

The Trinity College Pension Scheme

Annual report and Financial statements

For the year ended 30 June 2022

Scheme registration number: 10010118

The Trinity College Pension Scheme

Annual report and financial statements for the year ended 30 June 2022

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The Trinity College Pension Scheme

Principal employer and professional advisers for the year ended 30 June 2022

Principal employer

Trinity College
Trinity Street
Cambridge
CB2 1TQ

Solicitors

Mills and Reeve
78-84 Colmore Row
Birmingham
B3 2AB

Independent auditors

PwC LLP (resigned 23 September 2022)
Forty Clarendon Road
Watford
Hertfordshire
WD17 1JJ

Appointed 3 November 2022
Crowe UK LLP
Black Country House,
Rounds Green Road, Oldbury,
Birmingham
B69 2DG

Actuary

R J Sweet FIA
Cartwright Group Limited
Mill Pool House
Mill Lane
Godalming
Surrey
GU7 1EY

Bankers

Barclays Bank UK Plc
35 Sidney Street
Cambridge
CB2 3HY

Investment manager

Schroder Investment Management (UK) Limited
31 Gresham Street
London
EC2V 7QA

The Trinity College Pension Scheme

Trustees' report for the year ended 30 June 2022

The Trustees of The Trinity College Pension Scheme (the "Scheme") present their annual report together with the actuarial certificate and financial statements for the year ended 30 June 2022.

Trustees

The Trinity College Pension Scheme is established by a definitive trust deed and rules dated 24 April 1981. The Scheme is a Defined Benefit scheme, which is open to new members in the Fellows section. All the clauses, provisions and rules of the definitive deed were replaced with effect from 1 January 2007 by those of a Trust Deed dated 22 December 2006. This Deed replaced the College as sole Trustee with six Trustees. With effect from 1 June 2019 employees of the College who were previously members of the Universities Superannuation Scheme ("USS") became members of the Scheme. Benefits in respect of these members ("Fellow Members") are governed by a Deed of Amendment dated 31 May 2019.

The Trustees (2 appointed by the College, 2 nominated by Staff Members and 2 nominated by Fellow Members) are:

Mr R Turnill (Chairman)

Dr J R J Gatti*

Dr A G Weeds (Appointed 1 August 2021, Resigned 16 February 2022)

Prof Neufeld (Appointed 1 August 2022)

Mr P Nicholson* (Member Nominated Trustee appointed 20 August 2016, reappointed 22 July 2021 until 22 July 2027)

Mr I Reinhardt* (Member Nominated Trustee appointed 20 August 2019 until 20 August 2025)

*active members

Subject to legislation in force from time to time, the power of removal and appointment of any Trustee is vested in the College.

The Scheme Administrator: Mr S Masson

Statement of Trustees' responsibilities

The Trustees' responsibilities in respect of the financial statements

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, and the Trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of 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 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 ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

The Trinity College Pension Scheme

Trustees' report for the year ended 30 June 2022 (continued)

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

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

The Trustees' responsibilities in respect of contributions

The Trustees are 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 trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions.

Where breaches of the schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

Preparation of financial statements

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

Auditors

Since the year end, PwC LLP resigned their position as Scheme auditors. In their statement on leaving office, they noted no circumstances connected with their resignation which, in their opinion, significantly affected the interests of the members or the prospective members of, or beneficiaries under, the Scheme. Crowe UK LLP were appointed as Scheme auditors in their place.

The Trinity College Pension Scheme

Trustees' report for the year ended 30 June 2022 (continued)

Membership

The change in the membership of the Scheme during the year is given below:

	<i>Restated</i>
Active members	
Active members at 1 July 2021	200
Opening adjustments	2
Late adjustment – member deferring pension	-1
New members	11
Members deferring pensions	-17
Members retiring	-9
At 30 June 2022	186
Pensioners	
Pensioners at 1 July 2021	264
Opening adjustments	1
New dependants	4
Active members retiring	9
Deferred members retiring	4
Full pensions commuted	-1
Dependants who died during the year	-1
Pensioners who died during the year	-10
At 30 June 2022	270
Deferred pensioners	<i>Restated</i>
Deferred pensioners at 1 July 2021	127
Late adjustment – member deferring pension	1
Members deferring pensions during the year	17
Deferred pensioners retiring	-4
Deferred members who died during the year	-1
At 30 June 2022	140
Total membership at 30 June 2022	593
Total membership at 30 June 2021	591

The Trinity College Pension Scheme

Trustees' report for the year ended 30 June 2022 (continued)

Auto-enrolment and opt outs

The Scheme is closed to staff members who are auto-enrolled into a defined contribution scheme managed separately from this Scheme. Fellows joining the College are auto-enrolled in the Scheme unless they opt out.

