

THE LEPROSY MISSION
CENTRAL PENSION SCHEME

TRUSTEES' REPORT AND FINANCIAL
STATEMENTS

31 December 2024

SCHEME REGISTRATION NUMBER 10140987

THE LEPROSY MISSION CENTRAL PENSION SCHEME

SCHEME

The Scheme was established with the main purpose of providing pensions for employees of The Leprosy Mission International (the Principal Employer) and its associated bodies upon their retirement. The Scheme was closed to future accrual from 31 March 2013.

EMPLOYER

The Leprosy Mission International (TLMI) (the Principal Employer) and the other participating employers listed below:

The Leprosy Mission Great Britain, The Channel Islands and The Isle of Man

The Leprosy Mission Scotland (Flexible Apportionment Agreement (FAA) was agreed with TLMI as of 31 October 2023.

The Leprosy Mission Northern Ireland

The Leprosy Mission Trading Limited

PENSION SCHEME COMMITTEE

The Scheme is administered by Trustees through the Pension Scheme Committee. The Leprosy Mission International (the Principal Employer) may, by deed or written instrument, appoint new or additional Trustees or remove any Trustee from office. The following members of the Pension Scheme Committee served during the year and met three times in the year.

Alan D Gray (Member Nominated Trustee)

Deborah Rees (Employer Nominated Trustee)

Ralph Turner (Employer Nominated Trustee / Chairman)

Trevor D Durston (Member Nominated Trustee)

Chris Wickenden (Employer Nominated Trustee)

PENSION SCHEME ADMINISTRATOR

First Actuarial LLP
Network House
Basing View, Basingstoke
Hampshire RG21 4HG

BANKER

Barclays Bank plc
Richmond & Twickenham Business Centre
8 George Street, Richmond
Surrey TW9 1JU

ACTUARY

Peter Shellswell FIA
First Actuarial LLP
Network House
Basing View, Basingstoke
Hampshire RG21 4HG

AUDITOR

J W Hinks LLP
19 Highfield Road
Edgbaston, Birmingham
B15 3BH

INVESTMENT MANAGER

Legal & General Investment
Management Ltd(LGIM)
1 Coleman Street
London EC2R 5AA

INVESTMENT ADVISOR

First Actuarial LLP
Network House
Basing View, Basingstoke
Hampshire RG21 4HG

SOLICITOR

Osborne Clarke LLP
3 Forbury Place, 23 Forbury Road,
Reading, RG1 3JH

ANNUITY PROVIDER

Legal & General Assurance Society
1 Coleman Street, London
EC2R 5AA

THE LEPROSY MISSION CENTRAL PENSION SCHEME

REPORT OF THE TRUSTEES

INTRODUCTION

The Trustees present their report on the Scheme for the year ended 31 December 2024.

The Scheme is governed by the trust deed and rules and has been granted registered scheme status by HM Revenue and Customs. In accordance with the Trust Deed the Scheme is administered by trustees, which consists of five members who are listed above. At least two persons are appointed by the principal employer and at least two persons are selected by the members using an election procedure approved by the Trustees which is consistent with the provision of section 256 of the 2004 Pensions Act that the quorum for meetings of trustees be set at three trustees at least one of whom must be a principal employer appointed trustee and at least one must be a member nominated trustee. Trustees operate as individual trustees and by law must act in good faith to protect the interest of all members of The Leprosy Mission Central Pension Scheme. All members of the Scheme are contracted-in to the state second pension. Further information about the Scheme is given in the explanatory booklet, which is issued to all members.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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; and
- contain the information specified in the 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 the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

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

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

THE LEPROSY MISSION CENTRAL PENSION SCHEME

REPORT OF THE TRUSTEES (continued)

The Trustees are responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the 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 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 the members.

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

FINANCIAL DEVELOPMENT OF THE SCHEME

The financial statements have been prepared and audited in accordance with the regulations made under Sections 41(1) and (6) of the Pensions Act 1995. The net assets of the Scheme decreased by £1,857,865 during the year to £20,195,257 at 31 December 2024. The financial statements and notes thereto are included on pages 22-33 of the report and financial statements.

CHANGES TO THE PENSION SCHEME

During the year, it was identified that changes to members' benefits following two previous Deeds of Amendment to the Scheme Rules were not implemented correctly.

The first Deed of Amendment was implemented with effect from 6 April 2008. This Deed reduced the accrual rate from 1.5% to 1.0%, changed the rate of pension increases in payment from RPI up to a maximum of 5% pa to RPI up to a maximum of 3% pa, and changed the rate of revaluation in deferment from s148 orders to RPI up to a maximum of 5% pa for members who joined the Scheme prior to 6 April 2005. The Deed was not signed until 22 December 2008, so these changes should take effect for benefits accrued from 22 December 2008 rather than 6 April 2008.

The second Deed of Amendment was implemented with effect from 6 April 2005. This Deed set the rate of revaluation in deferment for members who joined the Scheme from 6 April 2005 at RPI up to a maximum of 5% pa. However, this Deed lacks evidence of 'section 37 confirmation' by the Actuary. In line with the outcome of the recent court case between Virgin Media Ltd and NTL Pension Trustees II Ltd, the changes to benefits under the Deed are void. Therefore, the rate of revaluation for benefits accrued by members who joined the Scheme from 6 April 2005 should be in line with s148 orders.

