The Museums Association Pension Plan

Report and financial statements
For the year ended 31 March 2020
The Museums Association Pension Plan

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For the year ended 31 March 2020

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The Museums Association Pension Plan

Reference and administrative details

For the year ended 31 March 2020

Scheme registration number 13/59103

Sponsoring employer The Museums Association

Trustee The MA Pension Plan Company Ltd (Company number 08277044) was set up in November 2012 to act as sole trustee of the Museums Association Pension Plan.

Address of the Trustee The Museums Association 42 Clerkenwell Close LONDON EC1R 0AZ

Contact for enquiries Neil Mackay, The Museums Association Neil@museumsassociation.org

Trustee directors Directors of the MA Pension Plan Company Ltd serving during the year:
Heather Lees Chair, (employer-appointed)
Will Adams Member-nominated director
Sharon Heal Employer-appointed director

Scheme advisers

Actuary Grant Spence XPS Pensions (RL) Limited (Previously RL Corporate Pension Services Limited)

Auditor Sayer Vincent LLP Chartered Accountants and Statutory Auditors Invicta House, 108–114 Golden Lane LONDON EC1Y 0TL

Investment manager(s) XPS Pensions (RL) Limited PO Box 23811 57 Henderson Row EDINBURGH EH3 5XJ

Consultants & investment advisers First Actuarial LLP (from 23 September 2019) Fosse House, 182 High Street TONBRIDGE, KENT TN9 1BE

To September 2019:
Smith & Williamson Financial Services Limited 25 Moorgate LONDON EC2R 6AY
The Museums Association Pension Plan

Trustee’s annual report

For the year ended 31 March 2020

We present our report and contribution summary of the scheme for the year to 31 March 2020.


The auditors’ report is attached on page 16. The auditors’ statement about contributions is on page 19. It can be seen from this report that contributions were in all material respects paid in accordance with the Schedule of Contributions as certified by the scheme actuary (page 15).

Scheme management

The Pension Plan
The Museums Association Pension Plan (“MAPP”) was established by a trust deed effective from November 1988 to provide retirement and other benefits to employees of the Museums Association (MA). The plan aims to provide pensions related to members’ earnings before retirement, and pensions and lump sum benefits for widows/widowers and dependents. The plan is governed by the trust deed and rules dated 14 September 1989 and amended on 28 January 1997, 1 September 2000, 10 March 2005, 31 August 2005, 21 September 2007, 31 March 2008, 14 January 2011 and 1 October 2014.

Changes to the scheme
MAPP was closed to future service accrual with effect from 31 March 2008. As a result, no new members will be admitted and no further employee contributions will be payable. Benefits already accrued by individual members will be held until they retire or decide to transfer out, and will be “revalued” each year in the meantime.

In May 2008 the contractual obligation for administration and actuarial services associated with MAPP was transferred to Royal London Mutual Insurance Society Limited (“Royal London”, formerly Scottish Life) from JLT Benefit Solutions Limited, and in June 2008 the MAPP funds, including those invested as AVCs, held by JLT were transferred to Royal London.

The MA is responsible for ensuring that there are sufficient funds in MAPP to meet the pension obligations as they arise. The level of funding necessary is calculated by the Scheme Actuary every three years.

As benefits have ceased to be earned under the scheme, no contributions are required in respect of future service benefits. The valuation also shows a surplus. Therefore no employer contributions are required at this time, except that the employer will meet the cost of Pension Protection Fund levies and the cost of any expenses other than those paid to Royal London through policy charges, as and when they fall due.
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For the year ended 31 March 2020

A full review of the employer’s contributions will be completed at the time of the next valuation, which is due to take place at 1 April 2022. The trustees may bring forward the date of the next valuation if changes in circumstances dictate. The trustees note the need to monitor events as an ongoing requirement.

In addition to assets held by the scheme, the trustee holds a charge of £600,000 over the Association’s funds. This amount is held as a designated fund by the employer.

Significant events
In March 2020 Royal London notified the scheme that as part of a fund pricing process review they had identified an error in the fund prices quoted for the Property fund between 1 November 2012 and 24 May 2018. The error was corrected, and the number of units held in the Property fund adjusted, before the end of the financial year to restore the scheme assets to the position they would have been in had the error not occurred. Royal London confirmed that the scheme had not suffered any loss as a result.

Scheme advisers
Details of the Scheme advisers are given in the reference and administrative details at the front of this report.

Trustee directors and related parties
The directors of the trustee company are listed in the reference and admin details. The Principal Employer may at any time or times by deed appoint new or additional trustees provided that the proposed trustees are not disqualified from acting.

Will Adams and Sharon Heal are also deferred members of the Scheme. Heather Lees is a trustee of the Museums Association.

