



THE INSTITUTE OF CHARTERED ACCOUNTANTS
STAFF PENSIONS FUND
Pension Scheme Registration 10119867

**TRUSTEE'S ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

THE INSTITUTE OF CHARTERED ACCOUNTANTS STAFF PENSIONS FUND

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The Trustee, Advisers and Principal Employer for the year ended 31 March 2023

Trustee F.C.A. Limited
Chartered Accountants' Hall
Moorgate Place
London EC2R 6EA

F.C.A. Limited was appointed Trustee of The Institute of Chartered Accountants Staff Pensions Fund (the Fund) on 1 November 1976 under the power of appointment vested in the Institute of Chartered Accountants in England and Wales (ICAEW).

Trustee directors

Employer nominated The Law Debenture Pension Trust Corporation plc (LawDeb),
represented by Edward Levy, Chair
Ian Bell
Taylor Dewar
Andrew Penketh

Member nominated Veronica Fulton
Phil O'Halloran
Peter Burton

Fund advisers

Secretary Linda Watkins, Pensions Department, ICAEW, Metropolitan House,
321 Avebury Boulevard, Milton Keynes, MK9 2FZ
email: ICAEWpensions@icaew.com

Investment Managers Insight Investment Management (Global) Limited, 160 Queen Victoria
Street, London, EC4V 4LA

Investment Custodian Northern Trust, 50 Bank Street, Canary Wharf, London, E14 5NT
(Insight)

**Pensioner Buy-In
Policies** Just Retirement Limited, Vale House, Roebuck Close, Bancroft Road,
Reigate, Surrey RH2 7RU

Partnership Life Assurance Company Limited, Enterprise House,
Bancroft Road, Reigate, RH2 7RP

Canada Life, Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA

**Pension and Investment
Adviser** Hymans Robertson LLP, One London Wall, London EC2Y 5EA

Scheme Actuary Rachel Myatt, Hymans Robertson LLP, address as above

Independent Auditor CLA Evelyn Partners Limited, Portwall Place, Portwall Lane, Bristol,
BS1 6NA

Solicitors Eversheds Sutherland Limited, 115 Colmore Row, Birmingham, B3
3AL

Bankers National Westminster Bank Plc, 501 Silbury Boulevard, Saxon Gate
East, Milton Keynes MK9 3ER

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for the year ended 31 March 2023**

Benefits Administrator ICAEW, Pensions Department, Metropolitan House, 321 Avebury
Boulevard, Milton Keynes, MK9 2FZ
email: ICAEWpensions@icaew.com

If you have enquiries about the Fund generally, or about an individual's entitlement to benefit, or if you want a copy of the Trust Deed and Rules, contact Daria Croker, Pensions Manager at the above address.

Fund advisers

There are written agreements in place between the Trustee and each of the Fund advisers listed above and also with the principal employer in respect of the administration of the Fund.

Principal employer

The principal employer for the Fund is ICAEW. There are no other participating employers.

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Trustee's Report

for the year ended 31 March 2022

The Trustee presents its annual report and the audited financial statements of the Fund for the year ended 31 March 2023.

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

Constitution of the Fund

The Fund is a defined benefit scheme which was open to all permanent members of staff of ICAEW. The Fund closed to new members from 1 July 2000 and future accrual ceased from 1 July 2010.

Until 6 April 2006, the Fund was approved as an exempt approved scheme by HM Revenue & Customs under Chapter 1 of Part XIV of the Income and Corporation Taxes Act 1988. On 6 April 2006, the Fund became a registered scheme under s153 of the Finance Act 2004. To the Trustee's knowledge there is no reason why the Fund's status as a registered scheme should be prejudiced or withdrawn.

The Fund was contracted out of the State Earnings Related Pension Scheme and the State Second Pension during the period 6 April 1978 until its closure to future accrual in 2010. Members who paid the contracted out rate of National Insurance in the period until 5 April 1997 are entitled to a Guaranteed Minimum Pension (GMP) which is broadly equivalent to the State benefits they would have received had the Fund not been contracted out. From 6 April 1997 the Fund was contracted out on the Reference Scheme Test basis which required the benefits provided to be at least equivalent to those provided by the reference scheme.

Rule changes

The Fund is administered under the terms of the Definitive Trust Deed and Rules dated 8 March 2013, amended on 14 July 2014, 20 October 2015 and 24 July 2019.

The Trustee

The Trustee's responsibility is to administer the Fund in accordance with the Trust Deed and Rules and legislation. The Trustee meets quarterly to discuss the business of the Fund with additional meetings as necessary to consider specific topics. Under the terms of the Articles of Association of F.C.A. Limited, a resolution in writing signed by all the directors is as effective as a resolution passed at a meeting of the directors.

The Articles of Association of F.C.A. Limited provide for a minimum of three and a maximum of fifteen Trustee Directors to be appointed by the shareholder (ICAEW). The names of the current Trustee Directors are given on page 2 of this report. Trustee Directors may be removed from office under the terms of clause 24 of the Articles.

F.C.A. Limited ("the Trustee") is comprised of four Employer Nominated Directors ("ENDs") nominated by ICAEW and three Member Nominated Directors ("MNDs"). The three MNDs is comprised of one Employed 2010 MND, one pensioner MND and the third MND can be from either category.

Currently there are four ENDs, two pensioner MNDs and one Employed 2010 MND. An Employed 2010 Member is a member who has remained in continuous service as an employee since 30 June 2010 and has not elected to crystallise their benefits.

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ICAEW has appointed a professional trustee, The Law Debenture Pension Trust Corporation plc (LawDeb), to fill the role of Chair. The lead director is Edward Levy, who normally attends meetings on behalf of LawDeb.

The full Trustee Board met five times during the year. The purpose of one of these meetings was to discuss the future strategy for the Fund, including its long term objective. Whenever necessary, the Trustee appoints committees of Trustee Directors or sets up working groups to research and advise on specific topics and make recommendations to the Trustee Board.

The Funding and Investment Committee (FIC) met seven times during the year. The FIC considered the investment strategy and long term objectives of the Fund. The objectives of the investment consultant and actuary were also reviewed.

During the year the Governance Committee met once. It reviewed the scheme governance documents, the appointment process for Trustee Directors and the Articles of Association to bring them in line with the Trust Deed and Rules. The review of these matters continues.

The Audit Committee met twice during the year and considered the audit plan, reports from the auditor and the annual report and financial statements. The committee also reviewed the risk register and internal controls. The Fund's cyber resilience continues to be monitored with the assistance of ICAEW's IT Department as necessary.

The Guaranteed Minimum Pension (GMP) Working Group met four times to continue its work with the GMP equalisation project. Members will be advised if there is any change to their benefits. Further information can be found on page 8.

Post year end change

The Articles of Association of F.C.A. Limited were amended with effect from 18 July 2023 to align them with the rules of the Fund but do not change the role or balance of powers of F.C.A. Limited as Trustee of the Institute of Chartered Accountants Staff Pensions Fund.

Trustee training

Trustee Directors are given comprehensive training at Board meetings supplemented by opportunities through external courses. They also keep up to date through briefings and circulars from their professional bodies and the Fund's professional advisors. Each Trustee meeting has detailed papers and includes an update on topical issues. All Trustee Directors are expected to maintain a level of knowledge and understanding appropriate to the work they are carrying out. All Trustee Directors confirm the training they have undertaken by completing an annual return.

Risk Management

The Trustee has overall responsibility for internal controls and risk management. It is committed to identifying, evaluating and managing risk and to identifying key controls that help mitigate those risks and reviewing sources of assurance that confirm that those controls are appropriately designed and carried out.

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In order to meet this responsibility, the Trustee has created a risk register which:

- highlights the core risks and causes for those risks from the Trustee's perspective;
- scores risks in terms of probability and impact from 1-5 (very low to very high);
- assesses the gross risk, based on inherent risk if all the measures, controls and assurances were absent;
- identifies controls and mitigating actions which reduce the likelihood and impact of a risk occurring, and levels of assurance taken that the controls and mitigations are being implemented as designed and delivering the desired effect;
- identifies an acceptable level of risk and any further actions needed to reach this level;
- evaluates the net risk exposure after all mitigating actions have been taken into account and the Trustee then assesses if this net risk is acceptable.

The financial risks are included within the notes to the financial statements. The risk register is monitored continually throughout the year and the full risk register, including the financial risks, is reviewed annually by the Audit Committee. Changes to the risk register are reported at each Trustee meeting.

Actuarial valuation

The Statement of Funding Principles and Schedule of Contributions for the 31 March 2022 triennial valuation were signed on 21 December 2022.

At 31 March 2022, the market value of the investments in the Fund was £213.9m, including an assessment of the value of the buy-in policies on a technical provisions basis, and the liability in respect of members' benefits was estimated to be £201.5m on the technical provisions (on-going) basis. The surplus of assets to the assessed costs of members' benefits was £12.4m.

