

METHODIST LOCAL PREACHERS MUTUAL AID ASSOCIATION PENSION SCHEME

Report and Financial Statements

Year ended 31 March 2018

Pension Scheme Reference Number: 10031756

METHODIST LOCAL PREACHERS MUTUAL AID ASSOCIATION PENSION SCHEME

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METHODIST LOCAL PREACHERS MUTUAL AID ASSOCIATION PENSION SCHEME

Legal and administrative information

Principal employer

The Leaders of Worship and Preachers Homes

Participating employer

The Leaders of Worship and Preachers Trust

Trustees

Mr G Garden

Mrs R M Peedle

Mr J Hardy

Scheme administrator and investment consultants

Broadstone, 55 Baker Street, London. W1U 8EW

Investment managers

Standard Life Investments, 1 George Street, Edinburgh. EH2 2LL

BNY Mellon Fund Managers Limited, 160 Victoria Street, London. EC4V 4LA

Aviva Investors, St Helen's, 1 Undershaft, London. EC3P 3DQ

Invesco Perpetual Life Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire. RG9 1HH

AVC provider

Aviva plc, PO Box 520, Norwich. NR1 3WG

Actuary

Mrs K Rodgers, Actuarial Director,

Broadstone, 11 Europa View, Sheffield Business Park, Sheffield. S9 1XH

Accountants

Howard Wilson, 36 Crown Rise, Watford, Herts. WD25 0NE

Auditors

Gowers Limited, The Old School House, Bridge Road, Hunton Bridge, Kings Langley, WD4 8SZ

Bankers

National Westminster Bank Plc, 159 High Street, Rickmansworth, Herts. WD3 1RN

Solicitors

ARC Pension Law, 9 Devonshire Square, London. EC2M 4YF

METHODIST LOCAL PREACHERS MUTUAL AID ASSOCIATION PENSION SCHEME

REPORT OF THE TRUSTEES

The Trustees are pleased to present their report together with the financial statements of the Methodist Local Preachers Mutual Aid Association Pension Scheme ("the Scheme") for the year ended 31 March 2018.

The Scheme is a defined benefit scheme. It was established in 1974, and is currently governed by the trust deed and rules dated 13 December 1974, as amended by a revised rule book reflecting the basis of the scheme as at 06 April 1997. The Scheme was approved as an "exempt approved scheme" under the terms of the Income and Corporation Taxes Act 1988 and is now a registered pension scheme in accordance with the Finance Act 2004. To the Trustees' knowledge this approval should not be withdrawn.

The Trustees and their professional advisers are as shown on page 1. The power to appoint and remove Trustees vests in the Principal Employer subject to the requirements of the legislation covering the selection of Member Nominated Trustees. The Trustees have agreed a process for the selection of Member Nominated Trustees which is implemented at the agreed times. The Trustees met three times during the financial year and all decisions were made unanimously by the Trustees collectively.

Membership

Status of members	2018	2017
Deferred members	38	38
Pensioners: insured	22	20
uninsured	31	30
	<u>91</u>	<u>88</u>

During the year there were 3 retirements and no deaths.

Of the 38 Deferred Members, 6 'Members in Deferred Retirement' are members who, under the rules in force prior to 1 April 1997, had the right to retire at the age of 60 without reduction in benefits for early retirement, but had not elected to do so.

In respect of Members who joined the Scheme before 1 April 1997 :-

Pension earned for service before 1 April 2000 increases at a rate of 5% compound each year. Pension earned for service from 1 April 2000 increases in line with the Retail Prices Index with a maximum of 5% compound each year.

In respect of Members who joined the Scheme after 1 April 1997 :-

Pension increases in line with the Retail Prices Index with a maximum of 5% compound each year.

The increase in the Retail Prices Index used for the April 2018 pension increase was 2.6%.

Deferred pensions increase at a fixed rate of 5% compound.

No discretionary increases to benefits payable from the Scheme were awarded during the year.

Changes to the Scheme

During the year there has been no change in the amount of the employers' contributions, the level of benefits or any terms or conditions of the Scheme. The Scheme was closed to new entrants with effect from 1 March 2001 and to benefit accrual with effect from 31 March 2003.

Transfer Values

We confirm that the transfer values quoted during the year were calculated on a scale approved by the Actuary to the Scheme. Transfer values are calculated and verified as required under the provisions of the Pensions Act 1993. No account is taken for discretionary benefits in the calculation of transfer values.

Payment of Contributions

Contributions have been received from the employers during the year in accordance with the schedule of contributions agreed with the employers and certified by the Actuary.

Following the Actuarial Valuation at 31 March 2017 a revised schedule of contributions has been agreed with the employers. This was implemented with effect from 1 April 2018.

