



# United Kingdom Accreditation Service Pension Scheme

Scheme Registration Number: 021/100676F

Trustee's Annual Report and Financial Statements  
For the Year Ended 31 March 2022



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## The Trustee and Advisers

### **The Trustee**

UKAS Pension Trustee Company Limited

### **Directors**

Peter Cameron Brown (*Chair*)

Jane Beaumont

Don Hughes

Peter Kelley\*

Alex Penfold\*

\* Member-Nominated

### **Administrator**

Capita Pension Solutions Limited

Radio House

Thanet Way

Whitstable CT5 3QP

### **Secretary to The Trustee**

Georgia Alsop

Company Secretary

UKAS Pension Trustee Co. Ltd.

2 Pine Trees

Chertsey Lane

Staines-upon-Thames TW18 3HR

### **Employer**

UKAS

2 Pine Trees

Chertsey Lane

Staines-upon-Thames TW18 3HR

### **Scheme Actuary**

Lisa Lawson

Barnett Waddingham LLP

Decimal Place

Chiltern Avenue

Amersham HP6 5FG

## The Trustee and Advisers (continued)

### **Auditor**

Nortons Assurance Limited  
Highlands House  
Basingstoke Road  
Spencers Wood  
Reading  
Berkshire RG7 1NT

### **Solicitor**

TLT LLP  
One Redcliffe Street  
Bristol BS1 6TP

### **Banker**

National Westminster Bank Plc  
42 High Street  
Sheffield S1 2GE

### **Investment Managers**

BlackRock Investment Management (UK) Limited  
Drapers Gardens  
12 Throgmorton Avenue  
London EC2N 2DL

Insight Investment Management (Global) Limited  
160 Queen Victoria Street  
London EC4V 4LA

### **Custodian**

Bank of New York Mellon (International) Limited  
One Canada Square  
Canary Wharf  
London E14 5AL

### **Investment Adviser**

Barnett Waddingham  
Decimal Place  
Chiltern Avenue  
Amersham HP6 5FG

## Trustee's Report

This is the Annual Report of the Trustee of the United Kingdom Accreditation Service Pension Scheme ("the Scheme") and constitutes the document required by regulation 6 of The Occupational Pension Schemes (Disclosure of Information) Regulations 1996 ("the Regulations").

The Report is available, as provided in regulation 6 (3) of the Regulations, free of charge for inspection on request to specified persons including members and prospective members of the Scheme, beneficiaries under the Scheme and appropriately recognised independent trade unions. On the same basis, copies are available free on request.

## Scheme Management

### Contents

This Annual Report includes the information required by the Regulations including the audited financial statements of the Scheme.

The financial statements on pages 40 to 52 summarise the transactions and net assets of the Scheme.

Liabilities to pay pensions and other benefits which are expected to become payable in the future are not dealt with in the financial statements.

### The Year in Review

Each year brings fresh challenges and opportunities for pension schemes generally and for the UKAS Pension Scheme in particular with its relatively unique benefit structure and a commitment from the Employer to keep the Scheme open to both existing and new employees into the indefinite future. The Trustee's responsibility is to ensure that the Scheme remains in a position to ensure that the future pension liabilities can be met as they fall due. At the same time the Trustee seeks to manage the Scheme in such a way that regular discretionary increases can be made to, at least partly, compensate for the effects of inflation.

It is pleasing to report that successive actuarial valuations have indicated that the first of these objectives continues to be met with increasing margins of confidence. On the second goal and as noted below, additional contributions from the Employer have permitted discretionary increases to be applied to the Total Pensionable Pay of the Active and Deferred Members at both the 31 March 2021 and 31 March 2022.

### Actuarial Valuations:

The triennial actuarial valuation of the Scheme as at the 31 March 2021 was signed off on the 9 June 2022 (pages 32 to 34). This showed that under the Technical Provisions assessed appropriate for a pension scheme with a strong employer covenant, the Scheme had a funding surplus of £6,631,000 corresponding to a funding level of 112% of the estimated present value of the future liabilities of the Scheme. This compared to a surplus of £704,000 and a funding level of 102% at the previous valuation as at the 31 March 2018.

The Annual Interim Funding Update as at the 31 March 2022 indicated that the surplus had risen to £11,715,000 with a funding level of 121%.

The Solvency valuation indicated that at the 31 March 2021 the Scheme's assets represented 79% of the estimated amount that would be required to buy out the Scheme's liabilities at that date with an insurance company. This had improved from 71% at the 31 March 2018 valuation.

The improvements in the Scheme funding position over these successive valuations were largely due to a strong investment performance from the Scheme's assets; while more recently rises in interest rates have reduced the estimated present value of the future pension commitments. Forecast future pension payments however remain unaltered except to reflect adjustments to expected future inflation.

## Trustee's Report (continued)

### Scheme Management (continued)

#### The Year in Review (continued)

##### **Discretionary Increases:**

In March 2022 the Employer paid a one off additional £1 Million contribution into the Scheme. By agreement this permitted the Trustee to grant a discretionary increase of 4.1% to the Total Pensionable Pay at the 31 March 2021 used to calculate the pension benefits of active and deferred Members commencing after the 1 April 2022. (A similar additional £500,000 payment in March 2021 provided for a discretionary increase of 2.1% to the Total Pensionable Pay at the 31 March 2020 used to calculate the pension benefits of active and deferred Members commencing after the 1 April 2021.)

On behalf of the Members the Trustee Board gratefully thanks UKAS for once again agreeing to fund this increase.

##### **Investment Performance:**

Despite significant falls in market prices in the first quarter of 2022 following the Russian invasion of Ukraine, Chinese Covid lock-downs, and worldwide inflationary fears; the market value of the Scheme's invested assets rose from £60.6M to £67M during the year. £2.1M of the increase came from new contributions placed with the investment managers, but an investment return of over 7% considerably exceeded the investment return target implied in the 31 March 2021 actuarial valuation.

A major contributor to the investment performance during the year was the resumption of dividend payments by companies which had suspended or reduced dividends during the Covid pandemic. As an open Scheme projecting positive cash flow for many years into the future and hence not requiring the sale of invested assets, the generation and reinvestment of dividends and interest is the major contributor to the ultimate capacity of the Scheme to meet its pension obligations when they fall due. Indeed, and what may appear rather perverse, falls in market prices positively contribute as the reinvested dividends purchase future dividend streams at a lower price. The Trustee therefore attaches little significance to changes in market values, except so far as they may affect regulatory requirements and best practice.

Following the conclusion of the 2021 actuarial valuation the Trustee Board with the assistance of its investment consultant, Barnett Waddingham, have commenced a strategic investment review to ensure the Scheme is best placed to meet its strategic objectives.

##### **Administrative Matters:**

Scheme Membership in all categories continues to grow with net increases of 21 in the active membership, 10 deferred Members and 8 pensioners (page 14). There were four deaths (1 from active and 3 pensioners) during the year. As far as the Trustee was aware none was directly related to Covid. No Members elected to transfer benefits out of the Scheme.

##### **GMP Rectification and GMP Equalisation**

A small number of Members earned or transferred in Guaranteed Minimum Pension rights in the Scheme relating to service prior to 1997. Two exercises have been undertaken with respect to these benefits: Reconciliation to the records maintained by the Department of Work and Pensions, and to prepare for Equalisation of GMP Benefits between male and female Members.

## Trustee's Report (continued)

### Scheme Management (continued)

#### The Year in Review (continued)

##### **GMP Rectification and GMP Equalisation (continued)**

**GMP Rectification** – The exercise of reconciling the Scheme's GMP records to those of the DWP has now been completed and where necessary the Scheme's records amended accordingly. As a result all those affected whose pensions commenced during the year and those who retire in the future now have their GMP reconciled to the DWP's records. The pensions of a very small number of existing pensioners may need to have their pensions adjusted, but because these Members are also subject the GMP Equalisation review, their pensions will be adjusted once that exercise is complete. The amount of the required adjustments is unlikely to be material either to the Member or for the Scheme as a whole.

**GMP Equalisation** - On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to Guaranteed Minimum Pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. It is likely that GMP equalisation will increase the value of the Scheme's liabilities – although this is not expected to be significant as the Scheme does not have a large amount of accrued GMP benefit. In the 31 March 2021 actuarial valuation an additional liability estimate of 0.2% of liabilities was provided for this purpose.

The 2018 judgement did not address transfers out and which were subject to a subsequent judgement in November 2020. This judgement indicated that all transfer payments made should be adjusted to an equalised basis and, if appropriate an additional payment made. As the Scheme has not experienced significant historical transfers out, the Trustee does not believe the outcome of this judgement will have a material impact on the Scheme.

The Trustee has reviewed, with their advisers, the implication of these rulings in the context of the scheme rules and the value of any liability. The Trustee together with the Administrator developed an action plan following the judgement and subsequent industry guidance and this is now in place to review the calculations of the affected pensions. The Trustee, in consultation with the Employer, has determined that the Court preferred Method C2 (a year-by-year comparison of true and opposite sex benefits) should be adopted by the Scheme. Current pension commencements and transfer value quotations are now made using this basis. Pensions in payment and historic transfer payments will be reviewed later and adjustments made. As noted above, these are unlikely to be material in the context of the overall pension scheme or indeed the individual Member.

