UNIVERSITY OF LIVERPOOL PENSION FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

PENSION SCHEME REGISTRATION NUMBER

100055205

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2018

Contents

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2018

Trustee and advisers

Trustee

The Trustee of the Scheme is the University of Liverpool Pension Fund Trustees Limited ("the Trustee Company"). The Directors who served during the year and those serving at the date of this Annual Report are as follows:

Mr C. Hunter	(Chair)
Mr M. Blundell	(resigned 15 November 2017)
Mrs C. Costello	
Ms N. Davies	(appointed 15 November 2017)
Mr M. Feeny	
Mr P. A. Hackett	(resigned 30 August 2018)
Mr P. Hewitt*	
Mr P. McIntyre*	
Mr D. J. Trafford **	
Mr A. Wattret*	
Mr S. Walker	(appointed 29 November 2018)

* Member-nominated director
** Pensioner-nominated director

Secretary	Christine Jones, University of Liverpool Pension Fund, Human Resources Department, Hart Building, Mount Pleasant, Liverpool, L3 5TQ	
Scheme Administrator	University of Liverpool	
Actuary	James Auty BSc FIA JLT Benefit Solutions Limited	
Independent Auditors	PricewaterhouseCoopers LLP	
Legal Adviser	Pinsent Masons LLP	
Investment Adviser	Eric Lambert BSc Actuary	
Investment Consultant	Barnett Waddingham LLP	
Investment Managers	Baillie Gifford & Co	
	BlackRock Advisors (UK) Limited	
	Columbia Threadneedle Investments	(appointed 9 January 2018)
	Kames Capital	(appointed 11 January 2018)
	Majedie Asset Management Limited	
	Newton Investment Management	(appointed 14 December 2017)
	UBS Global Asset Management Limited	
Investment Custodian directly appointed by the Trustee	Bank of New York Mellon - Custodian for BlackRock Advisors (UK) Limited	
Bankers	Barclays Bank plc	
Principal and participating employers	University of Liverpool (Principal Employer)	
	University of Liverpool Energy Company Limited	
	The Incorporated Liverpool School of Tropical Medicine	
	Liverpool Guild of Students	(ceased to participate 8 January 2019)
Name and address for enquiries	The Secretary, University of Liverpool Pension Fund, Human Resources Department Hart Building, Mount Pleasant, Liverpool, L3 5TQ, Cjj@liverpool.ac.uk	

Report by the Trustee of the Scheme
For the year ended 31 July 2018

The Trustee of the University of Liverpool Pension Fund (the "Scheme") presents its Annual Report for the year ended 31 July 2018.

Scheme constitution and management

The Scheme is a defined benefit scheme and provides benefits for the support staff of the University of Liverpool (the "University") and its associates in the United Kingdom. In accordance with the provisions of Schedule 36 of the Finance Act 2004, the Scheme became a registered pension scheme under Chapter 2 of Part 4 of The Finance Act 2004 with effect from 6 April 2006. It is established under and governed by a trust deed and rules dated 13 September 2017. It was contracted out of the State Second Pension (S2P) until 5 April 2016 when contracting out ceased.

In accordance with The Occupational Pension Schemes (Member-Nominated Trustees and Directors) Regulations, three of the Directors of the Trustee Company have been nominated by the members and one by the pensioners. The member-nominated Directors and pensioner-nominated Directors can be removed only on the agreement of all the other Directors, although their appointment ceases if they cease to be members of the Scheme. In accordance with the Memorandum and Articles of Association, the University has the power to appoint and remove the other Directors.

The Board of the Trustee Company meets at least four times each year. It considers any changes in policy which are necessary to reflect changes in legislation, the Scheme's requirements and general pension scheme practice and it monitors the management of the Scheme and its investments.

With effect from 30 April 2018, Liverpool Guild of Students ceased to employ any persons who were active members of the Scheme. The Principal Employer, with the consent of the Trustee and Liverpool Guild of Students declared by Deed of Amendment, Apportionment and Cessation of Participation dated 8 January 2019 that Liverpool Guild of Students shall cease to participate in the Scheme with effect from the 8 January 2019.

Financial statements

The financial statements included in this Annual Report are the accounts required by the Pensions Act 1995. They have been prepared and audited in compliance with regulations made under Sections 41 (1) and (6) of the Pensions Act 1995.

Membership and benefits

Membership of the Final Salary Section

	Pensioners[1]	Deferred Pensioners[2]	Active Members	Total Members
At 1 August 2017	1,592	955	836	3,383
Adjustment	2	(6)	(2)	(6)
New members	-	-	1	1
Leavers:				
Retired	54	(34)	(20)	-
Transfer Out	-	(4)	-	(4)
Deferred	-	28	(28)	-
Death	(58)	(2)	(1)	(61)
Commutation	(124)	-	-	(124)
New spouse's pension	21	-	-	21
At 31 July 2018	**1,487**	**937**	**786**	**3,210**

Notes
(1) Included within pensioners at 31 July 2018 are 200 spouses/dependants (2017: 223).
(2) Deferred pensioners are members who have left service but have elected to have their benefits retained within the Scheme until they become payable.

The Final Salary Section closed to new members on 31 July 2011 (entry after this date is at the discretion of the University and may be granted in accordance with Rule 1.5 of the Trust Deed and Rules).