METHODIST LOCAL PREACHERS MUTUAL AID ASSOCIATION PENSION SCHEME

REPORT OF THE TRUSTEES (cont'd)

Financial Review

In order to ensure that the Scheme can provide all the benefits which have been promised, the Scheme Actuary carries out a financial investigation of the fund every three years.

Following the April 2017 actuarial valuation, after negotiation with the employer the trustees agreed that the recovery plan payments would increase from £11,000 per month to £12,083 per month from April 2018, and would be payable until 31 October 2029, increasing by 3% per annum each April. The next actuarial valuation is due to be carried out as at 1 April 2020.

Confirmation that the contributions being paid are expected to remove the deficit by the end of the recovery period is contained in the Certificate on page 5 of this report.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Financial Reports of Pension Schemes (published by the Pensions Research Group in December 2014).

The financial statements have been prepared and audited in accordance with Regulations under section 41(1) and (6) of the Pensions Act 1995.

Investment Matters

Overview

The Trustees, with the assistance of their appointed investment adviser, determine the overall investment strategy for the Scheme and set out the broad policy to be adopted by each of the appointed fund managers.

Investment strategy and principles

The investment of the Scheme's assets is the responsibility of the Trustees and the Scheme Rules give the Trustees broad powers on investment. There are no restrictions (however expressed) on any power to make investments by reference to the consent of the Employer, or other party.

The Trustees' policy is to seek professional advice on investment strategy. This is provided by the Investment Consultant periodically and at the time of each formal actuarial valuation of the Scheme.

The Trustees have produced a formal Statement of Investment Principles (SIP) (under Section 35 of the Pension Act 1995) which is available on request. The Statement of Investment Principles was last reviewed in July 2018. At 31 March 2018 the Scheme was invested with Standard Life (two funds), Newton (two funds), Invesco (one fund) and Aviva (one fund).

Investment performance

The table below details performance figures for the Scheme.

Annual return over	1 year	2 years	3 years
Scheme	-0.5%	0.6%	-0.3%
Objective	3.9%	3.9%	4.0%

The Trustees have considered the nature, disposition, marketability, security and valuation of the Scheme's investments and consider them to be appropriate relative to the reasons for holding each class of investments. More details about investments are given in the notes to the financial statements.

All of the Scheme assets are invested in pooled funds and therefore have no separate custodial arrangements.

The Scheme has no employer-related investments.

METHODIST LOCAL PREACHERS MUTUAL AID ASSOCIATION PENSION SCHEME

REPORT OF THE TRUSTEES (cont'd)

Further information

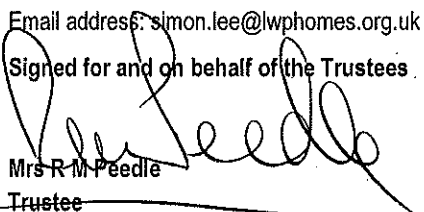
Members are entitled to inspect copies of documents giving information about the Scheme. In some circumstances, copies of the documents can be provided but a charge may be made for copies of the trust documents (deeds and rules) and of the Actuary's report.

Any enquires about the Scheme, including requests from individuals about their benefits, should be addressed to:

Simon Lee
Director of Care Services
LWP Homes
1 Winton Avenue
Westcliff-on-Sea
Essex
SS0 7QU

Email address: simon.lee@lwphomes.org.uk

Signed for and on behalf of the Trustees



Mrs R M Peedle
Trustee

Date: 08 October 2018

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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 that:

- 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 that year of the assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the Scheme year.
- contain the information specified in the Schedule to the Occupations Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement as to whether the financial statements have been prepared in accordance with the statement of Recommended Practice, "Financial Reports of Pension Schemes (revised November 2014)".

The Trustees are responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustees are also responsible under pensions legislation for ensuring that there is prepared, maintained and, from time to time, revised a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employers and the members of the Scheme, and the dates on or before which such contributions are to be paid. The Trustees are responsible for keeping records in respect of contributions received in respect of the Scheme and for monitoring whether contributions are made to the scheme by the sponsor(s) in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustees are required by the Pensions Act 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

The Trustees have a general responsibility for ensuring that adequate accounting records are kept, and for taking such steps as are reasonably open to it, to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of appropriate internal controls.

Actuarial Certificate given for the purposes of Regulation 10 of the Occupational Pensions Schemes (Scheme Funding) Regulations 2005

Name of Scheme: Methodist Local Preachers Mutual Aid Association Pension Scheme

Adequacy of Rates of Contributions

1. I certify that, in my opinion, the rates of the contributions shown in this Schedule of Contributions dated 12 March 2018 are such that the Statutory Funding Objective could have been expected at 1 April 2017 to be met by the end of the period specified in the Recovery Plan dated 12 March 2018.