Scheme membership
38 members of MAPP are now “deferred” members who are not yet in receipt of a pension from the scheme. Six of these also participate in the AVC plan.

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Live</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Deferred</td>
<td>38</td>
<td>39</td>
</tr>
<tr>
<td>Annuitants</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Pensioners</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>

Where annuities have been purchased externally, they have been added into the membership.

Pension increases
Increases applied to pensions in payment as at 31 March 2020 were 0% per annum for pensions earned before 6 April 1997 and RPI with a maximum of 5% for pensions earned after 6 April 1997. No discretionary pension increases were granted during this period.
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For the year ended 31 March 2020

Contact for further information
See reference and administrative details at the front of the report.

Investment management

Investment managers
XPS Pensions Limited, PO Box 2381, 57 Henderson Row, Edinburgh, EH3 5XJ

Investment principles
The trustee has produced a Statement of Investment Principles as required by Section 35 of the Pensions Act 1995. This statement was last reviewed and updated in February 2018 and is reproduced here.

1. This Statement sets out the principles governing decisions about investments for the above pension scheme in accordance with Section 35 of Pensions Act 1995, as amended by Section 244 of Pensions Act 2004, and complies with guidance provided by the Pensions Regulator.

2. It has been agreed by the directors of the MA Pension Plan Company Limited, having taken appropriate professional advice and having consulted the principal employer, the Museums Association (the “MA”). It does not conflict with our powers of investment, as set out in the Scheme’s trust deed and rules.

3. Our principal aim is to ensure that sufficient funds are available to provide benefits as and when required by the Scheme rules. Subject to this objective, our policy is to maximise long-term investment performance, having due regard to the nature of the liabilities of the Scheme and to the funding objective (“statutory funding objective”) that has been established.

4. We have delegated the management of Scheme assets to The Royal London Mutual Insurance Society Limited (“Royal London”) an authorised insurance company that manages unit-linked tax-exempt funds through its associated company, Royal London Asset Management Limited. The funds selected by the trustee will be consistent with the above principles.

5. In addition to assets covered by this Statement of Investment Principles, the Scheme has an interest of £600,000 in an escrow* account, held as a contingent asset. [*the funds are no longer held in an escrow account and are instead ring-fenced in a designated fund in the accounts of the Museums Association.]

6. When agreeing the last actuarial valuation of the Scheme, which had an effective date of 6 April 2016, we decided that in future, all new pensions should be paid out of the fund, instead of buying annuities when members retire.

7. Since there is no longer a requirement to have available a large capital amount (beyond that required to provide a pension commencement lump sum) when a member retires, our
The Museums Association Pension Plan

Trustee’s annual report

For the year ended 31 March 2020

investment strategy no longer needs to be geared to annuity prices as members approach retirement. This, together with our interest described in clause 5, has allowed us to slightly relax our view of investment risk and to increase our exposure to return-seeking assets.

8. Notwithstanding the way in which scheme pensions will now be paid, we recognise that large capital sums may still be required from time to time, where members choose to transfer out of the scheme.

9. Following completion of the 2016 valuation, we commissioned Royal London’s actuaries to prepare a strategic investment allocation report for the scheme, which involved the following steps:

- Determine future cash-flow requirements of the scheme;
- Assess our appetite for investment risk over specified terms;
- Adopt Royal London’s “Managed Strategies” approach, as a mechanism for identifying matching asset classes, reflecting our appetite for risk;
- Facilitate net cash flow of the scheme so as to invest for periods when liabilities are expected to arise that are in excess of monthly contributions received by the scheme. Currently, the scheme is fully funded on a “technical provisions” basis and the Schedule of Contributions has run its course. Contributions are not therefore expected to restart until after the 2019 valuation. This could occur in such circumstances as:
  
  i. The funding position at that time has fallen below 100% on a “technical provisions” basis;
  
  ii. We believe that the principal employer’s “covenant” has weakened;
  
  iii. We feel that the MA is able comfortably to fund the scheme at a higher level (if the scheme was to wind-up and benefits were bought out today with an insurance company, a substantial deficit would exist).

- Select investments from Royal London’s in-house funds and those offered by its linked fund managers, based on advice received from our investment advisers, Smith & Williamson Financial Services Limited;

10. Immediately prior to commencement of the strategic investment allocation report, we reviewed our attitude to risk, which we now consider to be “balanced” over all terms, reflecting to the way in which our liability to pay pensions will now be discharged.