Membership of the CARE Section

	Pensioners[1]	Deferred Pensioners[2]	Active Members	Total Members
At 1 August 2017	9	126	934	1,069
Adjustment	-	(2)	(3)	(5)
New members	-	-	274	274
Leavers:				
Retired	3	(1)	(2)	-
Refund	-	-	(121)	(121)
Transfer Out	-	(11)	-	(11)
Deferred	-	61	(61)	-
Death	-	-	(1)	(1)
Suspensions[3]	-	9	(9)	-
New spouse's pension	1	-	-	1
At 31 July 2018	**13**	**182**	**1,011**	**1,206**

Notes
(1) There were no spouses/dependants included in pensioners at 31 July 2018 or 31 July 2017.
(2) Deferred pensioners are members who have left service but have elected to have their benefits retained within the Scheme until they become payable.
(3) Suspensions are members who have left contributing membership and have the option of taking a refund of contributions or a transfer of their benefits.

The CARE Section, which offers career average benefits, opened to all new members on 1 August 2011.

Pension increases

The Trustee in consultation with the University (the Principal Employer) reviews each year all pensions in payment. Pensions accrued from 6 April 1997 to 1 August 2005 are guaranteed to receive increases in payment in line with statutory provisions. Pensions accrued after 1 August 2005 are guaranteed to receive increases in line with the Retail Prices Index limited to 2.5%.

Any additional increases are payable at the discretion of the Trustee, acting on the advice of the Actuary and with the consent of the University. During the year, a consolidated discretionary increase of 3% was paid in respect of all pensions accrued before 6 April 1997 on the element of pension accrued in excess of the Guarantee Minimum Pension.

Actuarial liabilities

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the financial statements do not include liabilities in respect of promised retirement benefits.

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, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using the assumptions agreed between the Trustee and the Principal Employer and set out in the Statement of Funding Principles, a copy of which is available to Scheme members on request.

The most recent triennial valuation of the Scheme was carried out as at 31 July 2015. An updated estimated valuation was performed at 31 July 2017. The results of these valuations are detailed below:

	July 2017	July 2015
Value of technical provisions	£353.8m	£305.4m
Value of assets available to meet technical provisions	£438.4m	£342.6m
Assets as a percentage of technical provisions	124%	112%

Although there are no current plans to discontinue the Scheme and buy-out liabilities with an insurance company, the Trustee also considers the level of funding relative to the estimated costs of such a buy-out (known as "solvency liabilities") and equivalent information on this basis is provided below:

	July 2017	July 2015
Value of solvency liabilities	£648.5m	£541.8m
Value of assets available to meet solvency liabilities	£438.4m	£342.6m
Assets as a percentage of solvency liabilities	68%	63%

The actuarial valuation as at 31 July 2018 is currently in progress.

The value of the technical provisions is based on Pensionable Service to the valuation date and assumptions about various factors that will influence the Scheme in the future, such as the level of investment returns and pay increases, when members will retire and how long members will live. The method and significant actuarial assumptions used in the calculations are as follows:

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Pre retirement discount rate: the annualised yield on the FTSE Actuaries' Government Securities 20 Year Fixed Interest Yield Index plus 2.25% per annum.

Post retirement discount rate: the annualised yield on the FTSE Actuaries' Government Securities 20 Year Fixed Interest

Yield Index plus 0.75% per annum.

Rate of inflation – Retail Prices Index (RPI): Bank of England's implied spot curve at a term of 17 years, less a deduction of 0.15%.

Rate of inflation – Consumer Prices Index (CPI): RPI inflation less 0.7%.

Rate of pensionable earnings increase: CPI assumption (plus a promotional scale).

Increases to pension in payment: derived in relation to a stochastic model with an inflation volatility of 1.75%.

Cash commutation: Members assumed to take 80% of their maximum cash allowance at retirement.

Mortality - post retirement: Base mortality table: 120% of the mortality rates in the standard tables S2PMA for males and S2PFA for females, projected to the valuation date in line with the approach below.

Allowance for future improvements: CMI core projection model with a 1.5% per annum long term projected rate of improvement (CMI_2014 [1.5%]), using a year of birth approach.

The standard rates were adjusted to take account of material geographical, occupational and/or socio-economic factors expected to influence the life expectancy of Scheme membership.

Recovery Plan

As the Scheme was in surplus as at 31 July 2015, there was no requirement for a recovery plan to be drawn up. However the rate required to fund future benefits increased from a consolidated rate of 15.9% of earnings to 16.0% and therefore the Participating Employers of the Scheme increased their employer contributions to 16.0% of earnings from 1 August 2016.

Investment management

Investment strategy and principles

Responsibility for the administration and management of the Scheme's assets is vested in the Trustee who is responsible for the overall investment policies of the Scheme. Under these, the Scheme does not hold shares in the University or subsidiary companies nor makes loans to the University or any of its subsidiaries. The Trustee does not make day-to-day investment decisions, although approval of the Trustee must be obtained for exceptional investment proposals. Reports are received at each of the Trustee's Investment Advisory Committee meetings of transactions undertaken between meetings.

In accordance with Section 35 of the Pensions Act 1995, the Trustee has agreed a Statement of Investment Principles. A review of the Scheme's investment strategy was undertaken during the year and new investment managers appointed. As part of this process the Statement of Investment Principles was revised and approved in October 2018.

The long term aim of the Scheme is to ensure that, together with future contributions, the Scheme's assets provide sufficient income to meet benefits and any expenses payable under the Scheme as they fall due.