Any adjustments necessary will be recognised in the accounts of a future year.

## Trustee's Report (continued)

### Scheme Management (continued)

#### The Year in Review (continued)

##### Historic miscalculation of Final Salary Pensions

Historic errors were identified in the calculation of the initial pension in respect of some Members who had accrued final salary pensions on the closure of the final salary section of the Scheme in 2003 and who then transferred to the career average section. These errors had resulted in some pensions being overpaid while some other pensions are being underpaid. In the previous year, the Trustee commissioned a recalculation exercise by the Administrator, and this identified the Members affected and adjustments required. All current pension commencements and transfer value quotations are being calculated on the correct basis.

On the 1 April 2021, the 11 Pensioners and 3 Dependents whose pensions had been overpaid had their pensions adjusted to the correct current value. The Employer agreed to use its augmentation power and to fund an enhancement to the affected Members pensions to allow the Scheme to write off the historic overpayments without putting other Members pensions at risk. The total cost of the enhancements was £29,198 and this amount was paid into the Scheme during the year.

28 pensions have been underpaid and these pensions will be corrected at the same time as any required adjustments in respect of GMP Rectification or GMP Equalisation as those affected may fall into the same cohort of Members. The adjustment will include back payments of previous underpayments together with interest as appropriate. The anticipated total back-payment is of the order of £13,000 and will be recognised in the accounts of a future year. As the amount of the under-payment to each Member is small, being 0.7% of one element of the pension, the Trustee has considered and is satisfied that hardship is unlikely to have occurred.

##### Reconciliation between actuary and administrator's records

At the request of the Trustee, the Actuary as part of its work on the 2021 valuation reviewed the 31 March 2021 data extract for apparent inconsistencies with the Scheme Rules or against their records from previous valuations. This identified four instances where pensions had been underpaid or incorrect pension increases applied. Three pensions had incorrect annual increases applied in retirement resulting in overpayments, these pensions are being corrected to the correct value and the Administrator has undertaken to indemnify the Scheme for the overpayments, which were all relatively small, and the pensioner will not be asked to repay the over-payment. One pension was incorrectly calculated at retirement resulting in an underpayment. Calculations of the amount of the underpayment are in progress and the corrected pension will be paid backdated to the date of retirement with interest. This will be reflected in the Accounts of a future year and the cumulative underpayment plus interest is estimated to be approximately £10,000.

#### Other Matters:

The Trustee has in consultation with the Employer commenced some early consideration of a potential long term funding target for the Scheme in accordance with recent guidance from the Pensions Regulator. Subject to regulatory guidance being available, this will require completion by the 2024 actuarial valuation.

Continuing discussions have also been held with investment advisors, investment managers, and the employer on Environmental, Social, and Governance ("ESG") issues and how they should be reflected in investment policies.



## Trustee's Report (continued)

### Scheme Management (continued)

#### The Year in Review (continued)

#### Other Matters (continued)

The Trustee monitors the investment performance and compliance with the Statement of Investment Principles on a regular basis. Following the conclusion of the 2021 actuarial valuation the Trustee Board with the assistance of its investment consultant, Barnett Waddingham, commenced a strategic investment review to ensure the Scheme is best placed to meet its strategic objectives and also the consideration of ESG matters. This may result in an amended SIP after the Employer has been consulted on any proposed changes.

The Trustee Board monitors the performance of the providers of the money purchase Additional Voluntary Contribution ("AVC") arrangements offered to Members, considering administrative performance, charges, and appropriateness of investment funds offered. An annual meeting is held with the current provider to discuss and resolve issues arising.

#### In the dealings with members:

During the year 58 new members joined the Scheme and 31 members left active membership, 5 retired onto pension and 1 death resulting in 282 members accruing pension benefits at the year-end. All the members leaving the Scheme did so because they had left employment with the principal employer. Of those who left the Scheme 9 were eligible, having less than 2 years' service, and elected to receive a refund of their contributions; another 8 were undecided at the year-end on whether to take a refund or a cash transfer sum payment to another pension scheme, while 14 leavers retained deferred benefits in the Scheme.

The total number of members with deferred pensions increased by 10 to 147 as in addition to the 14 leavers, 4 of those with deferred benefits commenced pension during the year.

There were no transfers of accrued benefits out of the Scheme to other pension arrangements during the year (2021 -1). While it is impossible to predict future transfer payment requests, it is anticipated that any cash flow requirements for transfers out can be met out of regular monthly cash inflows.

The number of pensioners receiving pensions from the Scheme increased during the year from 110 to 118. Current liability and cash flow projections assume further increases in the number and amount of annual pensions paid in the next few years arising from both retirement from active membership and also deferred pensions coming into payment.

## The Scheme

Pensions and related benefits are provided under a third Definitive Trust Deed which was executed on 29 March 2012.

The Scheme is registered for tax purposes with Her Majesty's Revenue and Customs (HMRC) in accordance with the Finance Act 2004. Prior to 6 April 2006 the Scheme was exempt approved under Chapter I of Part XIV of the Income and Corporation Taxes Act 1988.

## Trustee's Report (continued)

### Scheme Management (continued)

#### The Trustee

The Trustee is the UKAS Pension Trustee Company Limited.

The Trustee Directors are:

Peter Cameron Brown (*Chair*)

Jane Beaumont

Don Hughes

Peter Kelley\*

Alex Penfold\*

\*Member-Nominated

Peter Kelley's appointment as a Member Nominated Trustee was subject re-nomination in March 2022. As two candidates were nominated for the position an election was held among the Active and Pensioner Members of the Scheme with 137 Members voting. Following the election, Peter Kelley's appointment as a Member Nominated Trustee Director was confirmed for a further 3 year term.

#### The Role of the Trustee

The role of the Trustee is to administer the Scheme (maintain members' records, collect contributions and pay benefits), manage the investments of the Fund which back the benefits of the Scheme and ensure that the assets are sufficient to meet the liabilities.

The Trustee has appointed Capita Pension Solutions Limited to carry out their administrative responsibilities and BlackRock Investment Management (UK) Limited and Insight Investment Fund Management Plc to manage the investments of the Fund. During the year under review the full Trustee Board met on 4 occasions in the format of a video conference to discuss matters associated with the Scheme. There was also a separate meeting of a sub-committee of two Trustee Directors and the Company Secretary to consider delegated matters concerning Members' benefits.

To be able to discharge all the duties placed on them, all the Trustee Directors attended at least one training course during the year. All the Trustee Directors have completed the Pensions Regulator's Trustee Toolkit.

#### Advisers

The current advisers to the Trustee are listed on pages 2 and 3 of this Annual Report.

#### Changes to the Scheme Rules

There were no changes to the Scheme Rules during the year.

## Trustee's Report (continued)

### Scheme Management (continued)

#### AVC Funds and Money Purchase Underpin to Career Average Benefits

The Scheme is classified as a Defined Benefit Scheme by the Pensions Regulator; however, in addition to the Additional Voluntary Contribution arrangements provided on a money purchase basis, there is an underpin to the career average defined benefits calculated on a notional money purchase basis which might be effective in some circumstances. There are no Members for whom the underpin is currently effective and the Trustee considers it unlikely there will be any Members retiring in the foreseeable future for whom the underpin would be effective. The Pension Regulator's Office has confirmed that the Scheme is not required to provide an annual Chair's statement under the Code of Practice for DC Schemes.

Although an annual Chair's statement is not required, the Trustee takes its responsibilities towards money purchase benefits very seriously. The Trustee monitors the administrative performance of the AVC providers, the appropriateness of the investment vehicles offered, and considers the insurer's investment governance committee's reports.

#### Group Risk Assurance

Death in service benefits have been secured by a group life policy underwritten by UNUM (Aviva until July 2021). The premiums are met by the Scheme.

#### Contributions

Contributions during the year ended 31 March 2022 were paid in accordance with the Scheme Rules and the recommendations of the Scheme Actuary as follows: -

Active Members who transferred to the Scheme before 1 August 1995 (class 2):	5%
Active Members who joined on or after 1 August 1995 (class 1):	5%
Employer:	14%

#### Pensions Increase Awards

Pensions in payment in excess of any GMP, accrued up to 31 March 2012 are increased each 1 April by the percentage annual increase in the Retail Prices Index (over the year to the previous December) subject to a maximum increase of 5.0% each year. The increase at 1 April 2022 was 5.0%, (1 April 2021: 1.2%) with a proportionate increase for members who retired in the year to 1 April 2022.

Pensions in payment accrued from 1 April 2012, are increased each 1 April by the percentage annual increase in the Consumer Prices Index (over the year to the previous September) subject to a maximum increase of 2.5% each year. The increase as at 1 April 2022 was 2.5% (1 April 2021: 0.5%), with a proportionate increase for members who retired in the year to 1 April 2022. No discretionary increases were awarded to pensions in payment in April 2022.

## Trustee's Report (continued)

### Scheme Management (continued)

#### Actuarial Valuation

The actuarial valuation of the Scheme at 31 March 2021 was completed on 9 June 2022.

After the Trustee received advice from the Scheme Actuary on the level of contributions to be paid by the Employer, a schedule of contributions was agreed with the employer, based on the actuarial valuation. The Actuary issued an Actuarial Statement for the purposes of The Occupational Pension Schemes (Disclosure of Information) Regulations 1996 which is reproduced on page 32 of the Annual Report.