Pension increases

With effect from 1 January 2022 Staff Members pensions in payment at 1 January 2021 were increased by 6.0%. Pensions commencing payment after 1 January 2021 were increased by 0.5% per completed month.

The increase in pensions in payment is subject to index linking for as long as the public sector provides such increases.

With effect from 1 July 2021 Fellow Members pensions in payment at 1 July 2021 were increased by 0.5%.

There were no discretionary pension increases in the year.

Contributions

Contributions required by the employer for the Staff Member Section under the Schedule of Contributions are 27% of pensionable salary less the active member contribution.

The current contribution rates are:

Members	9%
College	18%

Contributions required by the employer for the Fellows Members Section under the Schedule of Contributions are 28.3% of Career Revalued Benefits (CRB) Salary less the active member contribution.

The current contribution rates are:

Members	9.6%
College	21.1%

Additional voluntary contributions

Additional voluntary contributions are used to purchase additional service and are therefore invested within the main managed fund.

Rule changes

There have been no significant changes in the benefits for Members provided by the Scheme.

Financial developments and actuarial position

It should be appreciated that the value of the investments shown in the financial statements may go down as well as up. However, except in extreme cases, short term variations (down or up) should not be regarded as having a significant effect on the overall financial position of the Scheme. This depends primarily on the long-term ability of those investments to meet the Scheme's liabilities, which is monitored as part of the work performed by the Scheme's actuary. A full valuation of the Scheme was performed by the Actuary as at 1 July 2021 confirming that the Scheme had a surplus of £7.3m at that date.

The Trinity College Pension Scheme

Trustees' report for the year ended 30 June 2022 (continued)

REPORT ON ACTUARIAL LIABILITIES

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 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 2021. An approximate funding position was updated to 1 July 2022. This showed that on those dates:

	2021 £000's	2022 £000's
Value of the Technical Provisions	63,285	59,208
Value of the assets	70,552	65,432

The method and significant actuarial assumptions used to determine the 2021 technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method. The Attained Age Method is used to determine the future service contribution rate.

Significant actuarial assumptions

Implied inflation: Annualised yield on the 18-year Bank of England implied inflation spot yield curve, rounded to the nearest 0.05% per annum as the duration of the Scheme liabilities i.e. 3.55% per annum.

Price Inflation: An allowance for Retail Price Inflation (RPI) increases is included at an assumed rate equal to the Implied Inflation rate above less 0.15% per annum. As at 1 July 2021 this resulted in an assumption for future RPI increases of 3.4% per annum.

The Trustees assume that future Consumer Price Inflation (CPI) increases will be 0.8% per annum lower than future RPI increases (i.e. 2.6% per annum at 1 July 2021).

Discount Rate: The same rate is used pre and post retirement to reflect the overall long-term prudent rate of return on all assets invested in by the Trustees. For this valuation the Discount Rate was set equal to CPI +1.6% per annum. As at 1 July 2021 this resulted in a discount interest rate of 4.2% per annum.

This margin has been derived from a starting point of the margin above inflation assumed at past calculation dates being based on a target real rate of return of 3.75% per annum over the 24-year period from 1 July 2012 to 30 June 2036. It allows for the actual real rate of return achieved over the period to 30 June 2021. The inflation rate adopted for the period to 30 June 2021 was RPI, this has been amended to CPI from 1 July 2018 onwards.

Pay Increases: An allowance for pay to increase in line with CPI increases plus 1.5% per annum is included in the valuation. This allowance covers both normal pay awards and promotional increases. As at 1 July 2021 this resulted in an assumption for future pay increases of 4.1% per annum.

The Trinity College Pension Scheme

Trustees' report for the year ended 30 June 2022 (continued)

Active Revaluation for Fellow Members: Active Revaluation for Fellow Members is in line with increases arising under the Pensions (Increase) Act 1971, subject to the Increases Cap. Future revaluations are assumed to be in line with the assumption for future increases in the CPI.

Pension Increases in payment: Where pensions in payment increase at a guaranteed fixed rate, allowance is made in the valuation for the appropriate guaranteed rate. Where pensions in payment are increased in line with prices, subject to either a maximum or minimum level of increase, allowance is made in the valuation for the current rate of increase that would apply based upon the inflation assumptions adopted for the valuation and a Black-Scholes approach.

For the Staff Member Section, as at 1 July 2021 this resulted in the following assumptions for future inflation-related annual pension increases of 2.3% per annum for the Post 5 April 1988 Guaranteed Minimum Pension (GMP) element and in line with RPI for any pension accrued in excess of the GMP.

