



University of Aberdeen Superannuation & Life Assurance Scheme

**Annual Report for the
Year ended 31 July 2015**

Scheme Registration Number 10052894

University of Aberdeen Superannuation & Life Assurance Scheme

Annual Report **For the Year ended 31 July 2015**

This Report relates to the operation of the University of Aberdeen Superannuation and Life Assurance Scheme ("the Scheme") during the year ended 31 July 2015.

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

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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

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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

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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 2015. 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 (Retired 9 June 2015)
Ms Jacquelynn Crow	Independent Chairwoman (Appointed 9 June 2015)
Mrs Caroline Inglis	University Secretary
Ms Irene Bews	Director of Finance (Resigned 28 February 2015)
Ms Susan Richardson	Acting Director of Finance (Appointed 1 March 2015, Resigned 30 June 2015)
Mr David Beattie	Director of Finance (Appointed 1 July 2015)
Professor Angela Black	University Court nominated (Resigned 2 September 2014)
Mr Mark Whittington	University Court nominated (Appointed 30 June 2015)
Mrs Diane Massie	Member-nominated
Mr David Walton	Member-nominated (Appointed 1 June 2015)

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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

The Scheme Guide and factsheets are available on the Pensions website www.abdn.ac.uk/finance/pensions.

1.5 Contributions Receivable

During the year to 31 July 2015, Employer contributions were payable at a rate of 17.50% 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 17.50% 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 £111.1 million to £121.3 million over the Scheme year.

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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.

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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, and again at 31 July 2015 at which date it was found that the Scheme was approximately 92% funded. These assessments were not formal valuations, 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 at the most recent funding update to 31 July 2015 is mainly as a result of changes in investment market conditions which led to an increase in the value of the amount needed to provide the benefits (the value of the Scheme's liabilities). The increase in this amount was partially offset by an increase in the value of the Scheme's assets due to contributions paid by the University (to reduce the funding shortfall) and higher than expected investment returns over the 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.

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.

The Trustees are required by law to consider what the funding position would have been had the Scheme wound-up at the valuation date. However, neither the Trustees nor the University are thinking of winding-up the Scheme

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1.8 Scheme Membership

Active Members

At 31 July 2014		671
Add:	New entrants	123
Less:	Leavers to deferred	(54)
	Retirements	(35)
	Refunds	(42)
	Deaths	(1)
At 31 July 2015		662

Pensioners

At 31 July 2014		969
Add:	Active retirements	35
	Deferred retirements	21
	Dependents pension becoming payable	21
Less:	Deaths	(65)
At 31 July 2015		981

Deferred Members

At 31 July 2014		660
Add:	Leavers with deferred pensions	54
Less:	Pensions becoming payable	(21)
	Transfers out	(21)
	Trivial commutations	(3)
	Deaths	(1)
At 31 July 2015		668

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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.

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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. A revised SIP is currently being prepared to reflect the trustees' revised investment strategy.

Investment Target

The benchmark distribution of the Scheme's assets is to be maintained in the following proportions: 55% equities split between UK 15% and overseas 40%, index-linked bonds 25%, property 7.5% and diversified fund 12.5%.

Valuation and Distribution of Assets

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

	2015	Benchmark	Range	2014	Benchmark
	%	%	%	%	%
UK Equities	14.9	15.0	+/-2.0	19.8	20.0
Overseas Equities	40.2	40.0	+/-2.5	50.1	50.0
Corporate Bonds	-	-	+/-0.7	15.2	15.0
Index Linked	25.3	25.0	+/-1.5	14.9	15.0
Property	7.6	7.5	+/- 1.0	-	-
Diversified Fund	12.0	12.5	+/- 1.0	-	-
TOTAL	100.0	100.0		100.0	100.0
Valuation	£121,012,298			£110,472,897	
AVCs	£ 271,341			£ 287,154	
Investment value					
Per accounts	£121,283,639			£110,760,051	

