

**Trinity College of Music Pension and
Assurance Scheme**

Annual Report

Year ended

30 June 2021

Registered Number: 10101597

Trinity College of Music Pension and Assurance Scheme

Report and financial statements
for the year ended 30 June 2021

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Trinity College of Music Pension and Assurance Scheme

Trustees and professional advisors
for the year ended 30 June 2021

Scheme Registration Number

10101597

Trustees

Dennis Scard (Chairman)
Karen Burnell (Member-Nominated Trustee)
Charlotte Cooper
Jocelyn Prudence (Employer-Nominated Trustee)
Jonathan Peel (Member-Nominated Trustee appointed 12/5/2021)

Principal Employer

Trinity Laban Conservatoire of Music and Dance
King Charles Court
Old Royal Naval College, Greenwich
London, SE10 9JF

Scheme Administrator

Jonathan Peel
King Charles Court
Old Royal Naval College, Greenwich
London, SE10 9JF

Scheme Benefits Administrator

Deloitte Total Reward and Benefits Limited
Hill House
1 Little New Street
London, EC4A 3TR

Annuity Provider

Legal & General Assurance Society Limited
Legal & General House
Kingswood
Surrey, KT20 6EU

Scheme Actuary

Anna Welshman FIA
Deloitte Total Rewards and Benefits Limited

Investment Manager

Legal & General Investment Management
One Coleman Street
London, EC2R 5AA

Bank

Allied Irish Bank (GB)
P.O. Box 73306
London, W5 9PB

Independent Auditor

BDO LLP
31 Chertsey Street
Guildford
Surrey, GU1 4HD

Trinity College of Music Pension and Assurance Scheme

Trustees' report for the year ended 30 June 2021

The Trustees present their report and the audited financial statements of the Scheme for the year ended 30 June 2021.

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

Nature of the Scheme

The Scheme is a defined benefit scheme and was established to provide retirement benefits to all eligible employees of the Trinity College of Music (now Trinity Laban Conservatoire of Music and Dance). The Scheme commenced on 1 October 2002 on which date all the assets and liabilities of the preceding Scheme of the Trinity College of Music were transferred from the Trinity College of Music London Section of the Legal & General Pension Trust.

The accrual of pension benefits ceased with effect from 31 December 2001 prior to the transfer.

The Scheme is currently governed by a Trust Deed & Rules dated 8 March 2002. The Scheme is a Registered Pension Scheme under Chapter 2 of Part IV of the Finance Act 2004.

Management of the Scheme

Trustees

The Trustees named on the Trustees and advisers page at the beginning of this report have, unless detailed otherwise, served throughout the year and remain in place at the date of signing this report.

The Occupational Pension Schemes (Member Nominated Trustees and Directors) Regulations 2006 require that at least one third of the trustees are member nominated. Karen Burnell is the member nominated Trustee of the Scheme.

Trustees nomination process

The statutory power of appointing new Trustees of the scheme shall be vested in the principal Employer and any such appointment shall be by deed.

Trustees' meetings

In the year under review the Trustees met once.

Membership

There were 25 deferred members (2020: 26), 8 deferred pensioners (2020: 8), 24 pensioners (2020: 24) and 14 annuitants (2020: 16) as at 30 June 2021.

Annuitants refers to former members of the Scheme in respect of whom the Trustees have purchased annuities but where legal responsibility for settling the relevant members benefits remains with the Trustees.

Deferred pensioners are members of the Scheme that have reached their normal retirement date but have not contacted the Scheme to arrange the commencement of their respective benefits. The Trustees have put in place a procedure to locate such members however it is not always successful.

Scheme administration

The day-to-day administration of the Scheme is performed by the Scheme Administrator, Jonathan Peel, although benefit administration has been outsourced to Deloitte Total Reward and Benefits Limited.

Trinity College of Music Pension and Assurance Scheme

Trustees' report for the year ended 30 June 2021 (*continued*)

Financial development of the Scheme

The financial statements on pages 12 to 21 show that the value of the Scheme's assets increased by £680,305 to £10,648,489 as at 30 June 2021. The increase comprised of net withdrawals from dealings with members of £404,010, offset by positive returns on investments of £1,084,315.

Further details of the financial development of the Scheme may be found in the audited financial statements and related notes on pages 12 to 21.