Pension increases in payment for the Fellow Members Section are defined in the Rules as increasing in line with increases arising under the Pensions (Increase) Act 1971, subject to the Increases Cap. Future increases are assumed to be in line with the assumption for future increases in the CPI.

Pension Increases in Deferment: The Trustees revalue deferred pensions for Staff Members as follows:

- Guaranteed Minimum Pensions are revalued at the statutory fixed rate;
- Any excess pension is revalued in line with RPI to a maximum of 5% per annum. It is assumed that future increases will be in line with the assumption for future increases in the RPI.

Deferred benefits for Fellow Members are increased in line with increases arising under the Pensions (Increase) Act 1971, subject to the Increases Cap. Future increases are assumed to be in line with the assumption for future increases in the CPI.

Mortality: Mortality pre and post retirement has been assumed in accordance with the tables known as S3PA core normal retirement pensioner mortality tables for Staff Members and the S3PA Light tables for Fellow Members. In addition, an allowance for future longevity improvements based on the CMI_2020 projection with long term rates of improvement of 1.5% per annum, standard smoothing factor of 7.0 and an initial addition mortality improvement rate of 0.25% per annum.

These tables and projections are subject to regular review and will be updated in future valuations as more up-to-date data becomes available.

Age at Retirement: For Staff Members the Scheme Normal Retirement Age is 65 although members who joined prior to 1 July 1991 have the right to retire without consent and actuarial reduction at age 60. The Trustees fund benefits assuming retirement at the following ages:

- Age 60 for pre 1 July 1991 joiners; and
- Age 63 for all others

Fellow Members have a Normal Pension Age of age 65 in respect of Pensionable Service before 1 July 2020, age 66 for Pensionable Service after 30 June 2020 and before 1 July 2028, and age 67 in respect of Pensionable Service after 30 June 2028. For funding purposes, they are assumed to retire at age 66.

These assumed retirement ages will be reviewed by the actuary at each triennial valuation to ensure that they remain appropriate, given actual Scheme experience.

The Trinity College Pension Scheme

Trustees' report for the year ended 30 June 2022(continued)

Spouse Assumptions: Female spouses are assumed to be 3 years younger than their male partner.

The average percentage of Members with partners at date of death will be reviewed on a triennial basis at each valuation, subject to the data being available. The current assumption is that 80% of males and 70% of females have adult dependants.

Expenses: Expenses of administering the Scheme are borne by the Scheme. Part of the expenses relates to past service and part relates to current and future service.

The Trustees' policy is for the actuary to review the allowance for expenses at each valuation and make a recommendation for both elements.

The current assumption is for a past service reserve of 3% of the Technical Provisions and a future allowance of 3.1% of Pensionable Salaries/ CRB Salaries. This is to cover all expenses (including insurance costs) and levies of administering the Scheme.

The next full valuation is due at 1 July 2024.

The Trinity College Pension Scheme

Trustees' report for the year ended 30 June 2022 (continued)

Management of investments

The investments of the Scheme are managed by the Senior Bursar with the general authority of the College Council and on the advice of the College's Investment Committee which meets twice each year to review policy. Detailed management of securities is delegated to the Scheme's investment manager, Schroder Investment Management (UK) Limited ("Schroders"), a company registered in the United Kingdom, which is regulated by the Financial Conduct Authority.

No management charges or fees are paid directly by the Scheme; these are deducted at source by the investment manager from holdings in unit trusts. The balance of income, after payment of benefits and administrative expenses, is invested in accordance with general guidelines agreed by the Investment Committee and the College, and the Statement of Investment Principles, agreed by the Trustees. The Chair of Trustees sits on The Investment Committee and liaises between the Investment Committee and the Trustees. Independent investment advice has been taken from Cartwright Group Limited as stated in the Statement of Investment Principles, as required by Section 35 of the Pensions Act 1995. A copy of the SIP is available on request and online at www.trin.cam.ac.uk/about/publication-scheme.

Socially Responsible Investment and Corporate Governance

The investments with Schroders are pooled investment vehicles and the Trustees have no direct control over the underlying investments. The Trustees' policy is therefore that Schroders decide to what extent they take account of social, environmental and ethical considerations in managing these investments. Schroders also retain discretion when exercising rights (including voting rights) attached to their investments.

When making investment decisions about which funds to use to implement the Scheme's investment strategy, the Trustees do not explicitly consider the views of the Scheme's beneficiaries.

The Trustees periodically obtain and review the relevant ESG and Stewardship policy documents for each pooled investment fund in which they are invested. When relevant the Trustees will challenge the investment manager on their policies. Should the Trustees be unsatisfied with the response, they will take the approach that is believed to be in the best interest of the Scheme's beneficiaries which could involve further engagement with the manager or disinvesting. This creates an incentive of the manager to ensure that they are aware of, and as far as possible, meet the Trustees' expectations with regard to ESG and Stewardship policies.