The investment strategy adopted by the Trustee at the start of the year was to invest 70% in equities, 20% in fixed interest and index linked bonds and 10% in property.

During the year, the Trustee adopted a new investment strategy and the Scheme transitioned to this strategy which is to invest 50% in equities, 20% in buy and maintain bonds, 15% in diversified growth funds and 15% in property.

Owing to changes in investment markets and the impact of contributions received and benefits paid, the actual percentage held in each asset class may differ from the above. The Investment Advisory Committee and the Trustee review this regularly and, where appropriate, rebalance the assets to be more in line with the overall strategy.

Management and custody of investments

The Trustee has delegated management of investments to the investment managers listed on page 1. The investment managers are regulated by the Financial Conduct Authority in the United Kingdom. The Trustee has entered into investment management agreements with the managers, which comply with the Statement of Investment Principles. The agreements set out the terms on which the assets are managed, and the investment guidelines and restrictions under which the managers must operate.

The Scheme's investments are held in pooled investment vehicles. As a result, the Trustee has less influence over the underlying investments. The Scheme exercises a socially responsible investment policy through its investment managers and exercises its voting rights in relation to such investments according to the fund managers' policies.

The strategy is based on active engagement by the investment managers with the companies in which the Scheme has an investment. This should involve dialogue about acceptable standards of corporate governance, environmental, ethical and social performance.

The safekeeping of the underlying assets is performed on behalf of the Trustee by custodians specifically appointed by the investment managers to undertake this function. The Bank of New York Mellon has been directly appointed by the Trustee as custodian of the pooled funds held with BlackRock Advisors (UK) Limited.

The contractual arrangements with the custodians and Managing Trustee offer a very high level of protection against negligence or default on the part of the custodians or Managing Trustee. The Managing Trustee is a regulated vehicle that performs the role of Trustee, Manager and Custodian. The custodians of the Scheme's investments are Bank of New York Mellon (custodian for Baillie Gifford & Co, BlackRock Advisors (UK) Limited, Majedie Asset Management Limited and Newton Investment Management), Northern Trust (custodian for UBS Global Asset Management Limited) and Citibank N.A. (custodian for Columbia Threadneedle Investments). The Managing Trustee of the Scheme's investments held with Kames Capital is Saltgate.

Investment performance

The Trustee assesses the performance of the Scheme's investments by the investment class of asset with reference to benchmarks. The investment objectives set for the investment managers are as follows:

Portfolio	Mandate	Benchmark	Performance Target (%)
Baillie Gifford	Global Equities	MSCI All Countries World Index	To outperform the benchmark by 2.0% to 3.0% p.a. gross of fees over rolling 5 year periods
Majedie	UK Equities	FTSE All Share Index	To outperform the benchmark by 3% p.a. gross of fees over rolling 3 year periods
BlackRock	Global Bonds	iBoxx £ Non-gilt All Stocks (TR) Index	To outperform the benchmark gross of fees over rolling 3 years
UBS	UK Property	AREF/IPD QPFI All Balanced Property Fund Index Weighted Average	To consistently outperform the benchmark
Newton	Diversified Growth Fund	1 Month £ LIBOR	To outperform the benchmark by 4% p.a. gross of fees over rolling 5 year periods
Columbia Threadneedle	Diversified Growth Fund	UK CPI	To outperform the benchmark by 4% p.a. gross of fees over rolling 3-5 year periods
Kames Capital	UK Property	AREF/IPD QPFI All Balanced Property Fund Index Weighted Average	6-8% p.a. internal rate of return net of fees over the life of the Fund. Income distribution of 6% p.a. once the fund is fully invested

Performance of the Scheme's investments over the short and longer term periods was as follows:

Annualised return over		1 year		3 years		5 years	
Portfolio	**Mandate**	Actual return (%)	Benchmark return (%)	Actual return (% p.a.)	Benchmark return (% p.a.)	Actual return (% p.a.)	Benchmark return (% p.a.)
Baillie Gifford	Global Equities	16.2	9.5	20.0	15.3	16.8	13.1
BlackRock	UK Equities	9.0	9.0	9.6	9.6	8.9	8.9
Majedie	UK Equities	9.4	9.0	9.1	9.6	10.5	8.8
BlackRock	Global Bonds	0.4	0.0	7.9	7.7	8.6	8.4
UBS	UK Property	10.4	9.7	8.8	8.2	12.9	10.7
Newton[2]	Diversified Growth Fund	2.1	1.1	N/A	N/A	N/A	N/A
Columbia Threadneedle [2]	Diversified Growth Fund	2.5	1.8	N/A	N/A	N/A	N/A
Kames Capital[2]	UK Property	(4.4)	2.0	N/A	N/A	N/A	N/A
Total[1]		**10.2**	**8.0**	**13.3**	**11.3**	**12.4**	**10.7**

(1) Returns are for periods ending 30th June

(2) Investment managers appointed in period under review. Returns are for the quarter ended 30 June 2018

The Trustee has 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 investment. More details about investments are given in the notes to the financial statements.

Liquidity of Investments

The liquidity of a portfolio is dictated mainly by the nature, and hence liquidity, of the underlying assets. Where these are predominantly exchange-listed assets, such as Buy and Maintain Funds, UK and/or international equities (for example the Baillie Gifford, Majedie and the BlackRock portfolios) liquidity will be good, subject to normal market trading conditions.