Actuarial position

The most recent actuarial valuation of the Scheme was carried out as at 1 July 2018 in a report dated September 2019. This valuation found that the ongoing funding level has improved since the last formal valuation as at July 2018 from 69% to 86% (excluding secured pensioners), and from 80% to 90% (including secured pensioners) with the shortfall reducing from £1,837,000 to £975,000.

At the valuation date, the Scheme was 66% funded on a buyout basis. The buyout position considers the position of the Scheme if all members were to leave service at the valuation date and the benefits were secured by an insurance company.

The next full valuation is due to be made as at 1 July 2021.

The Actuary's formal statement prepared in accordance with The Occupational Pension Schemes (Scheme Funding) Regulations 2005 is reproduced on page 25 and the Report on actuarial liabilities on page 24.

Guaranteed Minimum Pension (GMP) Equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded that schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustees of the Scheme are aware that the issue will affect the Scheme and will be considering this as part of the of the next valuation, due as at 1 July 2021. Any adjustments necessary will be recognised in subsequent accounting periods.

Pension increases

The increase in pension for the year was in accordance with the Scheme rules, and within the statutory limits. The Scheme pays increases on pensions in payment on member's anniversary dates as follows:

Pensionable service accrued before 1 October 1998:	5% pa
Pensionable service accrued on or after 1 October 1998:	In line with RPI, subject to a maximum of 5% pa

There were no discretionary increases included within pension increases.

Transfer values

The transfer values when paid are calculated and verified in the manner prescribed by regulations under Section 97 of the Pensions Act 1993 and any discretionary benefits included in calculations would be less than the amount for which section 94(1) of that Act provides.

Covid-19 and Going Concern

As a result of the Coronavirus (COVID-19) pandemic causing disruption to many businesses and economic activities, there has been an initial downturn in the global markets during 2020 followed by a strong recovery. The Trustees have designed and implemented the Scheme's investment strategy taking a long-term view and has built in resilience to withstand short-term fluctuations, such as this. The Trustees have been actively monitoring both the financial security of the Scheme and the suitability of the investment strategy and will continue to do so throughout the pandemic, and beyond.

Trinity College of Music Pension and Assurance Scheme

Trustees' report for the year ended 30 June 2021 (continued)

The Trustees continue to monitor this evolving situation as part of the ongoing governance of the Scheme. The Trustees are comfortable that the systems of the Administrator, in respect of processing member benefits in accordance with the Scheme rules and responding to member queries in a timely manner, will continue to operate uninterrupted.

The Trustees of the Scheme are in regular dialogue with the sponsoring employer (Trinity Laban Conservatoire of Music and Dance) regarding the impact of COVID-19. The sponsoring employer has continued to trade profitably and generate free cash flow throughout the period of the pandemic to date. This has enhanced the principal employer's already strong liquidity position. The principal employer has continued to meet all contribution obligations to the Scheme as they fall due and anticipates continuing to meet all regular and deficit repair contributions in full and on time.

The financial statements as at 30 June 2021 continue to be prepared on a going concern basis and no adjustments have been made to the financial statements. The Trustees consider the basis to be appropriate as they believe that the Scheme has adequate resources to realise its assets and meet benefit payments in the normal course of affairs for at least the next twelve months.

General Data Protection Regulation (GDPR)

Trinity College of Music Pension and Assurance Scheme (the Scheme) is committed to protecting the rights and freedoms of individuals in accordance with the provisions of the Data Protection Act (DPA) 1998 and the General Data Protection Regulation (GDPR) became part of UK law on 25 May 2018.

The requirements to which those officers and partners of the Scheme who process personal data must adhere are set out in the Scheme's Data Protection Policy sections 1-22. The Scheme is registered with the Information Commissioners Office (ICO) Registration number ZA326801.

The Data Protection Officer for the Scheme is:

Jonathan Peel (Scheme Administrator)
King Charles Court
Old Royal Naval College, Greenwich
London SE10 9JF
Tel: 020 8305 4372

Email: j.peel@trinitylaban.ac.uk

Disputes and queries

Members of pension schemes have statutory rights to ensure that complaints, queries and problems concerning pension rights are properly resolved. To facilitate this process, the Trustees have established an Internal Disputes Resolution Procedure. In the first instance, members are expected to take up matters with the Scheme Administrator at the address below.

