

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

ANNUAL REPORT

THE INSTITUTE OF PHYSICS RETIREMENT
BENEFITS PLAN (1975)

Scheme registration number: 10099901

FOR THE YEAR ENDED
31 DECEMBER 2019

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Contents	Page
Scheme Advisers and Principal Employer	2
Trustees' Report	4
Investment Report	8
Trustees' Responsibilities Statement	13
Independent Auditor's Report	14
Fund Account	17
Net Assets Statement	18
Notes to the Financial Statements	19
Statement of Trustees' Responsibilities in Respect of Contributions	33
Trustees' Summary of Contributions	33
Independent Auditor's Statement about Contributions	34
Actuary's Certification	36
Compliance Statement	37

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Scheme Advisers and Principal Employer

Scheme Actuary

Julian Hough
XPS Pensions Group
Phoenix House
1 Station Hill
Reading
RG1 1NB

Auditor

BDO LLP
Bridgewater House
Counterslip
Bristol
BS1 6BX

Investment Managers

The Trustees changed Investment Managers during the year and have selected the following Investment Managers to manage the assets of the Scheme via a single policy with Legal & General Assurance (Pension Management) Limited, being a Platform Provider, effective from 20th March 2019:

Legal & General Investment Management Limited
BMO Global Asset Management
Schroder Investment Management
Insight Investment

Investment in the Partners Fund has been made via Northern Trust International Fund Administration Services (Guernsey) Ltd.

Prior to 20 March 2019, investments other than the Partners Fund were managed through the Old Mutual Wealth Life Assurance Limited platform.

Additional Voluntary Contribution Providers

The Prudential Assurance Company Limited

Scheme Administrator and Consultants

XPS Pensions Group
Phoenix House
1 Station Hill
Reading
RG1 1NB

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Scheme Advisers and Principal Employer (continued)

Life Assurance Company

Canada Life Assurance Co.

Bankers

HSBC Bank Plc

Annuity Provider

Legal & General Assurance Society Limited

Principal Employer

The Institute of Physics

Contact for further information

Paul Hardaker
The Institute of Physics
37 Caledonian Road
London
N1 9BU
ceooffice@iop.org

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Trustees' Report

Introduction

The Trustees of The Institute of Physics Retirement Benefits Plan (1975) are pleased to present their report together with the financial statements for the year ended 31 December 2019. The Scheme is a defined benefit scheme. The Scheme was closed to new members with effect from 31 December 2001. The Scheme was closed to further accrual on 30 June 2015. Employees who participated in the Scheme on that date were invited to join the IOP Group defined contribution pension arrangements, with employer/employee contribution percentages maintained as under the defined benefit scheme.

Management of the Scheme

In accordance with the Occupational Pension Schemes (Member nominated Trustees and Directors) Regulations 1996, members have the option to nominate and vote for member elected Trustees. There are two member nominated Trustees, whose terms of office are normally five years. There are also two Trustees appointed by the Institute, and an independent Trustee, appointed by the Institute.

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

Capital Cranfield Pension Trustees Ltd represented by Mr R D Matthews - independent
Chairman of trustees
Mr M Bray - Institute appointed trustee
Mr J Brindley - member nominated trustee
Prof J Jones - Institute appointed trustee
Mr E Martin - member nominated trustee

Further information about the Scheme is given in the explanatory booklet, dated August 2009, which is issued to all members and available on the Institute's intranet.

Principal Employer

The Institute's registered address is 37 Caledonian Road, London, N1 9BU.

Financial development

The financial statements on pages 17 to 32 have been prepared and audited in accordance with the Regulations made under Sections 41 (1) and (6) of the Pensions Act 1995. They show that the value of the fund increased from £84,490,687 at 31 December 2018 to £97,531,229 at 31 December 2019.

Employer-related investment

There were no employer-related investments during the year.

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Trustees' Report (continued)

Membership

Details of the current membership of the Scheme are given below:

	2019	2018
Pensioners		
Pensioners at the start of the year	117	116
Members retiring during the year	4	4
Pensioners who died during the year	(2)	(4)
New dependants pensions	1	1
Adjustments to prior year figure	(1)	-
Pensioners at the end of the year	119	117
Closure members - deferred		
Closure members at the start of the year	45	50
Leavers with deferred benefits	(1)	(2)
Retirements	-	(1)
Adjustment to prior year figure	(1)	(2)
Closure members - deferred at the end of the year	43	45
Other members with preserved and deferred benefits		
Number at the start of the year	217	217
Transfers from closure membership	1	2
Retirements	(4)	(3)
Transfer out	(1)	-
Adjustment to prior year figure	(1)	1
Preserved and deferred members at the end of the year	212	217
Total membership at the end of the year	374	379

Pensioners include individuals receiving a pension upon the death of a member.

These membership figures do not include movements notified to the Administrator after the completion of the annual renewal.

Closure members are those members that were active at the date of the scheme's closure to future accrual and are still employed by the employer.