The Trustees' undertook an exercise to rectify members' benefits in respect of the two issues above, with any changes to pensions in payment implemented with effect from 1 January 2024. The Trustees used their augmentation power to ensure that no pensions in payment were decreased as a result of the above changes.

THE LEPROSY MISSION CENTRAL PENSION SCHEME

REPORT OF THE TRUSTEES (continued)

The Trustees also used their augmentation power to change the calculation of the pension payable to a spouse on the death of a member after retiring, such that spouse's pensions are calculated based on the member's pre-commutation pension, rather than their post-commutation pension. This was agreed by the Trustees and the Principal Employer on 3 January 2024.

In addition, the Trustees revised their discretionary policy for ill-health early retirement, such that pension is reduced for early payment upon ill-health early retirement in the same way for all members of the Scheme. This was agreed by the Trustees and the Principal Employer on 3 January 2024.

MEMBERSHIP

	<u>2024</u>	<u>2023</u>
Employed Members with preserved benefits	9	11
Deferred Members with preserved benefits	75	77
Pensioners	191	198
Total	<u>275</u>	<u>286</u>

ACTUARIAL POSITION

The last actuarial valuation was carried out as at 31 December 2021 and the actuarial certificates and report on actuarial liabilities are set out on pages 13 to 14. In accordance with the Statutory Funding Objective (SFO), the Scheme should hold assets at least equal to the Technical Provisions. The Technical Provisions are equal to the value of benefits in respect of service up to the effective date of the valuation. The Scheme's Technical Provisions were funded to a level of 126% at the date of the last triennial valuation. This valuation revealed the Scheme was in surplus on the statutory funding objective agreed between the employers and the pension scheme trustees. As a result, no Recovery Plan was required.

THE LEPROSY MISSION CENTRAL PENSION SCHEME

REPORT OF THE TRUSTEES (continued)

The Trustees and the employers have agreed to pay contributions to the Special Pensions Account to cover the estimated administration expenses of the Scheme. The current contributions paid by TLMI (Principal employer) and all other participating employers from 1 January 2023 to 31 December 2023 are shown in the table below.

	Valuation at 31.12.2021 (£ pa)	Valuation at 31.12.2018 (£ pa)
<u>Participating Employers (TLM)</u>		
The Leprosy Mission International	57,400	57,200
The Leprosy Mission International England & Wales	20,500	22,000
The Leprosy Mission International Trading Limited	5,800	4,500
The Leprosy Mission International Northern Ireland	3,600	3,600
The Leprosy Mission International Scotland	2,700	2,700
Total contributions	<u>90,000</u>	<u>90,000</u>

The next actuarial valuation is due at 31 December 2024 and the results are expected by November 2025.

SPECIAL PENSION ACCOUNT

A lump sum of £1million was paid into a Special Pension Account (previously Escrow Account) on 11 January 2012. The Pension Trustees and the Employers have agreed to pay future pension contributions into the Special Pension Account from 1 June 2015.

By a 'Security Agreement' made on 30 June 2015 between The Leprosy Mission International and the Trustees, The Leprosy Mission International has granted charge over the 'Special Pension Account' (previously Escrow Account) account in favour of the Trustees to secure all present and future liabilities of the employers to the Scheme up to a maximum of the entire aggregate liability of the employer measured as a debt due under Section 75(2) of the Pensions Act 1995.

Release of funds from the Special Pension Account to the main scheme or to the employer will occur after an actuarial valuation if the funding level of the Scheme reaches below 80% or combined funding level exceeds 108%. TLMI and the pension trustees will issue a release notice to Rathbones Investment Management Ltd with an amount sufficient to either increase the funding level of the Scheme to 80% or to reduce the combined funding level to 108% on the statutory funding objective basis.

THE LEPROSY MISSION CENTRAL PENSION SCHEME

REPORT OF THE TRUSTEES (continued)

The results of the 31 December 2021 triennial valuation showed that the Combined Funding Level of the Scheme was 141% and that the excess funds above the 108% trigger were £7,655,000. The Trustees and the Employers agreed that a refund of £1,080,000 would be taken by TLMI on behalf of all the Employers.

The refund will be paid in equal quarterly instalments of £90,000 over a three year period commencing on 1 January 2023.

Further information on the Pension Protection Fund is available from the Pension Protection Fund website at www.pensionprotectionfund.org.uk. Alternatively you can write to the Pension Protection Fund at Knollys House, 17 Addiscombe Road, Croydon, Surrey, CR0 6SR.

PENSION INCREASES

As at 1 April 2024, the trustees were able to increase the pension in accordance with the Scheme rules as below;

Pension	Amount of Increase
Pension earned before 6 April 1997	In line with Retail Prices Index, subject to a maximum of 3% per annum.
Pension earned after 5 April 1997 and prior to 6 April 2008	In line with Retail Prices Index, subject to a maximum of 5% per annum.
Pension earned after 5 April 2008 and prior to 6 April 2011	In line with Retail Prices Index, subject to a maximum of 3% per annum.
Pension earned after 5 April 2011	In line with Consumer Prices Index, subject to a maximum of 3% per annum.

The RPI and CPI of September 2023 were 8.9% and 6.7% respectively. The Guaranteed Minimum Pension (GMP) was increased according to applicable statutory increases.