If the problem remains unresolved, members then have the facility to refer queries to The Pensions Advisory Service (TPAS) which has a network of pension advisers who will try to resolve problems before they are referred on to the Pensions Ombudsman. Disputes should be referred directly to the Pensions Ombudsman.

The Pensions Advisory Service (TPAS) can be contacted at:

11 Belgrave Road
London SW1V 1RB
Telephone: 0300 123 1047
Website: www.pensionsadvisoryservice.org.uk

The Pensions Ombudsman can be contacted at:

10 South Colonnade
Canary Wharf
London E14 4PU
Telephone: 0800 917 4487

Website: www.pensions-ombudsman.org.uk

E-mail: helpline@pensions-ombudsman.org.uk

Trinity College of Music Pension and Assurance Scheme

Trustees' report for the year ended 30 June 2021 (continued)

The statutory body responsible for the regulation of pension schemes in the United Kingdom is The Pensions Regulator (TPR) and can be contacted at the following address:

The Pensions Regulator
Napier House, Trafalgar Place
Brighton BN1 4DW
Telephone: 0345 600 0707

Website: www.thepensionsregulator.gov.uk

E-mail: wb@tpr.gov.uk

A central tracing agency exists to help individuals keep track of deferred pension entitlements from previous employers' pension schemes. The Scheme has registered its details. An application for a search can be submitted to:

Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton WV98 1LU
Telephone: 0345 600 2537

Further information

Information about the Scheme generally, further information about resolving disputes, or an individual's entitlement to benefits can be obtained direct from the Scheme Administrator at the following address:

Jonathan Peel (Scheme Administrator)
King Charles Court
Old Royal Naval College, Greenwich
London SE10 9JF
Email: j.peel@trinitylaban.ac.uk

Tel: 020 8305 4372

Additionally, 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 other documents, for example, the Recovery Plan, Schedule of Contributions and the full Actuarial Valuation.

The Trustees' Report, including the Investment report on pages 6 to 7, the Statement of Trustees' Responsibilities on page 8, and the Report on Actuarial Liabilities on page 24 were approved and signed on behalf of the Trustees by:

Trustee Charlotte Cooper

Name: CHARLOTTE COOPER

Date: 26/1/22

Trustee D A Scard

Name: DENNIS SCARD

Date: 26/1/22

Trinity College of Music Pension and Assurance Scheme

Investment report for the year ended 30 June 2021

The overall management of the Scheme's investments is the responsibility of the Trustees. However, the day-to-day execution of investment related transactions has been delegated to Legal & General Investment Management.

The Trustees cannot usually directly influence investment managers' policies on some environmental and ethical factors where assets are held in pooled funds and within insurance policies; this is due to the collective nature of these investments.

The Trustees recognise that social, environmental and ethical considerations are amongst the factors which investment managers need to take into account, where relevant, when selecting investments for purchase, retention or sale. The Trustees also recognise that governance procedures within companies also need to be taken into account.

The Trustees have considered the environmental, social and governance (ESG) policies of their appointed investment managers and are comfortable that they are an integral part of the decision making processes. As a result the Trustees have asked the investment managers to act according to their policies, and to take action which they feel safeguards the best long-term economic interests of the Scheme.

The investment strategy is formalised in a statement of investment principles which has been prepared in accordance with section 35 of the Pensions Act 1995. This is available on request.

The investment principles were consistently applied during the year.

There is a floating charge over the unitised funds managed by Legal and General Investment Management. The purpose of the floating charge is to offer protection to investors in the event of a failure of Legal and General Investment Management.

The Scheme's assets are managed by investing in the pooled funds shown below. The distribution of these funds is maintained within its control ranges by the application of cash flows and, where necessary, switches between the investment of sector funds.