The key financial assumptions (as at 31 March 2022) included in this valuation are summarised below:

	2022 triennial valuation	Comment
Future price inflation	Bank of England gilt inflation curve.	The Trustee continues to use the full Bank of England gilt inflation curve as their measure of future retail price index (RPI) inflation which enables a projection of the Fund's cash flows.
Pension Increases	Measured by reference to the inflation curve measured by the RPI described above subject to a cap of 5% each year.	A market consistent adjustment is made to the gilt inflation curve to reflect the cap of 5% each year.
Salary inflation	Measured by reference to the future inflation curve measured by the RPI described above subject to a cap of 5% each year.	The Fund closed to future accrual with effect from 1 July 2010. From this date accrued benefits for members still employed by ICAEW are assumed to increase in line with the inflation curve measured by the RPI up to a maximum of 5% per annum for each complete year of service with ICAEW from 1 July 2010.
Discount rate: Pre-retirement:	Bank of England gilt yield curve + 1.25% p.a.	The Trustee continues to use the full Bank of England gilt yield curve, which reflects the market expectation of changes in the discount rate over time.
Discount rate:	Bank of England gilt yield curve + 0.5% p.a.	See comment above for the pre-retirement discount rate.

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Post retirement:		
Mortality:	<p><i>Before and after retirement (current mortality rates):</i></p> <p>Bespoke mortality base table, which reflects the characteristics of the Fund's membership.</p> <p><i>Future improvements:</i></p> <p>CMI 2020 longevity improvement model with no weighting to 2020 data. "A" parameter of 0.3% p.a. for males and 0.5% p.a. for females, with a long term rate of improvement of 1.5% p.a. and all other parameters in line with the core parameterisation of the model.</p>	<p>The current rates of mortality ('the base tables') were estimated using up-to-date pooled experience from occupational pension schemes and take into account some characteristics of each individual member that affect life expectancy.</p> <p>The future improvement assumption reflects the recent and continued trends of improving longevity.</p>
GMP Equalisation	<p>A reserve of 0.3% has been added to the liabilities.</p>	<p>This approach has been adopted in line with the Trustee's past funding principles. An additional premium is expected to become payable when the buy-in policies are updated to reflect GMP Equalisation.</p>

As part of the valuation, an estimate is made as to the cost of securing members' benefits assuming the Fund is wound up on the valuation date. This assumes that the Fund's assets would be realised and used to secure (or 'buy out') benefits for members by the purchase of immediate and deferred annuities. On this basis, as at 31 March 2022 the Actuary estimated that the solvency level was 95%. This is equivalent to a deficit of £10.9m.

The results of the valuation are very sensitive to the actuarial assumptions made. If actual future demographic and economic experience does not match these assumptions the financial position of the Fund will be different from that expected.

Contributions

The Fund closed to future accrual from 1 July 2010 and since that date the Trustee's strategy has been based on agreeing the contributions ICAEW will pay to eliminate any shortfall.

There was no deficit on the Technical Provisions basis as at the 31 March 2022 actuarial valuation, and therefore no contributions were required from ICAEW.

As at 31 March 2022, the funding level on both the Technical Provisions and Self-Sufficiency basis were over 100%. Therefore both targets have been met in advance of the target dates set at the 2019 valuation (2024 and 2026 respectively).

Additional voluntary contributions (AVCs)

Until 1 July 2010, some members paid AVCs to increase their pension entitlement at retirement. The contributions are invested as part of the Fund and purchase defined benefits or money purchase benefits.

Cash Equivalent Transfer Values

Cash Equivalent Transfer Values are calculated and verified in the manner prescribed by the Pension Schemes Act 1993. The actuary has confirmed that the methods adopted and

Trustee's Report

for the year ended 31 March 2022

assumptions made in calculating cash equivalent transfer values are in accordance with current pension legislation. No discretionary benefits have been awarded.

At the June 2023 Trustee meeting the Trustee agreed to update the basis used to calculate cash equivalent transfer values (and any trivial commutation lump sums) in line with advice received from the Scheme Actuary.

Review of actuarial factors

The Trustee reviews the actuarial factors used for the calculation of member benefits regularly. In conjunction with the Scheme Actuary, the Trustee carried out this review in June 2023, following completion of the 31 March 2022 valuation.

The Trustee considers a range of principles when setting factors to be applied to benefits including:

- Legislation and requirements under the rules of the Fund;
- Funding neutrality - the factors should not cause a weakening of the funding position;
- The factors should be fair to different classes of members and represent reasonable value for benefits given up;
- The factors should be understandable by members and easy to apply; and
- Past experience and member expectations.

In June 2023 the Trustee updated the fixed factors (including early retirement, late retirement, cash commutation) to reflect market conditions as at 31 March 2023. It also considered the demographic assumptions used in the 31 March 2022 valuation and the best estimate basis for developments in investment strategy. It was agreed that commutation factors will continue to be reviewed on an annual basis and a full factor review will take place after the next valuation.

Increases in benefits

The Rules adopted on 8 January 1992 increase pensions in payment on 1 January in each subsequent year by 5% compound or the increase in the Retail Price Index (RPI), if less. Pensions may be increased beyond the level laid down in the Rules at the discretion of ICAEW. Pensions were increased by 5.0% on 1 January 2023 (4.9% increase on 1 January 2022). The corresponding increase in the RPI was 12.6%.

The Fund was contracted out of the earnings-related part of the State Pension Scheme until 1 July 2010 when it elected to cease contracting-out because it was closed to future accrual.

The proportion of deferred benefits attributable to the Guaranteed Minimum Pension (GMP) is increased annually at a compound rate fixed by the Government. The balance of deferred benefits due to members leaving employment on or after 1 November 1987 is increased by a maximum of 5% per annum compound, or the increase in the RPI if lower.

Guaranteed Minimum Pension (GMP) equalisation

In late 2018 the High Court ruled in the case of Lloyds Banking Group Pension Trustees Limited vs Lloyds Bank plc (and others) that the inequalities between men and women that arose in Guaranteed Minimum Pensions (GMPs) in the period between 17 May 1990 and 5 April 1997 must be equalised. Pension schemes are required to adjust the benefits known as GMPs and the ruling determined that there are a range of methods that could be used.

In November 2020, the High Court decided that GMP shortfalls between men and women apply to transfers as well. More specifically, the 2020 ruling applied to members who took a transfer

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value from a pension which included GMP benefits built up between 17 May 1990 and 5 April 1997.

ICAEW has appointed Pegasus, a LawDeb company, to assist the Trustee and manage the GMP equalisation project. The Trustee, with ICAEW's agreement, agreed the methodology for equalising GMP. The actuarial advisor is currently calculating any changes to members' benefits. Communications to members affected by this will be issued once this process is complete.

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Long-term investment strategy for the Fund

Legislation requires the Fund to aim to have sufficient and appropriate assets to cover its 'technical provisions'. The technical provisions are the Trustee's prudent estimate of the funds required to pay members' benefits taking into account the Fund's investment strategy. The Trustee, acting on actuarial advice and with the employer's agreement, decides how to calculate the Fund's technical provisions and its Statement of Funding Principles sets out its policy for meeting this target.

However, the Trustee recognises that achieving a level of funding consistent with the technical provisions is not the final aim. Beyond that, it is aiming for self-sufficiency, which is having the level of assets required to be able to deliver members' benefits with very little reliance on ICAEW for support. Funding targets, and how to achieve them, are also of interest to ICAEW as sponsoring employer for the Fund. As at 31 March 2022, the funding level on both the Technical Provisions and Self-Sufficiency basis were over 100%. Therefore both targets have been met in advance of the target dates set at the 2019 valuation (2024 and 2026 respectively).

The Trustee's long term strategic objective is to deliver the pensions promised to its members on time and in full and without causing a disproportionate financial strain on ICAEW. To achieve this strategy the Trustee considers the maturity profile of the Fund (in terms of the relative proportions of liabilities in respect of pensioners and non-pensioners), together with the level of surplus or deficit (relative to the funding bases used). In practice, the Trustee monitors strategy on an on-going basis and normally at least annually, but it is intended that it is reviewed formally at least every three years following actuarial valuations of the Fund.

The Trustee monitors fund performance against an agreed asset allocation benchmark. The self-sufficiency target is used as a basis to inform the Trustee's strategic decisions such as the investment strategy and non-cash funding requirements. A self-sufficiency funding target of gilts + 0.25% pa to be achieved by 2026, supported by an investment strategy expected to generate returns of broadly gilts + 0.6% pa was agreed during the 31 March 2019 valuation negotiations. The Trustee allocated some funds to a Liability Driven Investment (LDI) hedging strategy to reduce the effects of inflation and interest rate volatility by investing in long dated bonds and other matching assets which match the Fund's liability profile. Buy-ins with Just Retirement and Partnership were completed in 2014 and 2015 respectively to hedge against the inflation, interest rate and longevity volatility of two subsets of pensioner members with the largest liabilities. The Trustee purchased a further buy-in annuity policy in respect of pensioner members with Canada Life in 2022.

The Trustee restructured the Insight LDI portfolio which broadly targets a 95% hedge level (including buy-ins) on the self-sufficiency basis with Insight targeting 90% on a gilts flat basis.