11. Expressed in terms of Royal London’s asset allocation for various portfolios within its Managed Strategies programme, our risk profile corresponds to Governed Portfolio 6 (short-term), Governed Portfolio 5 (medium-term) and Governed Portfolio 4 (long-term), known collectively as its “Balanced” strategy.
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Trustee’s annual report

For the year ended 31 March 2020

12. The make-up of the three Governed Portfolios is as shown below.

Governed Portfolio 4 (at 15 years+)
- 67.5% Equity
- 17.5% Property
- 5.00% Commodities
- 1.66% Gilts (15 year)
- 1.67% Index linked (15 year)
- 1.67% Corporate bonds (15 year)
- 5.00% Absolute return strategies (including cash)

Governed Portfolio 5 (at 10 years)
- 55.0% Equity
- 15.0% Property
- 5.00% Commodities
- 2.50% Global High Yield Bond
- 5.00% Gilts (10 year)
- 5.00% Index linked (10 year)
- 5.00% Corporate Bonds (10 year)
- 7.50% Absolute Return strategies (including cash)

Governed Portfolio 6 (at 5 years)
- 32.5% Equity
- 12.5% Property
- 5.00% Commodities
- 2.50% Global High Yield Bond
- 11.66% Gilts (10 year)
- 11.67% Index linked (10 year)
- 11.67% Corporate Bond
- 12.50% Absolute Return strategies (including cash)

13. On applying the relevant portfolios to the liabilities of our scheme, the “ideal” asset-matching allocation was identified as:

- 64.0% Equities
- 0.6% Corporate Bonds (5 year)
- 0.5% Corporate Bonds (10 year)
- 1.4% Corporate Bonds (15 year)
- 0.6% Index-linked Gilts (5 year)
- 0.6% Index-linked Gilts (10 year)
- 1.4% Index-linked Gilts (15 year)
- 16.9% Property
- 0.3% Deposit
- 0.6% Gilts (5 year)
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Trustee’s annual report

For the year ended 31 March 2020

- 0.6% Gilts (10 year)
- 1.4% Gilts (15 year)
- 0.4% High Yield Bonds
- 5.0% Commodities
- 5.7% Absolute Return

Assets in the lower section of the list are not currently part of the portfolio.

14. We also wished to reduce our exposure to UK equities, in favour of global equities, whilst still holding a proportion of each, taking into account the present economic and political climate, both UK and world-wide.

15. Our investment adviser considered available funds that might be suitable to meet those in the lower section of “matching assets” and concluded that currently, there were no Commodities or Absolute Return funds available from Royal London (or through its linked funds) that displayed the appropriate risk profile and have delivered on their objectives within an acceptable period.

16. In view of the lack of suitable Commodities and Absolute Return funds, it was necessary to modify our target asset allocation and to identify alternative funds. We have therefore chosen to adopt a revised asset allocation, as follows:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK Equities</td>
<td>27.4%</td>
</tr>
<tr>
<td>International Equities</td>
<td>42.1%</td>
</tr>
<tr>
<td>Total Equities:</td>
<td>69.5%</td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>4.8%</td>
</tr>
<tr>
<td>Gilts</td>
<td>2.7%</td>
</tr>
<tr>
<td>Index-linked</td>
<td>2.6%</td>
</tr>
<tr>
<td>Property</td>
<td>20.1%</td>
</tr>
<tr>
<td>Cash/other</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

(Rounding error of 0.1% included above)
17. To achieve a rebalancing of equity holdings between UK and global equities, whilst spreading the risk between further funds, we were advised to adopt the following new funds:

- **RLP Jupiter Financial Opportunities Fund**
  This is an externally-managed global equity fund, which concentrates its investments in financial services companies, whilst maintaining volatility that is broadly in line with non-specialist global equity funds. Less than 10% of this fund is currently invested in the UK.

- **RLP Sustainable Diversified Trust Fund**
  This is an actively-managed mixed assets fund that invests in companies with core themes of environment, human welfare and sustainability. Companies leading their industries in environmental, social and governance, as assessed by Royal London’s analysis, are also included in the investable universe. A little under 30% of this fund is currently invested in UK equities.

- **RLP BlackRock Aquila World (Ex UK) Equity Index Fund**
  This fund is exclusively a (non-UK) global equity fund, designed to track the performance of the FTSE All World ex UK (Developed) Index. This is the only fund in the portfolio that specifically excludes UK content and its purpose is to reduce the overall holding in UK equities.

18. Our target asset allocation to individual funds within the portfolio is shown in the Schedule of Investments, which follows. It is recognised that relative proportions will change over time and it is intended that the portfolio will be rebalanced at six-monthly intervals.