Where the underlying assets are unlisted, such as property (for example the UBS and Kames portfolios) liquidity will be severely limited, especially if selling is not to have a potentially damaging impact on realised prices. Multi-asset portfolios, such as the Diversified Growth Funds managed by Newton and Columbia Threadneedle, will typically be a dynamic combination of both listed and unlisted assets with liquidity as described above: partly liquid, subject to normal market trading conditions, and partly illiquid.

Statement of Trustee's Responsibilities

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is 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 its 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 making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustee also has a general responsibility for ensuring that 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 an appropriate system of internal control.

Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the Scheme by or on behalf of employers 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 that fall due to be paid are paid into the Scheme 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 to members.

Summary of contributions payable in the year

During the year, the contributions payable to the Scheme were as follows:

	Employee £'000	Employer £'000
Required by the schedules of contributions		
Normal contributions	330	8,991
Contributions required by the schedules of contributions (as reported on by the Scheme Auditors)	**330**	**8,991**
Other contributions payable		
Additional voluntary contributions	63	-
Past service cost for part time employees	1	-
Total contributions reported in the financial statements	**394**	**8,991**

In addition to the above, the Principal Employer paid the Pensions Protection Fund ("PPF") levy on behalf of the Scheme.

Contributions receivable

The contributions payable to the Scheme are based on actuarial advice and, in respect of existing staff, are related to earnings, taking into account an assessment of future earnings increases and inflation. Contributions for the year ended 31 July 2018, by participating employers, for the Final Salary Section and the CARE Section were paid at a rate of 16.0% of earnings. Members of the Final Salary Section contributed at a rate of 7.5% of earnings and members of the CARE Section contributed at a rate of 6.5% of earnings.

From 1 July 2009, a Salary Sacrifice Scheme called Pension Plus was introduced, whereby the employer pays an additional amount equivalent to the member's pension contribution, in exchange for an equivalent reduction in the remuneration of the member.

Additional voluntary contributions

At the year end 41 members (2017: 39) were paying additional voluntary contributions (AVCs) during the year to increase their pension entitlement at retirement. The contributions are used to buy added service by adding them to the other Scheme funds for investment.

Expenses

The Scheme bears the cost of administration by payment of a management fee to the University.

Guaranteed minimum pension benefits and equalisation

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. The Trustee is now reviewing, with their advisers, the implication of this ruling on the Scheme and the equalisation of guaranteed minimum pensions between men and women; in the context of the rules of the Scheme and the value of any liability. As soon as this review is finalised and any liability quantified, then members will be communicated with.

Further information

Requests for additional information about the Scheme generally, or queries relating to members' benefits, should be made to the Secretary to the Trustee at the address given on page 1.

Approval

The Trustee's Report was approved by the Trustee on 20 February 2019 and signed on its behalf by:

Colin S. Hunter

Director
Mr C Hunter

Independent auditors' report to the Trustee of the University of Liverpool Pension Fund

Report on the audit of the financial statements

Opinion

In our opinion, University of Liverpool Pension Fund's financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 July 2018, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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.

We have audited the financial statements, included in the Annual Report, which comprise: the Statement of Net Assets available for benefits as at 31 July 2018; the Fund Account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Scheme's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the Scheme, its operations and other organisations on which it depends and the wider economy.

Independent auditors' report to the Trustee of the University of Liverpool Pension Fund (continued)

Reporting on other information

The other information comprises all the information in the Annual Report other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with Section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

Date 28/2/19

Independent auditors' statement about contributions to the Trustee of the University of Liverpool Pension Fund

Statement about contributions

Opinion

In our opinion, the contributions required by the schedules of contributions for the Scheme year ended 31 July 2018 as reported in University of Liverpool Pension Fund's summary of contributions have, in all material respects, been paid in accordance with the schedules of contributions certified by the Scheme actuary on 18 May 2016 and 28 June 2018.

We have examined University of Liverpool Pension Fund's summary of contributions for the Scheme year ended 31 July 2018 which is set out on page 9.

Basis for opinion

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

Responsibilities for the statement about contributions

Responsibilities of the Trustee in respect of contributions

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

Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with Section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

Date 20/2/19

Fund Account for the year ended 31 July 2018

	Note	2018	2017
		£'000	£'000
Contributions and benefits			
Employer contributions	4	**8,991**	8,750
Employee contributions	4	**394**	405
Total contributions		**9,385**	9,155
Transfers from other plans	5	**-**	90
Other income	6	**185**	77
		9,570	9,322
Benefits	7	**11,909**	11,478
Payments to and on account of leavers	8	**19**	9
Transfers to other plans	9	**257**	638
Other payments	10	**145**	162
Administrative expenses	11	**475**	498
		12,805	12,785
Net withdrawals from dealings with members		**(3,235)**	(3,463)
Returns on investments			
Investment income	12	**2,318**	1,153
Change in market value of investments	13	**41,775**	64,282
Investment management expenses	14	**(2,257)**	(2,165)
Net returns on investments		**41,836**	63,270
Net increase in the Fund during the year		**38,601**	59,807
Net assets of the Scheme at the start of the year		**437,818**	378,011
Net assets of the Scheme at the end of the year		**476,419**	437,818

Statement of Net Assets available for benefits as at 31 July 2018

	Note	2018	2017
		£'000	£'000
Investment assets			
Pooled investment vehicles	15	**475,855**	439,680
Other investment balances	16	**1,139**	428
Total Investments	13	**476,994**	440,108
Current assets	21	**1,680**	216
Current liabilities	22	**(2,255)**	(2,506)
Net assets available for benefits		**476,419**	437,818

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations, is dealt with in the report on Actuarial liabilities on pages 4 to 6 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 16 to 27 form part of these financial statements.