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Trustees' Report (continued)

Funding position of the Scheme

The actuarial figures below exclude the bulk annuity policy valued at £9,170,000 which provides for pensions in payment as at 10 August 2010.

An Actuarial report has been produced by the Scheme Actuary dated December 2016 in accordance with the Pensions Act 2004 and the following information is taken from it.

The most recent Actuarial Valuation of the Scheme was carried out with an effective date of 31 December 2016. The funding position in respect of benefits accrued up to that date was as follows;

Assets valued on 31 December 2016	£74,485,000
Amount needed to provide accrued benefits	£87,298,000
Funding shortfall	£12,813,000
Funding position relative to the target funding level	85%

The Institute confirmed its continued support for the Scheme. Following discussions with the Trustees, a recovery plan to fund the deficit was agreed involving the continuation of contributions from the Institute of £1m per annum for a period of 10 years and 7 months commencing from 1 November 2018 through to 31 May 2028.

If the Scheme were to be wound up, members might not receive the full amount of pension they have accrued even if the Scheme were fully funded under the Trustees' funding strategy. However, whilst the Scheme remains a going concern, benefits will continue to be paid in full.

If the Scheme were to be wound up, the Institute would be required to pay an amount into the Scheme sufficient to enable the members' benefits to be secured in full with an insurance company. The total cost for this to have been achieved on 31 December 2016 was estimated at £76.25 million as per the latest triannual valuation.

The actuarial method used in the calculation of the technical provisions is the Projected Unit Method, which assumes the scheme continues as an active scheme. Assets are valued at their market value. Liabilities – otherwise known as the “technical provisions” – are measured by projecting the benefits that are expected to be paid to the members of the Scheme. As these benefits are expected to be paid over a long period of time, they are discounted to allow consistent comparison with the market value of the assets, which are expected to earn investment returns over time.

On 26 October 2018, the High Court handed down a judgment that requires defined benefit pension schemes to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. Although the Trustees of the Scheme are aware the issue will have a significant effect on the Scheme, this is not reflected in the latest valuation of the scheme as at 31 December 2016 described above, as this was prior to the court hearing. The effects will be included in the next valuation of the scheme as at 31 December 2019.

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Trustees' Report (continued)

Funding position of the Scheme (continued)

To estimate the amount of the future benefit payments, assumptions need to be made. The assumptions used in the valuation are agreed between the trustees and the Institute and are set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most significant of these are as follows:

- Discount rate pre-retirement: 4.50%
- Discount rate post-retirement: 2.50%
- Pensionable salary increases: 3.10%
- Price inflation (RPI): 3.70% per annum
- Price inflation (CPI): 2.80% per annum
- Mortality table pre-retirement: SAPS S2NMA
- Mortality projections post-retirement: CMI 2016 year of birth projections with 1.5% long term rate of improvement
- Allowance for early retirements: Nil
- Allowance for cash commutation: 75% of maximum
- Proportion married (who may require a dependent's pension): 80%
- Age difference between members and dependent partners: 3 years
- Expenses: nil

The full report on the Actuarial Valuation following the actuary's check of the Scheme's situation as at 31 December 2016 can be obtained from Paul Hardaker at the address given on page 3.

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Investment Report

General

The majority of investments were managed during the year by Legal & General Assurance (Pension Management) Limited. They were transferred from Old Mutual Wealth Life Assurance Limited on 20 March 2019. The scheme's investment in the Partners Fund is managed by Northern Trust International Fund Administration Services (Guernsey) Limited.

The insurance annuity was managed by Legal & General Assurance (Pension Management) Limited during the year.

The investments are allocated between the various funds in accordance with the investment strategy agreed by the Trustees and documented in the Statement of Investment Principles.

Investment principles

The Trustees have produced a Statement of Investment Principles in accordance with Section 35 of the Pensions Act 1995. A copy of the statement is available on request. The main priority of the Trustees when considering the investment policy is that the promises made about members' pensions may be fulfilled. Accordingly, investments are spread across the available range, both by type of investment (equities and bonds) and geographically. Spreading the investments in this way reduces the risk of a sharp change in one particular market having a substantial impact on the whole fund.

The Trustees support best practice in terms of shareholder activism. In the case of pooled funds they accept that the day-to-day exercise of voting rights is necessarily carried out by the investment managers. The Trustees do, however, expect their Investment manager to adopt a voting policy in accordance with best industry practice.

The Trustees have elected to invest in pooled funds and cannot, therefore, directly influence the social, environmental and ethical policies in which such pooled funds invest. Where the pooled funds are managed on a passive basis, decisions regarding the selection, retention and realisation of investments are only made in order to ensure efficient tracking of indices, and social, environmental and ethical considerations are not taken into account. However, the Trustees have noted the extent to which social, environmental and ethical issues are taken into account by their appointed investment managers in exercising their corporate governance policy.