A Summary Funding Statement will be issued to Members during 2022 based on the 2021 Actuarial Valuation and the Interim Valuation as at 31 March 2022.

#### Transfer Payments

Any transfer values paid during the year to other pension schemes were made in accordance with methods and assumptions approved by the Scheme Actuary as prescribed by statutory regulations.

As described in the "Pension Increase Awards" section above, benefits accrued under the Career Average Earnings section of the Scheme may be granted discretionary increases prior to retirement. Such discretionary increases which have been granted are included in transfer values, but no future discretionary benefits are anticipated in transfer payments.

#### Financial Statements and Financial Developments

The financial statements for the year ended 31 March 2022 are set out on pages 40 to 52. During the year income from contributions and other sources totalled £3,564,103 (2021: £3,911,776). £1,507,927 (2021: £1,408,874) was required in order to pay benefits and other expenditure leaving an excess of income over expenditure of £2,056,176 (2021: £2,502,902).

There was an increase in the market value of the Scheme's investment assets of £4,303,809 (2021: £12,940,637 increase) and investment income of £106,384 (2021: £78,114) less investment expenses of £30,842 (2021: £23,274).

The financial statements have been prepared and audited in accordance with regulations made under section 41(1) and (6) of the Pensions Act 1995, namely The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

## Trustee's Report (continued)

### Scheme Management (continued)

#### Pension Tracing Service

Details of the Scheme and contact address have been lodged with the Pension Tracing Service. The purpose of this service is to provide a "tracing and information service" for former members of pension schemes.

#### Internal Dispute Resolution Procedure

In accordance with the Pensions Act 1995 the Scheme has a formal internal procedure for the resolution of disputes between the Scheme beneficiaries and the Trustee. It is a two stage procedure. The initial reply to any formal complaint will be made by a person appointed by the Company Secretary of the Pension Trustee Company who will normally respond within two months of receiving full details of the complaint. If the matter is still not resolved to the person's satisfaction, the Trustee, on a person's application, will reconsider the complaint. The Trustee's decision will normally be issued within two months.

A copy of the procedure is available to members and beneficiaries on written request to the Secretary to the Trustee. In addition, papers explaining exactly how the process works will be sent with any written response at the first stage of the procedure.

#### The Pensions Ombudsman

Any concern connected with the Scheme should be referred to the Secretary to the Trustee, Ms G. Alsop, who will try to resolve the problem as quickly as possible. If a member has a complaint against the Scheme which has not been resolved to their satisfaction through the Scheme's dispute procedure, the government appointed Pensions Ombudsman can investigate complaints of injustice caused by bad administration, either by the Trustee or Scheme administrators, or disputes of fact or law. The Pensions Ombudsman can be contacted at:

1<sup>st</sup> Floor

10 South Colonnade

Canary Wharf

London E14 4PU

The Pensions Ombudsman website can be visited at [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk) or alternatively contacted by telephone on 0800 917 4487 or by email at [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

#### The Pensions Regulator

The Pensions Regulator ("TPR") is the UK regulator of occupational pension schemes and was established with effect from 6 April 2005.

The role of TPR is to act to protect the interests of pension scheme members and to enforce the law as it applies to occupational pension schemes. The regulations set out clearly the areas that TPR covers and the powers that are vested in it. For example, TPR can prohibit or disqualify trustees for acting unlawfully, and can impose fines on wrongdoers. TPR also exists to promote, and to improve the understanding of, the good administration of occupational pension schemes.

The contact address for TPR is:

## Trustee's Report (continued)

### Scheme Management (continued)

The Pensions Regulator  
Napier House  
Trafalgar Place  
Brighton  
East Sussex, BN1 4DW

TPR's website can be visited at [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk) or alternatively contacted by telephone on 0345 600 0707.

### MoneyHelper and The Money and Pensions Service ("MaPS")

The Money and Pensions Service (MaPS) was created in 2019 as a single body to bring together the services previously delivered by The Pensions Advisory Service (TPAS), the Money Advice Service and Pension Wise, providing information to the public on matters relating to workplace and personal pensions. With effect from 30 June 2021 MaPS has been re-branded as MoneyHelper but still offers all the same services.

The contact address for MoneyHelper is:

MoneyHelper  
120 Holborn  
London EC1N 2TD

The Moneyhelper website can be visited at [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk) or alternatively by telephone on 0800 011 3797 or by email at [pensions.enquiries@moneyhelper.org.uk](mailto:pensions.enquiries@moneyhelper.org.uk).

### General Data Protection Regulation (GDPR)

The Trustee and the Employer have both a legal obligation and a legitimate interest to process data relating to members for the purpose of administering and operating the Scheme and paying benefits under it. This may include passing on data about members to the Scheme's Actuary, Auditor, Administrator and such other third parties as may be necessary for the administration and operation of the Scheme.

The Trustee and the Employer from time to time are both regarded as 'Data Controllers' (for the purposes of the applicable Data Protection Legislation) in relation to data processing referred to above and can be contacted at the address on page 2. Following guidance issued by the Information Commissioner's Office, the Trustee and the Scheme Actuary are considered joint data controllers.

(The 'Employer' includes the principal employer for the purposes of the Scheme and members' employers from time to time).

The General Data Protection Regulation ("GDPR") is a regulation by the European Parliament intended to strengthen and unify data protection for all individuals within the EU. It also addresses the export of personal data outside of the EU. GDPR came into force from 25 May 2018 and the Trustee worked with its advisers to formulate its GDPR policy so that it was compliant.

From 1 January 2021, the UK GDPR came into effect which will run alongside the DPA 2018, and the EU GDPR to which all EU nations remain subject, and this includes where the United Kingdom Accreditation Service Pension Scheme operates in the EU.

This ensures that we have adequate provision for the safe processing of data in the UK and in the EU/EEA. Our obligations under the UK GDPR are fundamentally the same as our obligations under the EU GDPR and we continue to remain subject to UK Data Protection laws.

Trustee's Report (continued)

Scheme Management (continued)

Membership Statistics

	2022	2021
<u>Active Members</u>		
<b>At 1 April</b>	<b>261</b>	257
ADD: New members	58	40
LESS: Leavers		
Deferred benefits	(14)	(16)
Refunds of contributions*	(9)	(10)
Undecided	(8)	(4)
Transfers out	-	(1)
Retirement	(5)	(5)
Deaths	(1)	-
<b>At 31 March</b>	<b>282</b>	261
<u>Deferred Members</u>		
<b>At 1 April</b>	<b>145</b>	132
ADD: New deferred members	14	16
Undecided members	8	4
LESS: Leaver onto pension	(4)	(6)
Transfer out	(2)	(1)
Refunded	(2)	-
<b>At 31 March</b>	<b>159</b>	145
<u>Retired and Dependant Members</u>		
<b>At 1 April</b>	<b>110</b>	98
ADD: Deferred coming into payment	4	6
New spouse	2	1
Retirements from active	5	5
LESS: Deaths	(3)	-
<b>At 31 March</b>	<b>118</b>	110
<u>Life Assurance Only ("LAO")</u>		
<b>At 1 April</b>	<b>13</b>	13
ADD: New members	-	2
LESS: Leavers	-	(2)
<b>At 31 March</b>	<b>13</b>	13

\* The above figures include 0 employees (2021 – 0) who were auto-enrolled into the Pension Scheme by the Employer but who opted out within their first month of Membership and who have since continued as Life Assurance only Members.

United Kingdom Accreditation Service Pension Scheme

## Trustee's Report (continued)

### Scheme Management (continued)

#### Summary of Contributions

During the year, the contributions paid to the Scheme by the Employer under the Schedule of Contributions were as follows:

	£
Employer normal contributions	1,783,724
Employee normal contributions	635,829
<b>Total contributions paid under the Schedule of Contributions</b>	<b>2,419,553</b>
<b>Reconciliation to financial statements:</b>	
Contributions paid under the Schedule of Contributions (as above)	2,419,553
Employer additional contribution	1,029,198
Members' additional voluntary contributions	115,352
<b>Contributions receivable per financial statements</b>	<b>3,564,103</b>



## Trustee's Report (continued)

### Investment Matters

#### Overview

The Trustee, with the assistance of its appointed investment adviser, determines the overall investment strategy for the Scheme and sets out the broad policy to be adopted by the appointed fund manager.

#### Investment manager

BlackRock Investment Management (UK) Limited and Insight Investment Management (Global) Limited managed the Scheme's investments during the year. The Trustee has delegated the day-to-day management of investment to its appointed fund managers. A written agreement between the Trustee and the managers sets out the terms on which the managers will act.

The managers' duties include the consideration of social, environmental or ethical issues in the selection, retention and realisation of investments as well as voting and corporate governance in relation to the Scheme's assets. The Trustee has reviewed each of the investment managers' policies on these issues. The Trustee believes that the policies adopted by the managers are consistent with their own views.

#### Investment principles

In accordance with Section 35 of the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles ("SIP") which includes the Trustee's policy relating to ethical investment and the exercise of the rights attaching to investments. Any member may request a copy. This Statement may change from time to time according to advice received from the investment manager or consultants.