These financial statements were approved by the Trustee on 20 February 2019 and signed on its behalf by:-

Director
Mr C Hunter

Director
Ms N Davies

Notes to the financial statements
For the year ended 31 July 2018

1. General Information

The University of Liverpool Pension Fund (the "Scheme") is a defined benefit scheme and provides benefits for the support staff of the University of Liverpool (the "University") and its associates in the United Kingdom. In accordance with the provisions of Schedule 36 of the Finance Act 2004, the Scheme became a Registered Pension Scheme under Chapter 2 of Part 4 of The Finance Act 2004 with effect from 6 April 2006. It is established under and governed by a trust deed and rules dated 13 September 2017. It was contracted out of the State Second Pension (S2P) until 5 April 2016 when contracting out ceased.

2. Basis of preparation

The financial statements of the University of Liverpool Pension Fund have been prepared in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (Revised November 2014) ("the SORP").

In June 2018, a revised SORP was issued which is applicable to accounting periods commencing on or after 1 January 2019. The Trustee does not anticipate that the adoption of the revised SORP will have a material impact on future financial statements, however it may require certain additions to, or amendments of disclosures in the financial statements.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Accruals concept

The financial statements have been prepared on an accruals basis.

(b) Currency

The Scheme's functional currency and presentational currency is pounds sterling (GBP).

(c) Contributions

Normal and additional voluntary contributions, both from employees and the employer, are accounted for on an accruals basis (in accordance with the schedule of contributions and other relevant agreements).

All contributions under salary sacrifice arrangements are classified as employer contributions.

(d) Transfers from and to other plans

Transfer values have been included in the financial statements when the Trustees of the receiving Scheme accept the liabilities of the transferring members. They do not take account of members who have notified the Scheme of their intention to transfer. Transfer values paid during the year were determined in accordance with the Pension Schemes Act 1993 and appropriate regulations. No transfer values paid represented less than their full cash equivalent.

(e) **Benefits and payments to and on account of leavers**

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

Retirement benefits, where a member has a choice of either, a full pension or a lump sum plus reduced pension, are accounted for on an accruals basis based on the date the option was exercised.

Refunds on withdrawal, single cash sums on retirement and death benefit lump sums are accounted for on an accruals basis based on the date of leaving, retirement or death.

(f) **Administration and other expenses**

Administration expenses and premiums on term insurance policies are accounted for on an accruals basis.

(g) **Investment income and expenditure**

Income from pooled investment vehicles which distribute income is accounted for on an accruals basis on the date stocks are quoted ex-dividend/interest.

The change in market value of investments during the year comprises all increases and decreases in market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, changes in market value also include income, net of any withholding tax, which is reinvested in the Fund.

Transaction costs are included in the cost of purchase and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commission, stamp duty and other fees. Other investment management expenses are accounted for on an accruals basis and shown separately within the investment returns.

(h) **Valuation and classification of investments**

Investment assets are included in the financial statements at fair value.

Pooled investment vehicles are valued at the year end bid price or, where single priced, at the single price, as advised by the investment manager.

4. Contributions

	2018	2017
	£'000	£'000
Employer contributions		
Normal	**8,991**	8,750
Employee contributions		
Normal	**330**	347
Additional voluntary contributions	**63**	56
Other	**1**	2
	394	405
Total contributions	**9,385**	9,155

Normal contributions for the year from the Scheme's participating employers are at the rate recommended by the actuary. Members are entitled to purchase additional defined benefits under the provisions of the principal fund.

From 1 July 2009, certain employees paid contributions under salary sacrifice arrangements. These are included within employer normal contributions and amounted to £2,484,548 (2017: £2,416,190).

As the Scheme was in surplus at 31 July 2015, there was no requirement for a recovery plan to be drawn up. However the rate required to fund future benefits increased from a consolidated rate of 15.9% of earnings to 16.0% and therefore the Participating Employers of the Scheme increased their employer contributions to 16.0% of earnings from 1 August 2016.

5. Transfers from other plans

	2018	2017
	£'000	£'000
Individual transfers in from other plans	-	90

6. Other income

	2018	2017
	£'000	£'000
Claims on term insurance policies	**185**	77

7. Benefits

	2018	2017
	£'000	£'000
Pensions	9,201	8,986
Commutation of pensions and lump sum retirement benefits	907	2,260
Lump sum death benefits	297	214
Trivial commutations	1,504	18
	11,909	11,478

8. Payments to and on account of leavers

	2018	2017
	£'000	£'000
Refunds of contributions to members	11	5
Contributions equivalent premium tax payment	8	4
	19	9

9. Transfers to other plans

	2018	2017
	£'000	£'000
Individual transfers to other plans	257	638

10. Other payments

	2018	2017
	£'000	£'000
Premiums on term insurance policies	145	162

11. Administrative expenses

	2018	2017
	£'000	£'000
Actuarial fees	81	92
Computer systems	18	20
Administration and processing	315	352
Legal fees	47	18
Audit fees	14	16
	475	498

No fees are payable to the Trustee in the year. All other administrative expenses are borne by the Principal Employer.