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Investment Report (Continued)

Fund Values

Below are the fund values at the beginning and the end of the year (excluding additional voluntary contributions and the insurance annuity):

	Market Value 31 Dec 2019	Market Value 31 Dec 2018
Legal & General		
Institute of Physics F&C Nominal Dynamic LDI	16,295,568	-
IOP BMO Short Profile Real Dynamic LDI	10,601,924	-
Institute of Physics L&G Global Equity Market Weights 30:70 Index - 75% GBP Currency Hedged	18,738,935	-
LGIM PMC Schroder Life Int Div Growth Fund	16,788,770	-
LGIM PMC Insight Broad Opportunities Fund	16,722,073	-
Old Mutual		
Institute of Physics DGF	-	20,882,554
LGIM Global Equity Fixed Weights 30:70 Index Fund	-	15,841,061
BMO Nominal Dynamic LDI Fund	-	14,059,710
BMO Short Profile Real Dynamic LDI Fund	-	9,105,121
BMO Real Dynamic LDI Fund	-	2,984,774
Northern Trust		
Partners Fund GBP Partners E	8,145,192	7,309,160
Partners Fund GBP Class E-N	1,033,357	-
Total	88,325,819	70,182,380

2018: The Institute of Physics DGF was a blended diversified growth fund consisting of 50.37% in the Insight Broad Opportunities Fund and 49.63% in the Schroder Intermediated Diversified Growth Fund.

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Investment Report (Continued)

Asset Allocation

The funds are designed for corporate and public sector Pension Schemes and take full advantage of the tax exemptions available to investment funds of this type. They are unitised funds and the value of the units fluctuates directly in relation to the value of the underlying assets. All units are redeemable at bid prices that are calculated from independent, external pricing sources. The assets underlying the units are held by independent corporate custodians who are regularly reviewed by external auditors.

The value of the units held at the beginning and end of the reporting period, on single priced market price basis were:

Investment Sector Fund	Value and Distribution		Allocation
	£	%	%
Institute of Physics F&C Nominal Dynamic LDI	16,295,568	18.4%	20.0%
IOP BMO Short Profile Real Dynamic LDI	10,601,924	12.0%	18.0%
Total Matching Assets	26,897,492	30.5%	38.0%
Institute of Physics L&G Global Equity Market	18,738,935	21.2%	20.0%
LGIM PMC Schroder Life Int Div Growth Fund	16,788,770	19.0%	16.0%
LGIM PMC Insight Broad Opportunities Fund	16,722,073	18.9%	16.0%
Partners Funds	9,178,549	10.4%	10.0%
Total Growth Assets	61,428,327	69.5%	62.0%
Total Invested Assets	88,325,819	100%	100%

The unit prices for these valuations were based on market closing prices on the previous working day. The values shown include any activity that took place on the valuation days.

The Allocation in the SIP was agreed during the strategic review in 2018 and represents the long-term strategic allocation to meet the Trustee's long term objectives. The allocation in the SIP by regulation should only be reviewed once every three years or when there is a significant change in policy. Once the assets have been invested, due to the market price changes, and inflation and interest rates for the LDI funds, the asset values will change daily and some may deviate from the strategic benchmark in the SIP. In particular, the LDI funds can deviate from the SIP as they are replicating the changes in the Plan's liabilities thereby meeting the Trustee's long term objectives. Deviation alerts are in place to help review the asset allocations and to allow rebalancing where this is necessary to meet the long term objectives of the Plan.

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Investment Report (continued)

Performance

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

Time weighted returns to 31 December 2019

Investment Sector Fund	Last Three Months			Last Twelve Months			Last Three Years annualised		
	Fund %	Target %	Deviation %	Fund %	Target %	Deviation %	Fund % pa	Target % pa	Deviation % pa
Institute of Physics L&G Global Equity Market	5.3	5.3	0.0	23.0	22.9	0.1	9.9	9.8	0.1
LGIM PMC Schroder Life Int Div Growth Fund	2.4	1.6	0.8	10.9	6.6	4.3	4.5	7.2	-2.7
LGIM PMC Insight Broad Opportunities Fund	2.5	1.2	1.3	13.1	4.7	8.4	5.8	4.5	1.3
Institute of Physics BMO Nominal Dynamic LDI	-17.0	-16.4	-0.6	31.4	33.3	-1.9	11.0	13.0	-2.0
IOP BMO Short Profile Real Dynamic LDI	-26.1	-24.8	-1.3	9.3	12.1	-2.8	3.7	6.8	-3.1
Partners Funds	2.8	1.9	0.9	13.1	8.0	5.1	10.3	8.0	2.3
Total Invested Assets	-5.4%	-5.6%	0.1%	18.1%	16.3%	1.8%	7.9%	8.7%	-0.8%

All the investments have been held since March 2019 with the exception of the Partners Fund which has been held since September 2017.