#### Departures from investment principles

To the best of its knowledge, the Trustee can report that there have not been any departures from the SIP by the Scheme's investment managers during the year ended 31 March 2022.

#### Custodial arrangement

The Trustee has delegated the custody of the Scheme's assets to a professional custodian who ensures the proper collection of dividends and tax. The investments are held in the name of the United Kingdom Accreditation Service Pension Scheme.

Both the investment managers and the custodian are required to produce AAF01/06 reports. The custodian's records are reconciled on a regular basis by the investment managers.

#### Asset allocation

The Scheme's asset allocation is set by the Statement of Investment Principles ("SIP") agreed with the Employer and approved by the Trustee Board on the 11 September 2020.

The table below highlights the target set by the SIP for each type of asset in proportion to the total investment assets of the Scheme compared to the actual investment assets held at the 31 March 2022 and to the total net assets of the Scheme at that date. The SIP sets a range for the target allocation for each investment within which the actual allocation is allowed to vary. All asset classes were well within their target ranges throughout the year.

## Trustee's Report (continued)

### Investment Matters (continued)

#### Asset allocation (continued)

	<b>Target Allocation of Investment Assets</b>	<b>Investment Assets*</b>	<b>Net Assets</b>
	%	%	%
UK Equity	16.63	16.92	16.62
Overseas Equity	53.37	53.98	52.99
Index-Linked Bonds	12.50	11.74	11.43
Corporate bonds	12.50	11.63	11.52
Property	5.00	5.73	5.62
	100.00	100.00	98.18

\*Excludes AVCs, Cash and accrued income

#### Investment Performance

The following table summarizes the returns generated by the individual funds which the Scheme held throughout the year.

<b>Periods to 31 March 2022</b>	<b>1 Year (%)</b>		<b>3 Years (%p.a.)</b>		<b>5 Years (%p.a.)</b>	
	<b>Fund</b>	<b>Benchmark</b>	<b>Fund</b>	<b>Benchmark</b>	<b>Fund</b>	<b>Benchmark</b>
BPF - UK Property	22.51	23.14	8.95	8.05	8.70	7.78
Aquila Life Over 5yr UK Index	4.85	4.85	3.28	3.27	3.29	3.23
Insight Buy and Maintain Bond Fund	-4.90	-5.53	1.69	1.22	2.12	1.73
Aquila Life European Equity - Hedged	6.91	6.24	10.42	10.20	7.99	7.85
Aquila Life Japanese Equity - Hedged	1.81	1.78	9.49	9.50	7.96	7.56
Aquila Life Pacific Rim Equity - Hedged	0.41	0.34	7.54	7.89	6.78	6.99
Aquila Life US Equity - Hedged	13.78	13.67	16.58	17.19	13.79	14.11
Aquila Life European Equity	6.84	6.28	9.97	9.63	7.27	7.05
Aquila Life Japanese Equity	-2.39	-2.42	6.44	6.27	5.51	4.96
Aquila Life Pacific Rim Equity	2.24	2.20	8.17	8.18	6.19	6.17
Aquila Life UK Equity	13.08	13.03	5.37	5.31	4.76	4.69
Aquila Life US Equity	19.34	19.29	18.46	18.48	14.79	14.78
iShares Emerging Markets Index Sub-Fund	-7.51	-7.12	4.26	4.58	4.65	4.89

#### Employer related investments

The United Kingdom Accreditation Service is a company limited by guarantee with no shareholders, therefore there are no employer related investments held within the scheme.

#### Investment risk disclosures

Investment risks are disclosed in note 16 are on pages 48 to 50.

## Trustee's Report (continued)

### Annual Implementation Statement

## United Kingdom Accreditation Service Pension Scheme

### Implementation Statement for the Scheme year ended 31 March 2021

This is the Implementation Statement prepared by the Trustee of the Pension Scheme of the United Kingdom Accreditation Service Pension ("the Scheme") and sets out:

- How the Trustee's policies on exercising rights (including voting rights) and engagement have been followed over the year.
- The voting behaviour of the Trustee, or that undertaken on their behalf, over the year to 31 March 2022.

### How voting and engagement policies have been followed

The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.

The Trustee undertook an initial review of the stewardship and engagement activities of the current managers at their 6 March 2019 meeting, and were satisfied that their policies were reasonable and no remedial action was required at that time.

Annually the Trustee receives and reviews voting information and engagement policies from the asset managers, which we review to ensure alignment with their own policies. The Trustee met their investment managers at the 9 December 2021 Trustee Meeting to discuss these topics and are comfortable the actions of the fund managers are in alignment with the Scheme's stewardship policies.

### Voting undertaken on behalf of the Trustees

Voting only applies to equities held in the portfolio. The Scheme's equity investments are held in pooled index-tracking equity funds managed by BlackRock, and as such BlackRock votes on behalf of the Trustee.

The tables below provide a summary of the voting activity undertaken by BlackRock during the year to 31 March 2022.

Trustee's Report (continued)

**Voting Data**

Manager	BlackRock Aquila Life Funds (includes currency hedged and unhedged versions where appropriate)					
Fund name	European Equity Index	Japanese Equity Index	Pacific Rim Equity Index	US Equity Index	UK Equity Index	iShares Emerging Markets Index Fund (IE)
Structure	Pooled					
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.					
Number of company meetings the manager was eligible to vote at over the year	414	505	479	594	1,112	2,526
Number of resolutions the manager was eligible to vote on over the year	6,728	6,051	3,369	7,321	14,860	21,938
Percentage of resolutions the manager voted on	99%	100%	100%	99%	99%	100%
Percentage of resolutions the manager abstained from as a percentage of the total number of resolutions voted on	1%	0%	0%	1%	1%	0%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	84%	97%	88%	95%	93%	89%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	15%	2%	11%	4%	6%	10%
Percentage of meetings voted <i>at least once against</i> management, as a percentage of the total number of meetings voted on	66%	18%	34%	31%	31%	37%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	0%	0%	0%	0%	0%	1%

Trustee’s Report (continued)

**Significant votes**

We have delegated to the investment managers to define what a “significant vote” is. Some of the examples they have provided are set out below.

**BlackRock Aquila Life European Equity Index Funds**

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	VINCI SA	VINCI SA	VINCI SA
<b>Date of vote</b>	08 Apr 2021	08 Apr 2021	08 Apr 2021
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	The manager hasn't provided this information		
<b>Summary of the resolution</b>	Approve Allocation of Income and Dividends of EUR 2.04 per Share	Approve Company's Environmental Transition Plan	Re-elect Yannick Assouad as Director
<b>How the manager voted</b>	For	For	For
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	The manager hasn't provided this information		
<b>Rationale for the voting decision</b>	The manager hasn't provided this information		
<b>Outcome of the vote</b>	Pass	Pass	Pass
<b>Implications of the outcome</b>	The manager hasn't provided this information		
<b>Criteria on which the vote is considered “significant”</b>	The manager hasn't provided this information		

**BlackRock Aquila Life Japanese Equity Index Funds**

The manager did not provide details of any votes for these funds.

Trustee's Report (continued)

**BlackRock Aquila Life Pacific Rim Equity Index Funds**

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Jardine Strategic Holdings Ltd.	Woodside Petroleum Ltd	Rio Tinto Limited
<b>Date of vote</b>	12 April 2021	15 April 2021	06 May 2021
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	The manager hasn't provided this information		
<b>Summary of the resolution</b>	Approve the Amalgamation Agreement	Approve the Amendments to the Company's Constitution Proposed by Market Forces	Accept Financial Statements and Statutory Reports
<b>How the manager voted</b>	Against	Against	For
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	The manager hasn't provided this information		
<b>Rationale for the voting decision</b>	BlackRock believe this operation was not in the interest of shareholders.	BlackRock believe Shareholder proposals are best facilitated through regulatory changes.	Not Provided
<b>Outcome of the vote</b>	Pass	Fail	Pass
<b>Implications of the outcome</b>	The manager hasn't provided this information		
<b>Criteria on which the vote is considered "significant"</b>	The manager hasn't provided this information		

Trustee’s Report (continued)

**BlackRock Aquila Life US Equity Index Funds**

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Dow Inc.	Moody’s Corporation	Pfizer Inc.
<b>Date of vote</b>	15 April 2021	20 April 2021	22 April 2021
<b>Approximate size of fund’s holding as at the date of the vote (as % of portfolio)</b>	The manager hasn’t provided this information		
<b>Summary of the resolution</b>	Advisory Vote to Ratify Named Executive Officers’ Compensation	Approve 2020 Decarbonisation Plan	Elect Director Albert Bourla
<b>How the manager voted</b>	For	For	For
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	The manager hasn’t provided this information		
<b>Rationale for the voting decision</b>	The manager hasn’t provided this information		
<b>Outcome of the vote</b>	Pass	Pass	Pass
<b>Implications of the outcome</b>	The manager hasn’t provided this information		
<b>Criteria on which the vote is considered “significant”</b>	The manager hasn’t provided this information		

Trustee’s Report (continued)