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Investment Returns

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

	12 months to 31 July 2015		Since inception Sept 2010	
	Fund	Index	Fund	Index
	%	%	%pa	%pa
UK Equities	5.5	5.4	9.4	9.3
Overseas Equities	13.1	13.0	11.4	11.3
Corporate Bonds – Active *	11.4	11.1	n/a	n/a
Corporate Bonds – Invest Grade*	11.7	11.6	n/a	n/a
Index-Linked	18.2	18.2	9.9	9.8
Property**	4.5	n/a	n/a	n/a
Diversified Fund***	(3.7)	(1.8)	n/a	n/a
Total Assets	12.7	n/a	10.6	n/a

* Returns to March/April 2015.

** Returns from 1 April 2015

*** Returns from 25 March 2015

Market highlights 12 months to 31 July 2015

Economic overview

Data releases highlighted divergent trends in the major economies over the last twelve months. The US economy rebounded strongly and grew at its fastest pace in eleven years during the third quarter of 2014, although growth contracted in early 2015 due to the impact of severe winter weather. The UK economy saw a marked turnaround, with growth in 2014 the strongest for seven calendar years. In both economies, central banks signalled a shift towards a gradual tightening of monetary policy. Pressure to raise interest rates eased in recent months as the oil price fell dramatically, declining to a six-year low. The euro zone remains at risk of falling back into recession. With the euro zone experiencing deflation in recent months, i.e. a general decline in prices, the European Central Bank (ECB) sanctioned large-scale quantitative easing (asset purchases) in March to shore up business and consumer confidence. In Japan, a controversial 3% VAT hike last spring heralded a sharp contraction in economic output. Consumer demand remains sluggish, although the weakness of the yen boosted exports. The Bank of Japan announced an extension to its asset purchase programme in late 2014, in a further attempt to revive economic activity. Data releases from the emerging economies were disappointing. In China, the crackdown on shadow banking and speculative investment in the real estate market led to an economic slowdown. The authorities subsequently cut interest rates and loosened banks' reserve requirements in a bid to underpin economic activity. The Brazilian economy is forecast to contract this year while Russia has been hard hit by the plunge in energy prices and western sanctions.

Equities

The US stock market recorded double-digit percentage gains, with the dollar reaching a four-year peak against a basket of currencies, enhancing returns for most international investors. In contrast, the UK equity market posted relatively modest returns, weighed down by the performance of large-cap stocks,

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which lagged domestically-focused mid-caps and smaller companies. The impact of QE boosted returns from European markets, although the weakness of the euro diluted returns for UK-based investors. In Japan, investors reacted favourably to a series of policy initiatives from the central bank and the Abe administration. Returns from most other Asia Pacific markets were disappointing as the slowdown in the Chinese economy preoccupied investors. Emerging markets underperformed developed markets by a wide margin as the weakness of local currencies and commodity markets affected investor sentiment.

Bonds

Over the last 12 months, higher-rated government bonds such as US treasuries, UK gilts and German bunds were underpinned by demand from risk-averse investors, particularly as conflict escalated in the Middle East and the Ukraine. Bond markets were also driven by a sharp fall in the oil price and weak commodity markets. This pushed down inflation in the major economies and convinced investors that interest rates will remain lower for longer. Previously distressed peripheral European sovereign bond markets rallied strongly although the weakness of the euro diluted returns for UK-based investors. However, European bond markets became more volatile during the second quarter of 2015 due to a lack of progress in talks between Greece and its creditors. This reignited concerns over the contagion effect should the country be forced to leave the euro zone. Corporate bonds also gained ground. In the belief that interest rates will remain lower for longer in the developed economies, investors continued to search for securities that carry a higher yield than government bonds. This sparked high volumes of new issuance. Although emerging bond markets were more volatile, reflected in the pronounced weakness of several local currencies, the potential for higher total returns drew international investors into the asset class.

Property

Commercial property continued to attract significant capital inflows, with institutional investors attracted to the potential for diversification and a steady income stream.

