



University of Aberdeen Superannuation & Life Assurance Scheme

**Annual Report for the
Year ended 31 July 2014**

Scheme Registration Number 10052894

Annual Report

For the Year ended 31 July 2014

This Report relates to the operation of the University of Aberdeen Superannuation and Life Assurance Scheme ("the Scheme") during the year ended 31 July 2014.

The Report has been prepared in accordance with Regulations made under Section 41 of the Pensions Act 1995 and consists of the following Parts: -

1. Trustees' Report:

- a) Scheme Advisers
- b) Review of the Management and Development of the Scheme
- c) Investment Report
- d) Statement of Trustees' Responsibilities

2. Financial Statements

3. Independent Auditors' Report

4. Summary of Contributions Payable

5. Independent Auditors' Statement about Contributions

6. Actuarial Statements

7. Compliance Statement

University of Aberdeen Superannuation & Life Assurance Scheme

Annual Report For the Year ended 31 July 2014

Part 1: Trustees' Report

a) SCHEME ADVISERS

The Trustees retain a number of professional advisers in connection with the operation of the Scheme. The advisers currently appointed are as follows:

Actuary	Mr Jonathan Seed Xafinity Consulting Ltd Scotia House Castle Business Park Stirling FK9 4TZ
Scheme Consultants	Xafinity Consulting Ltd Scotia House Castle Business Park Stirling FK9 4TZ
Administrator	Equiniti Paymaster Prudential Scotia House Castle Business Park Stirling FK9 4TZ
Auditors	KPMG LLP 191 West George Street Glasgow G2 2LJ
AVC Providers (Money Purchase)	Prudential Scotia House Castle Business Park Stirling FK9 4UE
Investment Managers	Legal & General Investment Management One Coleman Street London EC2R 5AA
Life Assurer	Canada Life 3 Rivergate Temple Quay Bristol BS1 6ER
Lawyer	Pinsent Masons Pacific House 70 Wellington Street Glasgow G2 6SB

University of Aberdeen Superannuation & Life Assurance Scheme

Annual Report For the Year ended 31 July 2014

Banker

Bank of Scotland plc
39 Albyn Place
Aberdeen AB10 1YN

**Contact for further
information & enquiries
about the Scheme**

Pensions Office
Finance Section
King's College
Aberdeen AB24 3FX

Annual Report For the Year ended 31 July 2014

b) REVIEW OF THE MANAGEMENT AND DEVELOPMENT OF THE SCHEME

1.1 Introduction

This report relates to the operation of the Scheme during the year ended 31 July 2014. Membership of the Scheme is open to all eligible employees of the University who are over age 18. The Scheme provides benefits on a member's retirement or death based on the member's earnings at that time, in accordance with the Scheme rules. This report is addressed primarily to the Scheme's members, but any eligible employees who are interested in joining the Scheme should contact the Pensions Office at the address given on page 4.

1.2 Management of the Scheme

During the year under review the Trustees of the Scheme have been as follows:

Dr Alistair Mair	Independent Chairman
Mrs Caroline Inglis	University Secretary
Ms Irene Bews	Director of Finance
Professor Angela Black	University Court nominated (Resigned 2 September 2014)
Mrs Diane Massie	Scheme member
Mrs Vicky Munro	Scheme member (Resigned 14 April 2014)

University of Aberdeen Superannuation & Life Assurance Scheme

Annual Report For the Year ended 31 July 2014

The power to appoint and remove Trustees is vested in the University Court. Trustee appointments will cease if the Trustee ceases to be a member of the Scheme or resigns from the University.

The Trustee body includes two membership representative Trustees elected by the active members of the Scheme. The arrangements for appointing membership representatives comply with the Member Nominated Trustee requirements of the Pensions Act 2004.

Trustees are invited to attend Trustee meetings at which a minimum of two must be present for valid decisions to be taken. Decisions require the majority support of those Trustees present. Trustee meetings are normally held every three months, but can be called more frequently where necessary. During the year the Trustees met five times.

1.3 Sponsoring Employer

The Scheme is provided for support staff of the University of Aberdeen. The University provides administrative support to the Scheme.

1.4 Scheme Booklet

Scheme Booklets are available from the Pensions Office, and on the Pensions website www.abdn.ac.uk/finance/pensions.