**BlackRock Aquila Life UK Equity Index Fund**

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Berkshire Hathaway Inc.	General Electric Company	BP Plc
<b>Date of vote</b>	1 May 2021	4 May 2021	12 May 2021
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	The manager hasn't provided this information		
<b>Summary of the resolution</b>	Report on Climate-Related Risks and Opportunities	Approve Reverse Stock Split	Approve Remuneration Report
<b>How the manager voted</b>	For	For	For
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	The manager hasn't provided this information		
<b>Rationale for the voting decision</b>	BlackRock believe the company does not meet their expectations for disclosing a plan for how their business model will be compatible with a low-carbon economy. The company does not meet their expectations for disclosure of natural capital policies and/or risk	The manager hasn't provided this information	The manager hasn't provided this information
<b>Outcome of the vote</b>	Fail	Pass	Pass
<b>Implications of the outcome</b>	The manager hasn't provided this information		
<b>Criteria on which the vote is considered "significant"</b>	The manager hasn't provided this information		



Trustee's Report (continued)

**BlackRock iShares Emerging Markets Index Fund**

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	JBS S.A.	Vale S.A.	China Shenhua Energy Company Limited
<b>Date of vote</b>	28 April 2021	30 April 2021	25 June 2021
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	The manager hasn't provided this information		
<b>Summary of the resolution</b>	Accept Financial Statements and Statutory Reports for Fiscal Year Ended Dec. 31, 2020	Approve Allocation of Income and Dividends	Approve Audited Financial Statements
<b>How the manager voted</b>	Abstain	For	For
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	The manager hasn't provided this information		
<b>Rationale for the voting decision</b>	BlackRock abstained as they believe it preserves shareholders' right to take legal action should irregularities be discovered at a future date.	The manager hasn't provided this information	The manager hasn't provided this information
<b>Outcome of the vote</b>	Pass	Pass	Pass
<b>Implications of the outcome</b>	The manager hasn't provided this information		
<b>Criteria on which the vote is considered "significant"</b>	The manager hasn't provided this information		

Trustee's Report (continued)

Fund level engagement

Manager	BlackRock Aquila Life Funds (includes currency hedged and unhedged versions where appropriate)				
Fund name	European Equity Index	Japanese Equity Index	Pacific Rim Equity Index	US Equity Index	UK Equity Index
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	415	292	206	623	2,908
Number of engagements undertaken at a firm level in the year	The manager hasn't provided this information				
Examples of engagements undertaken with holdings in the fund	Operational Sustainability, Board Composition & Effectiveness, Climate Risk Management	Corporate Strategy, Governance Structure, Climate Risk Management	Corporate Strategy, Governance Structure, Board Composition & Effectiveness	Climate Risk Management, Operational Sustainability, Human Capital Management	Board Composition & Effectiveness, Climate Risk Management, Corporate Strategy
Examples of companies engaged with	Unicredit, Deutsche Bank, SCOR	Mitsubishi, Toshiba, Capcom	Samsung, AGL Energy, Origin Energy	Exxon Mobil, Chevron, Johnson & Johnson	Mitsubishi, Barclays Plc, BP Plc

Trustee’s Report (continued)

Manager	BlackRock		Insight
<b>Fund name</b>	iShares Emerging Markets Index Fund	Aquila Life Over 5 Year UK Index-Linked Fund	Buy & Maintain Bond Fund
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	Yes	Yes	Yes
<b>Has the manager engaged with companies to influence them in relation to ESG factors in the year?</b>	Yes	Yes	Yes
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	444	Not supplied	138
<b>Number of engagements undertaken at a firm level in the year</b>	The manager hasn't provided this information		
<b>Examples of engagements undertaken with holdings in the fund</b>	Corporate Strategy, Climate Risk Management, Operational Sustainability	Not supplied	Governance remuneration, Environmental natural resource use and impact
<b>Examples of companies engaged with</b>	Samsung, Vedanta, Alibaba	Not supplied	Anheuser-Busch InBev, Severn Trent

## Trustee's Report (continued)

### BlackRock Property Fund

The BlackRock Property Fund does not have any voting rights to report on. As per the Scheme's Statement of Investment Principles, the Trustee believes that ESG issues can be financially material to the risk-adjusted returns achieved by BlackRock over the Trustee's intended time horizon for the investment in question. Environmental issues are particularly important when selecting appropriate properties for the property portfolio, and so the Trustee looks to the manager to incorporate environmental issues into their investment process. BlackRock presented to the Trustee with regard to the Property Fund including ESG issues at the 9 December 2021 Trustee Meeting, and the Trustee was satisfied that BlackRock were taking appropriate action and making suitable progress with regard to ESG issues.

### Summary

Based on the information received, the Trustee believes that the investment managers have acted in accordance with the Scheme's stewardship policies. The Trustee is supportive of the key voting action taken by the applicable fund manager over the period to encourage positive governance changes in the companies in which the manager holds shares.

The Trustee monitors the ESG credentials of the managers they use to access their investment strategy on an annual basis. With the assistance of their investment consultant, the Trustee performed an ESG review of Insight and BlackRock in the 9 December 2021 Trustee Meeting.

The Trustee and their investment consultant are working with the investment managers to provide additional information in the future in order to enhance their ability to assess the investment managers' actions.

**Prepared by the Trustee of the Pension Scheme of the United Kingdom Accreditation Service Pension  
July 2022**

## Trustee's Report (continued)

### Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, the Scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its Technical Provisions. The Technical Provisions represent the present value of the benefits members are entitled to at the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 31 March 2021. This showed that on that date:

The value of the Technical Provisions was: £54,450,000

The value of the assets was: £61,081,000

Therefore the Scheme had a funding surplus of £6,631,000 corresponding to a funding level of 112%.

In years where there is no actuarial valuation, the Scheme Actuary produces an estimate of the funding position known as an actuarial report. One of these was carried out as at 31 March 2022 and disclosed a funding level of 121% when assessed using the method and assumptions set out in the Trustee's Statement of Funding Principles.

The next valuation will be carried out as at 31 March 2024.

The method and significant actuarial assumptions used to determine the Technical Provisions are as follows (all assumptions adopted are set out in the Statement of Funding Principles dated June 2022):

#### Method

The actuarial method used in the calculation of the Technical Provisions as at 31 March 2021 is the Projected Unit Method.

#### Actuarial assumptions – The key assumptions used as at 31 March 2021 are:

Pre-retirement discount rate	Bank of England nominal gilt yield curve plus 3.00% p.a.
Post-retirement discount rate	Bank of England nominal gilt yield curve plus 0.30% p.a.
Retail Prices Index (RPI) inflation	Bank of England implied inflation curve
Consumer Prices Index (CPI) inflation	Pre 2030: RPI inflation assumption less 0.75% p.a. Post 2030: RPI inflation assumption
Pensionable Pay increases	RPI inflation plus 1.80% p.a.
Pension increases in payment	Statistical model of movements in inflation (with a 1.5% p.a. standard deviation) along with the assumed long-term inflation rate
Pre-retirement mortality	None
Post-retirement mortality table	90% of S3PXA
Post-retirement mortality projections	CMI 2020 model with a long-term improvement rate of 1.75% p.a., initial addition parameter of 0.25% p.a., and a 2020 weight parameter of 25%
Retirement age	Transferred Members assumed to retire at age 60. All other members assumed to retire at age 65.
Proportion of members with a dependant at retirement or earlier death	85%
Allowance for cash commutation	None
Allowance for GMP equalisation	Method C2

## Trustee's Report (continued)

### Report on Actuarial Liabilities (continued)

#### **Discount rate**

The discount rate will normally be determined by the Trustee taking into account professional advice in relation to market indicators available at the valuation date, the long-term strategic asset allocation, the liability profile of the Scheme, and the perceived strength of the Employer covenant. However, if the Trustee has material concerns over the strength of the Employer covenant the discount rate may need to be determined looking solely at the yield available on gilts and other low risk asset classes.

The return on Government bonds will be taken as a suitable market index yield.

As a proportion of the Scheme's assets are invested in assets which would be expected to outperform UK government bonds over the long term, an allowance may be made for this in the discount rate, depending on the perceived strength of the Employer covenant. The allowance will be determined by the Trustee based on information provided by their professional advisers. A different rate/investment return may be used pre-retirement and post-retirement to reflect the Scheme's investment policy.

#### **Mortality**

The rates of mortality assumed will reflect information published by the Continuous Mortality Investigation of the Actuarial Profession deemed most relevant to the membership of the Scheme, including an appropriate allowance for expected future improvements in longevity.

This assumption may also reflect any available evidence relating to the actual mortality experience of the Scheme, the industry in which members work, or the distribution of pension payment amounts.

#### **Retirement**

Members will be assumed to retire at the earliest age at which they can take their benefit without an actuarial reduction applying. (Transferred Members will therefore be assumed to retire at age 60.)

#### **Leaving service**

No allowance will be made for active members to leave service before their retirement date. A withdrawal allowance would not have any impact on the technical provisions as the Scheme has converted to a career average basis of accrual.

#### **Member options**

If the Trustee considers it to be appropriate, allowance may be made for member options such as commuting pension for cash at retirement or taking early retirement.

#### **Dependant details**

Assumptions regarding the proportion of members with a dependant at death, and the age difference between the member and the dependant, will be set taking into account professional advice and the experience of the Scheme.

#### **Arrangements for other parties to make payments to the Scheme**

There are no arrangements for parties other than a participating employer or members to contribute to the Scheme.