Investment fund

	Asset Allocation %	Allocation per SIP %
UK Equity Index Fund	75	74-76
SA Fixed Interest - Over 15 Year Targeted Duration Fund	25	24-26
Total	100	100

Investment performance

The performance of Legal & General Investment Management is reviewed periodically at Trustee meetings. The percentage return on the Scheme's investments, on an annualised basis, compared to the benchmark is as follows:

Fund	1 year		3 years		5 years	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
	%	%	%	%	%	%
UK Equity Index Fund	+21.55	+21.45	+2.14	+2.05	+6.62	+6.48
SA Fixed Interest – Over 15 Year Targeted Duration Fund	-6.58	n/a	+4.90	n/a	+3.88	n/a
Total	+14.33	+14.48	+3.34	+3.13	+6.30	+6.12

Trinity College of Music Pension and Assurance Scheme

Investment report
for the year ended 30 June 2021 (*continued*)

Basis of investment management expenses

Legal & General Investment Management charge quarterly fees to the Scheme in respect of the management of the Scheme's investments. The fees are deducted from the Scheme's investment funds and consist of a flat per Scheme charge, plus an ad-valorem charge.

The main charges relating to the scheme's invested assets are as follows:

Fund Name	Annual Management Charge %
LGIM UK Equity Index	0.10
LGIM Fixed Interest >15 year Fund	0.15

Custodial arrangements

The investment manager has appointed Citibank to act as custodians of the underlying assets held within the Scheme's pooled investments. As professional custodians, Citibank employ a rigorous system of controls to ensure safekeeping of assets entrusted to them. The custodians are responsible for the settlement of all day-to-day investment transactions, collection of investment income, and the safe custody of the investments. All investments are registered in the name of the Scheme and the Trustees monitor this on a regular basis to satisfy themselves that this remains the case. The investment manager has outlined the system of internal control in place within its respective organisation to secure safe custody of the Scheme's assets, and the Trustees are satisfied with these arrangements.

Employer-related investments

No employer-related investments were held at any time during the year.

Trinity College of Music Pension and Assurance Scheme

Statement of Trustees' Responsibilities for the year ended 30 June 2021

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

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice "Financial Reports of Pension Schemes".

In discharging these responsibilities, the Trustees are 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 Trustees are also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustees are 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 employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in relation to contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

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

Trinity College of Music Pension and Assurance Scheme

Independent Auditor's Report for the year ended 30 June 2021

To the Trustees of Trinity College of Music Pension and Assurance Scheme Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the financial transactions of the Scheme during the year ended 30 June 2021 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

We have audited the financial statements of Trinity College of Music Pension and Assurance Scheme ('the Scheme') for the year ended 30 June 2021 which comprise the Fund Account, Statement of Net Assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice – *Financial Reports of Pension Schemes* (revised 2018).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to

Trinity College of Music Pension and Assurance Scheme

Independent Auditor's Report for the year ended 30 June 2021 (*continued*)

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the Scheme's legal and regulatory frameworks, focusing on those which we determine to be the most significant, and how the Scheme complies with these.
- Enquiring of the Trustees, and where appropriate, the administrators or consultants as to whether:
 - the Scheme is in compliance with laws and regulations that have a material effect on the financial statements;
 - they have knowledge of any actual, suspected or alleged fraud;
 - any reports have been made to the Pensions Regulator.

Based on our understanding of the Scheme, we consider the most significant laws and regulations that have a direct impact on the financial statements are the Pensions Acts 1995 and 2004 and those that relate to the reporting framework (Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 and the Statement of Recommended Practice 'Financial Reports of Pensions Schemes' 2018 ('The SORP')); and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls by the Trustees and those involved in the preparation of the financial statements and underlying accounting records. We determined that the principal risk was related to the posting of inappropriate journals, which may act to conceal fraudulent activity.

Trinity College of Music Pension and Assurance Scheme

Independent Auditor's Report for the year ended 30 June 2021 (*continued*)

Audit procedures performed to respond to the identified risks included, but were not limited to, the following:

- Testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- Enquiring of management and those charged with governance with regard to actual and potential litigation and claims.
- Reviewing the disclosures in the financial statements and testing to supporting documentation to assess compliance with relevant laws and regulations, as detailed above.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing any significant correspondence with the Pensions Regulator.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

BDO LLP
Statutory auditor
Guildford
United Kingdom

Date

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Trinity College of Music Pension and Assurance Scheme