### Schedule of Investments

<table>
<thead>
<tr>
<th>Fund</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>RLP BlackRock Aquila Global Equity Index (60:40)</td>
<td>47.5%</td>
</tr>
<tr>
<td>RLP Short (5 yr) Corporate Bond</td>
<td>0.6%</td>
</tr>
<tr>
<td>RLP Medium (10 yr) Corporate Bond</td>
<td>0.5%</td>
</tr>
<tr>
<td>RLP Long (15 yr) Corporate Bond</td>
<td>1.4%</td>
</tr>
<tr>
<td>RLP Short (5 yr) Index Linked</td>
<td>0.6%</td>
</tr>
<tr>
<td>RLP Medium (10 yr) Index Linked</td>
<td>0.6%</td>
</tr>
<tr>
<td>RLP Long (15 yr) Index linked</td>
<td>1.4%</td>
</tr>
<tr>
<td>RLP Property</td>
<td>20.0%</td>
</tr>
</tbody>
</table>
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Trustee’s annual report

For the year ended 31 March 2020

<table>
<thead>
<tr>
<th>Investment</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>RLP Deposit</td>
<td>0.3%</td>
</tr>
<tr>
<td>RLP Short (5 yr) Gilt</td>
<td>0.6%</td>
</tr>
<tr>
<td>RLP Medium (10 yr) Gilt</td>
<td>0.6%</td>
</tr>
<tr>
<td>RLP Long (15 yr) Gilt</td>
<td>1.4%</td>
</tr>
<tr>
<td>RLP Sterling Extra Yield Bond</td>
<td>0.5%</td>
</tr>
<tr>
<td>RLP Jupiter Financial Opportunities</td>
<td>7.0%</td>
</tr>
<tr>
<td>RLP Sustainable Diversified Trust</td>
<td>5.0%</td>
</tr>
<tr>
<td>RLP BlackRock Aquila World (Ex UK) Equity Index</td>
<td>12.0%</td>
</tr>
</tbody>
</table>

19. Pensions Act 1995, as amended by Pensions Act 2004, prescribes information that must be provided within trustees’ Statements of Investment Principles, which are addressed in the remainder of this Statement.

20. The kinds of investments and the balance between them
We have previously described how we have arrived at our “ideal” asset allocation, taking into account the lack of availability of suitable funds in certain sectors, which has resulted in the balance of assets shown in clause 16.

21. Risk and Return
We are satisfied that Royal London Asset Management Limited has effective risk management processes in place and that the expected return on assets will be consistent with returns from the relevant sector. We are also satisfied that Royal London has carried out sufficient due diligence on its linked fund managers and their risk management processes, prior to including them on its investment platform.

22. Realising Investments
Investments are held in units of the relevant funds managed by Royal London Asset Management Limited or its linked fund managers. The nature of unit-linked funds in general is that they are readily marketable, although units held in property funds are not always immediately realisable and the sale of such units may be delayed by up to six months.

23. Choosing Investments
We received written investment advice from Smith & Williamson Financial Services Limited, following a discussion of the issues at a formal trustee meeting. Our Scheme is an “insured” scheme, so we may only choose investments available from the insurer, Royal London, or its linked fund managers.
24. **Social, Environmental and Ethical Considerations**

   We will take opportunities for socially, environmentally and ethically responsible investments where this is compatible with our principal aim to ensure that sufficient funds are available to provide benefits as and when required by the scheme rules and, subject to that, to maximise long-term investment performance.

   We believe that introduction of the RLP Sustainable Diversified Trust Fund into the portfolio demonstrates our commitment to investing in companies that have core themes of environment, human welfare and sustainability to the extent that our choice of fund has made a positive contribution to these objectives.

25. **Voting Rights**

   We do not directly hold any of the assets, so have no “rights” to exercise in respect of individual companies in which the fund manager chooses to invest. However, we are satisfied that the fund managers, Royal London Asset Management Limited, who manage the assets on behalf of Royal London, do exercise their voting rights.

26. We aim to review our investment strategy and this Statement each year, with appropriate advice, and will ensure that it is comprehensively reviewed not less than once every three years.

**Review of investment performance**

The assets of MAPP are invested in an insurance policy (number 157711) from Royal London.

At 31 March 2020 the value of the units invested on behalf of MAPP totalled **£ 2,926,248**

The breakdown is shown below, together with the value of annuities held in the name of the trustee.
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Trustee’s annual report