Custodial arrangements

Each of the underlying Investment Manager funds that the Scheme has invested in via the Investment Platform has a custodian that holds assets in safekeeping. However, the Scheme accesses the Investment Platform by entering into a life policy agreement with Legal & General Assurance (Pension Management) Limited. As such, the Scheme's assets have been put into a life fund, whereby the life company, Legal & General Investment Management, owns the assets and then creates a liability to the Scheme equal to the investment. Therefore, the Scheme does not have a custodian in the same way as it might have with other pooled fund arrangements.

From September 2017, investment in the Partners Fund has been made via Northern Trust International Fund Administration Services (Guernsey) Ltd; there is no separate custodian. The investment is in the name of the Scheme and a summary of holdings is received at least annually.

The Trustees are responsible for ensuring the Scheme's assets continue to be securely held. They review the custodial arrangements from time to time.

Cash held in connection with the administration of the fund was held in a bank account in the name of the Trustees.

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Investment Report (continued)

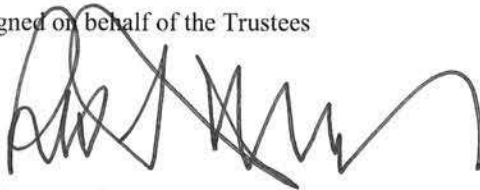
Basis of investment managers' fees

The investment managers are remunerated on a fee basis which is reviewed on a periodic basis by the Trustees.

Further information

Further disclosures required by legislation are included in the Compliance Statement on pages 37 to 38.

Signed on behalf of the Trustees



Robert Matthews

Trustee

Date: 22ND JULY 2020

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Trustees' Responsibilities Statement

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustees. Pension scheme regulations require the Trustees to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each scheme year which:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the scheme year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes'.

In discharging these responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

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

The Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Institute and the active members of the scheme and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the Institute in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

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

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Independent Auditor's Report to the Trustees of the Institute of Physics Retirement Benefits Plan (1975)

Opinion

We have audited the financial statements of The Institute of Physics Retirement Benefits Plan (1975) ('the Scheme') for the year ended 31 December 2019 which comprise the Fund Account, Net Assets Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and the Statement of Recommended Practice – *Financial Reports of Pension Schemes* (revised 2018) (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year 31 December 2019 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Scheme's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

**Independent Auditor's Report to the Trustees of the Institute of
Physics Retirement Benefits Plan (1975) (continued)**

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 Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, including the Trustees' Report, Investment Report, Actuary's Certificate and Compliance Statement and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 13, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they show a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.

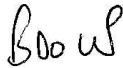
This description forms part of our auditor's report.

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

**Independent Auditor's Report to the Trustees of the Institute of
Physics Retirement Benefits Plan (1975) (continued)**

Use of our report

This report is made solely to the Scheme's Trustees, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Scheme's Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



BDO LLP
Statutory auditor
Bristol
United Kingdom

Date 22 July 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Fund Account

	Note	2019 £	2018 £
Contributions and benefits			
Employer Contributions	4	1,067,920	6,013,671
		<hr/>	<hr/>
Total Contributions		1,067,920	6,013,671
Benefits payable	5	(1,853,086)	(1,822,293)
Payments to and on account of leavers	6	(90,688)	-
Administrative expenses	7	(5,166)	(4,981)
		<hr/>	<hr/>
Total Disbursements		(1,948,940)	(1,827,274)
		<hr/>	<hr/>
Net (withdrawals)/ additions from dealings with members		(881,020)	4,186,397
Returns on investments			
Investment income	8	789,965	784,272
Investment management fees	9	(252,115)	(73,279)
Change in value of Bulk Annuity Policy	10	(31,000)	(898,000)
Change in value of AVC investments	10	1,013	-
Change in market value of other investments	10	13,413,699	(603,006)
		<hr/>	<hr/>
Net returns on investments		13,921,562	(790,013)
		<hr/>	<hr/>
Net increase in the fund during the year		13,040,542	3,396,384
Net assets at 1 January		84,490,687	81,094,303
		<hr/>	<hr/>
Net assets at 31 December		97,531,229	84,490,687
		<hr/>	<hr/>

The notes on pages 19 to 32 form part of these financial statements.

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Net Assets Statement

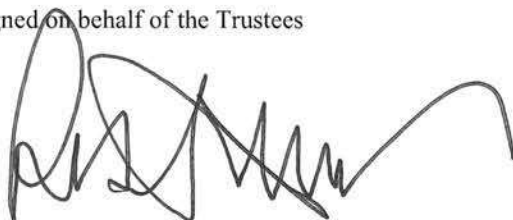
	Note	2019 £	2018 £
Investment assets			
Pooled investment vehicles	10	88,325,819	70,182,380
Insurance policies	10	9,170,000	9,201,000
AVC investments	10	35,627	34,614
Total net investments	10	<u>97,531,446</u>	<u>79,417,994</u>
Current assets	11	177,066	5,229,530
Current liabilities	12	(177,283)	(156,837)
Net assets		<u>97,531,229</u>	<u>84,490,687</u>

The accounts summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Trustees' Report and actuarial certificate included in the Annual Report and these accounts should be read in conjunction with them.