1.5 Contributions Receivable

During the year to 31 July 2014, Employer contributions were paid at a rate of 17.70% of members' pensionable salaries, and employee contributions were paid at a rate of 7.05%. In addition, the employer is responsible for paying the cost of insuring death-in-service and for certain other contributions in specific circumstances.

Employees have the option of entering a Salary Sacrifice arrangement, whereby their pensionable salary is unchanged, but their gross salary is reduced by 7.05%. Consequently the employer, on behalf of the employee, pays contributions of 7.05% of the pensionable salary, in addition to the 17.70% already being paid.

1.6 Review of the Financial Development of the Scheme

The financial statements have been prepared and audited in accordance with regulations made under Section 41 (1) and (6) of the Pensions Act 1995. These show that the Scheme's assets increased in value from £107.6 million to £111.1 million over the Scheme year.

University of Aberdeen Superannuation & Life Assurance Scheme

Annual Report For the Year ended 31 July 2014

1.7 Actuary's Report

The Trustees are bound by law to instruct the Scheme Actuary to carry out a financial health check of the Scheme. Every three years a formal actuarial valuation is conducted which involves a series of assumptions relating to inflation, investment returns, salaries, interest rates and longevity. The calculations are used to establish the anticipated cost of providing the benefits paid by the Scheme over the long term.

The Scheme's financial security

The last full actuarial valuation was performed by Jonathan Seed of Xafinity Consulting as at 31 July 2013. This showed that, based on the assumptions set out in the Trustees' Statement of Funding Principles:

The value of the liabilities was:	£109.9 million
The Scheme's assets were valued at:	£107.3 million
This means that there was a shortfall of:	£2.6 million
The funding level was:	98%

Contributions to the Scheme

Following each actuarial valuation, the actuary advises the Trustees what contributions should be paid into the Scheme so that they can expect to be able to continue to pay members' pensions. The Trustees then agree a level of contribution for the Scheme having consulted the University and record this in a document called the Schedule of Contributions. The Trustees review and update this at least each time the Scheme has an actuarial valuation.

As part of the actuarial valuation as at 31 July 2013, the ongoing contribution rate required to meet the cost of each additional year's accrual of pension benefits was assessed. Members continue to contribute 7.05% per annum of their pensionable salary to the Scheme, and the University meets the rest of the cost by contributing 11.7% per annum of members' pensionable salaries.

Because of the shortfall shown in the table above, the Trustees and the University were required to agree on a Recovery Plan to address the shortfall. The Plan which was agreed resulted in the University continuing to make additional shortfall contributions of 5.8% of pensionable salaries each year. The Recovery Plan was anticipated to eliminate the shortfall over a three year period from August 2014 to July 2017.

Annual Report For the Year ended 31 July 2014

Change in funding position since 2013 actuarial valuation

The position of the Scheme was also investigated at 31 July 2014 at which date it was found that the Scheme was approximately 95% funded. This assessment was not a formal valuation, but measured the position of the Scheme in a manner consistent with that used for the 2013 valuation, taking into account the effect of changes in investment conditions and Scheme membership since 31 July 2013.

The deterioration in the funding position is mainly as a result of falling gilt yields resulting in a stronger basis and a higher value being placed on the liabilities. On the funding basis the real discount rate has reduced by around 0.15% between July 2013 and July 2014. In addition, the Scheme's assets had not performed as well as expected over the same period.

Given the Support provided by the University, the Trustees are comfortable that it remains appropriate to take a long term view of the Scheme's funding and investment strategy. The Trustees recognise that in the short term this will cause the Scheme's funding level to be vulnerable to market fluctuations.

The Scheme's finances and the contribution rates payable will be reviewed at future actuarial valuations. The next such valuation is being carried out at 31 July 2016, but the actuary also provides updates on an annual basis.

If the Scheme were wound-up

At 31 July 2013 the Scheme's assets could not have paid for the full benefits of all members to be provided by an insurance company if the Scheme had wound-up at that date (without additional contributions from the University of Aberdeen). This is common for most UK pension schemes. At that date, the Scheme's assets were estimated to be around 61% of the cost of the associated premium – the University would have been liable for the balance.