Investment Report for the year ended 31 July 2015

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

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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

Property

0.70% per annum on the first £2.5 million
0.65% per annum on the next £2.5 million
0.60% per annum thereafter

Diversified Fund

0.30% per annum.

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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.

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Scheme

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Part 2: Financial Statements

UNIVERSITY OF ABERDEEN SUPERANNUATION AND LIFE ASSURANCE SCHEME
FINANCIAL STATEMENTS FOR THE YEAR TO 31st JULY 2015

	Notes	2015 £	2014 £
FUND ACCOUNT			
Contributions and Benefits			
Contributions receivable	2	3,515,941	3,561,635
Transfers in	3	0	74,111
Other income	4	52,584	106,190
		<u>3,568,525</u>	<u>3,741,936</u>
Benefits payable	5	5,726,424	4,443,524
Leavers	6	953,251	931,577
Life assurance premiums	7	84,437	100,424
Administrative expenses	8	299,733	290,349
		<u>7,063,845</u>	<u>5,765,874</u>
Net withdrawals from dealing with members		<u>(3,495,320)</u>	<u>(2,023,938)</u>
Returns on Investments			
Change in market value of investments	10	13,942,372	5,665,058
Investment management expenses	9	(182,663)	(149,658)
		<u>13,759,809</u>	<u>5,515,400</u>
Net increase in fund during the year		<u>10,264,489</u>	<u>3,491,462</u>
Net assets of the Scheme at 1 August		<u>111,050,582</u>	<u>107,559,120</u>
Net assets of the Scheme at 31 July		<u><u>121,315,071</u></u>	<u><u>111,050,582</u></u>

NET ASSETS STATEMENT AS AT 31st JULY 2015

Accumulated Fund		<u>121,315,071</u>	<u>111,050,582</u>
Represented by:			
Investments	10	121,283,638	110,760,051
Current Assets	11	321,072	440,618
Current Liabilities	12	(289,639)	(150,087)
		<u>121,315,071</u>	<u>111,050,582</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 actuarial statements on pages 24 and 25 of the annual report which should be read in conjunction with the financial statements.

The financial statements on pages 17 to 20 are approved by the Trustees on 25 FEBRUARY 2016

Trustee

25 FEBRUARY 2016 Date

Trustee

25 FEBRUARY 2016 Date

UNIVERSITY OF ABERDEEN SUPERANNUATION AND LIFE ASSURANCE SCHEME
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

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.

	£	2015 £	2014 £
2. Contributions receivable			
Employer - normal	1,625,559		1,628,073
Employer - salary sacrifice, on behalf of the employee	899,974		918,362
Employer - contribution to deficit	792,288		793,505
Employer - additional contributions to fund early retirement	17,079		16,238
Employer - death-in-service contributions	84,437		100,424
Total employer		3,419,337	3,456,602
Employee - normal	61,920		46,165
Employee - additional voluntary contributions	34,684		58,868
Total employee		96,604	105,033
		<u>3,515,941</u>	<u>3,561,635</u>

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 are payable at a rate of 5.8% of pensionable salaries until 31 July 2017 in line with the schedule of contributions/ scheme funding recovery plan in place for the year.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

	2015 £	2014 £
3. Transfers in		
Transfer values received - individuals	<u>0</u>	<u>74,111</u>
4 Other income		
Claims on term insurance policies	<u>52,584</u>	<u>106,190</u>
5 Benefits payable		
Pensions payable	3,853,926	3,614,101
Lump sums on retiral	1,782,096	698,518
Lump sums on death -in- service	55,667	108,008
Lump sums on death -in- deferrment	3,148	22,897
Lump sums on death -in- retiral	31,587	0
	<u>5,726,424</u>	<u>4,443,524</u>
6. Leavers		
Transfer values payable - individual	924,318	888,459
Refunds to early leavers	3,624	7,602
State scheme premiums payable	4,593	34,355
Tax paid	20,716	1,161
	<u>953,251</u>	<u>931,577</u>
7. Life Assurance Premiums		
Current year premium	84,437	100,424
	<u>84,437</u>	<u>100,424</u>
8. Administrative expenses		
Administration charge	88,990	84,597
Consultants fees	83,344	77,622
Audit fee	8,780	10,287
PPF levy	83,102	83,102
Pension Regulator levy	7,504	7,504
Administration, legal and insurance costs	28,013	27,237
	<u>299,733</u>	<u>290,349</u>
9. Investment management expenses		
Investment managers' charges	<u>182,563</u>	<u>149,658</u>