For the year ended 31 March 2020

<table>
<thead>
<tr>
<th>Fund</th>
<th>Unit Holding</th>
<th>Bid Price</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>RLP Deposit</td>
<td>2,360.491</td>
<td>460.20</td>
<td>£ 10,862.98</td>
</tr>
<tr>
<td>RLP Long (15yr) Index Linked</td>
<td>19,883.505</td>
<td>256.30</td>
<td>£ 50,961.42</td>
</tr>
<tr>
<td>RLP Medium (10yr) Corporate Bond</td>
<td>8,054.049</td>
<td>221.40</td>
<td>£ 17,831.66</td>
</tr>
<tr>
<td>RLP Long (15yr) Corporate Bond</td>
<td>18,520.231</td>
<td>264.70</td>
<td>£ 49,023.05</td>
</tr>
<tr>
<td>RLP/BlackRock ACS Global Equity Index (60:40)</td>
<td>533,779.064</td>
<td>231.30</td>
<td>£ 1,234,630.97</td>
</tr>
<tr>
<td>RLP Property</td>
<td>56,050.417</td>
<td>1,133.00</td>
<td>£ 635,051.22</td>
</tr>
<tr>
<td>RLP Medium (10yr) Index Linked</td>
<td>10,313.149</td>
<td>205.90</td>
<td>£ 21,234.77</td>
</tr>
<tr>
<td>RLP Short (5yr) Gilt</td>
<td>12,019.552</td>
<td>166.40</td>
<td>£ 20,000.53</td>
</tr>
<tr>
<td>RLP Medium (10yr) Gilt</td>
<td>9,775.421</td>
<td>219.80</td>
<td>£ 21,486.38</td>
</tr>
<tr>
<td>RLP Short (5yr) Index Linked</td>
<td>13,528.020</td>
<td>161.80</td>
<td>£ 21,888.34</td>
</tr>
<tr>
<td>RLP Short (5yr) Corporate Bond</td>
<td>11,306.100</td>
<td>188.60</td>
<td>£ 21,323.30</td>
</tr>
<tr>
<td>RLP Long (15yr) Gilt</td>
<td>19,405.810</td>
<td>277.00</td>
<td>£ 53,754.09</td>
</tr>
<tr>
<td>RLP Sterling Extra Yield Bond</td>
<td>7,387.955</td>
<td>197.40</td>
<td>£ 14,583.82</td>
</tr>
<tr>
<td>RLP/BlackRock ACS World (ex UK) Equity Index</td>
<td>149,653.118</td>
<td>244.40</td>
<td>£ 365,752.22</td>
</tr>
<tr>
<td>RLP/Jupiter Financial Opportunities</td>
<td>161,068.543</td>
<td>132.60</td>
<td>£ 213,576.89</td>
</tr>
<tr>
<td>RLP Sustainable Diversified Trust</td>
<td>133,552.680</td>
<td>130.50</td>
<td>£ 174,286.25</td>
</tr>
<tr>
<td>Value of Units held</td>
<td></td>
<td></td>
<td>£ 2,926,247.89</td>
</tr>
<tr>
<td>Value of Annuities purchased</td>
<td></td>
<td></td>
<td>£ 237,000.00</td>
</tr>
<tr>
<td>Total Assets</td>
<td></td>
<td></td>
<td>£ 3,163,247.89</td>
</tr>
</tbody>
</table>

Compliance statement

There have been no employer–related investments during the period.
The Scheme is a registered scheme number 13/59103.

Changes in and other matters relating to scheme advisers

There were no changes to scheme auditors or actuary. From June 2019 the actuary was employed directly by Royal London Corporate Pension Services Limited (renamed XPS Pensions (RL) Limited), instead of Royal London Mutual Insurance Society Limited. In September 2019 the trustees appointed First Actuarial as consultants, replacing Smith and Williamson.
Statement of trustee’s responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the trustee. Pension Scheme regulations require, and the trustee directors are responsible for ensuring, that those financial statements:

- 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 Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice "Financial Reports of Pension Schemes" (2018).

In discharging the above responsibilities, the trustee directors are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a reasonable and prudent basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

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

The trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.
The Museums Association Pension Plan

Trustee’s annual report

For the year ended 31 March 2020

Auditor

Sayer Vincent LLP were re-appointed as the scheme’s auditor during the year and have expressed their willingness to continue in that capacity.

The trustee’s annual report has been approved by the trustee directors on 30 October 2020 and signed on its behalf by

Sharon Heal Director
Museums Association Pension Plan Company Ltd.
The Museums Association Pension Plan

Summary of contributions

For the year ended 31 March 2020

<table>
<thead>
<tr>
<th>Contributions payable under the schedule of contributions</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer deficit contributions</td>
<td>Nil</td>
</tr>
<tr>
<td>Total contributions payable under the Schedule</td>
<td>Nil</td>
</tr>
</tbody>
</table>

Approved by the trustee directors on 30 October 2020 and signed on its behalf by

Sharon Heal Director
Museums Association Pension Plan Company Ltd
The Museums Association Pension Plan

Report on actuarial liabilities

For the year ended 31 March 2020

Under Section 222 of the Pensions Act 2004, every 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 based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustees 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 1 April 2019, which showed that:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>The value of the Technical Provisions was:</td>
<td>£3,142k</td>
</tr>
<tr>
<td>The value of the assets at that date was:</td>
<td>£3,192k</td>
</tr>
<tr>
<td>Net Scheme surplus:</td>
<td>£50k</td>
</tr>
</tbody>
</table>

The method and significant actuarial assumptions used to determine the 2019 technical provisions are as follows.