Gilt market crisis

On 23 September 2022 the UK Government announced a 'mini-budget' which was expected to reduce income tax and increase borrowing. Inflation pressures were increasing, and sterling was weak at the time of the announcement. In response real and nominal yields rose sharply across the curve with 10-year nominal yields rising 0.6% pa in two days, to 4.5% pa, and real yields rising from 0% pa to 1.1% pa by the close of business on 27 September. Some participants in the market viewed the 'mini-budget' as unfunded and anticipated that large additional gilt issuance would be required to fund the proposals.

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This led to a significant increase in gilt yields and triggered a self-feeding cycle as leverage levels in LDI portfolios increased, causing immediate cash calls (deleveraging events) to bring leverage levels down, with some pension funds being forced into selling into the market.

On 28 September the Bank of England announced a temporary plan to purchase £5 billion of long-dated UK government bonds per day for 13 days, ending 14 October 2022, in an effort to help stabilise the gilt markets.

During this period of market volatility, Insight issued c£24.7m of collateral calls between 8 September 2022 and 12 October 2022.

The Fund had sufficient liquidity to meet all the required cash calls issued by Insight. These were funded first by Insight selling £6m from the liquidity funds held with Insight for LDI collateral purposes and the difference being made up by Insight selling some of the Fund's holding in the Insight Bonds Plus Fund. This is an automatic backstop to maintain hedging in extreme circumstances. Whilst holdings in the Insight Bonds Plus Fund were sold during a period of severe market stress, its value held up well relative to the wider credit market at the time.

Due to the significant cash calls, the Fund fell out of line with its strategic target resulting in an overweight position to Insight's Secured Finance II Fund and a correspondingly underweight position to the Insight Bonds Plus Fund.

To help meet the Fund's future liquidity requirements in the event of further increases in gilt yields, it was agreed to rebalance the asset allocation to help better align it with the strategic targets, as the Bonds Plus was significantly underweight and the Secured Fund II Fund was overweight. This involved carrying out a partial disinvestment (£20.4m) from the semi-liquid Secured Finance II Fund which has a 90-day redemption period which settled in the Insight cash account in late April 2023.

While both the assets and liabilities of the Fund decreased as a result of the increased gilt yields, the funding level remained stable throughout the period due to the LDI hedging that remained in place. As at 31 March 2023, the liabilities of the Fund on a technical provisions basis were £150.4m and the assets of the Fund were £159.4m, resulting in a funding level of 106%.

Over this period, the Trustee has been carefully monitoring the liquidity of the Fund which complies comfortably with the new guidelines for LDI introduced by the Pensions Regulator in 2023. To help rebalance to the strategic target, the Trustee provided notice to Insight in June 2023 to transfer £17m from the Insight Cash Fund to the Insight Bonds Plus Fund. Until the final investment strategy is decided, Insight Bonds Plus provides liquidity and higher returns than cash.

Strength of ICAEW's covenant

Actuarial valuations must comply with a set of statutory requirements in terms of:

- meeting a statutory funding objective; and
- preparing a Recovery Plan to meet this objective should the Fund be in deficit.

In line with the Pensions Regulator's Funding Code of Practice, the Trustee uses an Integrated Risk Management approach to help identify and manage the risks that affect the prospects of meeting the Fund's objectives. This approach primarily focuses on the funding, investment and covenant risks.

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ICAEW is responsible for paying contributions to the Fund as required after each actuarial valuation of the Fund to ensure that there is enough money to pay members' benefits. Although the Fund is now far less reliant on ICAEW the Trustee continues to assess ICAEW's financial position and prospects.

ICAEW continues to be willing to support the Fund and pays for various administrative costs. However, should ICAEW suffer an insolvency event and be unable to continue supporting the Fund the Trustee may enforce a charge on Chartered Accountants' Hall.

Review of effectiveness of Trustee and third party advisers

As part of its regular formal review of the Board's governance and best practice, the Trustee carries out a regular review of the effectiveness of the Trustee Board and Fund advisers. This provides useful feedback on the Trustee's views and can result in adjustments to current practice. Advisers are also given feedback on the results of the review.

Conflicts of interest

In line with the Pensions Regulator's guidelines, the Trustee has adopted a policy on handling conflicts of interest and maintains a conflicts register which is reviewed at every Trustee meeting. The conflicts policy (included in the Code of Conduct) is reviewed regularly by the Governance Committee.

In compliance with the Companies Act 2006, the Trustee has obtained ICAEW's authority, as the main shareholder of the Trustee company, F.C.A. Limited, to authorise matters in which they have a direct or indirect interest.

Bribery Act 2010

The Trustee has developed a policy which addresses the issues raised by the Bribery Act 2010 and has introduced a register to record gifts and hospitality received.

Pension Protection Fund (PPF)

In 2005, the PPF, a statutory fund, was established to pay compensation to members of eligible defined benefit pension schemes when there is a qualifying insolvency event in relation to the employer and where there are insufficient assets in the pension scheme to cover PPF levels of compensation. ICAEW meets the cost of the levy for the Fund.

Benefit enquiries and members' dispute procedure

The Trustee has a written procedure for dispute management. This can be used by:

- an Employed 2010 Member, deferred or pensioner member of the Fund;
- a spouse, civil partner or dependant of a deceased member;
- a non-dependant beneficiary of the member who is entitled to benefit payments from the Fund;
- any person who was in one of the above categories within the last six months (or any longer period allowed by the Trustee);
- any person who believes they should be in one of the above categories.

If you have any questions about benefits, or if you would like a copy of the procedure, please contact the Benefits Administrator at the address on page 3.

Investment management

The Trustee has adopted a Statement of Investment Principles (SIP) in accordance with section 35 of the Pensions Act 1995. The Fund's assets are managed on a discretionary basis within the

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investment policy guidelines stated in the SIP. During the year the Trustee partially disinvested from the Insight Secured Finance II Fund for cashflow purposes, the proceeds being reinvested into the Insight Bonds Plus Fund and Insight Cash Fund.

A revised SIP was signed on 26 January 2023 and is published on the Trustee's public facing website. Further updates to the SIP will take place from time to time to reflect the evolving investment strategy and new regulations. A copy of the SIP can be found on the Trustee website <https://www.icaew.com/icaew-staff-pensions-fund> or requested by contacting the Secretary at the address given on page 2.

The Trustee is required to prepare an Implementation Statement in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This statement sets out how the Trustee has complied with the Fund's Stewardship Policy during the period from 1 April 2022 to 31 March 2023.

In summary these regulations require trustees to set out how they engage with appointed investment managers, and the companies they invest in, to create long term value for investments through:

- The consideration of stock specific issues;
- Meeting and monitoring managers on both investment and Environmental, Social and Governance (ESG) issues;
- Adopting a policy on voting decisions;
- The Trustee reviewing the voting policy of their investment managers and determining if the policy is satisfactory; and
- Management of potential conflicts of interest arising in the management of the Fund assets.

A copy of the Implementation Statement can be found in appendix 2 and is published on the Trustee website.

The investment strategy takes account of the maturity profile of the Fund, together with the disclosed surplus or deficit relative to the funding basis used. The Trustee monitors fund performance relative to its agreed asset allocation benchmark.

The investment of the Fund portfolio takes into account long-term trends both in the Fund's liabilities and in financial market returns. The Trustee, in consultation with its advisers and investment managers, continues to adopt an investment strategy that balances long-term returns against long-term risks. All managers appointed by the Trustee to manage the Fund's assets are properly authorised and appropriately qualified as each has the knowledge and experience to manage the assets delegated to it. Subject to their benchmarks and guidelines, the managers are given full discretion over the choice of stocks underlying their mandates and are expected to maintain a diversified portfolio.

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The Trustee usually holds four meetings a year. The investment managers regularly attend these meetings, where the Trustee receives their reports and considers investment performance, future investment and management strategy. During the year Insight, Just and Canada Life each attended a meeting which provided an opportunity for Trustee Directors to raise any issues. The Trustee also regularly receives information and ad-hoc reports throughout the year and uses on-line portals to access reports and information.

All Fund investments, except for the annuity and AVC policies, are held in safe custody by custodians who are independent of ICAEW. The Fund has no investment in the assets of ICAEW.

The Statement of Investment Principles (SIP) dated 26 January 2023 shows the Fund's asset allocation as follows (excluding the buy-ins).

	Target %	Manager/Insurer %
Liability Driven Investments	27.0	Insight
Secured Finance II Fund	33.0	Insight
Bonds Plus Fund	33.0	Insight
Cash Fund	7.0	Insight
	<u>100.0</u>	

Insight Investment

The Trustee appointed Insight Investment Management (Global) Limited (Insight) for a specialist Liability Driven Investment (LDI) mandate to better manage interest rate and inflation risk within the Fund in November 2012.

The investment objective from 20 July 2022 was to seek to provide a Hedge Sub-Portfolio Return that matches the Benchmark Return.