The Scheme's funds are chosen to aim to achieve the Scheme's strategy investment objectives with consideration given to the ESG factors over the Scheme's investment time horizon when these fund choices are both made and reviewed from time to time. The Trustees are aware and regularly monitor and review the Scheme's investment time horizon. This means that the Trustees are able to take a long-term view of the Scheme's investments when assessing manager's performance or asset allocation.

The Trustees measure and monitor the performance versus target of all their investment funds on an after fees basis where practical to do so. Part of this monitoring process includes the consideration of the portfolio turnover costs of each investment fund and whether (or not) the twelve-month turnover is consistent with the investment philosophy and process of the investment fund. Any inconsistencies will be considered. The portfolio turnover costs will be part of the after fees fund performance and are therefore reflected in that figure.

The Trinity College Pension Scheme

Trustees' report for the year ended 30 June 2022 (continued)

Investment objectives

The Trustees' primary objectives are:

- “funding objective” – to ensure that the Scheme is fully funded using assumptions that contain an appropriate margin for prudence. Where an actuarial valuation reveals a deficit, a recovery plan will be put in place which will take into account the financial covenant of the employer;
- “stability objective” – to have due regard to the likely level and volatility of required contributions when setting the Scheme's investment strategy; and
- “return objective” – to secure the maximum total return (income and capital combined) over the projected time horizon of the fund consistent with the degree of prudence which the Trustees and the investment manager as its agent ought to observe, having regard to the liabilities of the Scheme.

If a conflict arises between the investment strategy and the primary objectives the Trustees will consult the Principal Employer before making any change to the strategy. No such conflict has arisen in the latest Scheme year.

The Trustees understand that the Employer is willing to accept some volatility in the Employer's contribution requirements in the expectation that the total contributions payable would be lower than they otherwise would be (although in practice the actual contributions required could be much higher or much lower if the investments perform differently to expected).

The time horizon for which investments will be used to pay benefits for the Scheme is the period until the last member dies or exits the Scheme. The Trustees noted that the duration of the liabilities was circa 18 years as at 1 July 2021, the most recent triennial funding valuation and will keep this under review at future such valuations.

Investment performance – Year to 30 June 2022

The total market value of the Scheme's investments at 30 June 2022 was £65,664,143 (2021: £69,937,621).

This represents a decrease of £4,273,478 in the year. The return in the fund is -6.1%.

The total return of the Schroders portfolio for the year net of fees was -5.5% (2021: +23.1%). For comparison the composite benchmark was -4.1% (2021: +17.1%).

The Trustees also require Schroders to report on the turnover of securities within invested portfolios and on the associated transaction costs, in order to assess whether such activity, and changes in it, appears reasonable, taking account of the nature of the fund concerned. Total turnover was just under 8% of the portfolio with total transaction costs over the Scheme year of £99,000.

The Trinity College Pension Scheme

Trustees' report for the year ended 30 June 2022 (continued)

A summary of the Scheme's securities performance over the last five years is given below.

Year to 30 June

	Securities %	Composite benchmark* %
1 Year to 2022	-5.5	-4.1
3 Years to 2022	+4.8	+3.5
5 Years to 2022	+5.0	+4.5

The deployment of investment assets is shown below:

	30 June 2022 %	30 June 2021 %
Schroder Life Managed Balanced Fund	100.0	100.0

* Composite benchmark consists of FTSE All Share Total Return, S&P 500 Total Return Index, FTSE World Series Europe ex UK TR, Tokyo Stock Exchange 1st Section Index (TOPIX) (TR), MSCI Pacific ex Japan TR, MSCI Emerging Markets TR, 50% iBoxx GBP Gilts TR + 50% iBoxx GBP Non-Gilts TR, LIBID 7 day

Implementation Statement – voting and engagement

This implementation statement describes the actions taken on voting and engagement over the past year and how they relate to the intentions we have set out in the Scheme's Statement of Investment Principles ('SIP').

The Scheme's investments are held in a Schroder's pooled investment fund and the day-to-day management of these investments (including the responsibility for voting and engaging with companies) is delegated to Schroders.

As Trustees of the Scheme's assets we are responsible for the selection and retention of Schroders. Analysing the voting and engagement activities, which we include details on below, is a useful part in helping us ensure they remain appropriate and we will engage with them should we have any concerns about their voting and engagement activities.

In order to produce this statement, we have asked Schroders some questions on their policies, actions and examples relating to their voting and engagement activities. We have then reviewed these and summarised Schroder's responses for the purpose of this statement.