The notes on pages 19 to 32 form part of these financial statements.

The financial statements on pages 17 to 32 were approved by the Trustees on

Signed on behalf of the Trustees



Robert Matthews

Trustee

Date: 22ND JULY 2020

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Notes to the Financial Statements

1. General information

The Institute of Physics Retirement Benefits Plan (1975) (the “Scheme”) is an occupational pension scheme established under trust. The Scheme was established to provide retirement benefits to certain groups of employees within the Institute of Physics group. The address of the Scheme’s principal office is 37 Caledonian Road, London, N1 9BU. The Scheme is a defined benefit scheme which is no longer open to new members and was closed to future accrual on 30 June 2015 with all future pension benefits provided by the Institute’s group personal pension. Employed members continue to benefit from salary increases where this is greater than deferred pension revaluation. The Scheme is a registered pension scheme under the Chapter 2, Part 4 of the Finance Act 2004.

2. Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Financial Statements and a Statement from the Auditor) Regulations 1996, the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council (“FRS 102”) and the guidelines set out in the Statement of Recommended Practice, “Financial Reports of Pension Schemes”, revised in November 2014 (“the SORP”).

3. Accounting policies

The principal accounting policies are set out below.

a) Accruals concept

The financial statements have been prepared on an accruals basis with the exception of individual transfers, which are recognised when received or paid.

b) Valuation of investments

Investments are included at their market values, provided by the investment managers, which are determined as follows;

- (i) Quoted investments are valued on the basis of the bid price (or, if unavailable, most recent transaction) on the relevant exchange.
- (ii) Pooled investment vehicles are valued at bid market prices at the year-end date, where available, or at net asset value.
- (iii) Other unquoted investments are included at fair value based on valuations provided by fund managers or third-party agents, on the basis of latest dealings, professional valuations and financial information at the year end.

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Notes to the Financial Statements (continued)

3. Accounting policies (continued)

Valuation of investments (continued)

The additional voluntary contribution (AVC) investments include policies of assurance underwritten by The Prudential Assurance Company Limited. The market value of these policies of assurance has been taken as the surrender values of the policies at the year end, as advised by the underwriter.

The changes in investment market values are accounted for in the year in which they arise and include profits and losses on investments sold as well as unrealised gains and losses in the value of investments held at the year end.

Investments in overseas currencies are translated into Sterling at the rates ruling at the year end.

The Trustees have purchased a bulk annuity policy with Legal & General as an investment to match a substantial part of the benefits of members who were in receipt of Scheme benefits before 10 August 2010. The annuity policy is in the name of the Trustees and represents an asset of the Scheme. Members continue to receive their pensions directly from the Scheme as before, with the Trustees being paid the annuity proceeds each month by Legal & General.

The annuity policy has no market value and cannot be surrendered for cash. However, the Trustees have decided to include the policy in the Fund Account and in the summary of investments (Note 10) at a value advised by the Scheme Actuary. He has recommended a value of £9,170,000, which represents the present value of future payments from the policy based on assumptions that are consistent with those used in the Actuarial Valuation of the Scheme as at 31 December 2016.

The value of the annuity policy, for the purposes of these Accounts, will change from year to year in line with the age and life expectancy of the members that are covered, and with changes in the financial assumptions used to value the proceeds for those members.

c) Contributions and benefits

Employer deficit contributions are accounted for on an accruals basis on the due dates on which they are payable in accordance with the Schedule of Contributions and recovery plan under which they are being paid.

Employer additional and augmentation contributions are recognised on receipt.

Benefits and payments to leavers are accounted for in the period they fall due for payment. Where the member has a choice about the form of their benefit it is accounted for when the member notifies the Trustees of their decision as to what form of benefit they will take.

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

d) Transfers

Individual transfer values to and from other pension arrangements are accounted for when received or paid.

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Notes to the Financial Statements (continued)

3. Accounting policies (continued)

e) Investment income

Interest from fixed interest, index-linked securities, cash and short-term deposits is accounted for on an accruals basis. Income from annuities is recorded as investment income.

f) Administrative expenses and investment management expenses

The majority of administrative expenses are met by the Principal Employer and this includes the PPF levy.

Investment management expenses are accounted for on an accruals basis and are paid for by the Scheme.

4 Contributions	2019	2018
	£	£
Contributions from employer:		
Deficit	1,000,000	1,000,000
Additional	-	5,000,000
Augmentation	67,920	13,671
 Total contributions	 1,067,920	 6,013,671

Deficit contributions are £83,333 per month to fund the Scheme's funding shortfall and will be payable until 31 May 2028 under the current actuarial agreement.

Contributions unpaid at the year-end totalled £nil as the scheme was closed to future accrual in 2015. All payments within the year were received within the timescale required by the schedule of contributions.