Insight's objective is to hedge a proportion of the Fund's liability cash flows against changes in interest rate and inflation expectations. The Hedge Sub-Portfolio is actively managed and the allowable investments and restrictions have been reviewed and agreed by the Trustee.

In February 2022 the Trustee invested in the Insight Secured Finance II Fund.

As a result of the significant cash calls within the LDI portfolio experienced in Q3 2022, immediate liquidity within the Fund had been reduced to a low level. As a result, the Trustee agreed to disinvest £20.4m from the Secured Finance II Fund. The Secured Finance II Fund has a 90-day settlement and the proceeds settled in the Insight Cash Fund in April 2023. As part of the investment strategy discussion, the Trustee agreed to invest £17m into the Insight Bonds Plus Fund in June 2023, increasing the growth bond allocation to 45%. As a result, 55% of the target allocation would be allocated to LDI and cash.

Market Value

As at 31 March 2023 the total market value of the assets held by Insight was £81,705,770 (£17,338,757 Secured Finance II Fund and £64,367,013 LDI, Bonds Plus and Cash Fund).

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Performance of Hedge Sub-Portfolio (LDI, Bonds Plus Fund and cash) managed by Insight to 31 March 2023

Since inception on 17 December 2012 the Fund achieved an overall return on assets of 2.60% (gross of fees) vs the benchmark return of 2.20% (annualised).

Description	1 year %	3 Years % pa	5 Years % pa	Since Inception % pa
Portfolio	(27.24)	(9.48)	(4.17)	2.56
Benchmark	(27.14)	(10.23)	(4.03)	2.23
Outperformance	(0.10)	0.75	(0.14)	0.33

The Hedge Sub-Portfolio managed by Insight underperformed its benchmark with a portfolio return of (27.20)% relative to a benchmark return of (27.10)% over the 12 months to March 2023, delivering an underperformance of (0.10)%.

The portfolio has outperformed the benchmark by 0.33% per annum since inception. In monetary terms, this constitutes an added value of in excess of £3.2m since inception. The long-term outperformance is mainly driven by the performance of Bonds Plus, as the investments in the LDI funds seek to match the liabilities closely.

Performance of Secured Finance II Fund managed by Insight to 31 March 2023

Since inception on 28 February 2022 the Fund achieved an overall return on assets of 2.93% (gross of fees) vs the benchmark return of 0.83% (annualised). The Fund aims to generate an annual interest based return by investing principally in a portfolio of debt and debt-related securities, loan investments and structured financial instruments, such as asset backed securities, mortgage backed securities, collateralised debt obligations and collateralised loan obligations. The strategy focuses on both liquid and illiquid strategies leading to seeking to exploit a higher illiquidity and complexity premium.

Additional information on investment holdings is given in the notes to the financial statements in note 8.

Annuity Policies

For accounts purposes the annuity policies are valued on the Fund's technical provisions basis, updated for market conditions at the date of the accounts. A liability based approach is used whereby the value of the annuity is assessed by reference to the value placed on the underlying liabilities, since the annuity provides an effective hedge of the movements in the value of the relevant liabilities.

All the annuities are in the name of the Trustee and are assets of the Fund and the corresponding pension obligations remain as liabilities of the Fund.

THE INSTITUTE OF CHARTERED ACCOUNTANTS STAFF PENSIONS FUND

Trustee's Report

for the year ended 31 March 2022

Just Retirement and Partnership

With a view to reducing risk within the Fund, the Trustee purchased a buy-in annuity from Just Retirement to match a subset of pensioner liabilities in 2014. After careful consideration and discussions with its advisers, the Trustee decided to purchase a second buy-in annuity during 2015 with Partnership for a subset of pensioner members who, when the members who are insured with Just Retirement are ignored, represented the Fund's highest liabilities.

Just Retirement Limited, Just Retirement Money Limited, Partnership Life Assurance Company Limited and Partnership Home Loans Limited merged on 4 April 2016 to form JRP Group plc. Just is the trading name of the merged organisation and contains the two life companies, Just Retirement and Partnership. The Just Retirement and Partnership policies continue to be held and maintained separately.

Canada Life

In November 2021 the Trustee implemented a further buy-in with Canada Life covering £53m of the Fund's uninsured pensioner population.

THE INSTITUTE OF CHARTERED ACCOUNTANTS STAFF PENSIONS FUND

Trustee's Report

for the year ended 31 March 2022

Membership

The membership movements are summarised in the table below.

	Employed 2010 Members	Deferred Pensioners	Pensioners and Dependants	Total
At 1 April 2022	47	193	426	666
Adjustment	-	-	3	3
Retirements	(2)	(11)	13	-
Deferred	(1)	1	-	-
New dependants	-	-	4	4
Transfers out	-	(2)	-	(2)
Cessation	-	-	(2)	(2)
Deaths	-	-	(13)	(13)
At 31 March 2023	44	181	431	656

Some of the pensioners in the table above are secured by an annuity policy. The number of annuitants is as follows:

	Just Retirement	Partnership	Canada Life	Total
At 1 April 2022	18	36	217	271
Restated *	-	-	(2)	(2)
New annuitants	-	-	-	-
New dependants	-	1	2	3
Cessation	-	-	(1)	(1)
Deaths	-	(1)	(7)	(8)
At 31 March 2023	18	36	209	263

*Two dependants were incorrectly flagged as Canada Life annuitants in 2022, which has now been rectified.

THE INSTITUTE OF CHARTERED ACCOUNTANTS STAFF PENSIONS FUND

Trustee's Report

for the year ended 31 March 2022

Financial Statements

The Trustee is responsible for ensuring that suitable accounting records are maintained throughout the year and that the financial statements are prepared using an appropriate basis. These responsibilities are described more fully on page 18.

The Fund's accounting year end is 31 March. The Trustee agrees the audit plan with the Auditor and reviews the draft annual report and financial statements, letter of representation and audit findings, in detail. The financial statements are prepared and audited in accordance with regulations made under s41 (1) and (6) of the Pensions Act 1995. The Independent Auditor's Report is given on pages 19 to 21. The financial statements show the Fund's assets valued at the year-end date and the Fund's income and expenditure during the year. The Fund Account and Statement of Net Assets are shown on pages 22 and 23; they should be read in conjunction with the Report on Actuarial Liabilities on pages 37 to 38 and the Actuarial Certificates included on pages 39 to 42.

A short version of the report and financial statements is issued to members each year. Members are made aware that the full version is available on request.

The Trustee's Report, including investment information is detailed on pages 4 to 17 and the Statement of Trustee Responsibilities on page 18, were approved by the Board of Directors of F.C.A. Limited as Trustee on 4 September 2023 and signed on its behalf.

Approved by the Board of Directors of F.C.A. Limited as Trustee of the Institute of Chartered Accountants Staff Pensions Fund and signed on their behalf on 4 September 2023

THE INSTITUTE OF CHARTERED ACCOUNTANTS STAFF PENSIONS FUND

Statement of Trustee's Responsibilities for the year ended 31 March 2023

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 Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Fund during the Fund year and of the amount and disposition at the end of the Fund year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund 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 Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Fund will not be wound up.

The Trustee is also responsible for making available certain other information about the Fund in the form of an annual report.

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

The trustee is also responsible for the maintenance and integrity of the Fund's website www.icaew.com/icaew-staff-pensions-fund. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustee is responsible under pension 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 Fund by or on behalf of the employer and the members of the Fund and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any member of the Fund and for adopting risk-based processes to monitor whether contributions are made to the Fund by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

**Independent Auditor's Report to the Trustee
For the year ended 31 March 2023**

Opinion

We have audited the financial statements of The Institute of Chartered Accountants Staff Pensions Fund (the 'Fund') for the year ended 31 March 2023 which comprise the Fund Account, the Statement of Net Assets and the 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 FRS 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 Fund during the year ended 31 March 2023, and of the amount and disposition at that date of its assets and liabilities, other than the 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 Fund 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 use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustee is responsible for the other information contained within the annual report. 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

**Independent Auditor's Report to the Trustee
For the year ended 31 March 2023**

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 the trustee

As explained more fully in the Statement of Trustee's Responsibilities set out on page 18, the trustee is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determines 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 trustee is responsible for assessing the Fund'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 trustee either intends to wind up the Fund or has 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:

Based on our understanding of the Fund and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK pensions legislation such as the Pensions Acts 1995, 2004, 2008, 2014 and 2021 and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. We evaluated trustee's opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to misappropriation of assets, particularly cash and investments and posting inappropriate journal entries. Audit procedures performed included:

- enquiry of the trustee to identify the existence of any correspondence with the Pensions Regulator or any instances of non-compliance with applicable laws and regulations
- review of minutes of trustee meetings
- obtaining independent confirmation of, and testing of a risk-based sample of investment balances at the year/period end
- testing of a risk-based sample of journal entries to supporting documentation

**Independent Auditor's Report to the Trustee
For the year ended 31 March 2023**

- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing
- challenging assumptions and judgements made by trustee in their significant accounting estimates, in particular in relation to the valuation of the annuity policies.