Where the first such increase is to take effect on 1 April where the pension has been in payment for less than 12 months, the increase is limited to 1/12 of the full increase for each complete month for which the pension has been in payment on that 1 April.

TRANSFER VALUES

Transfer values are calculated in accordance with regulations made under Section 97 of the Pension Schemes Act 1993. The method of calculating transfer values is established by the Trustees acting on the advice of the Scheme Actuary. Payments made during the year reflected the value of the members' accrued benefit rights, with no allowance for the discretionary benefits.

CONTRIBUTIONS

Contributions are required to be paid to the Scheme in accordance with the rates and the due dates specified in the Schedule of Contributions agreed between the Employer and the Trustees.

THE LEPROSY MISSION CENTRAL PENSION SCHEME

REPORT OF THE TRUSTEES (continued)

INVESTMENT REPORT

The overall investment policy of the Scheme is determined by the Trustees in consultation with the Investment Advisor. Given the long-term nature of a pension fund's liabilities, the investment objectives have been to maximise the overall return from income and capital appreciation, without resorting to a high-risk profile. In 2022, the Trustees decided to invest in LGIM's Buyout Aware funds, with the intention of purchasing a buy-in policy in the future.

The Scheme held the investment in LGIM's Buyout Aware funds from January 2024 to May 2024. These funds are intended to invest in a similar manner to insurers, following the same approach used by insurers to price buy-in policies. The rationale for this investment strategy was that it closely aligned the Scheme's assets to changes in buyout prices which principally arose from fluctuations in market conditions.

In May 2024, the Scheme novated its holdings in the LGIM Buyout Aware funds to a buy in policy with Legal & General Assurance Society (LGAS). The intention of this is to provide security over the members' benefits with an insurer.

The Special Pension Account continued to be managed by Rathbone Investment Management. The Trustees have given guidelines which require that any single equity investment held in the portfolio of more than 5% of the value of the total portfolio should be specially reported to the Pension Scheme Trustees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

The mandates put in place by the Trustees specify how rights attaching to the Scheme's segregated investments are acted upon. This includes restrictions on certain investments prohibited by the sponsoring employer's charitable covenant and a requirement to consider these, and social, ethical and environmental factors when making investment decisions.

REMUNERATION OF INVESTMENT MANAGER

The total fee levied in 2024 was £18,101 (2023: £52,639). In addition to these administration costs, indirect costs are charged within the pooled investment vehicles.

THE LEPROSY MISSION CENTRAL PENSION SCHEME

REPORT OF THE TRUSTEES (continued)

GUARANTEED MINIMUM PENSION (GMP)

A GMP reconciliation exercise was completed in 2018 to compare administration records to those held by HMRC. There were 29 pensioners whose GMP payment was at least 50 pence per week different to that of HMRC. The net overpayment was £42,000 and the Principal Employer agreed to underwrite this expense. The Trustees and the Principal Employer agreed to correct the pension to the amount that HMRC state should be in payment and not to request overpayments.

In preparation for GMP equalisation, Actuary re-examined GMPs for all members in scope to ensure they are in line with HMRC. Trustees decided to adopt a dual record method (method B) in the GMP final calculations. Dual record method involves keeping a record of the true sex Post 90 benefit and equivalent opposite sex Post 90 benefit in each year. Members are then paid the higher of the two. This will therefore guarantee that an equivalent male and female member receive the same pension (in respect of service between 17 May 1990 and 5 April 1997) each year. There are no winners or losers.

The Scheme built up GMP benefits (or have transferred in GMP) between 17 May 1990 and 5 April 1997 (“Post 90 GMP”). Only members with Post 90 GMP will be in scope of GMP equalisation. Benefits have not come into payment for deferred members, so records need to be amended for future calculations. Pensioners (28) and dependants (5) in total 33 members were receiving benefits that needed to be equalised.

Calculations were carried out to compare each member’s current pension in payment to their estimated GMP equalised pension and estimated back payments due as a result of underpayments resulting from equalisation. It is estimated that total back payments with interest of £48,865 are due to pensioners and dependants, and that pensions in payment will be due an estimated total uplift of £3,708 per annum as a result of GMP equalisation. This project is ongoing and expected to be completed by January 2025.

UPDATE ON BUY-OUT PROCESS

On 30 April 2024, the Trustees purchased an annuity insurance policy from an insurer to cover the Scheme’s liabilities. This policy is with Legal and General and is currently in the name of the Trustees. The Trustees and its advisers are now in the process of carrying out the necessary work to enable the policy to be finalised and converted into the names of the individual members and to allow the full wind up of the Scheme. The buy-out process is expected to be completed in late 2025 and wind-up of the Scheme will be triggered soon thereafter. Subsequently these accounts have been prepared on a cessation basis.

ADMINISTRATION

First Actuarial LLP are Scheme Administrators. The costs of administration are shown on page 22.

THE LEPROSY MISSION CENTRAL PENSION SCHEME
REPORT OF THE TRUSTEES (continued)

CUSTODIAN ARRANGEMENTS

Citibank and HSBC provide custodianships of the investments managed by Legal & General Investment Management (LGIM). Citibank provides custodianship for equities, US Treasury and Japanese Government bonds. HSBC provides the custodianship for UK equities, corporate bonds and all other overseas government bonds.