Schroders has been integrating Environmental, Social and Governance (ESG) factors for over 20 years and this forms a core part of the investment process. ESG factors are a crucial part of any investment analysis and are used across investment desks and asset classes to inform investment decisions and influence engagement.

The Trinity College Pension Scheme

Trustees' report for the year ended 30 June 2022 (continued)

Active ownership is a priority for Schroders who undertakes extensive engagement across companies in 58 countries. Schroders uses voting rights to monitor and influence positive change. In 2021 there were more than 2,100 engagements, with more than 7,400 company meetings voted.

Voting data

The Schroder Life Managed Balanced Fund is invested wholly in unit trust funds. On a look through basis to the underlying holdings of the unit trust funds in which the Schroder Life Managed Balanced Fund is invested, Schroders were eligible to vote on 7,498 resolutions. There are some instances of where voting is not applicable, for example in bond funds. They voted on 99.8% of these resolutions and voted for them in 91.5% of cases.

Schroder Life Managed Balanced Fund

The Fund gives a balanced exposure to UK and overseas equities and fixed income securities, through a range of underlying authorised unit trusts, recognised schemes and collective investment schemes. The Fund may also invest in a wide range of investments including transferable securities, derivatives, cash, deposits and money market instruments.

Marketability of investments

The Trustees believe that units held in the Schroder Life Managed Balanced Fund (the "Fund") are marketable on a short term basis.

Employer related Investments

There were no Employer Related transactions during the year or at the year end. (2021: nil)

Safe custody of investments

JP Morgan acts as custodian of units held in the Schroder Life Managed Balanced Fund. The custodian of the underlying assets of the Fund is JP Morgan.

The Trinity College Pension Scheme

Trustees' report for the year ended 30 June 2022 (continued)

Covid-19 and the Invasion of Ukraine

Throughout 2021/22 COVID-19 and the invasion of Ukraine have impacted a significant number of countries globally. Both have caused disruption to economic activity which has been reflected in recent fluctuations in UK and global inflation rates and in global stock markets and, in turn, in the valuation of Scheme assets. The Trustees have designed and implemented the Scheme's investment strategy taking a long term view and have built in resilience and diversification to withstand short term fluctuations. The Trustees continue to monitor the funding level of the Scheme regularly with advice from their investment consultant. The Trustees also continue to monitor the employer covenant on a regular basis.

Cash equivalents

Cash equivalents with respect to transfers are calculated and verified in the manner prescribed by the Pensions Schemes Act 1993 and do not include discretionary benefits.

Scheme investments

The investment managers appointed on behalf of the Trustees to manage funds under section 34(4) of the Pensions Act 1995 are appropriately authorised under the Financial Services and Markets Act 2000 to manage investments or are specifically exempt from the requirements of the Act. The investment managers appointed have the appropriate knowledge and experience necessary to manage the particular investments delegated to them.

A Statement of Investment Principles ("SIP") has been prepared by the Trustees in accordance with section 35 of the Pensions Act 1995. Copies are available to members on request.

Scheme advisers

There are written agreements in place between the Trustees and each of the Scheme advisers listed on page 3 of this report and also with the principal employer.

Members' information

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

Scheme Administrator
Trinity College
Trinity Street
Cambridge
CB2 1TQ

Telephone: 01223 338516

payandpensions@trin.cam.ac.uk

Copies of the Scheme's documentation are available for reference at the same address (or for retention at a small charge).

The Trinity College Pension Scheme

Trustees' report for the year ended 30 June 2022 (continued)

Registrar of Occupational and Personal Pension Schemes

The Pension Tracing Service is available for members (and their dependants) of previous employers' schemes, who have lost touch with earlier employers and Trustees. To trace a benefit entitlement under a former employer's scheme, enquiries should be addressed to:

Pension Tracing Service
The Pension Service
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA

0800 731 0193

Forms are available on the Website: <http://www.thepensionservice.gov.uk>

The information provided includes details of the address at which the Trustees of a pension scheme may be contacted. This Scheme has been registered with the Registrar.

The Money and Pensions Service

The Money and Pensions Service (MaPS) brings together three respected financial guidance bodies: The Pensions Advisory Service (TPAS), the Money Advice Service and Pension Wise providing information to the public on matters relating to workplace and personal pensions.