## Trustee's Report (continued)

### Statement of Trustee's Responsibilities

The audited financial statements, which are to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland, are the responsibility of the trustees. Pension scheme regulations require the trustees to make available to scheme members, beneficiaries and certain other parties, audited financial statements for each scheme year which:

- show a true and fair view of the financial transactions of the scheme during the scheme year and of the amount and disposition at the end of the scheme year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year; and
- contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice Financial Reports of Pension Schemes.

The trustees have supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. They are also responsible for:

- assessing the scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to wind up scheme, or have no realistic alternative but to do so; and
- making available each year, commonly in the form of a trustees' annual report, information about the scheme prescribed by pensions legislation, which they should ensure is consistent with the financial statements it accompanies.

The trustees are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the scheme and to prevent and detect fraud and other irregularities.

## Trustee's Report (continued)

### Contact for Further Information

Requests for further information about the Annual Report, the Scheme or entitlement to benefit should be addressed to:

Georgia Alsop  
Secretary to the Trustee  
UKAS Pension Trustee Co. Ltd.  
2 Pine Trees  
Chertsey Lane  
Staines-upon-Thames TW18 3HR

Telephone Number: 01784 428827  
Email: Georgia.Alsop@UKAS.com

Alternatively, you may contact the Administrators directly. Requests should be addressed to:

UKAS  
Capita Pension Solutions Limited  
Radio House  
Thanet Way  
Whitstable CT5 3QP

Telephone Number: 01227 771445  
Email: UKAS@capita.co.uk



**Signed by:**

\_\_\_\_\_  
Trustee Director

21st October 2022



# Actuary's Certification of the Schedule of Contributions

## United Kingdom Accreditation Service Pension Scheme

### Adequacy of rates of contributions

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 31 March 2021, to be met for the period for which the Schedule is expected to be in force.

### Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated June 2022.

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.

Signature: 

Date: 21 June 2022

Name: Lisa Lawson

Qualification: Fellow of the Institute and Faculty of Actuaries

Address: Decimal Place  
Chiltern Avenue  
Amersham  
HP6 5FG

Employer: Barnett Waddingham LLP

# United Kingdom Accreditation Service Pension Scheme

## Certification of the Calculation of Technical Provisions

I certify that, in my opinion, the calculation of the Scheme's Technical Provisions as at 31 March 2021 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 June 2022.

Signature:

*Lisa Lawson*

Date:

9 June 2022

Name:

Lisa Lawson

Qualification:

Fellow of the Institute and Faculty of Actuaries

Address:

Decimal Place  
Chiltern Avenue  
Amersham  
HP6 5FG

Employer:

Barnett Waddingham LLP

## United Kingdom Accreditation Service Pension Scheme Schedule of Contributions

### Status

This Schedule of Contributions has been prepared by the Trustee of the United Kingdom Accreditation Service Pension Scheme (the "Scheme"), after obtaining the advice of the Scheme Actuary appointed by the Trustee and has been agreed by the United Kingdom Accreditation Service (the "Employer").

### Contributions to be paid by active members from 1 July 2022 to 30 June 2027

5.0% of Pensionable Pay, to be deducted from earnings by the Employer and paid towards the Scheme on or before the 22<sup>nd</sup> day of the calendar month following deduction.

Any additional voluntary contributions payable by active members are payable in addition.

### Contributions to be paid by the Employer from 1 July 2022 to 30 June 2027

In respect of the future accrual of benefits and the provision of death-in-service benefits:

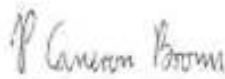
14.0% of Pensionable Pay. These contributions are payable monthly and are due for payment towards the Scheme on or before the 22<sup>nd</sup> day of the calendar month following that to which the payment relates.

The Employer shall separately pay the Pension Protection Fund levy and the expenses associated with administering and operating the Scheme.

The Employer may pay contributions in addition to the amounts shown above at any time. Any contributions paid at a rate higher than that required can be offset against later payments due at the request of the Employer.

The contributions are subject to review at the next actuarial valuation due no later than as at 31 March 2024.

### This schedule has been agreed by the Trustee and the Employer



Signed on behalf of UKAS Pension Trustee Company Limited

9th June 2022

Date



Signed on behalf of United Kingdom Accreditation Service

21 June 2022

Date

# Independent Auditor's Report to the Trustee of the United Kingdom Accreditation Service Pension Scheme

## Opinion

We have audited the financial statements of the United Kingdom Accreditation Service Pension Scheme for the year ended 31 March 2022, which comprise the fund account, the statement of net assets and the related notes. The financial reporting framework that has been applied in their preparation 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 our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2022, 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 Regulation 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.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

## Independent Auditor's Report to the Trustee of the United Kingdom Accreditation Service Pension Scheme (continued)

### Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of the Trustee

As explained more fully in the Trustee's Responsibilities Statement on page 1, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee's either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities including fraud:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Scheme through discussions with the Trustees and other management, and from our knowledge and experience of pension schemes;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Scheme, including the Pensions Act 1995;

## Independent Auditor's Report to the Trustee of the United Kingdom Accreditation Service Pension Scheme (continued)

### Auditor's responsibilities for the audit of the financial statements (continued)

We assessed the susceptibility of the Scheme's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the Trustees and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.
- making enquiries of the Trustees as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud: and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of Trustees meetings;
- enquiring of the Trustees as to actual and potential litigation and claims; and
- reviewing correspondence with the Pensions Regulator and the Scheme's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's Report.

United Kingdom Accreditation Service Pension Scheme

## Independent Auditor's Report to the Trustee of the United Kingdom Accreditation Service Pension Scheme (continued)

### Use of our report

This report is made solely to the Scheme's Trustees, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Nortons Assurance Limited*

### **Nortons Assurance Limited**

Statutory Auditor  
Highlands House  
Basingstoke Road  
Spencers Wood  
Reading RG7 1NT

Date: 24 October 2022

# Independent Auditor's Statement about Contributions to the Trustee of the United Kingdom Accreditation Service Pension Scheme

We have examined the Summary of Contributions payable to the United Kingdom Accreditation Service Pension Scheme in respect of the Scheme year ended 31 March 2022 which is set out in the Trustee's Report on page 15.

In our opinion contributions for the Scheme year ended 31 March 2022 as reported in the summary of contributions and payable under the schedule of contributions have in all material respects been paid at least in accordance with the schedule of contributions certified by the Scheme actuary on 6 March 2019.

## Scope of work on Statement about Contributions

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

## Respective responsibilities of the Trustee and the auditor

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

It is our responsibility to provide a Statement about Contributions paid under the schedule of contributions and to report our opinion to you.

## Use of our report

This report is made solely to the Scheme's Trustee, as a body, in accordance with Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's Trustee as a body, for our audit work, for this statement, or for the opinions we have formed.

*Nortons Assurance Limited*

## **Nortons Assurance Limited**

Statutory Auditor  
Highlands House  
Basingstoke Road  
Spencers Wood  
Reading RG7 1NT

Date: 24 October 2022



## Fund Account

For the year ended 31 March 2022

	Note	Total 2022 £	Total 2021 £
<b>Contributions and benefits</b>			
Employer contributions	4	2,812,922	3,180,775
Employee contributions	4	751,181	731,001
<b>Total income</b>		<b>3,564,103</b>	3,911,776
Benefits paid or payable	5	(1,369,104)	(965,486)
Payment to and on account of leavers	6	(34,976)	(348,439)
Other payments	8	(103,847)	(94,949)
		<b>(1,507,927)</b>	(1,408,874)
<b>Net additions from dealings with Members</b>		<b>2,056,176</b>	2,502,902
<b>Returns on investments</b>			
Investment income	9	106,384	78,114
Change in market value of investments	11	4,303,809	12,940,637
Investment management expenses	12	(30,842)	(23,274)
<b>Net returns on investments</b>		<b>4,379,351</b>	12,995,477
<b>Net increase in the fund during the year</b>		<b>6,435,527</b>	15,498,379
<b>Net assets of the Scheme at start of year</b>		<b>61,758,501</b>	46,260,122
<b>Net assets of the Scheme at end of year</b>		<b>68,194,028</b>	61,758,501

The accompanying notes on pages 42 to 52 are an integral part of these financial statements.

## Statement of Net Assets available for Benefits

As at 31 March 2022

	Note	Total 2022 £	Total 2021 £
<b>Investment assets:</b>	11		
Pooled investment vehicles	13	<b>66,953,682</b>	60,579,267
AVC investments	14	<b>728,847</b>	677,926
Cash		<b>20,399</b>	758,797
Other investment balances		<b>(13,853)</b>	(743,820)
		<b>67,689,075</b>	61,272,170
<b>Current assets</b>	17	<b>505,208</b>	496,975
<b>Current liabilities</b>	18	<b>(255)</b>	(10,644)
<b>Net assets of the Scheme at end of year</b>		<b>68,194,028</b>	61,758,501

The financial statements summarise the transactions of the Scheme 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 Scheme year. The actuarial position of the Scheme, which takes into account such obligations is dealt with in the Report on Actuarial Liabilities on pages 28 and 39 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 42 to 52 form an integral part of these financial statements.