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

Use of our report

This report is made solely to the Fund's trustee, 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 Fund's trustee 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 Fund's trustee as a body, for our audit work, for this report, or for the opinions we have formed.

CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants
Bristol

Date: 4 September 2023

THE INSTITUTE OF CHARTERED ACCOUNTANTS STAFF PENSIONS FUND

Fund Account

for the year ended 31 March 2023

	Note	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Contributions and other income			
Employer contributions	4	-	-
		-	-
Benefits and other outgoings			
Benefits payable	5	(7,057)	(6,943)
Payments to and on account of leavers	6	(339)	-
		(7,396)	(6,943)
Net withdrawals from dealings with members		(7,396)	(6,943)
Returns on investments			
Investment income	7	5,435	3,790
Change in market value of investments	8	(50,372)	(3,226)
Investment management expenses	9	(138)	(297)
Net returns on investments		(45,075)	267
Net (decrease)/increase in the Fund during the year		(52,471)	(6,676)
Net assets of the Fund as at 1 April		211,626	218,302
Net assets of the Fund as at 31 March		159,155	211,626

The accompanying accounting policies and notes form an integral part of these financial statements.
Notes on pages 26 to 34.

THE INSTITUTE OF CHARTERED ACCOUNTANTS STAFF PENSIONS FUND

Statement of Net Assets (available for benefits) as at 31 March 2023

	Note	31 March 2023 £'000	31 March 2022 £'000
Investment assets			
Pooled investment vehicles	8	61,232	115,478
Annuity Policies	8	76,309	95,674
Cash	8	20,474	33
AVC funds held with Utmost	8	3	4
Investments		158,018	211,189
Current assets	10	1,269	605
Current liabilities	11	(132)	(168)
Net assets of the Fund as at 31 March		159,155	211,626

The accompanying accounting policies and notes on pages 24 to 34 form an integral part of these financial statements.

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position of the Fund, which does take account of such obligations, is discussed in the Trustee's Report on pages 6 and 7, the Report on Actuarial Liabilities on pages 37 to 38 and the Actuarial Certificates in Appendix 1, and these financial statements should be read in conjunction with this information.

Approved by the Board of Directors of F.C.A. Limited as Trustee of the Institute of Chartered Accountants Staff Pensions Fund and signed on their behalf on 4 September 2023

Notes to the Financial Statements
as at 31 March 2023

1. Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) second addition effective 1 January 2019 – and with the guidelines set out in the Statement of Recommended Practice, Financial Reports of Pension Schemes (revised 2018).

2. Identification of the financial statements

The Fund is established as a trust under English law. The address for enquiries to the Fund is included in the Trustee's Report on page 2.

3. Accounting policies

The following principal accounting policies have been adopted and consistently applied in the preparation of the financial statements:

(i) Functional currency

The Fund's functional and presentation currency is pounds Sterling.

(ii) Contributions

Contributions are included on an accruals basis, which is on the basis of amounts due or payable during the year. Employer's deficit funding contributions are accounted for in accordance with the Schedule of Contributions, or when received if earlier.

(iii) Investment returns

(a) Investment income is included on an accruals basis, which is on the basis of amounts received or receivable during the year.

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

(c) Income distributed from pooled investment vehicles is accounted for when declared by the fund manager.

(d) Income from the buy-in annuity policies is received each month and accounted for on an accruals basis to match the equivalent payments due to the sub groups of pensioners under the Fund's Trust Deed and Rules.

(iv) Benefits and other outgoings

(a) Pensions in payment are accounted for in the period they fall due for payment.

Notes to the Financial Statements

as at 31 March 2023

- (b) Where members can choose to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.
- (c) Other benefits payable are accounted for on an accruals basis on the date of retirement, death or leaving the Fund as appropriate.
- (d) Investment management fees are included on an accruals basis.
- (e) Transfer values represent the sums payable to other pension schemes for members who have left the Fund. Transfer values are accounted for when paid.
- (f) All other expenses of the Fund are borne by the principal employer of the Fund.

(v) Investments

Investments are included at fair value as described below:

- (a) Pooled investment vehicles are valued at the closing bid price. Disclosure is made of any significant restrictions affecting the ability of the Fund to realise the investments at the value at which they are included in the financial statements.
- (b) Buy-in annuity policies purchased in the name of the Trustee which fully provide pension benefits for certain members are valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date.

(vi) Significant judgements and estimates

In applying the Scheme's accounting policies, the Trustee Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the calculations were made and are based on member data, historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following is the key area of estimation uncertainty:

- (a) Valuation of the buy-in policies
The valuation, as explained more fully on page 14 and in note 8 to the financial statements, has been estimated at £76.3m. This amount has been estimated by the Trustee Directors based upon a model provided by the scheme actuary which has been tailored for the Fund's circumstances. Due to the complexity of the valuation and the underlying circumstances, such estimates are subject to significant uncertainty.

THE INSTITUTE OF CHARTERED ACCOUNTANTS STAFF PENSIONS FUND

Notes to the Financial Statements

as at 31 March 2023

The Trustee has 24 months beginning on the effective date (19 November 2021) to complete the data verification process and reconcile the data with the Trustee's administrative records and payroll records, so the data is complete, accurate and up to date in all respects as far as the Trustee is aware. Once the finalised data file is agreed Canada Life will calculate the premium using the guaranteed basis and issue notice of any top-up premium due.

4. Employer contributions	Year ended	Year ended
	31 March	31 March
	2023	2022
	£'000	£'000
Deficit funding contributions	-	-

The Statement of Funding Principles and Schedule of Contributions for the 31 March 2022 triennial valuation were signed on 21 December 2022.

The 31 March 2022 actuarial valuation showed that the Fund had a funding surplus relative to its statutory funding objective. Therefore, no deficit contributions have been required from ICAEW since 1 January 2023.

5. Benefits payable	Year ended	Year ended
	31 March	31 March
	2023	2022
	£'000	£'000
Pensions	5,894	5,538
Commutation and lump sum retirement benefits	1,163	1,405
Lump sum death benefits	-	-
	7,057	6,943

6. Payments to and on account of leavers	Year ended	Year ended
	31 March	31 March
	2023	2022
	£'000	£'000
Individual transfers to other schemes	339	-

7. Investment income	Year ended	Year ended
	31 March	31 March
	2023	2022
	£'000	£'000
Dividends from equities	-	6
Income from pooled investment vehicles	1,087	920
Annuity income	4,348	2,864
	5,435	3,790

THE INSTITUTE OF CHARTERED ACCOUNTANTS STAFF PENSIONS FUND

Notes to the Financial Statements as at 31 March 2023

8. Investments

	Value at 1 April 2022 £'000	Purchases at cost £'000	Sale proceeds £'000	Change in market value £'000	Value at 31 March 2023 £'000
Pooled investment vehicles	115,478	98,554	(121,794)	(31,006)	61,232
Annuity policies	95,674	-	-	(19,365)	76,309
AVC funds	4	-	-	(1)	3
	<u>211,156</u>	<u>98,554</u>	<u>(121,794)</u>	<u>(50,372)</u>	<u>137,544</u>
Cash	<u>33</u>				<u>20,474</u>
	<u>211,189</u>				<u>158,018</u>

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Fund such as fees, commissions, stamp duty and other fees. Transaction costs incurred through the year have been disclosed in note 9. Indirect costs are incurred through the bid-offer spread on investments within the pooled investment vehicles. The amount of indirect costs is not separately provided for the Fund. Cash includes pending trades at the year end of £20.4m.

Pooled investment vehicles

	31 March 2023 £'000	31 March 2022 £'000
LDI and bonds	61,232	115,478
	<u>61,232</u>	<u>115,478</u>

Fair value hierarchy

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

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the 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 (ie for which market data is unavailable) for the asset or liability.

The Fund's investment assets have been fair valued using the above hierarchy categories and can be found below:

THE INSTITUTE OF CHARTERED ACCOUNTANTS STAFF PENSIONS FUND

Notes to the Financial Statements as at 31 March 2023

At 31 March 2023	Level 1 £,000	Level 2 £,000	Level 3 £,000	Total £,000
Pooled investment vehicles	-	43,893	17,339	61,232
Annuity policies	-	-	76,309	76,309
AVC investments	-	-	3	3
Cash and pending trade	74	-	20,400	20,474
Total	74	43,893	114,051	158,018

At 31 March 2022	Level 1 £,000	Level 2 £,000	Level 3 £,000	Total £,000
Pooled investment vehicles	-	76,992	*38,486	115,478
Annuity policies	-	-	95,674	95,674
AVC investments	-	-	4	4
Cash	33	-	-	33
Total	33	76,992	134,164	211,189

*Restated - at the year end, there was a pending trade for the Solutions Plus PLC Secured Finance II Fund. It was confirmed that this fund has a 90-day redemption period and, as a result, should be classified as a Level 3 fund. This fund was incorrectly classified in the fair value hierarchy table in the prior year financial statements and has been updated for the correct classification in the comparative figures.

Concentration of investments

The following investments represent more than 5% of the net assets of the Fund.