Their address is: 120 Holborn, London, EC1N 2TD

Telephone: 0115 965 9570 Email: contact@maps.org.uk

Website: www.singlefinancialguidancebody.org.uk

Pensions Ombudsman

In cases where a complaint or dispute cannot be resolved normally after the intervention of TPAS, an application can be made to the Pensions Ombudsman for him to investigate and determine any complaint or dispute of fact or law involving occupational pension schemes. The address is:

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PN

Telephone: 0800 917 4487

The Trinity College Pension Scheme

Trustees' report for the year ended 30 June 2022 (continued)

Further information

Any queries about the Scheme, may be addressed to: The Scheme Administrator, Trinity College, Trinity Street, Cambridge, CB2 1TQ (telephone: 01223 338516).

payandpensions@trin.cam.ac.uk

Signed for and on behalf of the Trustees on 21 April 2023:



Mr R Turnill



Mr P Nicholson

The Trinity College Pension Scheme

Independent Auditor's Report to the Trustees of The Trinity College Pension Scheme

Opinion

We have audited the financial statements of The Trinity College Pension Scheme for the year ended 30 June 2022 which comprise the Fund Account, the Statement of Net Assets and the related notes to the financial statements, including 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).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 30 June 2022, 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

The Trinity College Pension Scheme

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities set out on page 4 the Trustees are responsible for the preparation of the financial statements, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

We set out below the key areas which, in our opinion the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for bias.
- Misappropriation of investment assets owned by the Scheme. This is addressed by obtaining direct confirmation from the investment fund manager of investments held at the Statement of Net Assets date.
- Non-receipt of contributions due to the Scheme from the employer. This is addressed by testing contributions due are paid to the Scheme in accordance with the schedule of contributions agreed between the employer and Trustees.
- Payment of large retirement lump sum benefits to invalid members. This is addressed through sample testing that there is evidence that the member's identity is verified and of the authorisation of the amount and approval of the payment of the transactions

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

The Trinity College Pension Scheme

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 the Scheme's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP

Statutory Auditor

London

21 April 2023

The Trinity College Pension Scheme

Fund account for the year ended 30 June 2022

	Note	2022 £	Restated 2021 £
Contributions and benefits			
Employer contributions	3	1,319,931	1,148,000
Employee contributions	4	563,575	618,850
Other income	5	-	195,711
		1,884,702	1,963,159
Benefits payable	6	2,237,251	2,640,126
Administrative expenses	7	275,647	178,865
		2,512,898	2,818,991
Net withdrawals from dealings with members		(628,196)	(855,832)
Returns on investments			
Investment income	8	1,196	598
Change in market value of investments	9	(4,273,478)	12,774,317
Net returns on investments		(4,274,674)	12,774,915
Net (decrease) / increase in the fund		(4,901,674)	11,918,485
Net assets at beginning of the year		70,552,356	58,633,871
Net assets at end of the year		65,650,682	70,552,356

The notes on pages 21 to 27 form part of these financial statements.

The Trinity College Pension Scheme

Statement of Net assets available for benefits as at 30 June 2022

	Note	2022 £	2021 £
Investment Assets			
Pooled investment vehicles	8	65,664,143	69,937,621
Total net investments		65,664,143	69,937,621
Current assets and liabilities			
Current assets	9	318,734	3,270,424
Current liabilities	10	(332,195)	(2,655,689)
Net Current Assets		(13,461)	614,735
Total Net assets available for benefits		65,650,682	70,552,356

The notes on pages 23 to 30 form part of these financial statements.

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 of Actuarial Liabilities on page 8 of the Trustees' report and these financial statements should be read in conjunction with them.

These financial statements on pages 21 to 30 were approved by the Trustees' on 21 April 2023

and were signed on behalf of the Trustees by:



Mr R Turnill



Mr P Nicholson

The Trinity College Pension Scheme

Notes to the financial statements for the year ended 30 June 2022

1 Identification of the financial statements

The Scheme is a UK occupational defined benefit pension scheme established under English trust law. The address for enquiries to the Scheme is:

Scheme Administrator, Trinity College, Trinity Street, Cambridge, CB2 1TQ

Prior to 11 November 2020 the Scheme was known as Trinity College Staff Pension Scheme.

The Scheme is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004.

2 Principal accounting policies

Basis of preparation of financial statements

The individual financial statements of The Trinity College Pension Scheme have been prepared on a going concern basis in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Financial statements 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 June 2018) (“the SORP”).

Contributions

Normal contributions, both from the members and from the employer, are accounted for as they fall due under the schedule of contributions, the Scheme rules and the recommendations of the actuary.

Employer augmentation contributions are accounted for in accordance with the agreement under which they are payable.

Additional voluntary contributions from the members are accounted for in the month deducted from the payroll.

Benefits and payments to and on account of leavers

Pensions in payment are accounted for in the period to which they relate. Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.

Other benefits are accounted for on an accruals basis on the date of retirement, death or leaving the Scheme as appropriate.

Transfers to and from other plans

Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers or payable to the pension schemes of new employers for members who have left the Scheme. They are accounted for on a cash basis or where Trustees have agreed to accept the liability in advance of receipt of funds on an accruals basis from the date of the agreement.