Fund Account for the year ended 30 June 2021

	Note	2021 £	2020 £
Contributions and benefits			
Employer contributions		210,760	210,532
Total contributions	4	<u>210,760</u>	<u>210,532</u>
Benefits paid or payable	5	(614,770)	(307,448)
Administrative expenses	6	-	-
		<u>(614,770)</u>	<u>(307,448)</u>
Net withdrawals from dealings with members		<u>(404,010)</u>	<u>(96,916)</u>
Returns on investments			
Investment income	7	158,000	160,000
Change in market value of investments	8	937,071	(623,266)
Investment management expenses	9	(10,756)	(10,528)
Net returns on investments		<u>1,084,315</u>	<u>(473,794)</u>
Net increase/(decrease) in the fund during the year		680,305	(570,710)
Net assets of the Scheme			
At 1 July		<u>9,968,184</u>	<u>10,538,894</u>
At 30 June		<u>10,648,489</u>	<u>9,968,184</u>

The notes set out on pages 14 to 21 form an integral part of these financial statements.

Trinity College of Music Pension and Assurance Scheme

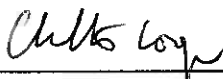
Statement of Net Assets (available for benefits) as at 30 June 2021

	Note	2021 £	2020 £
Investment assets			
Pooled investment vehicles	10	8,487,176	7,647,336
Insurance policies	11	2,062,000	2,225,000
Total net investments		10,549,176	9,872,336
Current assets	15	102,050	98,295
Current liabilities	16	(2,737)	(2,447)
Net assets of the Scheme at 30 June		10,648,489	9,968,184

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities on page 24 and these financial statements should be read in conjunction with it.

The financial statements were approved by the Trustees on 26th January 2022

Signed on behalf of the Trustees



Trustee



Trustee

The notes set out on pages 14 to 21 form an integral part of these financial statements.

Trinity College of Music Pension and Assurance Scheme

Notes to the financial statements for the year ended 30 June 2021

1 Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (SORP) (revised November 2018).

In June 2018, a revised SORP was issued which is applicable to accounting periods commencing on or after 1 January 2019. The Trustees have adopted the revised SORP for the first time in these financial statements. The adoption of the revised SORP has had no material impact on the financial statements, although it has required certain additions to or amendments of disclosures in the financial statements.

2 Identification of the financial statements

The scheme is established as a trust under English Law. The address for enquiries to the scheme is included on page 5.

3 Accounting policies

The principal accounting policies of the Scheme are set out below. Unless otherwise stated, they have been applied consistently year on year.

(A) Functional currency

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

(B) Contributions

Employer deficit funding contributions are accounted for in the period they are due under the Schedule of Contributions, or on receipt if earlier with the agreement of the employer and Trustees.

Employer expense contributions are accounted for on an accruals basis based on the period in which the expenses relate.

(C) Payments to members

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

Benefits and any associated taxation due to lifetime or annual allowances where the member has elected for the Scheme to settle the liability on their behalf, are accounted for in the period in which the member notifies the Trustees of their decision on the type or amount of benefit to be taken or date of retirement if later, or if there is no member choice, on the date of retiring or leaving.

(D) Administrative and investment management expenses

Administrative and investment management expenses paid by the Scheme are accounted for on an accruals basis.

Apart from those disclosed in note 6 all administrative expenses are borne directly by the Principal Employer.

Trinity College of Music Pension and Assurance Scheme

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

3 Accounting policies (*continued*)

(E) Receipts from annuity policies

Receipts from annuity policies held by the Trustees to fund benefits payable to the Scheme members are accounted for as investment income on an accruals basis to reflect the timing of the benefits payable.

(F) Valuation of investments

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

(G) Investments

Investments are included at fair value as described below:

- (a) Unitised pooled investment vehicles which are not quoted on active markets have been valued at the latest available bid price or single price provided by the pooled investment manager. Where funds are valued weekly, the value is taken as at the week ending closest to the year end date. AVC investments have been valued at the latest available net assets value (NAV), determined in accordance with fair value principles, provided by the investment manager.
- (b) Annuities purchased in the name of the Trustees which fully provide the pension benefits for certain members have been valued by the Scheme Actuary at the amount of the related obligation, determined using a scheme funding valuation basis. Annuity policies are issued by Legal & General Assurance Society Limited.