University of Aberdeen Superannuation & Life Assurance Scheme

Annual Report For the Year ended 31 July 2014

1.8 Scheme Membership

Active Members

At 31 July 2013		698
Add:	New entrants	105
Less:	Leavers to deferred	(69)
	Retirements	(19)
	Refunds	(42)
	Deaths	(2)
	At 31 July 2014	671

Pensioners

At 31 July 2013		945
Add:	Active retirements	19
	Deferred retirements	19
	Dependents pension becoming payable	11
Less:	Deaths	(25)
	At 31 July 2014	969

Deferred Members

At 31 July 2013		638
Add:	Leavers with deferred pensions	69
Less:	Pensions becoming payable	(19)
	Transfers out	(26)
	Deaths	(2)
	At 31 July 2014	660

Annual Report

For the Year ended 31 July 2014

1.9 Ill Health Early Retirement

During the year no ill-health early retirements came into payment. There were none in the previous year.

1.10 Disputes

There were no disputes during the year.

1.11 Transfer Payments

All cash equivalents (transfer values) paid during the year have been calculated and verified in the manner required by the regulations under section 97 of the Pension Schemes Act 1993. None of the cash equivalents paid were less than the amount required by Regulations. No allowance is made for discretionary pension increases.

Annual Report For the Year ended 31 July 2014

c) INVESTMENT REPORT

The Trustees have prepared a Statement of Investment Principles (SIP) which sets out their policies on investment and their strategy for achieving them, a copy of which is available on request.

The relevant SIP in the year was formally approved in March 2007.

Investment Target

The benchmark distribution of the Scheme's assets is to be maintained in the following proportions: 70% equities split between UK 20% and overseas 50%, and 30% bonds split between UK index-linked 15% and corporate bonds 15%.

Valuation and Distribution of Assets

The valuation and underlying distribution of assets in the investment portfolio at 31 July were as follows:

	2014 %	Benchmark %	Range %	2013 %	Benchmark %
UK Equities	19.8	20.0	+/-2.0	20.6	20.0
Overseas Equities	50.1	50.0	+/-2.5	51.4	50.0
Corporate Bonds	15.2	15.0	+/-0.7	14.4	15.0
Index Linked	14.9	15.0	+/-1.5	13.6	15.0
TOTAL	100.0	100.0		100.0	100.0
Valuation	£110,472,897			£106,918,878	
AVCs	£ 287,154			£ 289,117	
Investment value Per accounts	£110,760,051			£107,207,995	

Investment Returns

The time-weighted investment returns on the Scheme's assets were as follows:

	12 months to 31 July 2014		3 years to 31 July 2014	
	Fund	Index	Fund	Index
	%	%	%pa	%pa
UK Equities	5.7	5.6	9.8	9.6
Overseas Equities	4.6	4.5	10.6	10.5
Corporate Bonds – Active *	7.8	7.6	n/a	n/a
Corporate Bonds – Invest Grade	8.2	8.2	8.8	8.8
Index-Linked	5.1	5.0	6.9	6.8
Total Assets	5.4	5.4	9.8	9.8

* Invested from 24 October 2012.

Annual Report For the Year ended 31 July 2014

Market highlights 12 months to 31 July 2014

Economic Overview

The world economy has been in a sustained recovery over the last year. Monetary policy has been a major support, with central banks committed to maintaining exceptionally low interest rates for a considerable period and, in the case of Japan and the US, making further asset purchases (quantitative easing). This was followed by unprecedented action by the European Central Bank, which cut its deposit rate below zero to try to stimulate bank lending. There have been a number of headwinds preventing a stronger rebound. The most notable example was the lingering effects of the European sovereign debt crisis, although the euro area has emerged intact from recession, while the UK has seen a marked turnaround, led by a revival in the housing market. The US has grown steadily, despite the severe weather moderating the pace of growth at the start of 2014. In both the US and UK, the central banks have signalled a shift towards a gradual tightening of monetary policy provided the recovery is maintained. In China, the economy has regained momentum after a period of tightening credit conditions and a slowdown in business investment. Whilst the targeted stimulus measures combined with a pickup in external demand have had the desired effect in China, growth in other emerging economies has disappointed relative to expectations.