	2023 £'000	%	2022 £'000	%
Annuity Policies	76,309	48.0	95,674	45.2
Insight Bonds plus FD-S	-	-	39,479	18.7
LDI Solutions Plus plc Secured Finance II B	17,339	10.9	38,486	18.2
LDI Solutions IL Gilts 2041-2050	9,417	5.9	-	-

The annuity policies are shown in aggregate as the individual policy values are not available.

Annuity policies

The annuity policies have been valued on a basis determined by the Scheme Actuary as approved by the Trustee. This approach leads to a value which changes over time to reflect changes in market conditions and longevity expectations. The policies do not have a surrender value. No collateral is held.

Additional Voluntary Contributions (AVCs) investments

The Trustee holds assets invested separately from the main fund securing 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 in their account and the movements in the year. The aggregate amounts of AVC investments, which are invested in unit-linked funds, are shown in the table in note 8.

Risk management

Investment risks

When deciding how to invest the Fund's assets, the Trustee considers a wide range of risks, including credit risk and market risk, as defined below.

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

Market risk: this comprises currency risk, interest rate risk and other price risk, defined as follows:

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determined the Fund's investment strategy after obtaining written professional advice from its professional investment adviser. The Fund has exposure to the aforementioned risks because of the investments held to implement the investment strategy. The Trustee manages investment risks, including credit risk and market risk, considering the Fund's investment objectives and strategy, and the advice of its investment advisers.

Within each investment portfolio, investment objectives and restrictions to manage risk are implemented through the legal agreements in place with the Fund's investment managers. The Trustee monitors the performance of the strategy and associated risks, and each investment manager against its objectives and restrictions, on a regular basis.

Investment strategy

The broad investment objectives are agreed by the Trustee, having consulted with the Employer. Within the context of these risk and return objectives, the Trustee, taking advice from the Fund's investment consultants, decides on the overall allocation of assets between the various asset classes, and selects the appropriate managers within each asset class.

Canada Life Data Verification in relation to the purchase of a buy-in policy

The Trustee has 24 months beginning on the effective date (19 November 2021) to complete the data verification process and reconcile the data with the Trustee's administrative records and payroll records, so the data is complete, accurate and up to date in all respects as far as the Trustee is aware. Once the finalised data file is agreed Canada Life will calculate the premium using the guaranteed basis and issue notice of any top-up premium due.

Investment risks

Financial risk management

The Fund's operations expose it to a variety of financial risks. The Trustee has a risk management programme in place; this seeks to limit adverse effects on the financial performance of the Fund by monitoring the investment portfolio and liabilities.

The Trustee monitors financial risk in two ways. A strategic asset allocation has been set for the Fund. The Trustee assesses risk by monitoring the Fund's asset allocation and investment returns relative to the benchmark. The Trustee also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

The Trustee provides a practical constraint on Fund investments deviating greatly from its intended approach by adopting a specific asset allocation benchmark, with control ranges. It also sets each Fund manager a specific performance target and range guidelines. Performance against these benchmarks for the year are included in pages 12 to 15.

Financial risk – investments

Credit risk

The Fund is subject to credit risk through its investments in pooled investment vehicles. It is directly exposed to credit risk in relation to the solvency of the custodians of those funds. It is also directly exposed to the credit risk of the insurance companies for the three buy-in policies held.

The role of a custodian is to ensure the safe-keeping of the assets and facilitate all transactions entered into by the appointed investment managers. The Trustee is not responsible for the appointment of the custodian of the assets contained within the various pooled fund investments. The pooled investment vehicle's governing body is responsible for appointing its own custodian for the safe-keeping, monitoring and reconciliation of documentation relating to these securities.

The Fund's holdings in pooled investment vehicles are 'unrated' from a credit perspective. Direct credit risk arising from pooled investment vehicles is mitigated by: the underlying assets of the pooled arrangements being ring-fenced from the assets of the custodian and the investment manager; the regulatory environments in which the pooled fund managers operate; and diversification of the Fund's investments across a number of pooled funds. The Trustee carries out due diligence checks on investments into new pooled funds and on an ongoing basis monitors any changes to the operating environment of those pooled funds.

As at 31 March 2023 around 16% (2022: 39%) of the Fund's assets were invested in funds or securities that are significantly exposed to indirect credit risk.

The Fund is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds, for example where they invest in bonds. The amount invested in funds with indirect credit risk is shown in the table on pages 32 to 33.

The managers of the pooled funds that invest in fixed income manage credit risk by having a diversified exposure to issuers, conducting thorough research on the probability of default of those issuers, and having only a limited exposure to securities rated below investment grade. The magnitude of credit risk within each fund will vary over time, as the manager changes the underlying investments in line with its views on markets, asset classes and specific securities.

THE INSTITUTE OF CHARTERED ACCOUNTANTS STAFF PENSIONS FUND

Notes to the Financial Statements as at 31 March 2023

A summary of pooled investment vehicles by type of arrangement is as follows:

	2023 £,000	2022 £,000
Open ended investment companies	43,893	76,992
Irish collective asset management vehicle	17,339	38,486

Currency risk

Whilst the majority of the currency exposure of the Fund's assets is to Sterling, the Fund is subject to currency risk because some of the Fund's investments are held in overseas markets. The Trustee considers the overseas currency exposure in the context of the overall investment strategy and believes that the currency exposure that exists diversifies the strategy and is appropriate.

As at 31 March 2023 around 17% (2022: 40%) of the Fund's assets were invested in funds or securities that are significantly exposed to currency risk.

All of the Fund's pooled funds are held in UK based funds. Therefore, the Fund is not subject to direct currency risk. The amount invested in funds with indirect currency risk is shown in the table on page 32.

The exposure to foreign currencies within the pooled funds will vary over time as the manager changes the underlying investments but is not expected to be a material driver of returns over the longer term. Decisions about the exposure to foreign currencies within the pooled funds held are at the discretion of the appointed fund managers.

Interest rate risk

All of the Fund's assets are subject to interest rate risk (both nominal and real interest rates). However, the overall interest rate exposure of the Fund's assets hedges part of the corresponding risks associated with the Fund's liabilities. The net effect will be to reduce the volatility of the funding level, and therefore the Trustee believes that it is appropriate to have exposure to interest rate risk in this manner.

Liquidity risk

The Pensions Regulator issued guidance on practical measures that can be taken by trustees using leveraged LDI to manage their risks. The guidance covers investment strategy, collateral buffers, resilience testing, governance and monitoring. Trustees are urged to invest in LDI arrangements that are resilient to short-term adverse market changes. To do this, cash, cash requirements and assets are held as a 'buffer' which can be drawn on by the fund manager if additional collateral is called for as a result of changing market conditions. In particular, it says that trustees are only expected to invest in arrangements that have an operational liquidity buffer for day-to-day changes in addition to a 250 basis-point (bp) minimum market-stress buffer to provide resilience during severe market conditions. Insight sets this limit since the Fund is held in pooled funds.

The Trustee has been carefully monitoring the liquidity of the Fund which continues to comply comfortably with the new guidelines for LDI introduced by the Pensions Regulator in 2023 as described above.

Other price risk

The Fund's assets are exposed to risks of market prices other than currencies and interest rates, such as the pooled funds that hold equities being subject to movements in equity prices, and the buy-in policies.

THE INSTITUTE OF CHARTERED ACCOUNTANTS STAFF PENSIONS FUND

Notes to the Financial Statements as at 31 March 2023

As at 31 March 2023 around 59% (2022: 45%) of the Fund's assets were invested in funds or securities that are significantly exposed to other price risk.

The Trustee monitors this risk on a regular basis, looking at the performance of the Fund as a whole as well as each individual portfolio. The Trustee believes that the Fund's assets are adequately diversified between different asset classes and within each asset class to manage this risk.

The Fund's assets that are exposed to indirect other price risk is shown in the table below.

The exposure to other price risk within the fund will vary over time depending on how the manager changes the underlying asset allocation to reflect its market views.

Credit and market risks

The table below summaries the allocations that have significant exposure to these indirect risks:

	Credit risk	Currency risk	Interest rate risk	Other price risk	2023 £'000	2022 £'000
Insight LDI Solution Plus Partially Funded Gilts Funds 2031-2040	○	○	●	○	891	622
Insight LDI Solutions Plus Partially Funded Index-Linked Gilts Funds 2041- 2050	○	○	●	○	9,419	8,419
Insight Liquidity Fund (Zero Management Fee)	○	●	●	○	2,591	2,548
Insight LDI Solutions Plus Partially Funded Index-Linked Gilts Funds 2021 - 2030	○	○	●	○	2,889	2,597
Insight Liquidity Fund Liquidity Plus Class 2	●	●	●	○	6,585	4,094
Insight LDI Solutions Plus Partially Funded Gilts Funds 2041 - 2050	○	○	●	○	1,456	1,006
LDI Solutions Plus Partially Funded Index-Linked Gilts Funds 2061-2070	○	○	●	○	2,665	3,737
Insight Bonds Plus FD-S	●	●	●	○	1,075	39,479
LDI Solutions Plus Partially Funded Gilts Funds 2051 - 2060	○	○	●	○	2,013	2,198
Insight LDI Solutions Plus Partially Funded Index-Linked Gilts Funds 2031- 2040	○	○	●	○	7,570	5,065
LDI Solutions Plus Partially Funded Index-Linked Gilts Funds 2051 - 2060	○	○	●	○	5,636	6,034
LDI Solutions Plus Partially Funded Gilts Funds 2061-2070	○	○	●	○	1,106	1,193
LDI Solutions Plus Plc Secured Finance II B GBP Inc	●	●	●	●	17,339	38,486
Buy-In Policies	○	○	○	●	76,309	95,674
Cash and pending trade	○	○	●	○	20,474	33

Key: The risk noted affects the fund significantly (●) or hardly / not at all (○).