4 Contributions receivable

	2021 £	2020 £
Employer contributions:		
Deficit funding contributions	200,004	200,004
Expense contributions	10,756	10,528
	<hr/>	<hr/>
	210,760	210,532
	<hr/>	<hr/>

The latest schedule of contributions certified by the Actuary, dated 24 June 2019 does not require the amount of any deficit funding contributions. Subsequent to this the trustees and employer have agreed that contributions of £16,667 per month will continue to be paid until July 2021 in order to improve the funding position in advance of the next valuation.

Expense contributions represents the reimbursement of investment management expenses paid directly by the Scheme.

Trinity College of Music Pension and Assurance Scheme

Notes to the financial statements for the year ended 30 June 2021 (continued)

5 Benefits paid or payable

	2021 £	2020 £
Pensions paid	311,543	307,448
Individual transfers out to other schemes	303,227	-
	614,770	307,448

Pensions paid includes £153,554 (2020: £147,488) for annuity payments paid directly by Legal & General Assurance Society Limited.

6 Administrative expenses

	2021 £	2020 £
Administrative and processing	(200)	(200)
Bank fees	200	200
	-	-

Following a change in accounting policy only administrative expenses paid directly by the Scheme are disclosed in the financial statements.

7 Investment income

	2021 £	2020 £
Annuity income	158,000	160,000

8 Reconciliation of investments

	Value at 1 July 2020 £	Purchases at cost £	Sales proceeds £	Change in Market Value £	Value at 30 June 2021 £
Pooled investment vehicles	7,647,336	-	(260,231)	1,100,071	8,487,176
Insurance policies	2,225,000	-	-	(163,000)	2,062,000
	9,872,336	-	(260,231)	937,071	10,549,176

Trinity College of Music Pension and Assurance Scheme

Notes to the financial statements for the year ended 30 June 2021 (continued)

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Scheme such as fees, commissions and stamp duty. There were no direct transaction costs charged in the year (2020: nil).

Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. These indirect transaction costs are not separately provided to the Scheme.

9 Investment management expenses

	2021 £	2020 £
Administration, management and custody	10,756	10,528

10 Pooled Investment vehicles

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

	2021 £	2020 £
Equity funds	6,381,064	5,670,690
Bond funds	2,106,112	1,976,646
	<u>8,487,176</u>	<u>7,647,336</u>

The Scheme's pooled investments are held in the name of the Scheme. Income generated by these units is not distributed, but retained within the pooled investments and reflected in the market value of the units.

11 Insurance policies

Annuities issued by Legal & General Assurance Society Limited are valued by the Scheme Actuary. The Scheme no longer purchases annuities to meet Scheme liabilities as described in the accounting policy.

The policies remain assets of the Trustees, that in the event of failure of the issuer to pay benefits, the liability would fall back to the scheme. The Trustees rely on the fact that the insurer is regulated by the Financial Conduct Authority and the Prudential Regulatory Authority, and consider the risk of insurer insolvency leading to the liabilities on the scheme to be negligible.

The Scheme held insurance policies at the year-end as follows:

	2021 £	2020 £
Annuities – Legal & General	2,062,000	2,225,000

Trinity College of Music Pension and Assurance Scheme

Notes to the financial statements for the year ended 30 June 2021 (continued)

12 Fair value determination

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

- Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the Scheme can access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset, either directly or indirectly.
- Level 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset.

	At 30 June 2021			Total £
	Level 1 £	Level 2 £	Level 3 £	
Pooled investment vehicles	-	8,487,176	-	8,487,176
Insurance policies	-	-	2,062,000	2,062,000
	-	8,487,176	2,062,000	10,549,176

	At 30 June 2020			Total £
	Level 1 £	Level 2 £	Level 3 £	
Pooled investment vehicles	-	7,647,336	-	7,647,336
Insurance policies	-	-	2,225,000	2,225,000
	-	7,647,336	2,225,000	9,872,336

Trinity College of Music Pension and Assurance Scheme

Notes to the financial statements for the year ended 30 June 2021 (*continued*)

13 Investment risk disclosures

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

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

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

• **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 Trustees are responsible for determining the Scheme's investment strategy. The trustees have set the investment strategy after taking advice from a professional investment adviser.