**The financial statements on pages 40 to 52 were approved by the Trustee and signed on its behalf on 21st October 2022 by:**

*P Cameron Brown*

Trustee Director

*PJL*

Trustee Director

## Notes to the Financial Statements

### 1. Basis of preparation

The financial statements 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 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland Triennial Review 2017, incremental Improvements and clarification issued in December 2017 by the Financial Reporting Council and with guidance set out in the Statement of Recommended Practice (revised 2018) ('SORP (revised 2018)').

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate as they believe that the Scheme has adequate resources to realise its assets and meet benefit obligations in the normal course of affairs (continue to operate) for at least the next twelve months. The Trustee has also taken into account the impact on investments, future income and capital growth, portfolio liquidity and cashflow requirements. The Trustee is confident that the Scheme will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and therefore, has prepared the financial statements on a going concern basis.

### 2. Identification of the financial statements

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustee's Report.

### 3. Accounting policies

The principal accounting policies of the Scheme are as follows:

#### Contributions

Employee contributions, including AVCs, are accounted for by the Trustee when they are deducted from pay by the Employer, except for the first contribution due where the employee has been auto-enrolled by the Employer in which case it is accounted for when received by the Scheme.

Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as the employees' contributions, in accordance with the Schedule of Contributions in force during the year.

Employer augmentation contributions are accounted for in accordance with the agreement under which they are payable.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the employer and Trustee.

#### Payments to members

Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.

Pensions in payment are accounted for in the period to which they relate.

Opt-outs are accounted for when the Scheme is notified of the opt-out.

Individual transfers in or out of the Scheme are accounted for when member liability is accepted or discharged which is normally when the transfer amount is paid or received.

## Notes to the Financial Statements (continued)

### 3. Accounting policies (continued)

#### Investment income

Income from cash and short term deposits is accounted for on an accruals basis.

Income from pooled investment vehicles is accounted for when declared by the fund manager.

#### Administrative Expenses

The only administrative expenses paid by the Scheme are for group life assurance and investment manager fees on the Property portfolio. Group life assurance fees are accounted for on a cash basis. Investment manager fees are deducted when declared by the fund manager.

#### Investments

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 during the year, including profits and losses realised on sales of investments during the year.

Investments are included at fair value as described below:

Unitised pooled investment vehicles have been valued at the latest available bid price provided by the pooled investment manager.

AVC funds are included at the market value as advised by the AVC managers at the year end.

#### Functional and Presentational currency

The Scheme functional and presentational currency is pounds sterling.

### 4. Contributions

	2022 £	2021 £
<b>Employer contributions</b>		
Normal	1,783,724	1,680,775
Additional (including those to fund discretionary increases)	1,029,198	1,500,000
	<u>2,812,922</u>	<u>3,180,775</u>
<b>Employee contributions</b>		
Normal	635,829	596,747
Additional voluntary contributions	115,352	134,254
	<u>751,181</u>	<u>731,001</u>
	<u>3,564,103</u>	<u>3,911,776</u>

The Schedule of Contributions signed on the 21 June 2022 following the actuarial valuation at 31 March 2021 requires no deficit contributions to be paid by the Employer.

The employer paid additional contributions into the Scheme of £1,000,000 in March 2022 and £29,198 in September 2021. The additional contribution of £1,000,000 paid in March 2021 was to fund the discretionary increase of 4.1% that will be applied to benefits accrued up to 31 March 2021 under the Career Average Earnings section of the Scheme from 1 April 2022 in respect of active and deferred members.

## Notes to the Financial Statements (continued)

### 4. Contributions (continued)

The remaining additional contributions of £29,198 paid in September 2021 was to cover the cost of the augmentation made to certain pensioners and took effect from the 1 April 2021 to avoid recovery of previously overpaid pensions arising from the historic errors in calculating final salary pensions deferred in 2004.

The additional contributions of £1,500,000 paid in March 2021 were £1,000,000 towards general Scheme funding and £500,000 to fund the discretionary increase of 2.1% that was applied to benefits accrued up to 31 March 2020 under the Career Average Earnings section of the Scheme from 1 April 2021 in respect of active and deferred members.

### 5. Benefits paid or payable

	2022 £	2021 £
Pensions payable	894,154	828,725
Lump sum retirement benefits	444,941	136,761
Lump sum death benefits	30,009	-
	<u>1,369,104</u>	<u>965,486</u>

### 6. Payments to and on account of leavers

	2022 £	2021 £
Refunds to members	34,976	15,110
Transfer out	-	333,329
	<u>34,976</u>	<u>348,439</u>

### 7. Administrative expenses

Other than those disclosed in the Fund Account, all other administration and investment management fees expenses are paid by the Principal Employer in accordance with the Schedule of Contributions. In addition to the expenses borne by the Scheme, the Principal Employer paid the following amounts in the years ended March 2022 and March 2021 on behalf of the Scheme and Trustee:

	2022 £	2021 £
Actuary and advisor – Barnett Waddingham	123,019	100,570
Administrator - Capita	60,260	48,694
Investment manager – BlackRock (Life Funds)	99,924	100,139
Auditor – Nortons Assurance Limited	8,400	3,600
Legal fees – TLT	2,361	14,996
Pension Protection Fund levy	49,851	56,071
Trustee costs and other	24,926	27,922
	<u>368,741</u>	<u>351,992</u>

Notes to the Financial Statements (continued)

8. Other payments

Group life assurance premiums were paid monthly to Aviva until August 2021. Group life assurance premiums are now paid annually from September 2021 to UNUM. Group Life Assurance are paid for by the Scheme.

	2022 £	2021 £
Group life assurance premiums	103,847	94,949

9. Investment income

	2022 £	2021 £
Income from pooled investment vehicles	106,380	78,114
Interest received	4	-
	<b>106,384</b>	<b>78,114</b>

10. Taxation

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

11. Reconciliation of investments held at the beginning and end of the year

	Value at 1 April 2021 £	Purchases at cost £	Sales Proceeds £	Change in market value £	Value at 31 March 2022 £
Pooled investment vehicles	60,579,267	2,123,971	-	4,250,444	66,953,682
AVC investments	677,926	119,004	(121,448)	53,365	728,847
	61,257,193	<b>2,242,975</b>	<b>(121,448)</b>	<b>4,303,809</b>	<b>67,682,529</b>
Cash	758,797				20,399
Pending transactions	(743,820)				(13,853)
	<b>61,272,170</b>				<b>67,689,075</b>

Pending transactions of £743,820 at the 31 March 2021 year end relates to an investment within the BlackRock property portfolio with a dealing date of 31 March 2021 with the funds settling into the BlackRock property portfolio on 9 April 2021. Pending transactions of £13,853 at the 31 March 2022 year end relates to an investment of £20,358 within the BlackRock property portfolio with a dealing date of 31 March 2022 with the funds settling into the BlackRock property portfolio on 7 April 2022 and accrued dividends of (£6,505) not paid as at 31 March 2022.

Investments in its pooled investment vehicles are managed by companies registered in the UK.

Purchases at cost in respect of AVC investments represent AVCs paid onwards by the Trustee to third party AVC providers. Sales proceeds in respect of AVC investments represent AVC funds returned to the Trustee by the AVC providers to settle benefits due to members.

Transaction costs are included in the cost of purchases and deducted from sale proceeds. There were no direct transaction costs incurred during the year.

## Notes to the Financial Statements (continued)

### 11. Reconciliation of investments held at the beginning and end of the year (continued)

Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles.

The change in market value of investments comprises realised and unrealised gains and losses during the year. It also includes increases in separately invested AVC funds whether arising from interest, bonuses, or changes in the value of the investments underlying the funds.

### 12. Investment management expenses

Investment management expenses incurred relate to the running and management of the Blackrock property portfolio which is deducted from the Blackrock property portfolio fund directly. All other investment management expenses incurred by the scheme are settled by the Principal Employer and is listed in note 7 Administration costs.

### 13. Pooled investment vehicles

The Scheme's investments in pooled investment vehicles at the year end comprised:

	<b>2022</b>	<b>2021</b>
	£	£
Equities	<b>47,467,614</b>	43,250,649
Property	<b>3,835,167</b>	3,176,058
Bonds	<b>15,650,869</b>	14,152,560
Cash	<b>32</b>	-
	<b>66,953,682</b>	60,579,267

### 14. AVC investments

The Trustee holds assets invested separately from the main investments to secure additional benefits on a money purchase basis for those members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement made up to 31 March confirming the amounts held in their account and the movements in the year.