Equities

Developed markets have generally recorded gains over the last 12 months, as various central bank policy initiatives have fostered optimism amongst investors that global economic growth will recover, albeit modestly. European markets ended the period higher, despite weakness late on, buoyed by a long-awaited improvement in economic indicators and supportive monetary policy, with peripheral and Southern European markets benefiting from reduced risk of a break-up in the euro zone. US equities have performed very well, with ample liquidity, an upsurge in new listings and merger and acquisition activity helping markets. In the UK, the more domestically focused mid-cap stocks and smaller companies have outperformed the blue chip FTSE 100, as the UK economic recovery gained momentum. However, the strength of sterling against other major currencies has substantially diluted returns from international equity markets for UK-based investors. Despite a package of measures to revive the domestic economy, a hike in the national sales tax unsettled investors in Japanese equities and with the yen declining to a five-year low, the market recorded a loss in sterling terms. In contrast, smaller Pacific markets have fared relatively well as Chinese economic indicators have improved of late although other emerging markets have struggled to make headway, as international investors have withdrawn funds on concerns over current account financing issues and conflict in the Ukraine.

Bonds

Over the last year, higher rated government bonds such as US treasuries, UK gilts and German bunds have recorded gains underpinned by demand from risk-averse investors and low interest rates. There was some volatility in the US treasury market after the US Federal Reserve (Fed) signalled its intention to begin scaling back quantitative easing, although it refrained from 'tapering' until the start of 2014. Previously distressed 'peripheral' European sovereign bond markets have rallied strongly, as the ECB lowered its benchmark interest rate in an attempt to encourage lending to businesses. Corporate bonds have performed relatively well, as low interest rates have caused investors to search for yield, favouring areas such as subordinated financials, cyclical and high yield bonds that carry greater credit risk. Emerging bond markets have been volatile on concerns over the unwinding of the Fed's quantitative easing programme, with rising inflation in a number of economies and the pronounced weakness of several local currencies, further weighing on sentiment.

University of Aberdeen Superannuation & Life Assurance Scheme

Annual Report For the Year ended 31 July 2014

Property

International investors have continued to value the steady income stream that commercial property delivers. In particular, demand for high quality real estate in prime, city centre locations has remained robust.

Investment Report for the year ended 31 July 2014

The assets of the Scheme are invested in an insurance policy with Legal & General Assurance (Pensions Management) Limited, part of the Legal & General Group, which is one of the largest financial institutions in the United Kingdom.

The policy is designed for corporate and public sector Pension Schemes and takes full advantage of the tax exemptions available to an insurance policy of this type. It is a unitised policy and the value of the units fluctuates directly in relation to the value of the underlying assets. All units are redeemable at bid prices that are calculated from independent, external pricing sources. The assets underlying the units are held by independent corporate custodians which are regularly reviewed by external auditors.

Legal & General's investment objective is to maintain the Scheme's distribution close to the benchmark and within the ranges shown below. Changes to the distribution of the funds (which are sections within the policy) are achieved by the application of cash flows and, if necessary, by switches between the funds.

Basis of Investment Manager's Fees

The fees for Legal & General Investment Management are charged on a quarterly basis on the average value of the funds during the quarter, on the following basis:-

UK Equities

0.10% per annum on the first £10 million
0.075% per annum on the next £10 million
0.06% per annum on the next £30 million
0.05% per annum thereafter

Overseas Equities

0.22% per annum on the first £5 million
0.19% per annum on the next £10 million
0.16% per annum on the next £35 million
0.13% per annum thereafter

Gilts

0.10% per annum on the first £5 million
0.075% per annum on the next £5 million
0.05% per annum on the next £20 million
0.03% per annum thereafter

Corporate Bonds

0.15% per annum on the first £5 million
0.125% per annum on the next £5 million
0.10% on the next £20 million
0.08% per annum thereafter

Annual Report For the Year ended 31 July 2014

d) STATEMENT OF TRUSTEES' RESPONSIBILITIES

The audited financial statements, which are to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), 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 the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year; and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice, 'Financial Reports of Pension Schemes'.

The Trustees have supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. They are also responsible for making available each year, commonly in the form of a Trustees' annual report, information about the scheme prescribed by pensions legislation, which they should ensure is consistent with the financial statements it accompanies.

The Trustees also have certain responsibilities in respect of contributions which are set out in the statement of Trustees' responsibilities accompanying the Trustees' summary of contributions.

The Trustees 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 appropriate internal controls.