Administrative expenses

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

The Trinity College Pension Scheme

Notes to the financial statements for the year ended 30 June 2022 (continued)

General information and accounting policies (continued)

Investments

Pooled investment vehicles are valued at the closing bid price if both bid and offer price are published, or, if single priced, at the closing single price.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees.

Investment returns

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 and unrealised change in market value. In the case of pooled investment vehicles which are accumulation funds, change in market value also includes income, net of withholding tax, which is reinvested in the fund.

Taxation

The Scheme is registered for tax purposes with Her Majesty's Revenue and Customs (HMRC) in accordance with the Finance Act 2004.

Where the Trustees agree or are requested to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in the members benefits receivable from the Scheme, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within benefits.

Currency

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

The Trinity College Pension Scheme

Notes to the financial statements for the year ended 30 June 2022 (continued)

3 Employer contributions

	2022	2021
	£	£
Normal	1,069,931	1,148,000
Augmentation for ill health early retirement	250,000	-
	1,319,931	1,148,000

4 Employee contributions

	2022	2021
	£	£
Normal	515,792	554,224
Additional voluntary contributions	47,783	64,626
	563,575	618,850

Additional voluntary contributions are used to purchase additional service and are therefore invested within the main managed fund.

5 Other income

	2022	2021
	£	£
Death in Service insurance receipt	-	195,711
	-	195,711

6 Benefits payable

	2022	2021
	£	£
Pensions	1,744,649	1,636,844
Commutation and lump sum retirement benefits	492,602	610,143
Death in service benefits	-	393,139
	2,237,251	2,640,126

The Trinity College Pension Scheme

Notes to the financial statements for the year ended 30 June 2022 (continued)

7 Administrative expenses

	2022	2021
	£	£
Actuarial fees	168,604	96,996
Legal fees	3,062	2,199
Administrative charges paid to Trinity College	-	464
Audit fees	22,024	19,668
PPF Levy	80,079	59,538
Other costs	1,878	-
	275,647	178,865

All expenses were borne by the Scheme. Investment management fees are deducted at source by the investment manager from the value of the Scheme's holdings in unit trusts.

8 Investment Income

	2022	2021
	£	£
Annuity income	1,196	598
	1,196	598

The Trinity College Pension Scheme

Notes to the financial statements for the year ended 30 June 2022 (continued)

9 Investment assets

	Fair Value Level	Value at 1 July 2021	Purchases at cost	Sales at market value	Change in market value	Value at 30 June 2022
		£	£	£	£	£
Pooled Investment Vehicles						
UK unit-linked life fund	2	69,937,621	-	-	(4,273,478)	65,664,143

This is the sole investment of the Scheme and therefore is above 5% of net assets.

The Investment Manager operating the managed fund is registered in the United Kingdom. The fund is a Life managed balanced fund. Indirect transaction costs are incurred through the bid-offer spread on pooled Investment vehicles, as and when these transactions are made. It has not been possible for the Trustees to quantify such indirect transaction costs.

The fund gives a balanced exposure to UK and overseas equities and fixed income securities through a range of underlying authorised unit trusts, recognised schemes and collective investment schemes. The Fund may also invest in a wide range of investments including transferable securities, derivatives, cash, deposits and money market instruments.

Risk Disclosures

The following risks are applicable to this fund.

Credit/default – The Scheme has a direct credit risk as a result of holding units in a Unit linked Insurance contract with Schroders. The Scheme is also exposed to indirect credit risk as the underlying bond investments are exposed to credit risk reflecting the ability of the borrower (i.e. bond issuer) to meet its obligations (i.e. pay the interest on a bond and return the capital on the maturity date). The risk of this happening is usually higher with bonds classified as ‘sub-investment grade’. These may produce a higher level of income but at a higher risk of default than investments in ‘investment grade’ bonds. In turn, this may have an adverse impact on funds that invest in such bonds.

The legal nature of the pooled investment held by the Scheme is a Unit Linked Insurance contracted valued at £65,664,143 (2021: £69,910,836)

Market Risks

Currency risk – The fund in which the Scheme invest is sterling priced and so the Scheme has no direct currency risk. There is some indirect currency risk as certain underlying funds may have exposures to securities in foreign currencies.

Interest risk – with funds investing in bonds there is a risk that interest rate fluctuations could affect the capital value of investments. Where long term interest rates rise, the capital value of bonds is likely to fall, and vice versa

Other Price Risk – The Scheme invests in a single pooled fund and has no direct other price risk. The underlying funds may invest in return seeking securities and therefore may have some indirect other price risk.

The Trinity College Pension Scheme

Notes to the financial statements for the year ended 30 June 2022 (continued)

Other risks

Index unconstrained/reference benchmark – the fund is not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason, the comparison index should be used for reference only.