Adherence to Statement of Funding Principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 12 March 2018.

The certification of the adequacy of 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: 12 March 2018

Name: Karen Rodgers

Qualification: Fellow of the Institute and Faculty of Actuaries

Name of Employer:

Broadstone Corporate
Benefits Limited

Address:

11 Europa View
Sheffield Business Park
Sheffield
S9 1XH

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF
METHODIST LOCAL PREACHERS MUTUAL AID ASSOCIATION PENSION SCHEME**

We have audited the financial statements of Methodist Local Preachers Mutual Aid Association Pension Scheme for the year ended 31 March 2018 which comprise the Fund Account, Net Asset Statement and 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).

This report is made solely to the Trustees, as a body, in accordance with the regulation 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the 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 Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustees are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and United Kingdom Auditing Standards.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- Show a true and fair view of the financial transactions of the Scheme during the period ended 31 March 2018, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the period;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- Contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.


David Green

Gowers Limited

Registered Auditors
The Old School House
Bridge Road
Hunton Bridge
Kings Langley
WD4 8SZ

Date:

8th October 2018

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF
METHODIST LOCAL PREACHERS MUTUAL AID ASSOCIATION PENSION SCHEME**

Statements about contributions under the scheme

We have examined the Summary of Contributions payable to the Scheme in respect of the Scheme year ended 31 March 2018 on page 11.

Respective responsibilities of Trustees and Auditor

As explained more fully in the Statement of Trustees' Responsibilities on page 5 the Scheme's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the Employer. The Trustees are also responsible for keeping records in respect of contributions received in respect of members of the Scheme and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions.

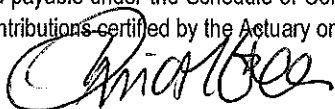
It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

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 on page 11 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.

Statement about contributions payable under the Schedules of Contributions

In our opinion the contributions for the Scheme year ended 31 March 2018 as reported in the Summary of Contributions on page 11 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 Actuary on 29 May 2015.



David Green

Gowers Limited

Registered Auditors
The Old School House
Bridge Road
Hunton Bridge
Kings Langley
WD4 8SZ

Date:

8th Oct 2018

METHODIST LOCAL PREACHERS MUTUAL AID ASSOCIATION PENSION SCHEME

**FUND ACCOUNT STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018**

FUND ACCOUNT	Notes	2018 £	2017 £
Income			
Contributions	2	137,335	141,842
Investment income		14,184	-
Other income		3	6
		<u>151,522</u>	<u>141,848</u>
Expenditure			
Benefits payable	3	82,950	73,284
Administrative fees and expenses	4	5,335	9,842
		<u>88,285</u>	<u>83,126</u>
Net Income/(outgoings) from dealings with members		63,237	58,722
RETURNS ON INVESTMENT			
Changes in market value of investments	5	(33,639)	48,363
Change in value of annuity investments	5	(61,083)	33,000
Net change in the fund during the year		(31,485)	140,085
Balance of fund at start of the year			
As originally reported		<u>3,859,558</u>	<u>2,992,473</u>
Prior period adjustment	9	-	727,000
As restated		<u>3,859,558</u>	<u>3,719,473</u>
Balance of fund at end of year		<u>3,828,073</u>	<u>3,859,558</u>

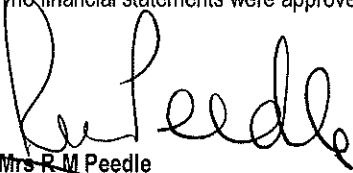
The accompanying notes are an integral part of the fund account and net asset statement

METHODIST LOCAL PREACHERS MUTUAL AID ASSOCIATION PENSION SCHEME

NET ASSET STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018	2017
NET ASSETS STATEMENT			
Investments at market value	5	3,106,378	3,069,793
Annuity Investments at market value	5	698,917	760,000
Net current assets	7	22,778	29,765
Net assets of the Scheme at the year end		<u><u>3,828,073</u></u>	<u><u>3,859,558</u></u>

The financial statements were approved by the Trustees on 08 October 2018.


Mrs R. M. Peedle


Mr J Hardy

The accompanying notes are an integral part of the fund account and net asset statement

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Scheme's financial statements.

Basis of Accounting

The financial statements have been prepared in accordance with the Occupational Pension Scheme (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, and with the guidelines set out in the Statement of Recommended Practice Financial Reports of Pension Schemes (revised November 2014).