Annual Report

For the Year ended 31 July 2014

Part 2: Financial Statements

UNIVERSITY OF ABERDEEN SUPERANNUATION AND LIFE ASSURANCE SCHEME
FINANCIAL STATEMENTS FOR THE YEAR TO 31st JULY 2014

	Notes	2014 £	2013 £
FUND ACCOUNT			
Contributions and Benefits			
Contributions receivable	2	3,561,635	3,345,255
Transfers in	3	74,111	188,078
Other income	4	106,190	65,592
		<u>3,741,936</u>	<u>3,598,925</u>
Benefits payable	5	4,443,524	4,031,403
Leavers	6	931,577	518,211
Life assurance premiums	7	100,424	93,600
Administrative expenses	8	290,349	273,962
		<u>5,765,874</u>	<u>4,917,176</u>
Net withdrawals from dealing with members		<u>(2,023,938)</u>	<u>(1,318,251)</u>
Returns on Investments			
Change in market value of investments	10	5,665,058	16,532,729
Investment management expenses	9	(149,658)	(137,858)
Net gains on investments		<u>5,515,400</u>	<u>16,394,871</u>
Net increase in fund during the year		<u>3,491,462</u>	<u>15,076,620</u>
Net assets of the Scheme at 1 August		<u>107,559,120</u>	<u>92,482,500</u>
Net assets of the Scheme at 31 July		<u><u>111,050,582</u></u>	<u><u>107,559,120</u></u>

NET ASSETS STATEMENT AS AT 31st JULY 2014

Accumulated Fund		<u>111,050,582</u>	<u>107,559,120</u>
Represented by:			
Investments	10	110,760,051	107,207,995
Current Assets	11	440,618	457,685
Current Liabilities	12	(150,087)	(106,560)
		<u>111,050,582</u>	<u>107,559,120</u>

The financial statements summarise the transactions and the net assets of the Scheme except that the value of partly insured annuities is not included in the Net Asset Statement. The financial statements do not take account of the liabilities to pay pensions and other benefits in the future. The actuarial position of the Scheme which does take account of such liabilities is dealt with in the statement by the actuary on page 24 of the annual report which should be read in conjunction with the financial statements.

The financial statements on pages 16 to 19 are approved by the Trustees on 24 February 2015

Trustee

Date 24 February 2015

Trustee

Date 24 February 2015

UNIVERSITY OF ABERDEEN SUPERANNUATION AND LIFE ASSURANCE SCHEME
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important policies which have been applied consistently, is set out below.

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, and in accordance with the Statement of Recommended Practice - Financial Reports of Pension Schemes (revised May 2007).

Investments

Unit holdings in managed funds are valued based on the bid price quoted by the investment manager at the year end.

Transaction costs on buying and selling are included in the purchase costs and deducted from the sales proceeds.

Administrative expenses

Administration expenses are accounted for on an accruals basis.

Contributions receivable

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

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

* Employer's deficit funding contributions are accounted for as they fall due under the schedule of contributions.

Transfer values

Transfer values have been included in the accounts when received and paid. They do not take account of members who have notified the scheme of their intention to transfer.

Income from investments

Income arising from the underlying investments of the pooled investment vehicle which is re-invested in the pooled investment vehicle is reflected in the unit price and reported within 'change in market value'.

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 changes in market value.

Investment manager's fees

Investment management expenses are incurred by the Scheme based on the monthly market valuations of the portfolio and accounted for on an accruals basis.

Benefits payable

Pensions and lump sums are accounted for on an accruals basis from the date the option is exercised.

	£	2014 £	2013 £
2. Contributions receivable			
Employer - normal	1,628,073		1,534,002
Employer - salary sacrifice, on behalf of the employee	918,362		841,849
Employer - contribution to deficit	793,505		747,665
Employer - additional contributions to fund early retirement	16,238		0
Employer - death-in-service contributions	100,424		93,600
Total employer		3,456,602	3,217,116
Employee - normal	46,165		66,951
Employee - additional voluntary contributions	58,868		61,188
Total employee		105,033	128,139
		3,561,635	3,345,255

The above AVC contributions are made to an insured money purchase policy with Prudential Assurance Company Ltd, the value of which is included in the Net Assets Statement.

Deficit funding contributions were paid at a rate of 5.8% of pensionable salaries in line with the schedule of contributions/ scheme funding recovery plan in place for the year.