No allowance has been made for Scheme experience after 1 April 2019 and, in particular the Covid-19 pandemic.

Method

The actuarial method used in the calculation of the technical provisions is the Current Unit Method. The funding valuation has been carried out on a market-related basis, and so the financial assumptions are based on market conditions at the valuation date.

Significant actuarial assumptions

Discount rates
- Before retirement: 4.3% p.a. (gilts +2.8%)
- After retirement: 1.8% p.a. (gilts +0.3%)

Future Retail Price inflation: 3.6% p.a.
Future Consumer Price inflation: 2.7% p.a.

Pension increases
- Pension increases in payment – pension earned before 6/4/97: 0.0% p.a.
- Pension increases in payment – pension earned on or after 6/4/97 (RPI with a maximum of 5%): 3.6% p.a.
- Pensions in deferment: 2.7% p.a.
The Museums Association Pension Plan

Report on actuarial liabilities

For the year ended 31 March 2020

Demographic and other assumptions

Mortality before retirement  Nil
Mortality after retirement
  — Base tables  S3PA (B=YoB) +2 years
  — Future improvements  CMI_2018 [2%]
Commutation of pension  All members commute 15% of their pension for cash using factors agreed by the trustees on 1 April 2020
Retirement age  Normal retirement age, or next birthday if older
Expense allowance  0.8% of liabilities
Proportion of members
  85% for males
  75% for females
Age difference between females are 3 years younger than males
Discretionary increases  No allowance
Actuary’s certification of the schedule of contributions

Adequacy of rates of contributions

I hereby 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 1 April 2019 to continue to be met for the period for which the schedule is 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 19 June 2020.

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.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Date</th>
<th>Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>FFA</td>
</tr>
</tbody>
</table>

Name: Grant W Spence
Name of Employer: XPS Pensions (RL) Limited
Address: XPS Pensions Group
          3rd Floor, East Wing
          40 Torphichen Street
          Edinburgh, EH3 8JB

29 June 2020
Independent auditor’s report

To the trustee directors of

The Museums Association Pension Plan

Opinion

We have audited the financial statements of the Museums Association Pension Plan (the ‘Scheme’) for the year ended 31 March 2020 which comprise the fund account, the net assets statements and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

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 2020 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 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 UK, including the FRC’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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

● The trustee’s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

● The trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Scheme’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.
Independent auditor’s report

To the trustee directors of

The Museums Association Pension Plan

Other information

The trustee directors are responsible for the other information. The other information comprises the information included in the trustee’s annual report, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 trustee directors

As explained more fully in the Trustee’s Responsibilities Statement, set out in the trustee’s annual report, the Scheme’s trustee directors are 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 directors determine 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 directors are 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 either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

This report is made solely to the Scheme’s trustee directors, 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 trustee directors 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’s trustee directors as a body for our audit work, for this report, or for the opinions we have formed.

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
Independent auditor’s report

To the trustee directors of

The Museums Association Pension Plan

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Conclude on the appropriateness of the trustee’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Sayer Vincent LLP
Chartered accountants and statutory auditor
London
30 October 2020
Independent auditor’s statement about contributions, under regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996

To the trustee directors of

The Museums Association Pension Plan

We have examined the summary of contributions to the Museums Association Pension Plan in respect of the Scheme year ended 31 March 2020 which is set out in the Summary of Contributions on page 13.

Statement about Contributions payable under the Schedule of Contributions

In our opinion contributions for the Scheme year ended 31 March 2020 as reported in the summary of contributions and payable under the schedules of contributions have in all material respects been paid at least in accordance with the schedules of contributions certified by the Scheme Actuary on 29 June 2020.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that the contributions reported in the attached 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 trustees and Scheme auditor

This statement is made solely to the Scheme's trustee directors, 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 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme’s trustee directors 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's trustee directors as a body, for our work, for this statement, or for the opinions we have formed.

As explained more fully in the Statement of Trustees’ Responsibilities, the Scheme’s trustee directors are 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.

