.

Function	Description
1. Monthly Disclosures	The ability to prepare disclosures at each month-end since your last year end for updated accounting positions throughout the year.
2. Sensitivity Information	Details of the sensitivities of the key assumptions to the liability calculations.
3. Five Year Projections	Five year projections of the accounting entries for the Balance Sheet and Statement of Comprehensive Income (SoCI).
4. Executive Summary	A two page summary of the full disclosure report, displaying the key information using various graphs and charts.

If you are currently signed up for the basic functionality to the online tool, but would like to access the full functionality through Extended Solution, please contact us at FRS102@tpt.org.uk.

1. Monthly Disclosures

With **Full Functionality** users can generate a new disclosure each month. The new disclosure has a start date of the most recent year-end and you can choose which month-end you wish to be the end date. Please note that new month-end data should be available in the online tool within 7 weeks after month-end.

Employers will have the option to generate disclosures as soon as the latest month-end data has been released to the online tool, an example is shown below (for an employer with a December year-end).

Month-end disclosures generated are in an identical format to those generated at year-end, so employers can view how there balance sheet position has moved, as well as the estimated charges to the Statement of Comprehensive Income (SoCI) and Other Comprehensive Income (OCI) for the period:

> "Our Extended Solution access to TPT's DB accounting tool has been a great help…
> being able to run monthly reports has allowed us to have sight of the most up to date
> accounting position for our organisation – several months ahead of our next year-end."
> – Director of Finance for a SHPS employer with a c£22m share of assets.

Housing Association Limited - E

Your organisation's name and reference number is stated above. If the name and number shown above is incorrect, please send an email to frs102@tpt.org.uk quoting your organisation's reference number (e.g. E1234).

If you also have pension obligations in The Growth Plan, please access the separate online modeller via the following link: FRS102 online tool.

Scheme Name	Social Housing Pension Scheme
Company Start of Year Date	31 December 2019
Accounting Period End Date	31 March 2020
	29 February 2020
	31 January 2020

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2. Sensitivities Information

With Full Functionality the disclosure will generate an analysis of the sensitivity of principal assumptions of the defined benefit obligation – an example is shown below. This information will be generated on both your year-end and month-end disclosures, and allows employers to stress test and model how changes in assumptions can affect the liabilities from their specific membership profile.

ANALYSIS OF THE SENSITIVITY TO THE PRINCIPAL ASSUMPTIONS OF THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION

	Change in assumption	Change in liabilities
Discount rate	Increase of 0.1% p.a.	Decrease by x.x %
Rate of inflation	Increase of 0.1% p.a.	Increase by x.x %
Rate of salary growth	Increase of 0.1% p.a.	Increase by x.x %
Rate of mortality	Probability of surviving each year increased by 10%	Increase by x.x %

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation, pension increases and salary growth where appropriate.

3. Five Year Projections

With **Full Functionality** the disclosures generated will include a 5 year projection of the Balance Sheet and Statement of Comprehensive Income (SoCI). Employers can then include these projections in the management statements, as well as any forecasting returns for the housing regulators. An example is shown below.

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI) (PROJECTED*)

	Period from 31/03/2020 to 31/03/2021 (£000s)	Period from 31/03/2021 to 31/03/2022 (£000s)	Period from 31/03/2022 to 31/03/2023 (£000s)	Period from 31/03/2023 to 31/03/2024 (£000s)	Period from 31/03/2024 to 31/03/2025 (£000s)
Current service cost	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
Expenses	XXX	XXX	XXX	XXX	XXX
Net interest expense	XXX	XXX	XXX	XXX	XX
Losses (gains) on business combinations	-	-	-	-	-
Losses (gains) on settlements	-	-	-	-	-
Losses (gains) on curtailments	-	-	-	-	-
Losses (gains) due to benefit changes	-	-	-	-	-
Defined benefit costs recognised in SoCI	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX

FAIR VALUE OF PLAN ASSETS, PRESENT VALUE OF DEFINED BENEFIT OBLIGATION, AND DEFINED BENEFIT ASSET (LIABILITY) (PROJECTED*)

	31/03/2021 (£000s)	31/03/2022 (£000s)	31/03/2023 (£000s)	31/03/2024 (£000s)	31/03/2025 (£000s)
Fair value of plan assets	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Present value of defined benefit obligation	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Surplus (deficit) in plan	(xx,xxx)	(xx,xxx)	(xx,xxx)	(x,xxx)	xxx
Unrecognised surplus	-	-	-	-	xxx
Defined benefit asset (liability) to be recognised	(xx,xxx)	(xx,xxx)	(xx,xxx)	(x,xxx)	-
Deferred tax	*	*	*	*	*
Net defined benefit asset (liability) to be recognised	*	*	*	*	*

4. Executive Summary

With Full Functionality an executive summary will be generated automatically with every disclosure prepared and is available as downloadable PDF. Following our summer 2019 DB accounting survey, 90% of employers said a summary report of the accounting position that they could take to their board was important to them. This report provides a quick summary of the key figures in the accounting disclosure, along with helpful graphs and charts to visualise the movement. An example is shown overleaf.

FRS 102 - Section 28
Executive Summary
Accounting Position Movement

For the period from [Start Date] to [End Date]
**Employer: [Exxxxx] – [Employer name]**
Plan: [Scheme]

Overview

This report provides a high-level summary of the information contained within the defined benefit (DB) accounting disclosures for the period beginning [Start Date] and ending [End Date]. For comprehensive details please see the full FRS 102 disclosure report.