UNIVERSITY OF ABERDEEN SUPERANNUATION AND LIFE ASSURANCE SCHEME
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

	2014 £	2013 £
3. Transfers in		
Transfer values received - individuals	<u>74,111</u>	<u>188,078</u>
4 Other income		
Claims on term insurance policies	<u>106,190</u>	<u>65,592</u>
5 Benefits payable		
Pensions payable	3,614,101	3,435,957
Lump sums on retiral	698,518	554,543
Lump sums on death -in- service	108,008	0
Lump sums on death -in- deferment	22,897	33,668
Lump sums on death -in- retiral	0	7,235
	<u>4,443,524</u>	<u>4,031,403</u>
6. Leavers		
Transfer values payable - individual	888,459	503,097
Refunds to early leavers	7,602	4,452
State scheme premiums payable	34,355	9,200
Tax paid	1,161	1,462
	<u>931,577</u>	<u>518,211</u>
7. Life Assurance Premiums		
Current year premium	<u>100,424</u>	<u>93,600</u>
	<u>100,424</u>	<u>93,600</u>
8. Administrative expenses		
Administration charge	84,597	75,550
Consultants fees	77,622	72,886
Audit fee	10,287	8,064
PPF levy	83,102	86,929
Pension Regulator levy	7,504	7,916
Administration, legal and insurance costs	27,237	22,662
	<u>290,349</u>	<u>274,007</u>
9. Investment management expenses		
Investment managers' charges	<u>149,658</u>	<u>137,813</u>

	Value at 1.8.13	Purchases	Sales	Change in market value	Value at 31.7.13
10. Investments					
Managed funds (analysed below)	106,918,878	1,873,000	(3,977,058)	5,658,077	110,472,897
Money Purchase AVCs	289,117	58,868	(67,812)	6,981	287,154
	<u>107,207,995</u>	<u>1,931,868</u>	<u>(4,044,870)</u>	<u>5,665,058</u>	<u>110,760,051</u>

Managed Funds analysis

LGIM UK Equity Index	22,074,585	-	(1,442,340)	1,194,616	21,826,861
LGIM World (ex UK) Equity Index	54,911,370	-	(1,918,500)	2,407,617	55,400,487
LGIM Over 10years Corporate Bond	7,671,473	247,000	(159,000)	604,750	8,364,223
LGIM Investment Grade Corporate Bond	7,670,435	224,000	(161,778)	636,361	8,369,018
LGIM Over 5years Index-Linked Gilts	14,591,015	1,402,000	(295,440)	814,733	16,512,308
	<u>106,918,878</u>	<u>1,873,000</u>	<u>(3,977,058)</u>	<u>5,658,077</u>	<u>110,472,897</u>

The company operating the managed funds was registered in the United Kingdom.

AVC Investments

The Trustees hold assets invested separately from the main fund to secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement confirming the amounts held to their account and the movements in the year.

UNIVERSITY OF ABERDEEN SUPERANNUATION AND LIFE ASSURANCE SCHEME
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

	2014 £	2013 £
11. Current assets		
Cash in bank	157,570	161,798
Contributions due from the employer	278,048	286,944
Prepaid expenses	5,000	8,943
	<u>440,618</u>	<u>457,685</u>
12. Current liabilities		
Accrued expenses	(54,700)	(75,820)
Unpaid benefits	(74,507)	(28,299)
Other creditors	(20,880)	(2,441)
	<u>(150,087)</u>	<u>(106,560)</u>

13. Related party transactions

The University of Aberdeen, which is the Employer, provides administrative support to the pension scheme and charged £8,400 for this service for the year. At July 2014, the University of Aberdeen was due to pay £278,048 (2013 £282,244) to the Scheme for the July 2014 contributions. These were paid in August 2014 in accordance with the requirements of the Schedule of Contributions.

14 Employer related investments

The Scheme did not hold any employer related investments during the year or at the year end.(2013 none)

University of Aberdeen Superannuation & Life Assurance Scheme

Annual Report

For the Year ended 31 July 2014

Part 3: Independent Auditors' Report to the Trustees of the University of Aberdeen Superannuation & Life Assurance Scheme

We have audited the financial statements of the University of Aberdeen Superannuation & Life Assurance Scheme for the year ended 31 July 2014 set out on pages 16 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the scheme trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the scheme 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 trustees, as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities set out on page 14, the scheme trustees are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the scheme during the scheme year ended 31 July 2014 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 scheme year;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.



for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

191 West George Street
Glasgow
G2 2LJ

24 February 2015
Annual Report
To 31 July 2014

University of Aberdeen Superannuation & Life Assurance Scheme

Annual Report

For the Year ended 31 July 2014

Part 4: Summary of Contributions Payable

Statement of Trustees' Responsibilities in respect of Contributions

The scheme's 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 scheme's Trustees are also responsible for keeping records of contributions received in respect of any active member of the scheme and for procuring that contributions are made to the scheme in accordance with the schedules.

