

METHODIST LOCAL PREACHERS MUTUAL AID ASSOCIATION PENSION SCHEME

Report and Financial Statements

Year ended 31 March 2019

Pension Scheme Reference Number: 10031756

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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

Mrs P Brown (appointed 1 January 2019)

Mr I Brown (appointed 1 January 2019)

Scheme administrator and investment consultants

Broadstone, 100 Wood Street, London EC2V 7AN

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 (resigned 3 April 2019)

Rickard Luckin Limited, 7 Nelson Street, Southend-on-Sea, SS1 1EH (appointed 3 April 2019)

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

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 2019.

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 To the Trustees' knowledge this approval should not be withdrawn.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 show 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. During the year, a selection process was carried out and Mrs P Brown and Mr I Brown were selected as Member Nominated Trustees for a five year term which began on 1 January 2019. The Trustees met two times during the financial year and all decisions were made unanimously by the Trustees collectively.

Membership

Status of members		2019	2018
Deferred members		38	38
Pensioners:	insured	22	22
	uninsured	31	31
		<u>91</u>	<u>91</u>

During the year there were no 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.

REPORT OF THE TRUSTEES

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.

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 6 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, determined 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 2019 the Scheme assets were invested with Standard Life (three funds), Newton (two funds), Invesco (one fund) and Aviva (one fund).

REPORT OF THE TRUSTEES

Investment Performance

The table below details performance figures for the Scheme.

Annual return over	1 year	2 years	3 years
Scheme	5.4%	1.6%	1.4%
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.

Further information

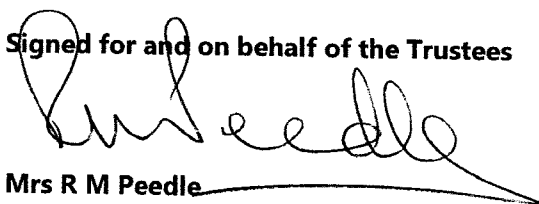
Members are entitled to inspect copies of documents giving information about the Scheme. In some circumstances, copies of the documents can be provided but a charge may be made for copies of the trust documents (deeds and rules) and of the Actuary's report.

Any enquiries 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: 28th October 2019

STATEMENT OF TRUSTEE'S REPOSIBILITIES

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 the 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 of the Occupants 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 the monitoring whether contributions are made to the scheme by the sponsor(s) in accordance with the schedule of contributions. Where the 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 STATEMENT

BROADSTONE

Methodist Local Preachers Mutual Aid Association
Pension Scheme
Actuarial Valuation as at 1 April 2017
Actuarial Valuation Report

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
11 Europa View
Sheffield Business Park
Sheffield
S9 1XH

Address:

**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 2019 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, of 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 the applicable law and United Kingdom Auditing Standards.

Scope of the audit of the financial statements

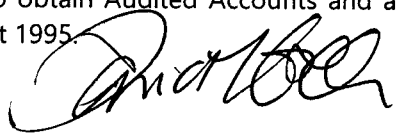
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of a 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 2019, and of the amount 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 or, and the Schedule, the Occupational Pensions 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: 29th October 2019

**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 2019 on page 11.

Respective responsibilities of Trustees and Auditor

As explained more fully in the Statement of Trustees' Responsibilities on page 5 of 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 2019 are reported in the Summary of Contributions on page 10 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 12 March 2018.

David Green



Gowers Limited

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

Date: 29th October 2019

**FUND ACCOUNT STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

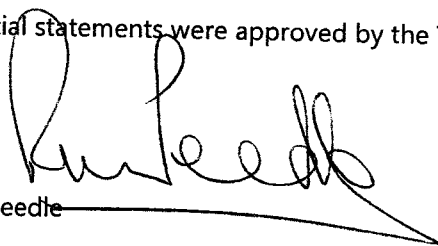
FUND ACCOUNT	Notes	2019	2018
Income			
Contributions	2	148,096	137,335
Other income		23	3
		<u>148,119</u>	<u>137,338</u>
 Expenditure			
Benefits payable	3	79,526	82,950
Administrative fees and expenses	4	3,096	5,335
		<u>82,622</u>	<u>88,285</u>
 Net additions from dealings with members		65,497	49,053
 RETURNS ON INVESTMENT			
Investment income		19,202	14,184
Changes in market value of investments	5	179,649	(33,639)
Change in value of annuity investments	5	8,083	(61,083)
		<u>206,934</u>	<u>(80,538)</u>
 Net change in the fund during the year		272,431	(31,485)
 Balance of fund at start of the year		3,828,073	3,859,558
 Balance of fund at end of year		<u>4,100,504</u>	<u>3,828,073</u>

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

**NET ASSET STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019	2018
NET ASSETS STATEMENT			
Investments at market value	5	3,368,208	3,106,378
Annuity Investments at market value	5	707,000	698,917
Net current assets	7	<u>25,296</u>	<u>22,778</u>
Net assets of the Scheme at the year end		<u>4,100,504</u>	<u>3,828,073</u>

The financial statements were approved by the Trustees on 28th October 2019



Mrs R M Peedle

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 2019**

1 Accounting Policies

The following accounting policies have been used consistently in dealing with items re 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 (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 2019.