12. Investment income

	2018	2017
	£'000	£'000
Income from pooled investment vehicles	**2,317**	1,152
Interest on cash deposits	**1**	-
Interest on tax refund	**-**	1
	2,318	1,153

13. Reconciliation of investments

	Opening value at 1-Aug 2017	Purchases at cost	Sales proceeds	Change in market value	Closing value at 31-Jul 2018
	£'000	£'000	£'000	£'000	£'000
Pooled investment vehicles	439,680	192,234	(197,834)	41,775	**475,855**
Other investment balances	428				**1,139**
Total investments	440,108				**476,994**

The operating companies managing the pooled investment vehicles are registered in the UK, other than the Managing Trustee of Kames Capital, Saltgate who is registered in Jersey.

As at 31 July 2018, the Scheme's investment of £45,636k (2017: £29,450k) in the UBS Triton Property Unit Trust and £23,516k (2017: £Nil) in the Kames Capital Fund may have been more difficult to liquidate due to market conditions prevailing at that time. These investments are being held for the long term although the restrictions mean that there is greater uncertainty over the valuation of the investments at 31 July 2018 in the absence of an ability to sell them on the market at that date.

Transaction costs are included in the cost of purchases and deducted from sales proceeds in the reconciliation above. As all investments are in pooled investment vehicles, no direct transaction costs have been identified. Indirect transaction costs are incurred through the bid-offer spread on pooled investment vehicles and charges made within those vehicles. It has not been possible for the Trustee to quantify such indirect transaction costs.

14. Investment management expenses

During the year, the appointed discretionary managers of the Scheme's investments were as follows:

- Baillie Gifford & Co
- BlackRock Advisors (UK) Limited
- Columbia Threadneedle Investments
- Kames Capital
- Majedie Asset Management Limited
- Newton Investment Management
- UBS Global Asset Management Limited

Each investment manager is paid a negotiated fee for their service, based in part on the value of the proportion of the fund from time to time under management. A performance fee may also be payable depending on the performance of the managers relative to the benchmarks and performance targets set.

Investment manager expenses disclosed on the face of the Fund Account are split as follows:

	2018	2017
	£'000	£'000
Administration, management and custody	2,251	2,165
Performance measurement services	6	-
	2,257	2,165

15. Pooled investment vehicles

	2018	2017
	£'000	£'000
By type:		
Equities	253,256	322,876
Corporate Bonds	87,953	87,354
Property	69,152	29,450
Diversified Growth Funds	65,494	-
	475,855	439,680

16. Other investment balances

	2018	2017
	£'000	£'000
Accrued investment income	788	428
Cash held with investment manager	351	-
	1,139	428

17. Fair value of investments

The fair value of investments has been determined using the following hierarchy:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity.

Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

The Scheme's investments have been included at fair value using the above hierarchy categories as follows:

	2018 Level 1 £'000	**2018 Level 2 £'000**	**2018 Level 3 £'000**	**2018 Total £'000**
Pooled Investment Vehicles	-	**406,703**	**69,152**	**475,855**
Other investment balances	**1,139**	-	-	**1,139**
	1,139	**406,703**	**69,152**	**476,994**

Analysis for the prior year end is as follows:

	2017 Level 1 £'000	2017 Level 2 £'000	2017 Level 3 £'000	2017 Total £'000
Pooled Investment Vehicles	-	410,230	29,450	439,680
Other investment balances	428	-	-	428
	428	410,230	29,450	440,108

Pooled investment vehicles which are traded regularly are generally included in level 2. Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair values applies, valuation techniques are adopted and the vehicles are included in level 3 as appropriate.

The value of other pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustee. Where the value of the pooled investment vehicle is primarily driven by fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustments are made. No such adjustments have been made to the valuations at 31 July 2017 or 31 July 2018.

18. Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks.

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.

Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.

Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determines its investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks due to the investments it makes. The Trustee manages investment risk, including credit and market risk via its investment strategy.

All Scheme investments are in pooled investment vehicles. These are affected by investment risks as follows:

Risk	**Risk level**
Credit	Partially
Currency	Partially
Interest rate	Partially
Other price	Partially

	Value of investments exposed to each risk (£'000)			
	Credit	Currency	Interest rate	Other price
At 31 July 2018	**475,855**	**211,293**	**87,953**	**253,256**
At 31 July 2017	439,680	188,414	87,354	322,876

Investment strategy/policy

The Trustee's overall investment policy is guided by the following objectives:

- To ensure that the Scheme's assets and future contributions are invested in such a manner that the benefits due to members and their beneficiaries can be paid from the Scheme as they arise;
- The long-term aim of the investment policy is that the Scheme should be at least 100% funded on an ongoing basis on an appropriate set of assumptions agreed by the Trustee's on advice from the Scheme Actuary, that is, the Trustee wishes to avoid situations where the Scheme is in deficit. On the other hand, the Trustee does not wish the Scheme to have an excessively high funding level;
- The long term aim of the Scheme is to match the assets with the liability profile of the membership;
- The Trustee wishes to adopt a suitable investment policy in terms of both long-run strategic asset allocation and implementation, that will enable the Scheme's asset value to increase in a prudent manner;
- The Trustee wishes the Scheme to be solvent in the event of a winding-up;

- Each asset class has been considered and judged on merit for investment by the Trustee;
- To set and monitor appropriate benchmarks and performance targets for the investment managers;
- To pay due regard to the interests of the University in relation to the payment of contributions.