FURTHER INFORMATION

Any enquiries about the Scheme, including requests from individuals for information about their benefits or complaints, should be sent to The Scheme Administrator, c/o The Leprosy Mission Central Pension Scheme, 80 Windmill Road, Brentford, Middlesex TW8 0QH or by email (gladstone.worthington@leprosymission.org).

Signed on behalf of the Trustees



Ralph Turner
6 May 2025

**Leprosy Mission Central Pension Scheme
Implementation Statement
Year Ending 31 December 2024**

Glossary

Investment Adviser	First Actuarial LLP
Scheme	Leprosy Mission Central Pension Scheme
Scheme Year	1 January 2024 to 31 December 2024
SIP	Statement of Investment Principles

Introduction

The purpose of an Implementation Statement is to report on the extent to which, over the Scheme Year, the Trustees have followed their policy relating to the exercise of rights (including voting rights) attaching to the Scheme's investments.

However, prior to the start of the Scheme Year the Trustees disinvested from all funds which included an allocation to equities and, since voting relates to equity investments, the Trustees have not reviewed any voting behaviour in the preparation of this Implementation Statement.

The Trustees' Policy Relating to the Exercise of Rights

Summary of the Policy

The Trustees' policy in relation to the exercise of rights (including voting rights) attaching to the investments is set out in the SIP, and a summary is as follows:

- The Trustees believe that good stewardship can help create, and preserve, value for companies and markets as a whole and the Trustees wish to encourage best practice in terms of stewardship.
- The Trustees accept that ongoing engagement with any underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters.
- When selecting a pooled fund, the Trustees consider, amongst other things, the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund.
- When considering the ongoing suitability of an investment manager, the Trustees (in conjunction with their Investment Adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.
- The Trustees will normally select investment managers who are signatories to the UNPRI.
- If it is identified that a fund's investment manager is not engaging with companies the Trustees may look to replace that fund. However, in the first instance, the Trustees would

normally expect their Investment Adviser to raise the Trustees' concerns with the investment manager.

Has the Policy Been Followed During the Scheme Year?

Although the Trustees no longer hold funds which invest in equities, the Trustees' policy regarding the exercise of rights remains unchanged.

The Trustees' opinion is that their policy relating to the exercise of rights (including voting rights) attaching to the investments has been followed during the Scheme Year. In reaching this conclusion, the following points were taken into consideration:

- There has been no change to the Trustees' belief regarding the importance of good stewardship.
- The Trustees did not select any new funds during the period.

Conclusion

The Trustees are satisfied that, over the course of the Scheme Year, they complied with their policy relating to the exercise of rights (including voting rights) attaching to the investments. None of the assets held by the Scheme during the Scheme Year had voting rights attached and therefore an assessment of voting behaviour was not required in the preparation of this Implementation Statement.



..... Date: 6 May 2025
Signed on behalf of the Trustees of the Leprosy Mission Central Pension Scheme.



Actuarial Certificate for the purposes of Section 227(5) of The Pensions Act 2004

Name of Scheme: The Leprosy Mission Central Pension Scheme (the Scheme)

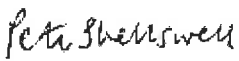
Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective could have been expected on 31 December 2021 to continue to be met for the period for which the Schedule is to be in force.

Adherence to Statement of Funding Principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 18 October 2022.

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: 18 October 2022
Name: Peter Shellswell	Qualification: Fellow of the Institute and Faculty of Actuaries
Address: First Actuarial LLP Network House Basing View Basingstoke Hampshire RG21 4HG	

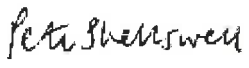


Actuarial Certificate for the purposes of Section 225 of the Pensions Act 2004

Name of Scheme: The Leprosy Mission Central Pension Scheme

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 31 December 2021 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 18 October 2022.

Signature: 	Date: 18 October 2022
Name: Peter Shellswell	Qualification: Fellow of the Institute and Faculty of Actuaries
Address: First Actuarial LLP Network House Basing View Basingstoke Hampshire RG21 4HG	

THE LEPROSY MISSION CENTRAL PENSION SCHEME

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 at the valuation date or date of leaving if earlier. This is assessed using the assumptions agreed between the Trustees and the Employers and set out in the Statement of Funding Principles dated 18 October 2022, which is available to the Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 31 December 2021. Since that date actuarial updates have been carried out as at 31 December 2022 and 31 December 2023.

	31 December 2023	31 December 2022
The value of the technical provisions was	£18,430,000	£18,315,000
The value of the assets was	£22,131,000	£22,431,000

The method and significant actuarial assumptions used to determine the technical provisions are as follows:

Method

The actuarial method to be used in the calculation of the technical provisions is the projected unit method.