THE INSTITUTE OF CHARTERED ACCOUNTANTS STAFF PENSIONS FUND

Notes to the Financial Statements as at 31 March 2023

9.	Investment management expenses	31 March 2023 £'000	31 March 2022 £'000
	Base fee	156	313
	VAT recovery on base fee	(18)	(17)
	Performance related termination fee	-	1
		138	297

No performance fees were incurred for the year ended 31 March 2023 (2022: Nil) due to bond performance being below target.

10.	Current assets	31 March 2023 £'000	31 March 2022 £'000
	Cash balances	1,254	324
	Accrued income – Alcentra	-	259
	Fee Rebate - Insight	10	17
	Debtors – HMRC	5	5
		1,269	605

11.	Current liabilities	31 March 2023 £'000	31 March 2022 £'000
	Creditors – investment managers' fees	31	76
	Creditors – HMRC	101	92
		132	168

12. Related parties

The principal employer of the Fund is ICAEW. The Trustee, F.C.A. Limited, is wholly owned by ICAEW. The administration costs of the Fund for the year ended 31 March 2023 were borne by the principal employer and totalled £797k (2022: £514k). This increase relates to general inflation and additional professional fees associated with the recent valuation and GMP equalisation. In December 2019, ICAEW appointed The Law Debenture Pension Trust Corporation plc (LawDeb), to the role of Chair. The lead director is Edward Levy, who normally attends meetings on behalf of LawDeb. LawDeb's fees in relation to the Chair amounted to £50k for the year ended 31 March 2023 (2022: £56k), £15k of which was accrued at the year end (2022: £12k). Pegasus (A Lawdeb company) has been appointed to undertake work on the GMP equalisation project this amounted to £127k (2022: £nil).

The Employer contributions to the Fund during the year and prior year comparisons are included in note 4 to the financial statements. There were no other balances outstanding with related parties as at 31 March 2023 (2022: Nil).

Three Trustee Directors of F.C.A. Limited are elected from the membership. Two of these Trustee Directors are in receipt of their pensions. These payments are in accordance with the Fund Rules. Trustee Directors receive reimbursement for expenses on Fund activities but receive no remuneration for their services to the Fund.

13. GMP equalisation

In late 2018 the High Court ruled in the case of Lloyds Banking Group Pension Trustees Limited vs Lloyds Bank plc (and others) that the inequalities between men and women that arose in Guaranteed Minimum Pensions (GMPs) in the period between 17 May 1990 and 5 April 1997 must be equalised. Pension schemes are required to adjust the benefits known as GMPs and the ruling determined that there are a range of methods that could be used.

In November 2020, the High Court decided that GMP shortfalls between men and women apply to transfers as well. More specifically, the 2020 ruling applied to members who took a transfer value from a pension which included GMP benefits built up between 17 May 1990 and 5 April 1997.

ICAEW has appointed Pegasus, a LawDeb company, to assist the Trustee and manage the GMP equalisation project. The Trustee, with ICAEW's agreement, agreed the methodology for equalising GMP. The actuarial advisor is currently calculating any changes to members' benefits. This liability is not expected to be material and will be accounted for in the period in which the payments are made. Communications to members affected by this will be issued once this process is complete.

THE INSTITUTE OF CHARTERED ACCOUNTANTS STAFF PENSIONS FUND

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 Trustee of The Institute of Chartered Accountants Staff Pensions Fund

For the year ended 31 March 2023

We have examined the summary of contributions payable to The Institute of Chartered Accountants Staff Pensions Fund for the year ended 31 March 2023 which is set out on page 36.

In our opinion contributions for the year ended 31 March 2023 as reported in the summary of contributions and payable under the Schedules of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the Scheme Actuary on 3 December 2019 and 21 December 2022.

Scope of work on Statement about Contributions

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

Respective responsibilities of the Trustee and the Auditor

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

It is our responsibility to provide a Statement about Contributions payable under the Schedule of Contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Trustee, 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 Trustee those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee, as a body, for our work, for this statement or for the opinions we have formed.

CLA Evelyn Partners Limited

Chartered Accountants
Statutory Auditor
Bristol

Date: 4 September 2023

THE INSTITUTE OF CHARTERED ACCOUNTANTS STAFF PENSIONS FUND

Summary of Contributions

For the year ended 31 March 2023

During the year 1 April 2022 to 31 March 2023, there were no contributions payable to the Fund under the Schedule of Contributions.

Approved by the Board of Directors of F.C.A. Limited as Trustee of the Institute of Chartered Accountants Staff Pensions Fund and signed on their behalf on 4 September 2023

Report on Actuarial Liabilities

For the year ended 31 March 2023

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

The most recent full actuarial valuation of the Fund was carried out as at 31 March 2022 and an interim valuation was carried out on 31 March 2023, which showed:

	31 March 2022	31 March 2023
The value of the technical provisions was:	£201.5m	£150.4m
The value of the assets at that date was:	£213.9m	£159.4m

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

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Discount rate: Pre-retirement: The Trustee has adopted the use of the full Bank of England gilt yield curve plus an addition of 1.25% per annum, which reflects the market expectation of changes in the discount rate over time.

Post retirement: The Trustee has adopted the use of the full Bank of England gilt yield curve plus an addition of 0.5% per annum, which reflects the market expectation of changes in the discount rate over time.

Future Price inflation: The Trustee has adopted the use of the full Bank of England gilt inflation curve as their measure of future retail price index (RPI) inflation.

Pension increases: Measured by reference to the inflation curve measured by the RPI described above subject to a cap of 5% each year. A market consistent adjustment is made to the gilt inflation curve to reflect the cap of 5% each year.

Salary inflation: The Fund closed to future accrual with effect from 1 July 2010. From this date accrued benefits for members still employed by ICAEW are assumed to increase in line with RPI up to a maximum of 5% per annum for each complete year of service with ICAEW from 1 July 2010, subject to an underpin of deferred revaluation that would have applied had these members become deferred on 1 July 2010.

Mortality: Before and after retirement (current mortality rates):

Bespoke mortality base table, which reflects the characteristics of the Fund's membership. The current rates of mortality ('the base tables') were estimated using up-to-date pooled experience from occupational pension schemes and take into account some characteristics of each individual member that affect life expectancy.

Future improvements:

In line with CMI 2020 projection model with no weighting to 2020 data, an 'A' parameter of 0.3% p.a. for males and 0.5% p.a. for females and long term rate of improvement of 1.5% p.a. and all other parameters in line with the core parameterisation of the model.

GMP Equalisation:

A reserve of 0.3% has been added to the liabilities. This approach has been adopted in line with the Trustee's past funding principles. An additional premium is expected to become payable when the buy-in policy is updated to reflect GMP Equalisation.

THE INSTITUTE OF CHARTERED ACCOUNTANTS STAFF PENSIONS FUND**Actuarial Certificates****For the year ended 31 March 2023**

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The Institute of Chartered Accountants Staff Pensions Fund | Hymans Robertson LLP

The Institute of Chartered Accountants Staff Pensions Fund

Schedule of Contributions

This schedule sets out the contributions that will be paid to the Institute of Chartered Accountants Staff Pensions Fund (the "Fund"). This schedule is dated December 2022 and applies from 1 April 2022 until 31 December 2027. It replaces the previous schedule dated 3 December 2019.

This schedule has been prepared with the agreement of The Institute of Chartered Accountants in England and Wales ("ICAEW") and after taking the advice of Rachel Myatt (the 'Scheme Actuary'). This schedule has been certified by the Scheme Actuary and the certificate is included in the appendix.

Contributions for new benefits

The Fund has no active members as the Fund was closed to future accrual on 30 June 2010. No member contributions or ICAEW contributions for new benefits are due to be paid to the Fund under this schedule.

ICAEW deficit reduction contributions

From 1 April 2022 to 31 December 2022 deficit contributions were payable by ICAEW in line with the previous schedule of contributions dated 3 December 2019 as set out below prior to finalisation of the 2022 actuarial valuation. The 31 March 2022 actuarial valuation showed that the Fund had a funding surplus relative to its statutory funding objective. Therefore, no deficit contributions are required from ICAEW from 1 January 2023.

Contribution	Period
£0.3m p.a.*	1 April 2022 to 31 December 2022
£0m p.a.**	1 January 2023 to 31 December 2027

All ICAEW contributions are due in monthly instalments and are to be paid to the Fund not later than 19 days after the end of the month to which they relate.