Emerging markets – Investments in emerging markets can involve a higher degree of risk. Less developed markets are generally less well regulated than the UK, investments may be less liquid and there may be less reliable arrangements for trading and settlement of underlying holdings.

Derivatives for investment purposes – The fund may invest in collective investment schemes that use derivatives and forward transactions for investment purposes. These instruments can be more volatile than investments in equities or bonds and can lead to more extreme movements in investment performance.

The Pooled investment component of the Scheme's fund is invested exclusively in the Schroders Life Managed Balanced Fund. This was the Scheme's only investment.

Fair value of investments

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

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The designations for the assets of the Scheme are denoted by the appropriate number within the table on page 27.

10 Current assets

	2022	2021
	£	£
Cash at bank	318,734	3,268,884
Debtors	-	1,540
	318,734	3,270,424

The Trinity College Pension Scheme

Notes to the financial statements for the year ended 30 June 2022 (continued)

11 Current liabilities

	2022	2021
	£	£
Accrued expenses	21,940	24,855
Amounts due to College (Junior Bursar's Account)	310,255	2,630,834
	332,195	2,655,689

The amount due to the College (Junior Bursar's Account) is pensions paid by the College for the 3 months to the end of June 2022, and some actuarial fees paid by the College on behalf of the Scheme.

12 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 Trustees are now reviewing with their advisors, the implications 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 the review is finalised and any liability quantified then members will be communicated with. On 20 November 2020, the High Court handed down a further judgment on the Guaranteed Minimum Pension (GMP) equalisation case in relation to the Lloyds banking group pension schemes. This latest judgment confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustees will be considering this at a future meeting and decisions will be made as to the next steps. Any adjustments necessary will be recognised in the financial statements in future years. At the date of signing these financial statements, per the actuarial valuation report as at 1 July 2021, the allowance included by the Actuary for GMP equalisation was £115k (0.2% of scheme assets) and the Trustees do not expect the value of any adjustment to be material to these financial statements.

The Trustees are not aware of any other contingent liabilities or contractual commitments as at 30 June 2022 (2021: nil).

13 Related party transactions

Key management personal

During the year contributions were received in respect of 3 Trustees who are active members of the Scheme (2021:4)

Employer and other related parties

Accountancy and administration services are provided by the principal employer, Trinity College. A charge of £nil (2021: £464) was made in the year.

Other than those items disclosed above and elsewhere in the financial statements, there were no other related party transactions.

The Trinity College Pension Scheme

14 Employer related investments

There were no Employer related investments at the year end. (2021: nil)

The Trinity College Pension Scheme

Independent auditor's statement about contributions to the Trustees of The Trinity College Pension Scheme

We have examined the summary of contributions to The Trinity College Pension Scheme for the scheme year ended 30 June 2022 which is set out on page 30.

In our opinion contributions for the scheme year ended 30 June 2022 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 schedule of contributions certified by the scheme actuary on 22 December 2021.

Scope of work on Statement about Contributions

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

Respective responsibilities of Trustees and the auditor

As explained more fully in the Statement of Trustees' Responsibilities, the scheme's Trustees are responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the scheme by the employer in accordance with the schedule of contributions/ payment schedule.

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 statement

This statement is made solely to the scheme's Trustees, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our 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 about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the scheme's Trustees as a body, for our work, for this statement, or for the opinion we have formed.

Crowe U.K. LLP

Crowe U.K. LLP

Statutory Auditor

London

Oldbury

Date: 21 April 2023

The Trinity College Pension Scheme

Trustees' summary of contributions payable for the year ended 30 June 2022

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

	Member	Employer
	£	£
Contributions payable under the schedule of contributions		
Normal contributions	515,791	1,069,931
Other contributions payable		
AVCs	47,784	-
Augmentation for ill health early retirement		250,000
Total (as per Fund Account)	563,575	1,319,931

Signed on behalf of the Trustees:



Mr R Turnill



Mr P Nicholson

Date 21/4/23

The Trinity College Pension Scheme

Actuary's Certification of Schedule of Contributions

ACTUARY'S CERTIFICATION OF SCHEDULE OF CONTRIBUTIONS

TRINITY COLLEGE STAFF PENSION SCHEME

Adequacy of Rates of Contributions

I hereby certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective could have been expected on 1 July 2021 continue to be met for the period for which the Schedule is to be in force.

Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 22 December 2021.

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.

Signed: 

Date: 22 December 2021

Name: R J SWEET

Qualification Fellow of the Institute and Faculty of Actuaries

Address: Mill Pool House

Employer: Cartwright Group Limited

Mill Lane

Godalming

Surrey GU7 1EY