Significant actuarial assumptions

Assumption		Value as at 31 December 2024	Value as at 31 December 2022
Discount rate	Derived from prudent assumptions of the returns on the underlying assets based on a long-term asset allocation of 50% growth assets and 50% matching assets.	4.90% pa	4.90% pa
Retail Prices Index (RPI) inflation	Derived by considering the future level of RPI inflation implied by the UK gilt yield curves produced daily by the Bank of England for a duration appropriate to the Scheme's liabilities, less an inflation risk premium of 0.10% pa.	3.20% pa	3.20% pa
Consumer Prices Index (CPI) inflation	Derived by reducing the RPI inflation assumption by a prudent margin of 0.45% pa.	2.75% pa	2.75% pa
Pension increases in payment	The assumed pension increase rates for benefits linked to RPI and CPI inflation, but subject to an annual cap, are set consistently with the relevant inflation assumption and calculated using the Black-Scholes model with volatility of 1.3%.		
Mortality before and after retirement	100% S3PMA_Middle (males) and 100% S3PFA_Middle (females) tables with future improvements in line with the latest CMI model with a long-term rate of improvement of 1.5% pa.		
Partner/Spouse:	75% of males and 65% of females are assumed to be married at retirement or earlier death, with husbands three years older than their wives.		
Cash commutation allowance	Members are assumed to commute pension to provide 40% of the maximum tax-free cash.		

THE LEPROSY MISSION CENTRAL PENSION SCHEME

SUMMARY OF CONTRIBUTIONS

According to the Schedule of Contributions which was in place in the year, all contributions should be paid to the Special Pension Account.

During the year ended 31 December 2024 the contributions receivable in the Special Pension Account (SPA) by the employers were as follows:-

Contributions paid under the Schedule of Contributions for:

Contributions were paid into SPA:

	£
The Leprosy Mission International	60,100
The Leprosy Mission International Great Britain	20,500
The Leprosy Mission International Northern Ireland	3,600
The Leprosy Mission International Trading Limited	5,800
Total contributions receivable	<u>90,000</u>

The Special Pension Account (SPA) is included as a restricted fund in The Leprosy Mission International's (principal employer) Balance Sheet (see page 4 for further details).

Approved by the Trustees and signed on their behalf by:-



Ralph Turner
6 May 2025

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE LEPROSY MISSION CENTRAL PENSION SCHEME

Opinion

We have audited the financial statements of the Leprosy Mission Central Pension Scheme (the 'scheme') for the year ended 31 December 2024 which comprise the fund account, the statement of net assets and 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 31 December 2024, 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 Trustee's decision not to use the going concern basis of accounting in the preparation of the financial statements is appropriate. Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE LEPROSY MISSION CENTRAL PENSION SCHEME (continued)

Other information

The other information comprises the information included in the annual report³, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report³. Our opinion on the financial statements does not cover the other information and 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 2, the scheme's trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and discussed the policies and procedures regarding compliance.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE LEPROSY MISSION CENTRAL PENSION SCHEME (continued)

Specific areas considered were as follows:

- Enquiring with management and others to gain an understanding of the organisation itself including operations, financial reporting and known fraud or error.
- Evaluating and understanding the internal control system.
- Confirming investment valuations and bank balances directly with investment managers and bankers.
- Testing to ensure that contributions have been received in accordance with the Schedule of Contributions.
- Testing benefits payable to members.
- Performing analytical procedures as expected or unexpected variances in account balances or classes of transactions appear.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected all irregularities including those leading to material misstatements in the financial statements or non-compliance with regulation, even though we have properly planned and performed our audit in accordance with auditing standards.

This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the scheme to cease to continue as a going concern.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE LEPROSY MISSION CENTRAL PENSION SCHEME (continued)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (ie. gives a true and fair view).

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



JW Hinks LLP
19 Highfield Road, Edgbaston
Birmingham, B15 3BH

Date: 6 May 2025

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS, UNDER REGULATION 4 OF THE OCCUPATIONAL PENSION SCHEMES (REQUIREMENT TO OBTAIN AUDITED ACCOUNTS AND A STATEMENT FROM THE AUDITOR) REGULATIONS 1996, TO THE TRUSTEES OF THE LEPROSY MISSION CENTRAL PENSION SCHEME

We have examined the summary of contributions payable to the Leprosy Mission Central Pension Scheme, for the Scheme year ended 31 December 2024 which is set out on page 16.

Statement about contributions payable under the schedule of contributions

In our opinion contributions for the Scheme for the year ended 31 December 2024, 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 3 October 2022.

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 paid to the Special Pensions Account and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of the Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Scheme's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions which sets out the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the members of the Scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of any member of the Scheme and for monitoring whether contributions are made by the employers in accordance with the Schedule of Contributions.

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

Use of our 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 opinions we have formed.



JW Hinks LLP
19 Highfield Road, Edgbaston
Birmingham, B15 3BH

Date: 6 May 2025

THE LEPROSY MISSION CENTRAL PENSION SCHEME
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

FUND ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 £	2023 £
Contributions & benefits			
Distribution from SPA towards Scheme expenses		400,000	0
Benefits payable	5	(1,129,687)	(1,184,191)
Leavers: Individual transfers to other schemes		0	0
Pension Protection Fund		(2,099)	(5,198)
Administrative expenses - Standard		(108,430)	(134,856)
Administrative expenses - Buy out project		(197,834)	(265,943)
Administrative expenses - GMP project		(31,424)	(20,216)
		<u>(1,069,474)</u>	<u>(1,610,404)</u>
Net (Withdrawals) from dealings with members		<u>(1,069,474)</u>	<u>(1,610,404)</u>
Returns on Investments			
Investment Income	6	697,098	5,028
Change in Market Value of Investments	7	(1,467,388)	1,218,662
Investment Management Charges		(18,101)	(52,639)
Net Returns on investments		<u>(788,391)</u>	<u>1,171,051</u>
Net (decrease)/increase in the fund during the year		<u>(1,857,865)</u>	<u>(439,353)</u>
Net assets of the scheme:			
Opening Balance as at 01.01.2024		<u>22,053,122</u>	<u>22,492,475</u>
Closing balance as at 31.12.2024		<u>20,195,257</u>	<u>22,053,122</u>