The Trustee sets the investment strategy for the Scheme taking into account considerations such as:

- UK and overseas equities are the most appropriate assets for long-term funding purposes;
- Fixed interest bonds are appropriate for pensioner liabilities because they generate higher levels of immediate income and are less volatile than equities, although index-linked securities are more appropriate for liabilities directly related to levels of price inflation;
- Property has a return profile, consisting of both income and capital gain, which is at times not closely related to the returns from equities and bonds;
- There are advantages in having a diversified portfolio consisting of all the asset classes mentioned above;
- The majority of the assets of the Scheme should be invested in marketable securities.

The investment strategy is as follows:

- To take a level of risk that is appropriate to the liability profile of the Scheme;
- To give a clear brief to the investment managers.

The investment strategy adopted by the Trustee at the start of the year was to invest 70% in equities, 20% in fixed interest and index linked bonds and 10% in property.

During the year, the Trustee adopted a new investment strategy and the Scheme transitioned to this strategy which is to invest 50% in equities, 20% in buy and maintain bonds, 15% in diversified growth funds and 15% in property.

Following appropriate professional advice and having undertaken a suitable manager selection exercise, the Trustee believes that its strategy is most appropriately implemented by Baillie Gifford & Co, Majedie Asset Management Limited, BlackRock Advisors (UK) Limited, UBS Global Asset Management Limited, Columbia Threadneedle Investments, Kames Capital and Newton Investment Management. These investment managers are regulated by the Financial Conduct Authority.

Investment managers

The Trustee has entered into investment management agreements with the managers. The agreements set out the terms on which the assets are managed, and the investment guidelines and restrictions under which the managers must operate.

In accordance with Section 35 of the Pensions Act 1995, the Trustee has agreed a Statement of Investment Principles. A review of the Scheme's investment strategy has been undertaken and new managers appointed. As part of this process the Statement of Investment Principles was revised and approved in October 2018.

Under the legal documentation governing the Scheme, the power of investment is vested in the Trustee.

In practice, the Trustee's fundamental responsibility is the strategic management of the assets. Day to day management is delegated to professional investment managers including the selection of individual stocks, bonds and properties.

The Trustee is mindful of the underlying distribution of assets. In particular, it regards the distribution of the assets between "real" assets (UK equities, overseas equities, index-linked gilts, property and diversified growth funds) and "monetary" assets (UK fixed interest and cash) as appropriate to the Scheme's liabilities.

Having recognised the individual fund managers' discretion over stock, bond and property selection, the Trustee nonetheless understands that it is the investment managers' policy to invest in a diversified portfolio of appropriate assets within each asset class.

As a matter of principle, during the year the Trustee placed certain restrictions on the investment managers. For example, the managers are not permitted to invest directly in certain types of investment, such as commodities, venture capital or hedge funds.

The Trustee recognises the advantages of diversification between UK and overseas investment in equities from the perspective of:

- Reducing the risk that results from investment in any one particular market; and
- Enhancing return.

The Trustee pays close regard to the risks which may arise through a mismatch between the Scheme's assets and its liabilities, and to the risks which may arise from the lack of diversification of investments. It believes that the investment policies to be followed by its investment managers do have adequate regard to the need to diversify within each asset class. A summary of the main elements of risk, level of exposure and strategies to mitigate them are detailed below.

Credit risk

The Scheme is subject to credit risk because the Scheme invests in pooled investment vehicles.

A portion of equity investments are in emerging markets where difficulties in dealing, settlement and custody increase the exposure to credit risk. Custodians are used to safeguard the assets of the Scheme.

The bankruptcy or default of any counterparty could result in losses to the Scheme. Trading in financial derivatives which have not been collateralised gives direct counterparty exposure. The current economic environment can also lead to an increased risk of tenant default for property assets.

Investment managers use various strategies for mitigating the risk of default including:

- using custodians to safeguard the assets of the Scheme;
- only using preferred counterparties which they believe to be creditworthy;
- use of a letter of credit or collateral;
- having strict investment policies;
- only investing in assets of a set minimum class e.g. corporate bonds of investment grade;
- placing investment concentration restrictions limiting the amount that can be invested in any one asset/investment scheme;
- applying credit limits to counterparties that are monitored regularly;
- formally reviewing each new counterparty;
- monitoring and reviewing all approved counterparties on an on-going basis;
- ensuring tenants are required to pay rentals in advance and using dedicated credit control teams to collect the rent from tenants as soon as they fall due;
- assessing the credit quality of tenants prior to entering lease arrangements.

Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments within pooled investment vehicles are in overseas assets, priced in foreign currencies. Changes in the rates of exchange may cause the value of investments to go up or down. Derivatives may be used to compensate for possible unfavourable currency and market movements.

The risk is mitigated in part by having a diverse portfolio of global and UK assets. For example the UBS property investments are solely based in the UK and at least 80% of the Majedie assets are held in UK equities.

Interest rate risk

The Scheme is subject to interest rate risk because some of investments are held in bonds. The Trustee has set a benchmark for total investment in bonds of 20% of the total asset allocation. At the year end the investment in bonds represented 18.5% of the total investment portfolio (2017: 20%).

Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio which include its equity investment in pooled vehicles. At the year end the Scheme's target asset allocation was 50% of investments held in equities. At the year end investment in equities represented 53.1% of the total investment portfolio (2017: 73%).