Subject to complying with the agreed strategy, which specifies the target proportions of the fund which should be invested in the principal market sectors, the day-to-day management of the asset portfolio of the Scheme, including the full discretion for stock selection, is the responsibility of the investment manager.

The Scheme has exposure to these risks because of the investments it makes in accordance with the Scheme's investment strategy. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustees by regular reviews of the investment portfolio.

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

The Scheme's net assets as at 30 June 2021 and 30 June 2020 are detailed in the Statement of Net Assets (available for benefits) and the pooled funds are further detailed in note 10 on page 17.

Statement of Investment principles is available on request.

Credit risk

The Scheme invests in pooled investment vehicles and holds insurance policies, and as a result is directly exposed to credit risk in relation to the underlying instruments it holds in the pooled investment vehicles and insurance policies. The Scheme is indirectly exposed to credit risks arising on the underlying financial instruments held by the pooled investment vehicles.

Direct credit risk arising from pooled investment vehicles and insurance policies is mitigated by the underlying assets of the pooled arrangements and insurance policies being ring-fenced from the pooled manager and insurance provider, the regulatory environments in which the pooled manager and insurance provider operate diversification of investments amongst a number of pooled arrangements. Trustees carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the operating environment of the pooled manager and insurance provider.

Trinity College of Music Pension and Assurance Scheme

Notes to the financial statements for the year ended 30 June 2021 (continued)

13 Investment risk disclosures (continued)

Credit risk (continued)

At the year end, the value of assets exposed to direct credit risk amounted to £10,549,176 (2020: £9,872,336).

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicle. This risk is mitigated by only investing in funds which hold at least investment grade credit rated investments.

At the year end, the value of the assets exposed to indirect credit risk amounted to £2,106,112 (2020: £1,976,646).

Currency risk

The pooled investment vehicles held by the scheme are all valued in GBP and the underlying assets are held in UK based equities and bonds. The scheme therefore is not exposed to direct or indirect currency risk.

Interest rate risk

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in bonds through pooled investment vehicles and insurance policies. Indirect market risk arises if the underlying investments of the pooled investment vehicles are exposed to interest rate or other price risks.

The Trustees have set a benchmark for total investment in bonds of 25% of the total investment portfolio.

At the year end, the value of the assets exposed to interest rate risk amounted to £4,168,112 (2020: £4,201,646).

Other price risk

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

The Scheme has set a target asset allocation of 75% of investments being held in return seeking investments. The Trustees believe that the Scheme's assets are adequately diversified between different asset classes and within each asset class to manage this risk. The exposure to other price risk within the pooled fund will vary over time depending on how the fund manager changes the underlying asset allocation to reflect their market views.

At the year end, the value of the assets exposed to other price risk amounted to £6,381,064 (2020: £5,670,690).

The insurance policies do not subject the Scheme to market risks as these are borne by the insurer.

14 Concentration of investments

The following investments each account for more than 5% of the Scheme's net assets at the year end:

	2021	2021	2020	2020
	£	%	£	%
UK Equity Index Fund	6,381,064	59.9	5,670,690	57.5
Targeted Duration Fund	2,106,112	19.8	1,976,646	20.0
Insurance policies	2,062,000	19.4	2,225,000	22.5

Trinity College of Music Pension and Assurance Scheme

Notes to the financial statements for the year ended 30 June 2021 (continued)

15 Current assets	2021 £	2020 £
Cash at bank	91,294	87,767
Contributions due from the Employer: Expense contributions	10,756	10,528
	<u>102,050</u>	<u>98,295</u>

The contributions due at the year-end were received after the year end in accordance with the stipulations set out in the Schedule of Contributions in force during the year.

16 Current liabilities	2021 £	2020 £
Fund charges	2,737	2,447
	<u>2,737</u>	<u>2,447</u>

17 Related party transactions

Charlotte Cooper and Karen Burnell (both Trustees) are deferred members of the Scheme (2020: 2). Benefits accrued by them are in accordance with Scheme rules.

All costs of the administration of the Scheme are payable by the Principal Employer. Investment management expenses totalling £10,756 (2020: £10,528) were paid by the Scheme in the year and reimbursed by the Employer post year end. The amount owed at the year-end has been disclosed within current assets in note 15.