	Value at 1.8.14	Purchases	Sales	Change in market value	Value at 31.7.15
10. Investments					
Managed funds (analysed below)	110,472,897	36,800,000	(40,196,963)	13,936,363	121,012,297
Money Purchase AVCs	287,154	34,684	(56,505)	6,008	271,341
	<u>110,760,051</u>	<u>36,834,684</u>	<u>(40,253,468)</u>	<u>13,942,371</u>	<u>121,283,638</u>

Managed Funds analysis

LGIM UK Equity Index	21,826,861	-	(5,145,162)	1,349,822	18,031,521
LGIM World (ex UK) Equity Index	55,400,487	-	(14,632,897)	7,899,532	48,667,122
LGIM Over 10years Corporate Bond	8,364,223	-	(9,612,034)	1,247,811	0
LGIM Investment Grade Corporate Bond	8,369,018	-	(9,769,886)	1,400,868	0
LGIM Over 5years Index-Linked Gilts	16,512,308	12,300,000	(954,720)	2,774,359	30,631,947
Managed Property	-	9,200,000	-	(64,737)	9,135,263
Diversified Growth fund	-	15,300,000	(82,264)	(671,292)	14,546,444
	<u>110,472,897</u>	<u>36,800,000</u>	<u>(40,196,963)</u>	<u>13,936,363</u>	<u>121,012,297</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 2015

	2015 £	2014 £
11. Current assets		
Cash in bank	33,115	157,570
Contributions due from the employer	282,357	278,048
Prepaid expenses	5,600	5,000
	<u>321,072</u>	<u>440,618</u>
12. Current liabilities		
Accrued expenses	(71,680)	(54,700)
Unpaid benefits	(194,306)	(74,507)
Other creditors	(23,653)	(20,880)
	<u>(289,639)</u>	<u>(150,087)</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 31 July 2015, the University of Aberdeen was due to pay £282,357 (2014 £278,048) to the Scheme for the July 2015 contributions. These were paid in August 2015 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.(2014 none)

University of Aberdeen Superannuation & Life Assurance Scheme

Annual Report For the Year ended 31 July 2015

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 2015 set out on pages 17 to 20. 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 15, 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 2015 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

29 February 2016

University of Aberdeen Superannuation & Life Assurance Scheme

Annual Report For the Year ended 31 July 2015

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 2015, the contributions payable to the Scheme by the Employer were as follows:

	Employee £	Employer £
Contributions Payable under the Schedule of Contributions		
Normal contributions	61,920	1,625,559
Salary Sacrifice contributions (for employee)	-	899,974
Additional contributions:		
Deficit Funding contributions	-	792,288
Death-in-service contributions	-	84,437
Total required by schedule of contributions	61,920	3,402,258
Other contributions payable		
Member – additional voluntary	34,684	-
Early retirement contributions	-	17,079
Total, as per Fund Account	96,604	3,419,337

Signed on behalf of the Trustees:

Date: 26 February 2016

University of Aberdeen Superannuation & Life Assurance Scheme

Annual Report

For the Year ended 31 July 2015

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 2015 which is set out on page 22.

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 22, 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 schedule of contributions

In our opinion contributions for the scheme year ended 31 July 2015 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 actuary on 2 July 2014.



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

191 West George Street
Glasgow

29 February 2016

Annual Report

For the Year ended 31 July 2015

Part 6: Actuarial Statements



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:	Xfinity Consulting Limited

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For the Year ended 31 July 2015




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 2015

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 2015. 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.