Trustee Summary of Contributions Payable

During the year ended 31 July 2014, the contributions payable to the Scheme by the Employer were as follows:

	Employee £	Employer £
Contributions Payable under the Schedules of Contributions		
Normal contributions	46,165	1,628,073
Salary Sacrifice contributions (for employee)	-	918,362
Additional contributions:		
Deficit Funding contributions	-	793,505
Death-in-service contributions	-	100,424
Total required by schedules of contributions	46,165	3,440,364
Other contributions payable		
Member – additional voluntary	58,868	-
Early retirement contributions	-	16,238
Total, as per Fund Account	105,033	3,456,602

Signed on behalf of the Trustees:

Date: 24 FEBRUARY 2014

Annual Report

For the Year ended 31 July 2014

Part 5: Independent Auditors' Statement about Contributions to the Trustees of the University of Aberdeen Superannuation & Life Assurance Scheme.

We have examined the summary of contributions payable under the schedules of contributions to the University of Aberdeen Superannuation & Life Assurance Scheme in respect of the scheme year ended 31 July 2014 which is set out on page 21.

This statement is made solely to the scheme's trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. 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 opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities set out on page 21, 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 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.

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

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions 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 schedules of contributions.

Statement about contributions payable under the schedules of contributions

In our opinion contributions for the scheme year ended 31 July 2014 as reported in the summary of contributions and payable under the schedules of contributions have in all material respects been paid from 1 August 2013 to 1 July 2014 at least in accordance with the schedule of contributions certified by the actuary on 30 June 2011 and, subsequently, at least in accordance with the schedule of contributions certified by the actuary on 2 July 2014.



for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

191 West George Street
Glasgow

24 February 2015
Annual Report
To 31 July 2014

Annual Report

For the Year ended 31 July 2014

G2 2LJ

Part 6: Actuarial Statements

xafinity

Certification of Schedule of Contributions

Name of Scheme: University of Aberdeen Superannuation and Life Assurance Scheme ('the 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 dated 10 June 2014.

Adherence to Statement of Funding Principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 10 June 2014.

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

Signature:



Date:

2 July 2014

Name:



Qualification:

Fellow of the Institute and Faculty of Actuaries

Address:

Scotia House
Castle Business Park
Stirling
FK9 4TZ

Employer:

Xafinity Consulting Limited

Annual Report

For the Year ended 31 July 2014





Certification of Technical Provisions

University of Aberdeen Superannuation and Life Assurance Scheme

Calculation of Technical Provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 31 July 2013 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustees of the Scheme and set out in the Statement of Funding Principles dated June 2014

Signature:		Date:	2 July 2014
Name:		Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	Scotia House Castle Business Park Stirling FK9 4TZ	Employer:	Xafinity Consulting Limited

Annual Report

For the Year ended 31 July 2014

Part 7: Compliance Statement

5.1 Constitution

The Scheme is governed by a Definitive Trust Deed and Rules dated 6th July 1965 and Supplementary Definitive Trust Deeds and Rules dated 26th April 1982 and 23rd March 1995. The Registration number in the Register of Occupational Pension Schemes is 10052894.

5.2 Taxation Status

The Scheme is exempt approved under Chapter 1, Part XIV of the Income and Corporation Taxes Act 1988. The Trustees know of no reason why this approval may be prejudiced or withdrawn.

5.3 Pension Increases

All pensions in payment were increased with effect from 1st April 2014. In respect of benefits attributable to service to 31 July 2011, the increase was the higher of 3% or RPI and in respect of benefits attributable to service from 1 August 2011, the increase was the lower of CPI or 5%. All the figures are guaranteed by the Scheme rules.

5.4 Calculation of Transfer Values

No allowance is made in the calculation of transfer values for discretionary pension increases.