18. Guaranteed Minimum Pension (GMP) Equalisation

As explained on page 3 of the Trustees' report, on 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded that schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustees of the Scheme are aware that the issue will affect the Scheme and will be considering this at a future meeting and decisions will be made as to the next steps. Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the Trustees do not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

Trinity College of Music Pension and Assurance Scheme

Independent Auditor's Statement about Contributions for the year ended 30 June 2021

To the Trustees of Trinity College of Music Pension and Assurance Scheme

Statement about contributions

We have examined the Summary of Contributions to Trinity College of Music Pension and Assurance Scheme ('the scheme') for the year ended 30 June 2021 as set out on page 23.

In our opinion, contributions for the year ended 30 June 2021 as reported in the Summary of Contributions and payable under the Schedule of Contributions, have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the scheme actuary on 24 June 2019.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions have in all material respects been paid at least in accordance with the Schedules 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 Schedules of Contributions.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 8, 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 and the active members of the Scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions.

Auditor's responsibilities for the preparation of a statement about contributions

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

Use of our report

This statement is made solely to the Scheme's Trustees, as a body, in accordance with Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustees, as a body, for our audit work, for this statement, or for the opinions we have formed.

BDO LLP
Statutory auditor
Guildford
United Kingdom

Date


Trinity College of Music Pension and Assurance Scheme

Summary of Contributions for the year ended 30 June 2021

The contributions payable to the Scheme in respect of the year ended 30 June 2021 under the Schedule of Contributions certified by the scheme actuary on 24 June 2019 were as follows:

Required by the Schedule of Contributions	£
Employer deficit funding contributions	-
Employer expense contributions	-
Amounts due under the Schedule of Contributions	-
Not required by the Schedule of Contributions	
Additional deficit funding contributions	200,004
Employer expense contributions	10,756
	<u>210,760</u>

Signed on behalf of the Trustees:



Trustee



Trustee

Date 26/1/22

This page does not form part of the statutory financial statements.

Trinity College of Music Pension and Assurance Scheme

Report on Actuarial Liabilities for the year ended 30 June 2021

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

The most recent full actuarial valuation of the Scheme was carried out as at 1 July 2018. This showed that on that date:

The value of the technical provisions was: £10,462,000

The value of the assets at that date was: £10,091,000

The value of pensions secured by annuity policies with Legal & General have been included within the above assets and technical provisions.

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method used in the calculation of the technical provisions is the Defined Accrued Benefit Method.

Significant actuarial assumptions

Pre-retirement discount rate: The weighted average of the yields on a notional bond portfolio and a notional equity portfolio where the weights are the proportions of the market value of the bonds and equity type investments assumed to be backing the non-pensioner liabilities. The yield on the equity portfolio has been set with a reference to the FTSE Actuaries 20 Year Government Securities index, with an addition of 2% per annum and the yield on the bond portfolio has been set with reference to the iBoxx over 15 year AA rated corporate bond index with a deduction of 0.5% per annum. The rate adopted for the 2018 valuation was 3.8% pa.

Post-retirement discount rate: The gross annualised redemption yield on the notional bond portfolio as above, appropriately rounded. The rate adopted for the 2018 valuation was 2.2% pa.

Future retail price inflation: The market implied average rate of increase in the RPI is taken as the Bank of England 20 year spot rate, less 0.2% per annum. The rate adopted for the 2018 valuation was 3.3% pa.

Pension increases: Derived from the rates for future retail and consumer price inflation allowing for the caps and floors according to the provisions in the Scheme's rules. The rate adopted for the 2018 valuation was 3.2% pa.

Mortality: For the period in retirement, standard table S2PMA_L for males and S2PFA_L for females. Mortality improvements are in line with the CMI 2014 improvement table subject to long-term annual rates of 2.0% for males and 1.5% for females.

Trinity College of Music Pension and Assurance Scheme

Actuary's Certification of Schedule of Contributions

Actuary's certification of Schedule of Contributions

Name of Scheme: Trinity College of Music Pension and Assurance Scheme

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 can be expected to be met by the end of the period specified in the Recovery Plan for the Scheme.

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.

The certification of the adequacy of the rates of contributions for the purpose of ensuring 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

24 June 2019

Name
Ben Heatt-Smith
of Actuaries

Qualification
Fellow of the Institute and Faculty
of Actuaries

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