The Scheme manages the exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

19. Concentration of investments

Investments accounting for more than 5% of the net assets of the Scheme at the year end were:

	2018		2017	
	£'000	**%**	£'000	%
Baillie Gifford Global Alpha Growth Fund (2017 – Baillie Gifford Global PF Alpha Class)	**202,906**	**42.6**	194,104	44.3
BlackRock Buy and Maintain UK Credit X Dist Fund	**87,953**	**18.5**	-	-
Majedie Asset UK Equity Fund 'B' Shares	**50,032**	**10.5**	46,825	10.7
UBS Triton Property Unit Trust	**45,636**	**9.6**	29,450	6.7
Newton Real Return Fund Exempt Shares 2	**32,977**	**6.9**	-	-
Threadneedle Dynamic Real Return Fund S Accumulation	**32,517**	**6.8**	-	-
BlackRock Aquila Life UK Equity Fund	-	-	81,947	18.7
BlackRock Ascent UK Long Corporate Bond Fund	-	-	44,071	10.1
BlackRock Ascent UK Real Return Bond Fund	-	-	43,283	9.9

20. Employer related investment

There were no employer related investments at the year end (2017: None).

21. Current assets

	2018	2017
	£'000	£'000
Other debtors	35	189
Prepayments	18	18
Cash	1,627	9
	1,680	216

22. Current liabilities

	2018	2017
	£'000	£'000
Due to participating employers	532	242
Unpaid benefits	212	389
Accrued expenses	1,511	1,875
	2,255	2,506

23. Related party transactions

The following related party transactions arose during the year:

- Administration and accountancy services were provided by the Principal Employer, The University of Liverpool. Fees payable by the Scheme in respect of these services amounted to £277,426 (2017: £259,924).
- The pensioner nominated trustee director together with a member nominated trustee director are in receipt of a pension from the Scheme.

Amounts outstanding at the year end are shown in note 22.

24. Contractual commitments

At 31 July 2018 and 31 July 2017 there were no contractual commitments.

25. Contingent liabilities

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. The Trustee is now reviewing, with their advisers, the implication of this ruling on the Scheme and the equalisation of guaranteed minimum pensions between men and women; in the context of the rules of the Scheme and the value of any liability. As soon as this review is finalised and any liability quantified, then members will be communicated with.

Other than the above and the liability to pay future pensions, the Scheme had no contingent liabilities at 31 July 2018 or 31 July 2017.

26. Trustee company

The Trustee company has no share capital and is limited by guarantee. The liability of members of the Trustee Company is limited to an amount not exceeding £1 Sterling. At 31 July 2018 there were 9 members (2017: 9).

27. Subsequent events

There were no subsequent events requiring disclosure in the financial statements.

SCHEDULE OF CONTRIBUTIONS

UNIVERSITY OF LIVERPOOL PENSION FUND

This schedule of contributions has been prepared by the trustees, after obtaining the advice of James Auty, the Scheme Actuary. It replaces the previous schedule of contributions which was actuarially certified on 18 May 2016.

In preparing this schedule of contributions, account has been taken of contributions due in the period between 31 July 2015 and the commencement of this schedule under the previous schedule(s) of contributions, together with any further contributions paid during the same period.

Period covered by this schedule of contributions

This schedule of contributions takes effect from the date it is certified by the Scheme Actuary. It ends five years from the date of being signed.

Contributions by contributing active members

7.5% of Earnings for Final Salary members and 6.5% of Earnings for CARE members. These are to be deducted by the employer and paid to the scheme on or before the 19th of the calendar month following deduction. Any additional voluntary contributions payable by active members are payable in addition.

Contributions by employer in respect of future accrual of benefits, death in service benefits and expenses

23.5% of Earnings for Final Salary members and 22.5% of Earnings for CARE members payable monthly by the 19th of the calendar month after that to which they relate less contributions payable by contributing members above.

Contributions by employer in respect of the shortfall in funding

As there is no funding shortfall this is not applicable.

Additional employer contributions

The employer may pay additional contributions of any amount and at any time from those set out above.

Levies

Expenses relating to the payment of annual PPF and TPR levies are to be paid directly from the Fund for any levy invoices dated 1 June 2018 or later.

Earnings

Member's Salary plus any enhancements to the basic annual rate of salary or wages payable to a member plus pay (if any) relating to any additional hours worked for the member's employer including any enhancements to the rate of that pay provided that pay in respect of any hours worked by the member which are in excess of the normal full-time hours of an employee of the same grade as the member shall be excluded.

SIGNATURES

Signed on behalf of the trustees: Carol Costello.

Name: CAROL COSTELLO

Position: DIRECTOR OF HR

Date: 25.6.2018

Signed on behalf of the employer:

Name: PATRICK HACKETT

Position: DEPUTY VICE - CHANCELLOR

Date: 25.6.18

This schedule of contributions has been agreed by the trustees after obtaining actuarial advice from me.

Signed:

Name: James Auty

Fellow of the Institute and Faculty of Actuaries

Position: Scheme Actuary

Date: 28/6/2018

ACTUARY'S CERTIFICATION OF SCHEDULE OF CONTRIBUTIONS

UNIVERSITY OF LIVERPOOL PENSION FUND

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 July 2015 to continue to be met for the period which the schedule is to be in force.

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 (i.e. signed on behalf of the trustees on) 28/6/18

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature:		Date:	28/6/18
Name:	James Auty	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	The St Botolph Building, 138 Houndsditch, London, EX3A 7AW	Name of employer:	JLT Benefit Solutions Limited