The notes on pages 22 to 35 form part of the Financial Statements

THE LEPROSY MISSION CENTRAL PENSION SCHEME
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

STATEMENT OF NET ASSETS (available for benefits) as at 31 December 2024

	Note	2024 £	2023 £
Investment Assets	7		
Pooled Investment Vehicles		-	21,915,171
Annuity Policy		20,010,291	
AVCs		14,204	12,965
		<u>20,024,495</u>	<u>21,928,136</u>
Current Assets and Liabilities			
Bank balances		147,726	8,004
Debtors and prepayments	9	64,832	323,342
Creditors and accruals	10	<u>(41,796)</u>	<u>(206,360)</u>
		170,762	124,986
Net Assets of the Scheme as at 31.12.2024		<u>20,195,257</u>	<u>22,053,122</u>

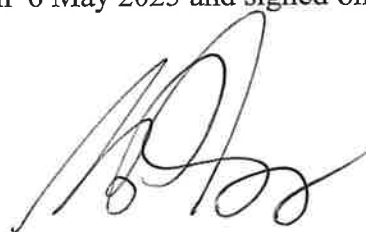
The notes on pages 22 to 33 form part of these Financial Statements.

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 liabilities, is dealt with in the Report on Actuarial Liabilities on page 14 of the Annual Report and these financial statements should be read in conjunction with it.

Approved and authorised for issue by the Trustees on 6 May 2025 and signed on their behalf by:



Ralph Turner



Alan Gray

THE LEPROSY MISSION CENTRAL PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. BASIS OF PREPARATION

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

As explained in the Trustee’s Report, since the period end the Trustee is in the process of securing the benefits for all the non-insured members of the Scheme. It is expected that true up calculations will be finalized and settled during 2025 with all members benefits being secured with the insurers shortly afterwards. In view of this and the intention to move to the winding up of the Scheme within the next 12 months, the Scheme is no longer considered to be a going concern and accordingly these financial statements have not been prepared on a going concern basis.

No adjustments to the fair value carrying amounts of assets and liabilities in the Statement of Net Assets or to the amounts included in the Fund Account were required as a result of this change.

2. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustees and Advisors section on page 1 of this Report.

3. ACCOUNTING POLICIES

The following principal accounting policies have been adopted in the preparation of the financial statements.

3.1 Accruals concept

The financial statements have been prepared on an accruals basis.

3.2 Contributions

Normal, deficit and additional funding contributions from the employer are accounted for at the rates and the due dates specified in the Schedule of Contributions which were recommended by Scheme Actuary and agreed between the Employer and the Trustees.

3.3 Benefits

Benefits are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for in the period in which the member notifies the Trustees of his or her decision on the type or amount of benefit to be taken or, if there is no member choice, they are accounted for on the date of retirement or leaving.

3.4 Transfer values

Individual transfers to and from the Scheme are accounted for when monies are received or paid.

THE LEPROSY MISSION CENTRAL PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

3.5 Income from investments and deposits

Income from investments and deposits is dealt with on an accruals basis. All investment income is stated inclusive of any related taxation recoverable but net of any irrecoverable overseas withholding taxes and costs of collection where applicable. Income from pooled investment vehicles is stated net of management fees.

3.6 Valuation of investments

Pooled investment vehicles are valued at the bid price provided by the investment manager, or at mid price or single price, if bid price is not available. The annuity value has been valued at fair value by the annuity provider.

Accrued interest is excluded from the market value of fixed interest securities but is included in investment income receivable.

Acquisition costs are included in the purchase cost of investments.

3.7 Administrative expenses

Expenses are shown on an accruals basis. The Scheme bears all the costs of administration.

3.8 Foreign Currencies

The functional and presentational currency of the Scheme is Sterling. Balances denominated in foreign currencies are translated into Sterling at the rate ruling at the yearend date. Asset and liability balances are translated at the bid and offer rates respectively. Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transaction. Differences arising on investment balance translation are accounted for in the change in market value of investments during the year.

THE LEPROSY MISSION CENTRAL PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

4. CONTRIBUTIONS RECEIVABLE: FROM EMPLOYER

Contributions are required to be paid in accordance with the rates and due dates specified in the Schedule of Contributions agreed between the employer and the Trustees. The Scheme is a multi-employer scheme. Each statutory employer is liable to provide financial support to the Scheme. An agreement is in place which states that all the required contributions will be paid to the Special Pension Account, as explained on page 4. These are set out below.