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 the obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the scheme, which does not take account of such obligations, is dealt with in the actuarial statement included in the annual report and these financial statements should be read in conjunction with it.

Investments

Investments are stated at market value.

The change in investment market values during the year includes profits and losses on investments sold as well as unrealised gains and losses in the value of investments held as at 31 March 2018.

Contributions and benefits

Contributions and benefits are accounted for in the period in which they fall due. Contributions include monies received from employers to assist with the administrative costs of the scheme.

Dividends and interest

Dividends and interest on securities are accounted for when received. Interest on bank deposits is accounted for as it accrues. In accordance with the Finance Act 2014 the Scheme is a registered pension scheme and therefore income from investments includes the related tax credits.

Transfer values

Transfer values from and to other pension arrangements are accounted for when received or paid.

2	Contributions		2018 £	2017 £
	Contributions from employer:	Deficit funding	132,000	132,000
		Augmentation	5,335	9,842
			137,335	141,842
			137,335	141,842
3	Benefits		2018 £	2017 £
	Pensions		75,951	69,482
	Lump sums on retirement		6,999	3,802
			82,950	73,284
			82,950	73,284

METHODIST LOCAL PREACHERS MUTUAL AID ASSOCIATION PENSION SCHEME

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

4	Administrative fees and expenses	2018	2017
		£	£
	Audit fees	1,500	2,280
	Accountancy fees	600	600
	Administration fees and levies	2,678	2,685
	Investment Management Fees	497	4,210
	Bank charges	60	67
		<u>5,335</u>	<u>9,842</u>

Except as noted above, costs of administration are borne by the employing companies (Note 8).

5	Investments at market value	2018	2017
		£	£
	BNY Mellon	593,097	903,864
	BNY Mellon	332,090	330,354
	Standard Life	547,434	1,200,679
	Standard Life	-	329,135
	Standard Life	431,833	289,485
	Invesco	602,157	-
	Aviva Life and Pensions UK Limited:	583,222	-
	Aviva Life and Pensions UK Limited:	16,545	16,276
		<u>3,106,378</u>	<u>3,069,793</u>

The movements in total investments (including AVCs) during the year were as follows:

	2018	2017
	£	£
Market value at start of year	3,069,793	2,969,564
Net cost of investments purchased/(proceeds of investments sold)	70,224	51,866
Change in value of the policy	(33,639)	48,363
Market value at end of year	<u>3,106,378</u>	<u>3,069,793</u>

AVC Investments

The Trustees hold investments which are invested separately from the main fund, in the form of individual insurance policies. These secure additional benefits, on a money purchase basis, for those members who have elected 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 during the year. The total amounts of AVC investments are as follows:

	2018	2017
	£	£
Aviva Life and Pensions UK Limited	<u>16,545</u>	<u>16,276</u>

The movements in AVC assets during the year was as follows:

	2018	2017
	£	£
Balance at start of year	16,276	14,163
Change in value of the units	269	2,113
Balance at end of year	<u>16,545</u>	<u>16,276</u>

METHODIST LOCAL PREACHERS MUTUAL AID ASSOCIATION PENSION SCHEME

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

5 Investments at market value (cont'd)

Annuity Investments

The Trustees hold investments which are invested separately from the main fund. Under the recently revised accounting guidance, annuity policies are reported as scheme assets where the policy is in the name of the trustees and provides benefits relating to individual members. The total amounts of annuity investments, valued by the scheme actuary are as follows:

	2018	2017
	£	£
Annuity Investments	698,917	760,000

The movements in annuity assets during the year was as follows:

	2018	2017
	£	£
Balance at start of year	760,000	727,000
Benefits paid to retired members	(51,000)	(49,000)
Interest cost	25,000	34,000
Experience	17,000	8,000
Additional data	(51,000)	-
Change of basis	(1,083)	40,000
Balance at end of year	698,917	760,000

7 Net current assets

	2018	2017
	£	£
Other debtors	2,400	2,400
Bank current account	29,023	30,904
Balance due (to)/from employer companies	(6,005)	(1,498)
Other creditors	(2,640)	(2,041)
	22,778	29,765

8 Related Party Transactions

The Pension Scheme receives administration services from the employers free of charge. In addition, the employers meet the running costs of the Scheme.

9 Prior Period Adjustment

The prior period adjustment has been made to bring into the accounts, as required by the Statement of Recommended Practice Financial Reports of Pension Schemes (revised November 2014) where they had not previously been included. The effect of the prior period adjustment is as follows:

The consequence of the adjustment will be to restate the following:

	Restated 2017	Original 2017
	£	£
Fund Account Statement		
Change in value of annuity investments	33,000	-
Net Asset Statement		
Annuity Investments at market value	727,000	-