The aggregate amounts of AVC investments are as follows:

	<b>2022</b>	<b>2021</b>
	£	£
Scottish Widows – With Profits	<b>25,208</b>	24,692
Scottish Widows – Unit Linked	<b>91,229</b>	83,964
Royal London – Unit Linked	<b>612,410</b>	569,270
	<b>728,847</b>	677,926

Notes to the Financial Statements (continued)

**15. Fair value determination**

The fair value of financial instruments has been estimated using the following fair value hierarchy:

- 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 within 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 Scheme's investment assets and liabilities have been fair valued using the above hierarchy levels as follows:

<b>As at 31 March 2022</b>	<b>Level 1</b> £	<b>Level 2</b> £	<b>Level 3</b> £	<b>Total</b> £
Pooled investment vehicles	-	63,118,515	-	63,118,515
Property - PIV	-	-	3,835,167	3,835,167
AVC investments	-	-	728,847	728,847
Cash	20,399	-	-	20,399
Pending transactions	(13,853)	-	-	(13,853)
	<b>6,546</b>	<b>63,118,515</b>	<b>4,564,014</b>	<b>67,689,075</b>

<b>As at 31 March 2021</b>	<b>Level 1</b> £	<b>Level 2</b> £	<b>Level 3</b> £	<b>Total</b> £
Pooled investment vehicles	-	57,403,209	-	57,403,209
Property - PIV	-	-	3,176,058	3,176,058
AVC investments	-	-	677,926	677,926
Cash	758,797	-	-	758,797
Pending transactions	(743,820)	-	-	(743,820)
	<b>14,977</b>	<b>57,403,209</b>	<b>3,853,984</b>	<b>61,272,170</b>



## Notes to the Financial Statements (continued)

### 16. Investment risk disclosures

#### Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks as follows:

- Credit risk – one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Market risk – comprises the following three types of risk:
  1. Interest rate risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market interest rates.
  2. Currency risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in foreign exchange rates.
  3. Other price risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market prices (other than those due to interest rates and currency).

The Trustee determines its investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers, BlackRock and Insight, and monitored by the Trustee by regular reviews of the investment portfolio.

Further information on the Trustee's approach to risk management, credit and market risk is set out below. This does not include AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

#### Investment strategy

The investment objective of the Scheme is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the Scheme payable under the Trust Deed and Rules as they fall due.

The Trustee sets the investment strategy for the Scheme taking into account considerations such as the strength of the employer covenant, the long term liabilities of the Scheme and the funding agreed with the Employer. The investment strategy is set out in the Scheme's Statement of Investment Principles (SIP).

The current strategy is to hold:

- 25% in investments that move broadly in line with the long-term liabilities of the Scheme. This comprises UK and overseas government and corporate bonds, the primary purpose of which is to hedge against the impact of interest rate movement on long-term liabilities.
- 75% in return seeking investments, comprising UK and overseas equities and UK property.

## Notes to the Financial Statements (continued)

### 16. Investment risk disclosures (continued)

#### Credit risk

The pooled investment arrangements used by the Scheme comprise unit trusts. Direct credit risks arising from pooled investment vehicles (PIVs) is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled manager operates and the ongoing due diligence of the pooled manager.

The Trustee monitors the performance of BlackRock and Insight (“the investment managers”) on a regular basis in addition to having meetings with the investment managers from time to time as necessary. The Trustee has written agreements with the investment managers, which contain a number of restrictions on how the investment managers may operate.

The Scheme has indirect exposure to credit risks from the underlying investments held by the PIVs. The risk is mitigated as follows:

- The indirect credit risk arising on bonds is mitigated by placing restrictions on the assets that may be held within the bond portfolio and through a buy and maintain management approach of the Insight Buy and Maintain Bond Fund. All bond holdings are made by pooled investment vehicles.
- Indirect credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter (OTC). OTC derivatives are not guaranteed by a regulated exchange so there is a risk of the counterparty defaulting on its payment. Derivatives form a minority holding in the Scheme’s pooled investment vehicles for efficient portfolio management as well as tactically managed use in the actively managed funds.
- The Scheme does not have a fixed cash allocation but small allocations to cash may be held by its pooled funds. Cash is held within financial institutions which are at least investment grade rated.

#### Market risk: Interest rates

The Scheme is subject to interest rate risk because some of the Scheme’s investments are held in bonds through pooled vehicles, and cash. The Trustee has set a benchmark for total investment in bonds of 25% of their total investment portfolio. Under this strategy, if interest rates fall, the value of the Scheme’s bond investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the Scheme’s bond investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate. At the year end the bond portfolio represented 23.4% of the total investment portfolio (2021: 23.4%).

#### Market risk: Currency

The Scheme is exposed to currency risk because some of its investments are held in overseas markets. For example, the Scheme invests indirectly in overseas equities and bonds through PIVs.

The Scheme’s liabilities are denominated in sterling. In order to manage the impact of exchange rate fluctuations on the Scheme’s investments, currency hedging is employed on half of the Scheme’s overseas equities.

The Scheme’s total unhedged exposure to overseas currency at the year-end was 35.0% (2021: 35.5%).

## Notes to the Financial Statements (continued)

### 16. Investment risk disclosures (continued)

#### Market risk: Other price

Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes equities and property held in pooled vehicles.

The Scheme manages this exposure by investing in pooled funds that invest in a diverse portfolio of instruments across various markets. According to the Scheme's Statement of Investment Principles (SIP), the investment manager's responsibilities include having regard to the need for diversification of investments so far as appropriate. In addition, the asset allocation is detailed in Section 3.3 of the SIP document and is monitored on a regular basis by the Trustee.

At the year end, the Scheme's exposure to investments subject to other price risk was:

	2022 £	2021 £
<b>Indirect</b>		
Equity PIVs	£47,467,614	43,250,649
Property PIVs	£3,835,167	3,176,058

### 17. Current assets

	2022 £	2021 £
Contributions due from employer in respect of:		
Employer	156,060	141,716
Employee	62,501	61,454
Cash at bank	286,647	293,805
	<u>505,208</u>	<u>496,975</u>

The contributions receivable were due in the normal course of collection and were received by the statutory deadline. Included within the cash at bank figure is Nil (2021: £Nil) relating to disinvestment of AVC investments which were paid to members after the year end.

### 18. Current liabilities

	2022 £	2021 £
Unpaid benefits	-	10,644
Taxation	255	-
	<u>255</u>	<u>10,644</u>

## Notes to the Financial Statements (continued)

### 19. Concentration of Investments

At 31 March 2022, the following investment holdings represent more than 5% of the Scheme's assets:

	2022		2021	
	Value £	% of Net Assets	Value £	% of Net Assets
Aquila Life UK Equity Index	11,332,676	17	10,021,441	16
Insight Buy and Maintain Bond Class B Acc Fund	7,791,521	11	7,370,941	12
Aquila Life UK Gilt Index Linked 5 yrs	7,859,348	12	6,781,624	11
Aquila Life Hedged US Equity Index	6,325,713	9	5,559,465	9
Aquila Life US Equity Index	6,579,420	10	5,513,251	9
Aquila Life Hedged European Equity Index	5,148,173	8	5,084,919	8
Aquila Life European Equity Index	5,436,274	8	4,818,414	8
BPF - UK Property	3,835,167	6	3,176,059	5

### 20. Related party transactions

Contributions and benefits in respect of Trustee Directors were in accordance with the Scheme rules and Schedule of Contributions.

During the year under review, no Trustee Director held office as a Director of the Company. Peter Cameron Brown is an independent Trustee Director, Don Hughes is also independent from the Company, but up to April 2017, a company of which he is a director and the principal shareholder had a significant business relationship with the Employer. Peter Kelley and Alex Penfold are nominated by members and Alex Penfold was in employment with the Company during the year. Jane Beaumont and Peter Kelley are pensioner members of the Scheme.

As disclosed in note 7 and in accordance with the Schedule of Contributions the United Kingdom Accreditation Service, as Principal Employer, paid administration and investment costs of £368,741 (2021: £351,992) on behalf of the Scheme and Trustee which included Trustee costs of £24,926 (2021: £27,922).

## Notes to the Financial Statements (continued)

### **21. Contingent liabilities in respect of GMP equalisation and miscalculation of increases during deferment of final salary pensions**

As explained on page 6 of the Trustee's Report, following a High Court judgement the Scheme is required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. The actuary has estimated the adjustment required is likely to be less than 0.2% of the total pension liabilities.

As explained on page 6 of the Trustee's Report, the Trustee has discovered that there had been some historic miscalculation of increases during deferment of final salary pension benefits which had been deferred on the closure of that section of the Scheme in 2003. This resulted in some Members' benefits being overpaid and others underpaid. Those Members who have been overpaid have been identified and the monthly pensions were adjusted to the correct amount from 1 April 2022. The Company and Trustees agreed that the overpayments for the period up to 31 March 2022 will not be recovered from Members. These overpayments were treated as a benefit augmentation, the cost of which was funded by the Company by an additional contribution of £29,198. Where there has been an underpayment of pension this will be corrected with interest when the GMP Equalisation exercise has been completed with an estimated cost of less than £13,000.

Also as explained on page 6 of the Trustee's report, a recent exercise reconciling the actuarial to the administrative records has identified a pensioner whose pension may have been underpaid since date of retirement. A correction exercise is currently underway and the correct pension will be paid backdated to the date of retirement together with interest. This will be reflected in the Accounts of a future year and the cumulative underpayment plus interest is estimated to be approximately £10,000.

### **22. Employer Related Investments**

The United Kingdom Accreditation Service is a company limited by guarantee with no shareholders, therefore there are no employer related investments held within the scheme.

### **23. Subsequent events: conflict in Ukraine**

The current uncertainty, and the associated sanctions against Russia and Russian individuals, has led to volatility in investment markets. How those events might develop, the scale of those developments and the wider impacts are hard to predict, though a period of heightened uncertainty seems inevitable. The amount of exposure to Russia is regarded as trivial to the Plan. The Trustee has not identified any further material risks to the Plan or employer covenant because of Russian Sanctions although the Trustee will continue to closely monitor the situation.