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Notes to the Financial Statements (continued)

5 Benefits	2019	2018
	£	£
Pensions	1,809,236	1,722,833
Commutations and lump sum retirement benefits	18,012	99,460
Taxation where lifetime or annual allowance exceeded	25,838	-
	<hr/>	<hr/>
	1,853,086	1,822,293
	<hr/> <hr/>	<hr/> <hr/>

As explained on page 6 of the Trustees Report, on 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the Trustees do not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

6 Payments to and on account of leavers	2019	2018
	£	£
Transfers to other schemes	90,688	-
	<hr/>	<hr/>
	90,688	-
	<hr/> <hr/>	<hr/> <hr/>

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Notes to the Financial Statements (continued)

7	Administrative expenses	2019	2018
		£	£
	Bank charges	106	88
	Tax charges	5,060	4,893
		<hr/>	<hr/>
		5,166	4,981
		<hr/> <hr/>	<hr/> <hr/>
8	Investment income	2019	2018
		£	£
	Bulk annuity instalments from Legal & General	789,965	784,272
		<hr/>	<hr/>
		789,965	784,272
		<hr/> <hr/>	<hr/> <hr/>
9	Investment management fees	2019	2018
		£	£
	Investment management fees	252,115	73,279
		<hr/> <hr/>	<hr/> <hr/>

These investment management fees are charged directly against the value of investments during the year either by netting off against contributions for purchases or by sale of units.

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Notes to the Financial Statements (continued)

10 Investments	2019	2018
	£	£
Pooled investment vehicles		
Unit trusts other than property	88,325,819	70,182,380
Value of Bulk Insurance Policy	9,170,000	9,201,000
AVC investments	35,627	34,614
	<hr/>	<hr/>
Market value at 31 December	97,531,446	79,417,994
	<hr/> <hr/>	<hr/> <hr/>

Legal & General Investment Management is registered in the United Kingdom, Northern Trust is registered in Guernsey Channel Islands. The pooled investment vehicles are all authorised unit trusts.

Indirect transaction costs are incurred through the bid-offer spread on investments within the pooled investment vehicles. The amount of indirect transactions costs is not separately provided to the Scheme.

The movements in total investments during the year were as follows:

	2018	Purchases	Sales	Change in Market Value	2019
	£	£	£	£	£
Pooled investment vehicles					
Equities	15,841,060	16,955,406	(17,498,583)	3,441,052	18,738,935
Diversified growth funds	20,882,554	20,787,515	(26,784,135)	1,902,836	16,788,770
Broad Opportunities Fund	-	16,136,136	(695,119)	1,281,056	16,722,073
Liability driven instruments	26,149,605	34,084,528	(39,253,945)	5,917,304	26,897,492
Liquidity Fund	-	7,170,094	(7,172,155)	2,062	-
Illiquid and private markets	7,309,161	999,999	-	869,389	9,178,549
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	70,182,380	96,133,678	(91,403,938)	13,413,699	88,325,819
AVC investments	34,614	-	-	1,013	35,627
Insurance Policies	9,201,000	-	-	(31,000)	9,170,000
Total investments	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	79,417,994	96,133,678	(91,403,938)	13,383,712	97,531,446

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Notes to the Financial Statements (continued)

10 Investments (continued)

a) AVC investments

The Trustees hold assets which are separately invested from the main fund, in the form of individual insurance policies. These secure additional benefits, on a money purchase basis, for those members who have elected to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement made up to 31 December each year, confirming the amounts held to their account and the movements during the year. The total amount of AVC investments at the year-end is shown below.

	2019	2018
	£	£
Prudential Assurance Co. Ltd	35,627	34,614

The movements in AVC assets during the year were as follows:

	2019	2018
	£	£
Value at 1 January	34,614	34,614
Net change in value	1,013	-
	<hr/>	<hr/>
Value at 31 December	35,627	34,614
	<hr/> <hr/>	<hr/> <hr/>

b) Changes in value of the Annuity policy

The value of the Annuity Policy has been updated to 31 December 2019 by the Scheme Actuary. The value recommended of £9,170,000, a decrease of £31,000, is the value of the expected future cash-flows from the policy at that date, based upon assumptions consistent with the Trustees' stated policy for funding the Scheme. The policy value has decreased mainly as a result of benefit payments during the year.

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Notes to the Financial Statements (continued)

10 Investments (continued)

c) Fair value determination

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

- Level 1 The unadjusted quoted price for an identical asset or liability in an active market at the reporting date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

	At 31 December 2019			
	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	79,147,270	9,178,549	88,325,819
Insurance policies	-	-	9,170,000	9,170,000
AVC investments	-	35,627	-	35,627
	<u>-</u>	<u>79,182,897</u>	<u>18,348,549</u>	<u>97,531,446</u>

	At 31 December 2018			
	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	62,873,219	7,309,161	70,182,380
Insurance policies	-	-	9,201,000	9,201,000
AVC investments	-	34,614	-	34,614
	<u>-</u>	<u>62,907,833</u>	<u>16,510,161</u>	<u>79,417,994</u>

d) Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

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.