Balance sheet – Assets and defined benefit obligation (DBO)

Assets are based on the employer's fair share of the total scheme assets. The DBO is a value placed on the reserves required to meet the employer's liabilities in the scheme. The Surplus (Deficit) is the difference between these figures. Please note any surplus shown (if relevant) is before applying any restriction on the level of surplus.
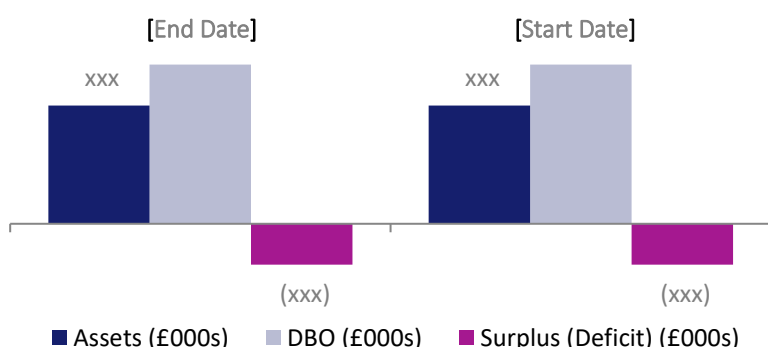
	[End Date] (£000s)	[Start Date] (£000s)
Assets	xxx	xxx
DBO	xxx	xxx
Surplus (Deficit)	**(xxx)**	**(xxx)**

■ Assets (£000s) ■ DBO (£000s) ■ Surplus (Deficit) (£000s)

Movement of deficit position from [Start Date] to [End Date]

The movement in the deficit from [Start Date] to [End Date] has been illustrated below assuming, if relevant, that a surplus is unrecognised.

Reconciliation	£000s
Opening Deficit	**xxx**
Statement of Comprehensive Income (SoCI)	xxx
Other Comprehensive Income (OCI)	xxx
Employer Contributions	(xxx)
Closing Deficit	**xxx**

The estimated projection of defined benefit costs in the SoCI for the year from [End Date] is £**xxx**.

SoCI *items include Current Service Cost (if applicable), Scheme Expenses and Net Interest Expense (broadly interest on the DBO less interest on assets)*
OCI *items include   a) actuarial gains and losses due to the experience on plan assets and the DBO, and*
*   b) changes in financial and demographic assumptions (where applicable)*
Employer Contributions *include Expenses, Deficit Contributions, Normal Employer Contributions and Augmentation payments (where applicable)*

Key assumptions used in calculations (per annum): Sensitivity Analysis

Assumptions are set by the employer.

Assumption	[End Date]	[Start Date]
Discount Rate	x.xx%	x.xx%
Inflation (RPI)	x.xx%	x.xx%
Inflation (CPI)	x.xx%	x.xx%
Salary Growth	x.xx%	x.xx%
Life expectancy for male aged 65	X years	X years

The table below shows how sensitive the DBO is to a change in assumption (each in isolation).

Change in assumption	Change in DBO
Increase of 0.1% p.a.	Decrease by x.xx%
Increase of 0.1% p.a.	Increase by x.xx%
n/a	n/a
Increase of 0.1% p.a.	Increase by x.xx%
Probability of surviving each year increased by 10%	Increase by x.xx%

The average duration of the defined benefit obligation at [End Date] is **X years.**

Breakdown of assets at [End Date]

The fair value of plan assets at the accounting period end date is split into the following asset types:
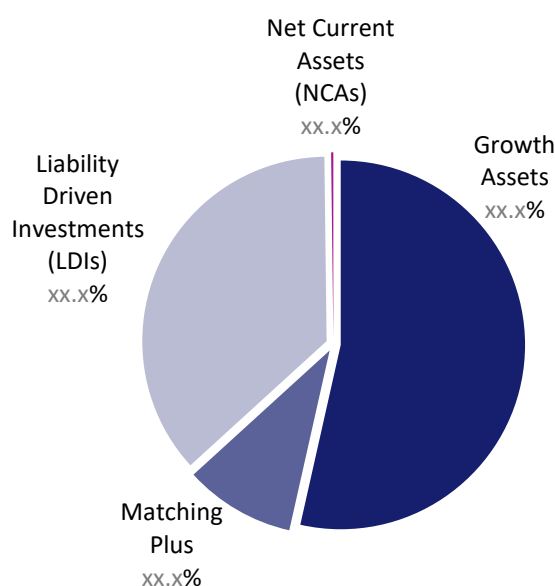
Asset Type	Purpose	Value (£000s)
Growth Assets	Designed to deliver returns in excess of scheme liabilities. Risk managed by a diversified portfolio.	xxx
Matching Plus	Designed to deliver returns in excess of scheme liabilities. Assets have a high degree of certainty with regard to the outcome.	xxx
LDIs	Designed to mitigate interest rate and inflation risks in the scheme liabilities through government bonds (gilts) and swaps.	xxx
NCAs	Not an investment but still forms part of the scheme's total assets.	xxx
Total Assets		**xxx**

Defined Benefit (DB) Membership Summary

The employer membership totals as at [Valuation Date] are:
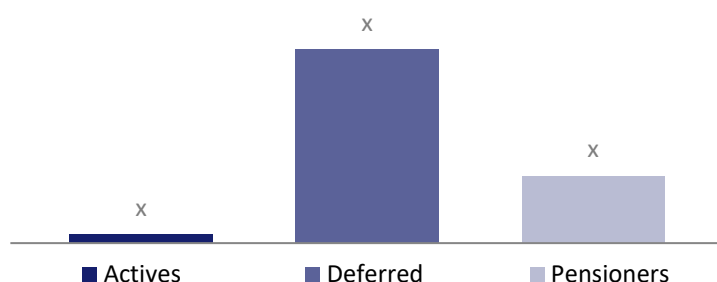
Please note:

- *Actives total includes active members in Defined Contribution (DC) who have DB benefits (where applicable)*

- *Figures do not include historic 'split service' members where the member left employment and moved to another participating employer in the scheme*