	2024	2023
	£	£
The Leprosy Mission International	60,100	57,400
The Leprosy Mission International England & Wales	20,500	20,500
The Leprosy Mission International Northern Ireland	3,600	3,600
The Leprosy Mission International Scotland	-	2,700
The Leprosy Mission International Trading Limited	5,800	5,800
Total contributions receivable	<u>90,000</u>	<u>90,000</u>

5. Benefits Payable

	2024	2023
	£	£
Pensions	1,074,740	996,662
Commutations and lum sum retirement benefits	<u>54,947</u>	<u>187,529</u>
	<u>1,129,687</u>	<u>1,184,191</u>

6. Investment Income

	2024	2023
	£	£
Interest on cash deposits	1,409	5,028
Annuity Income	<u>695,689</u>	
	<u>697,098</u>	<u>5,028</u>

THE LEPROSY MISSION CENTRAL PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

7. Pooled Investments

a. Investment Assets

Reconciliation of investments held at the beginning and the end of the year.

	Value at 01.01.2024 £	Purchases £	Sales Proceeds £	Change in market value £	Value at 31.12.2024 £
LGIM Buy-Out Aware Fixed Short	4,437,394		4,342,730	(94,664)	-
LGIM Buy-Out Aware Fixed Long	4,347,495		4,132,401	(215,093)	-
LGIM Buy-Out Aware Real Short	6,720,331		6,692,597	(27,734)	-
LGIM Buy-Out Aware Real Long	6,409,952		6,254,029	(155,923)	-
LGAS BPA Novations	0	20,986,193		(975,902)	20,010,291
Sterling Liquidity Fund	0	215,464	216,153	689	-
	21,915,171	21,201,657	21,637,909	(1,468,627)	20,010,291
AVC Investments	12,965			1,239	14,204
TOTAL INVESTMENT	21,928,136	21,201,657	21,637,909	(1,467,388)	20,024,495

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

b. Pooled Investment Vehicles Comprise:

	2024 £	2023 £
LGIM Buy-Out Aware Fixed Short	0	4,437,394
LGIM Buy-Out Aware Fixed Long	0	4,347,495
LGIM Buy-Out Aware Real Short	0	6,720,331
LGIM Buy-Out Aware Real Long	0	6,409,952
	0	21,915,171

Investments more than 5% of the net assets of the Scheme are:

LGAS Annuity policy number MF 36725-0/007 99.1%

THE LEPROSY MISSION CENTRAL PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

7. Pooled Investments

c. Investment Fair Value Hierarchy

The fair value of financial instruments 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 date.

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.

For the purposes of this analysis daily prices funds have been included in (1) weekly priced funds in (2) monthly net asset values for Absolute Return funds in (3) and monthly net asset values for Private Equity funds in 3.

The Scheme's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

As at 31.12.2024	Level 1 £	Level 2 £	Level 3 £	Total £
Annuity policy	-		20,010,291	20,010,291
AVC investments	-	14,204	-	14,204
	<u>-</u>	<u>14,204</u>	<u>20,010,291</u>	<u>20,024,495</u>

As at 31.12.2023	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	21,915,171	-	21,915,171
AVC investments	-	12,965	-	12,965
	<u>-</u>	<u>21,928,136</u>	<u>-</u>	<u>21,928,136</u>

THE LEPROSY MISSION CENTRAL PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

7. Pooled Investments

d. Transaction Costs

The investment manager's charges in the year are shown on page 6 which is inclusive of all direct transaction costs and comprises fees and commissions. The amount of indirect costs on pooled fund assets is not separately provided to the Scheme.

e. Tax

The Leprosy Mission Central Pension Scheme is a registered pension scheme for tax purposes under the Finance Act 2004. The Scheme is therefore exempt from taxation except for certain withholding taxes relating to overseas investment income. Tax charges are accrued on the same basis as the investment income to which they relate.

8. AVC Investments

The Trustees hold assets invested separately from the main fund in the form of money purchase policies securing additional benefits for those members who, prior to 31 March 2013, had elected to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement made up to 5 April confirming the amounts held to their account and the movements in the year. The aggregate amounts of AVC investments valued by the Standard Life Assurance Company at the year end date are as follows:

	2024	2023
	£	£
Standard Life Assurance Company	14,204	12,965
	<u>14,204</u>	<u>12,965</u>

9. Debtors

	2024	2023
	£	£
Cash in transit	-	305,000
Sundry Debtors	64,832	18,342
	<u>64,832</u>	<u>18,342</u>

THE LEPROSY MISSION CENTRAL PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

10. Creditors and Accruals	2024	2023
	£	£
The Leprosy Mission International	7,106	88,887
Sundry accruals - Benefits Payable	1,969	8,640
- Expenses	21,448	99,200
HM Revenue & Customs	11,273	9,633
	<u>41,796</u>	<u>206,360</u>

11. Employer Related Investments

There were no employer related investments at any time during the year.

12. Contingent Assets (Special Pension Account)

In accordance with The Recovery Plan that was agreed after the actuarial valuation as at 31 December 2009, £1 million was placed into a Special Pension Account (SPA) with Rathbones Investment Management Limited on 11 January 2012. The release of funds from the SPA is explained in the Trustees' report on page 5.

During the year contributions of £90,000 were received into the SPA from participating Employers. Refunds from the SPA of £337,500 were remitted to TLMI on behalf of all the Employers. Distributions of £400,000 were made from the DPA to the Scheme during the year to cover Scheme expenses.