Notes to the Financial Statements (continued)

10 Investments (continued)

d) Investment risks (continued)

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 Trustees determine their investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. Credit risk is measured by considering the credit rating of the Scheme's investments. Market risk is measured by considering the value of the Scheme's investments exposed to the risk. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustees by regular reviews of the investment portfolio.

e) Investment strategy

The investment objective of the Scheme is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the Scheme payable under the trust deed and rules as they fall due.

The Trustees set the investment strategy for the Scheme taking into account considerations such as the strength of the employer covenant, the long term liabilities of the Scheme and the funding agreed with the Institute. The investment strategy is set out in its Statement of Investment Principles (SIP).

The current strategy per the SIP dated August 2019 is:

20% in equities, 32% in diversified growth funds, 38% in LDI and 10% in illiquid/private markets.

Any excess funds are to be invested in-line with the target allocation.

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Notes to the Financial Statements (continued)

10 Investments (continued)

f) Credit risk

The Scheme has exposure to indirect credit risk, through the LDI policies held. This could arise through the default of various counterparties. However, the risk is viewed as minimal due to the protections put in place by the investment manager. Direct credit risk exposure through the use of pooled investment vehicles is mitigated because the assets of those vehicles are ring fenced from those of the asset manager.

The F&C LDI fund invests in fixed and inflation-linked securities. The financial strength of a company or government issuing the fixed interest security determines their ability to make some or all of the payments due. If this financial strength weakens, the chances of them not making payments increases and this will reduce the fund's value.

The BMO LDI fund uses derivatives for leveraging purposes to increase the interest rate and inflation exposure the Scheme is exposed to. If the counterparty to the derivatives was to default on its obligations then this could incur a financial loss to the Scheme. This risk is mitigated through the use of collateralisation, so the derivative positions are balanced on a daily basis. The funds are designed to be a long-term derivatives based added value strategy.

The Scheme invests in multi-asset funds with Insight (Broad Opportunities Fund) and Schroder (Intermediated Diversified Growth Fund) as well as Partners (Partners Fund). These make use of derivatives in order to increase diversification within the fund and reduce overall risk. The allocation to these derivatives will change, depending on underlying market factors and analysis carried out by the investment managers. In either case, the use of derivatives is at the managers' discretion. The Trustees are fully aware of this active management and are comfortable with this delegation to the investment managers.

Several of the derivatives used had exposure to credit risk during the course of the year. However, due to the components of the multi-asset fund and the level of diversification achieved, the overall level of risk is largely mitigated through counteracting derivatives. The Trustees review the strategies employed by the managers as part of their ongoing monitoring of the fund.

Pooled investment arrangements used by the Scheme comprise authorised unit trusts. They are unrated by credit rating agencies.

The Scheme's total exposure to credit risk as at the end of the accounting period was c. £69.6m (2018:c.£54.3m).

g) Currency risk

The LGIM Global Equity Fund holds assets in currencies that are not denominated in sterling. If the value of these currencies falls compared to sterling this may cause the fund's value to go down. Some funds may employ currency hedging as a means of protecting the fund's value against currency movements. In extreme market conditions, the hedge may not be perfect and the funds may be exposed to currency changes.

The investments of the multi-asset managers (Insight and Schroder) and Partners (the Partners Fund) expose the Trustees to currency risk. However, due to the components of the multi-asset funds and the level of the diversification achieved, the overall level of risk is largely mitigated through counteracting derivatives.

Notes to the Financial Statements (continued)

10 Investments (continued)

g) Currency risk (continued)

The Scheme's total exposure to currency risk as at the end of the accounting period was c.£61.4m (2018: c.£44.0m.)

h) Interest rate risk

The Scheme's investments have exposure to interest rate risk. Around 30% (2018: 37%) of the total assets are held in LDI funds. The value of these funds is driven by movements in interest rate and inflation rate expectations. The BMO LDI fund uses derivatives for leveraging purposes to increase the interest rate and inflation exposure the Scheme is exposed to. This is a deliberate position taken by the Trustees in order to gain increased exposure to interest rate movements.

The objective of this exposure is to mitigate the impact of adverse movements in the Scheme's liabilities, which are also based on interest rate changes. The allocation and duration of these funds have been deemed appropriate by the Trustees, given the profile of the liabilities of the Scheme and after receiving investment advice.

The multi asset strategies (Insight and Schroder) and the Partners Fund are subject to interest rate risk derived from investments in fixed income securities. As the Insight and Schroders strategies form part of the return seeking assets of the Scheme, interest rate risk is actively managed in order to optimise the risk/return profile of the portfolio. Interest rate exposure may be tactically mitigated by the use of interest rate derivatives.