Sayer Vincent LLP
Chartered accountants and statutory auditor
London

Date 30 October 2020
The Museums Association Pension Plan

Fund account

For the year ended 31 March 2020

<table>
<thead>
<tr>
<th>Note</th>
<th>2020 Total</th>
<th>2019 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td><strong>Contributions and benefits:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer contributions</td>
<td>3</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total contributions</strong></td>
<td></td>
<td>–</td>
</tr>
<tr>
<td>Benefits paid or payable</td>
<td>4</td>
<td>(40,966)</td>
</tr>
<tr>
<td>Payments to or on account of leavers</td>
<td>5</td>
<td>–</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>6</td>
<td>–</td>
</tr>
<tr>
<td><strong>(40,966)</strong></td>
<td></td>
<td><strong>(295,658)</strong></td>
</tr>
<tr>
<td><strong>Net additions/(withdrawals) from dealings with members</strong></td>
<td>(40,966)</td>
<td><strong>(295,658)</strong></td>
</tr>
<tr>
<td><strong>Returns on investments:</strong></td>
<td>7</td>
<td>23,284</td>
</tr>
<tr>
<td>Investment income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in market value of investments</td>
<td>8</td>
<td>(243,525)</td>
</tr>
<tr>
<td>Investment management expenses</td>
<td>9</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net returns on investments</strong></td>
<td></td>
<td>(220,240)</td>
</tr>
<tr>
<td><strong>Net increase/(decrease) in the fund during the year</strong></td>
<td></td>
<td>(261,206)</td>
</tr>
<tr>
<td><strong>Net assets of the fund at the start of the year</strong></td>
<td>8</td>
<td>3,498,829</td>
</tr>
<tr>
<td><strong>Net assets of the fund at the end of the year</strong></td>
<td></td>
<td>3,237,623</td>
</tr>
</tbody>
</table>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.
The Museums Association Pension Plan

Statement of net assets (available for benefits)

31 March 2020

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Investment assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pooled investment vehicles</td>
<td>11</td>
<td>2,926,248</td>
</tr>
<tr>
<td>Insurance policies</td>
<td>12</td>
<td>237,000</td>
</tr>
<tr>
<td>AVC Investments</td>
<td>13</td>
<td>74,375</td>
</tr>
<tr>
<td>Total net investments</td>
<td></td>
<td>3,237,623</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets of the scheme at the year end</td>
<td>3,237,623</td>
<td>3,498,829</td>
</tr>
</tbody>
</table>

The financial statements summarise the transactions of the scheme and deal with the net assets at the disposal of the trustees. 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 does take account of such obligations, is dealt with in the Report on Scheme Liabilities included in the annual report and these financial statements should be read in conjunction with this report.

These financial statements were approved by the Trustee on 30 October 2020 and signed on its behalf

Sharon Heal
Museums Association Pension Plan Company Ltd. Director
The Museums Association Pension Plan

Notes to the financial statements

For the year ended 31 March 2020

1 Basis of preparation
The accounts have been prepared in accordance with the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard FRS102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice – Financial Reports of Pension Schemes (revised June 2018).

The financial statements are presented in sterling which is the functional currency of the Scheme and are rounded to the nearest £.

The Scheme is established as a trust under English law. The address for enquiries is included in the report of the Trustee.

2 Accounting policies
The significant accounting policies that the trustees have adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

a) Contributions
Employer deficit 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 trustees.

b) Payments to members
Pensions in payment are accounted for in the period to which they relate.

Benefits are accounted for in the period in which the member notifies the Trustees of his 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.

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.

Transfer values are determined by the actuaries advising the trustees.

c) Group transfers are accounted for in accordance with the terms of the transfer agreement.

d) Expenses are accounted for on an accruals basis.

e) Investment income
Interest from insurance policies is accounted for on an accrual basis, and is included in the change in market value of the with profits policy.

f) 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.
g) Investments are included at fair value as described below.

With profit insurance policies are reported at the policy value provided by the insurance company based on the cumulative reversionary bonuses declared and the current terminal bonus. Fair values have been determined as the cash value of the unattached annuities at the balance sheet date. The change in fair value of investments during the year comprises all increases and decreases in the fair value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Annuities purchased in the name of Trustees which fully provide the pension benefit for certain members are included in these financial statement at the amount of the related obligation, determined using the most recent Scheme funding valuation assumptions and methodology updated for market conditions at the reporting date. Annuity valuations are provide by the scheme actuary.

Unit trust and managed fund investments are stated at the bid price of the units held.
3 Contributions

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer contributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deficit funding</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

As benefits have ceased to be earned under the scheme, no contributions are required in respect of future service benefits. The valuation at 1 April 2019 also shows a surplus. Therefore no employer contributions are required at this time, except that the employer will meet the cost of Pension Protection Fund levies and the cost of any expenses other than those paid to Royal London through policy charges, as and when they fall due.

4 Benefits paid or payable

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pensions</td>
<td>23,081</td>
<td>14,471</td>
</tr>
<tr>
<td>Commutation of pensions and lump sum retirement benefits</td>
<td>17,885</td>
<td>36,484</td>
</tr>
<tr>
<td>Lump sum death benefits</td>
<td>–</td>
<td>244,703</td>
</tr>
<tr>
<td>Pensions</td>
<td>40,966</td>
<td>295,658</td>
</tr>
</tbody>
</table>

5 Payments to and on account of leavers

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual transfers out to other schemes</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

6 Administrative expenses

All costs of administration are borne by the Museums Association.