The Special Pension Account is invested in accordance with the investment strategy agreed for the main fund and the performance is monitored on a quarterly basis. At 31 December 2024, the Special Pension Account fund balance was £2,341,064 (2023: £2,873,675).

13. Related Party Transactions

The Leprosy Mission International (TLMI) is the principal employer of the Scheme. TLMI provides accounting services to the Scheme and a fee of £30,000 (2023: £30,000) was charged to the Scheme. At 31 December 2024, an amount of £7,106 (2023: £88,887) was owed by the Scheme to TLMI.

THE LEPROSY MISSION CENTRAL PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

14. Scheme Developments

A GMP reconciliation exercise was completed in 2018 to compare administration records to those held by HMRC. There were 29 pensioners whose GMP payment was at least 50 pence per week different to that of HMRC. The net overpayment was £42,000 and the Principal Employer agreed to underwrite this expense. The Trustees and the Principal Employer agreed to correct the pension to the amount that HMRC state should be in payment and not to request overpayments.

In preparation for GMP equalisation, Actuary re-examined GMPs for all members in scope to ensure they are in line with HMRC. Trustees decided to adopt a dual record method (method B) in the GMP final calculations. Dual record method involves keeping a record of the true sex Post 90 benefit and equivalent opposite sex Post 90 benefit in each year. Members are then paid the higher of the two. This will therefore guarantee that an equivalent male and female member receive the same pension (in respect of service between 17 May 1990 and 5 April 1997) each year. There are no winners or losers.

The Scheme built up GMP benefits (or have transferred in GMP) between 17 May 1990 and 5 April 1997 ("Post 90 GMP"). Only members with Post 90 GMP will be in scope of GMP equalisation. Benefits have not come into payment for deferred members, so records need to be amended for future calculations. Pensioners (28) and dependants (5) in total 33 members were receiving benefits that needed to be equalised.

Calculations were carried out to compare each member's current pension in payment to their estimated GMP equalised pension and estimated back payments due because of underpayments resulting from equalisation. It is estimated that total back payments with interest of £48,865 are due to pensioners and dependants, and that pensions in payment will be due an estimated total uplift of £3,708 per annum as a result of GMP equalisation. This project is ongoing and expected to be completed by January 2025.

15. Investment Risks

Market Risk

The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market Risk comprises three types of risk; Currency Risk, Interest Rate Risk and Other Price Risk. These three risks are described in turn below.

Currency Risk

Market Risk arising from changes in foreign exchange rates. The Scheme's insurance policy is not exposed to Currency Risk

THE LEPROSY MISSION CENTRAL PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

Note 15: Investment Risks (continued)

Interest Rate Risk

Market Risk arising from changes in market interest rates.

The insurance policy and any money held within the Trustee Bank Account are exposed to Interest Rate Risk.

Interest rate risk from the insurance policy arises because the discount rate used to value the insurance policy is based on long-term interest rates. A change to the interest rate will have an impact on the value of the insurance policy.

The insurance policy is expected to match 100% of the sensitivity of the Scheme's liabilities to changes in interest rate expectations.

Other Price Risk

Market Risk arising from changes in market prices (other than those arising from Currency Risk or Interest Rate Risk), whether those changes are caused by factors specific to the financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Other Price Risk arises from the sensitivity of the insurance policy to the market's expectation for future levels of inflation.

The insurance policy is expected to match 100% of the sensitivity of the Scheme's liabilities to changes in inflation expectations.

Credit Risk

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

Direct Credit Risk

The insurance policy is subject to Direct Credit Risk. However, in our view, the risk that an insurer fails to meet its obligations (i.e. fails to pay pensions for the Scheme's members that have been insured) is very low as insurers are very highly regulated.

Direct Credit Risk associated with the Scheme's cash balance is mitigated through the use of a bank which is investment grade rated.

THE LEPROSY MISSION CENTRAL PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

Note 15: Investment Risks (continued)

Indirect Credit Risk

Indirect Credit Risk arises from the financial instruments held within pooled investment vehicles. The Scheme holds no pooled investment vehicles and so is not exposed to Indirect Credit Risk.

Solvency and Employer Covenant Risk

The risk that the insurance policy falls short of the amount required to pay all benefits as they fall due. The risk also encompasses the risk that there is insufficient money held in the Trustee Bank Account to cover expenses as they fall due and that insufficient assets are recoverable from the Employer to meet these shortfalls.

Upon the Scheme acquiring an insurance policy, the insurer will have assessed the overall strength of the Employer's covenant.

Longevity Risk

The risk that unexpected improvements in longevity increase the value of the liabilities.

As the Scheme has acquired an insurance policy that includes provisions to predominantly cover this risk, the overall risk for the Scheme is relatively low.

Legal & General Insurance Policy	
Insurer	Legal and General Assurance (Pensions Management) Limited (Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority)

Note 16: Conclusions relating to going concern

On 30 April 2024, the Trustees purchased an annuity insurance policy from an insurer to cover the Scheme's liabilities. This policy is with Legal and General and is currently in the name of the Trustees. The Trustees and its advisers are now in the process of carrying out the necessary work to enable the policy to be finalised and converted into the names of the individual members and to allow the full wind up of the Scheme. The buy-out process is expected to be completed in late 2025 and wind-up of the Scheme will be triggered soon thereafter. Subsequently these accounts have been prepared on a cessation basis.