***Contributions payable over the period 1 April 2022 to 31 December 2022 are subject to a trigger mechanism described below.**

**** No trigger mechanism applies over the period 1 January 2023 to 31 December 2027.**

Mechanism to cease/recommence contributions over the period 1 April 2022 to 31 December 2022

At the 2019 actuarial valuation the Trustee and ICAEW agreed on a trigger mechanism for the above contributions to recommence (if they have ceased under the trigger mechanism) or to cease based on the Technical Provisions funding level measured at the end of every quarter (the "measured funding level" at the "measurement date"). There is a lag in timing of up to two months between the quarter end and the date the funding level at the quarter end is reported to the Trustee ("reporting date") in order to assess the funding level using updated membership data at the quarter end and actual asset values provided by the investment managers. For the avoidance of doubt, the contributions recommence or cease from the start of the third month after the measurement date irrespective of when the funding level at the measurement date is reported to the Trustee.

As at 1 April 2022 no contributions were payable as the triggers to cease contributions had previously been hit. The trigger mechanism applicable over the period 1 April 2022 to 31 December 2022 is set out below:

THE INSTITUTE OF CHARTERED ACCOUNTANTS STAFF PENSIONS FUND**Actuarial Certificates****For the year ended 31 March 2023**

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- 1 If the measured funding level is less than (greater than) 98% (102%) at three consecutive quarter ends, then deficit contributions of £25,000 per month will be paid (cease) from two calendar months after the measurement date until the next measured funding level is reported to the Trustee; and
- 2 If the measured funding level is less than (greater than) 95% (105%) at any one quarter end, then deficit contributions of £25,000 per month will be paid (cease) from two calendar months after the measurement date until the next measured funding level is reported to the Trustee.

For example, if the measured funding level is less than 95% at 30 June 2022 then this will be reported to the Trustee by 31 August 2022 and contributions will resume from 1 September 2022 (i.e. contributions will be due in respect of September 2022) until the measured funding level is re-assessed at the next measurement date of 30 September 2022 and reported to the Trustee by 30 November 2022.

The measured funding level

The measured funding level will be output from the 3DAnalytics funding level system used by the Fund and will be quoted to 1 decimal place. The measured funding level is approximate but allows for the impact of changes in market conditions and to the extent possible changes in membership data to the measurement date. It does not make any changes to the strength of the financial assumptions relative to underlying market yields or to the demographic assumptions, all of which remain based on the Statement of Funding Principles in force at the measurement date. In particular the Statement of Funding Principles dated December 2019 includes a GMP equalisation reserve of 0.3% of Technical Provisions liabilities, which will be applied at each measurement date.

The measured funding level is calculated at the end of every quarter for actual asset values at the quarter end (as provided by fund managers for invested assets, and the in-house pensions team in respect of the Fund bank balance), actual cashflows over the quarter and changes in membership data. The Trustee and ICAEW recognise the approximations underlying the measured funding level but agree to use it for this purpose.

ICAEW shall pay to the Fund any additional contributions required from time-to-time on the advice of the Scheme Actuary under the Fund's Trust Deed and Rules.

Expenses, Levies and Fees

The following items are payable directly by ICAEW in addition to the contributions shown in this schedule:

- the Pension Protection Fund levy;
- the Pension Protection Fund administration levy;
- the Pension Regulator's general levy;
- fees payable to the Fund administrator and other professional advisors; and
- other Fund expenses that are reasonably incurred in the course of the Trustee performing its duties.

Note that investment manager charges and expenses are paid directly by the Fund.

THE INSTITUTE OF CHARTERED ACCOUNTANTS STAFF PENSIONS FUND**Actuarial Certificates****For the year ended 31 March 2023**

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The Institute of Chartered Accountants Staff Pensions Fund

Schedule of Contributions – Actuarial Certificate

Adequacy of contributions

In my opinion, the contributions shown in this schedule are such that the statutory funding objective can be expected to continue to be met for the period for which the schedule is to be in force.

The contributions shown in this schedule are not lower than I would have set had I had responsibility for setting the schedule, the Statement of Funding Principles and any Recovery Plan.

Consistency with Statement of Funding Principles

In my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated December 2022.

Please note that the adequacy of contributions statement in this certificate relates to the Fund's statutory funding objective. For the avoidance of doubt this certificate does not mean that the contributions shown in this schedule would be enough to secure the Fund's full liabilities with annuities if the Fund were to wind up.

Signature

DocuSigned by:

 18FF2A383B39469...

Date

21-Dec-2022 | 10:08 GMT

Name

Rachel Myatt

Qualification

Fellow of the Institute and Faculty of Actuaries

Name of Employer

Hymans Robertson LLP

Address

One London Wall

London

EC2Y 5EA

This certificate is provided to meet the requirements of regulation 10(6) of The Occupational Pension Schemes (Scheme Funding) Regulations 2005.

THE INSTITUTE OF CHARTERED ACCOUNTANTS STAFF PENSIONS FUND**Actuarial Certificates****For the year ended 31 March 2023**

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Prepared by F.C.A. Limited

Signature

Print name

Date

21-Dec-2022 | 09:53 GMT

Edward Levy

on behalf of F.C.A. Limited

Position..... DirectorforThe Law Debenture Pension

Agreed by the ICAEW

Signature

Print name

Date

21-Dec-2022 | 11:30 GMT

Michael Izza

on behalf of ICAEW

Position..... Mr

This schedule of contributions is provided to meet the requirements of section 227 of the Pensions Act 2004.

These certificates were produced at the time of the last full actuarial valuation on the 31 March 2022. The next full valuation is due on the 31 March 2025.

THE INSTITUTE OF CHARTERED ACCOUNTANTS STAFF PENSIONS FUND**Implementation Statement
For the year ended 31 March 2023**

Statement of Compliance with the Institute of Chartered Accountants Staff Pensions Fund's Stewardship Policy for the year ending 31 March 2023.***Introduction***

This is the Trustee statement prepared in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This statement sets out how the Trustee has complied with the Fund's Stewardship Policy during the period from 1 April 2022 to 31 March 2023.

In summary these regulations require trustees to set out how they engage with appointed investment managers, and the companies they invest in, to create long term value for investments through:

- The consideration of stock specific issues;
- Meeting and monitoring managers on both investment and Environmental, Social, and Governance (ESG) issues;
- Adopting a policy on voting decisions;
- The Trustee reviewing the voting policy of their investment managers and determine if the policy is satisfactory; and
- Management of potential conflicts of interest arising in the management of the Fund assets.

The Fund's assets are invested in liability-hedging assets, insurance policies, bonds and other debt-based investments. The Fund did not hold any equities over the reporting period and therefore does not have the ability to exercise voting rights attached to assets.

Stewardship policy

The Fund's Stewardship Policy sets out how the Trustee will behave as an active owner of the Fund's assets, which includes the Trustee's approach to undertaking engagement activity with their investment manager and any other stakeholders.

The Fund's Stewardship Policy is reviewed on an annual basis in line with the Fund's Statement of Investment Principles ("SIP"), which was last updated in January 2023.

No changes were made to the Stewardship Policy during the last year.

You can review the Fund's Stewardship Policy, which can be found within the Fund's Statement of Investment Principles, at www.icaew.com/-/media/corporate/files/icaew-staff-pension-fund/statement-of-investment-principles-2020.ashx?la=en.

The Trustee has delegated engagement activity in respect of the underlying assets to the Fund's investment manager. The Trustee believes it is important, in general, that investment managers take an active role in the supervision of the companies in which they invest. However, they recognise in the Fund's specific circumstances, they have limited influence as the Fund does not hold equities.

The Trustee's own engagement activity is focused on their dialogue with their investment manager, which is undertaken in conjunction with their investment advisers. The Trustee meets regularly with their manager on a rolling basis and the Trustee considers the manager's exercise of their stewardship of assets both during these meetings and through reporting provided by the manager and their investment adviser.

THE INSTITUTE OF CHARTERED ACCOUNTANTS STAFF PENSIONS FUND**Implementation Statement
For the year ended 31 March 2023**

The Trustee also monitors their compliance with their Stewardship Policy on a regular basis and is satisfied that they have complied with the Fund's Stewardship Policy over the last year.

Engagement activity

The Trustee holds meetings with the Fund's investment manager on a regular basis where stewardship issues are discussed in further detail. Over the last 12 months, the Trustee has met with their only remaining investment manager, Insight twice.

Discussions over the course of the last year have involved reviewing the mandate overview, investment performance, Insight's management of the gilts crisis and leverage within their LDI funds, portfolio positioning and risks, responsible investment in LDI and fixed income, and engagement activity. In those discussions the Trustee was satisfied that the investment manager was performing in line with expectations.

Review of policies

The Trustee has committed to reviewing the manager's Responsible Investment ("RI") policies by holding meetings with their manager on a regular basis.

The Trustee, and its advisors, remain satisfied that the RI policies of the manager remain appropriate.