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 is 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

		2019	2018
		£	£
Contributions from employer	Deficit funding	145,000	132,000
	Other	3,096	5,335
		<u>148,096</u>	<u>137,335</u>

Other contributions are for the reimbursement of expenses paid by the scheme.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

3 Benefits

	2019	2018
	£	£
Pensions	79,526	75,951
Lump sums on retirement	-	6,999
	<u>79,526</u>	<u>82,950</u>

4 Administrative fees and expenses

	2019	2018
	£	£
Audit fees	-	1,500
Accountancy fees	-	600
Administration fees and levies	1,333	2,678
Investment Management Fees	1,703	497
Bank charges	60	60
	<u>3,096</u>	<u>5,335</u>

The schedule of contributions requires that all expenses, including PPF levies, will be paid directly by the employers on a 50/50 basis. The amounts set out above were met by the scheme but reimbursed by the employing companies and all other expenses were met directly by the employing companies (see Note 7).

5 Investments at market value

	2019	2018
	£	£
BNY Mellon – Newton Real Return Fund	634,058	593,097
BNY Mellon – Newton Global Dynamic Bond Fund	27,881	332,090
Standard Life – Global Absolute Return Strategies	44,257	547,434
Standard Life - Liability Aware Absolute Return III Real Profile Fund	515,497	431,833
Standard Life - Liability Aware Absolute Return III Nominal Profile	968,004	-
Invesco – Global Targets Returns Pension Fund	590,147	602,157
Aviva Life and Pensions UK Limited - Multi Strategy Target Return	571,535	583,222
Aviva Life and Pensions UK Limited - AVC	16,829	16,545
	<u>3,368,208</u>	<u>3,106,378</u>

Standard Life is now known as Aberdeen Standard

The movements in total investments (including AVCs) during the year	2019	2018
	£	£
Market value at start of year	3,106,378	3,069,793
Cost of investments purchased	934,181	1,426,678
Proceeds of investments sold	(852,000)	(1,356,454)
Change in market value	179,649	(33,639)
Market value at end of year	3,368,208	3,106,378

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

Apart from the £27,881 (2018: £332,090) held at BNY Mellon shown above, which holding contains fixed interest securities and money market cash, all the investments detailed above are pooled investment vehicles, containing a mix of investments including, equities, bonds, cash and cash equivalents, currencies, property and commodities reflecting the Scheme's requirement for a highly diversified portfolio held in professionally managed funds. Given the complex breakdown of these various funds, it is not practicable to provide in these accounts a detailed disclosure of movements between the detailed underlying types of asset held within the funds.

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 these members who have elected to pay additional voluntary contributions. Members participating in this arrangement each received 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:

	2019	2018
	£	£
Aviva Life and Pensions UK Limited	<u>16,829</u>	<u>16,545</u>

The movements in AVC assets during the year was as follows

	2019	2018
	£	£
Balance at start of year	16,545	16,276
Change in market value	<u>284</u>	<u>269</u>
Balance at end of the year	<u>16,829</u>	<u>16,545</u>

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:

	2019	2018
	£	£
Annuity Investments	<u>707,000</u>	<u>698,917</u>

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

	2019	2018
	£	£
Balance at start of year	698,917	760,000
Benefits paid to retired members	(53,000)	(51,000)
Interest cost	24,000	25,000
Experience	24,000	17,000
Additional data	-	(51,000)
Change of basis	<u>13,083</u>	<u>(1,083)</u>
Balance at the end of year	<u>707,000</u>	<u>698,917</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

6 Net current assets

	2019	2018
	£	£
Other debtors	3,788	2,400
Bank current account	28,390	29,023
Balance due (to) from employer companies	(6,882)	(6,005)
Other creditors	-	(2,640)
	<u>25,296</u>	<u>22,778</u>

7 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.

During the year, pensions were paid to 2 of the trustees (2018 – none) who had accrued benefits under the Scheme in their own right.

8 Contingent Liability

Legal advice has determined that the Amendment to the Rules of the Scheme by the employers made on 13th June 2003 purportedly to cease accrual of benefits from the Scheme on and from 1st April 2003, did not in fact operate to cease such accrual at that or any later date. In this case, then, benefits will have continued to accrue for anyone who was an active member at 1st April 2003 up to the point they left employment with the Principal or Participating Employers, or reached 65 if earlier.

Legal advice also confirms that the intended amendment, to stop benefits accruing and to remove the link to final salary when calculating both deferred and already accrued benefits, was within the power of the Principal Employer at the time but the documents prepared at the time were deficient and did not have the meaning intended.

The Scheme has been operated by all the Principal and Participating Employers and the Trustees of the Scheme since 2003 as if the amendment had been properly made.

The Scheme Actuary has estimated that the currently unfunded accrual from 1st April 2003 to 31st March 2019 could amount to £360,000 in respect of arrears of pensions together with interest accrued thereon at the Bank of England base rate.

Whilst it is open to the Principal and Participating Employers to fund the benefits which accrue without the operation of the intended amendment it is anticipated that application can be made to the Court for 'rectification', that is, the governing trust documents be corrected so that they reflect the amendment intended in 2003.

The Principal Employers have confirmed that it is their intention to seek rectification from the Court and that any costs associated with such an exercise will have no impact on the Scheme. Should the Court grant rectification, and the closure date is confirmed to be 13 June 2003, rather than 31st March 2003, then the total additional historical liabilities payable would be of the order of £10,000.

Should rectification not be granted by the Court then commensurate adjustments to the recovery plan and the deficit contributions payable by the Principal and Participating Employers to fund increased future liabilities would also be necessary.

No provision is made in these accounts as it is expected that any ensuing expenditure, short or long term, of funding accrued benefits, either immediately or over time, would be funded and the Scheme itself would not suffer those costs.