7 Investment income

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from pooled investment vehicles (management fee rebate)</td>
<td>23,284</td>
<td>25,960</td>
</tr>
</tbody>
</table>
8 Reconciliation of investments

<table>
<thead>
<tr>
<th></th>
<th>Value at 1 April 2019</th>
<th>Purchases at cost</th>
<th>Sales proceeds</th>
<th>Change in market value</th>
<th>Value at 31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pooled investment vehicles</td>
<td>3,191,847</td>
<td>23,284</td>
<td>(28,966)</td>
<td>(259,918)</td>
<td>2,926,248</td>
</tr>
<tr>
<td>Insurance policies (annuities)</td>
<td>227,000</td>
<td>–</td>
<td>(12,000)</td>
<td>22,000</td>
<td>237,000</td>
</tr>
<tr>
<td>AVC investments</td>
<td>79,982</td>
<td>–</td>
<td>–</td>
<td>(5,607)</td>
<td>74,375</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>3,498,829</td>
<td>23,284</td>
<td>(40,966)</td>
<td>(243,525)</td>
<td>3,237,623</td>
</tr>
</tbody>
</table>

9 Investment management expenses
Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the scheme such as fees, commissions, and stamp duty.

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

10 Taxation
The scheme is a registered Pension Scheme under Chapter 2 Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax. The tax charge in the Revenue Account represents irrecoverable withholding taxes arising on investment income.

11 Pooled investment vehicles
The scheme's investments in pooled investment vehicles at the year end comprised:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK Unit Trusts</td>
<td>2,926,248</td>
<td>3,191,847</td>
</tr>
</tbody>
</table>

All fund managers operating the pooled investment vehicles are registered in the UK.

12 Insurance policies
The scheme held insurance policies at the year end as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annuities with Royal London insurance and Canada Life</td>
<td>237,000</td>
<td>227,000</td>
</tr>
</tbody>
</table>
The Museums Association Pension Plan

Notes to the financial statements

For the year ended 31 March 2020

13 AVC investments

The trustees hold assets invested separately from the main fund 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 to their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royal London E/60673</td>
<td>74,375</td>
<td>79,982</td>
</tr>
</tbody>
</table>

14 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 the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable for the asset or liability.

The Scheme’s investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Pooled investments</td>
<td>2,926,248</td>
<td>-</td>
<td>2,926,248</td>
</tr>
<tr>
<td>Insurance policies (annuities)</td>
<td>-</td>
<td>237,000</td>
<td>237,000</td>
</tr>
<tr>
<td>AVC investments</td>
<td>-</td>
<td>74,375</td>
<td>74,375</td>
</tr>
<tr>
<td>Total 2020</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pooled investments</td>
<td>3,191,847</td>
<td>-</td>
<td>3,191,847</td>
</tr>
<tr>
<td>Insurance policies (annuities)</td>
<td>-</td>
<td>227,000</td>
<td>227,000</td>
</tr>
<tr>
<td>AVC investments</td>
<td>-</td>
<td>79,982</td>
<td>79,982</td>
</tr>
<tr>
<td>Total 2019</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
15 Investment risk disclosures
FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

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

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

The trustees determine their investment strategy after taking advice from a professional investment adviser. The scheme has exposure to these risks because of the investments it makes to implement its investment strategy described in the report of the trustees. The trustees manage 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 and monitored by the trustees by regular reviews of the investment portfolios.

Further information on the trustees’ approach to risk management and the scheme’s exposures to credit and market risks are set out below.

a) Investment performance – If future investment returns on assets falls short of the rates assumed it is likely that contributions will need to increase. The investment strategy will be regularly reviewed to understand the risks being taken and to ensure that those risks are appropriate in the light of the employer covenant and the trustees’ funding objective.

b) Investment mismatching – When market conditions change, the asset value may move differently to the liability value. This may lead to a change in the funding position and contribution requirements. The size of this effect depends on the degree of matching between the assets and liabilities. The investment strategy will be regularly reviewed to understand the risks being taken and to ensure that those risks are appropriate in the light of the employer covenant and the trustees’ funding objective.

c) Inflation – If price inflation were higher than anticipated, benefits would be higher than expected and future employer contributions may need to be increased. The trustees will make sure the investment strategy appropriately considers the inflation risk inherent within the scheme.

d) Annuity purchase – The actual cost of securing a member’s benefits in the annuity market at retirement will depend on financial conditions at that time. This may lead to a change in the funding position and contribution requirements. This position is accentuated where the benefits are being secured for a member with a relatively large liability. The trustees will regularly review the policy of annuity purchase instead of paying pensions from the fund to secure member benefits.

16 Self investment
There has been no self investment during the year.

17 Related party transactions
None of the trustees receive payments from the pension scheme.