Several of the derivatives used with the multi-asset funds had exposure to interest rate risk during the year. However, due to the components of the multi-asset fund and the level of the diversification achieved, the overall level of risk is largely mitigated through counteracting derivatives. This exposure is a deliberate and calculated action taken by the manager as a means to generate additional returns through expected interest rate movements and to increase diversification within the fund. The Trustees review the strategies employed by the manager as part of their ongoing monitoring of the Scheme.

The Scheme's total exposure to interest rate risk as at the end of the accounting period was c.£69.6m (2018: c.£54.3m)

i) Other price risk

The Scheme has exposure to inflation risk as investments are held in real LDI funds. The objective of this exposure is to mitigate the impact of adverse movements on the Scheme's liabilities due to changes in expected future inflation.

The Scheme also invests in equities (shares of companies), so there is a higher risk of the fund's value being volatile (i.e. going up and down) than with a Fund which invests in most other asset types, particularly in the short term. The fund has some investment in equities issued by smaller companies. These investments tend to be riskier than investments in larger companies because they may be harder to buy and sell; their price may be more volatile - particularly in the short term.

Notes to the Financial Statements (continued)

10 Investments (continued)

i) Other price risk (continued)

There are a number of other risks that the Scheme is exposed to due to the nature of its investments. These include counterparty risk and liquidity risk within the multi-asset funds: these risks are considered to be secondary risks and are not as material to the Scheme as those described above. The Trustees are comfortable that the managers have sufficient internal controls to manage these secondary risks. The Trustees review the managers and internal risk measures as part of their ongoing monitoring.

The private markets fund (Partners Group) may suffer from market, liquidity and valuation risks due to the nature of this type of investment.

The Scheme's total exposure to other risk at the end of the account period was c.£88.3m (2018: c£70.2m)

j) Applicability of risk factors

Risk exposures over combined period are shown below. The value of each fund is noted in the Investment Report.

	Credit risk	Currency risk	Interest-rate risk	Other price risk
Institute of Physics F&C Nominal Dynamic LDI	●	○	●	●
IOP BMO Short Profile Real Dynamic LDI	●	○	●	●
Institute of Physics L&G Global Equity Market	○	●	○	●
LGIM PMC Schroder Life Int Div Growth Fund	●	●	●	●
LGIM PMC Insight Broad Opportunities Fund	●	●	●	●
Partners Fund	●	●	●	●

● - risk exists ○ - no risk or hardly any

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Notes to the Financial Statements (continued)

10 Investments (continued)

k) Concentration of investments

The following investments accounted for more than 5% of the Plan's net assets:

	2019	
	Market value	
	£	%
Institute of Physics L&G Global Equity Market	18,738,935	19%
LGIM PMC Schroder Life Int Div Growth Fund	16,788,770	17%
LGIM PMC Insight Broad Opportunities Fund	16,722,073	17%
Institute of Physics F&C Nominal Dynamic LDI	16,295,568	17%
IOP BMO Short Profile Real Dynamic LDI	10,601,924	11%
Insurance Annuity	9,170,000	9%
Partners Fund GBP Partners E	8,145,192	8%

	2018	
	Market value	
	£	%
Institute of Physics DGF	20,882,554	25%
LGIM Global Equity Fixed Weights 30:70 Index Fund	15,841,061	19%
BMO Nominal Dynamic LDI	14,059,710	17%
BMO Short Profile Real Dynamic LDI Fund	9,105,121	11%
Insurance Annuity	9,201,000	11%
Partners Fund	7,309,160	9%

11 Current assets	2019	2018
	£	£
Cash deposits	177,066	5,229,530
	<hr/>	<hr/>
	177,066	5,229,530
	<hr/> <hr/>	<hr/> <hr/>

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Notes to the Financial Statements (continued)

12 Current liabilities	2019	2018
	£	£
Unpaid benefits	-	67,920
Accruals and deferred income	177,283	88,917
	<hr/>	<hr/>
	177,283	156,837
	<hr/> <hr/>	<hr/> <hr/>

13 Related party transactions

Mr J Brindley and Mr M Bray, Trustees of the Scheme during the year, were in receipt of pension benefits during the year.

During the year, in accordance with the Schedule of Contributions, the participating employer, the Institute of Physics met administrative expenses on behalf of the Scheme. These are shown below:

	2019	2018
	£	£
Independent Trustee	16,097	15,508
Pension Protection Fund Levy	33,135	47,590
Pension Trustee expenses	-	977
Pension administration and advice	204,239	206,076
	<hr/>	<hr/>
	253,471	270,151
	<hr/> <hr/>	<hr/> <hr/>

In addition, in accordance with the Schedule of Contributions, the Institute has met administrative expenses on behalf of the Scheme.

14 Subsequent events

Subsequent to the year-end, COVID-19 has impacted a significant number of countries globally and has caused significant disruption to economic activity. This has been reflected in recent global stock market fluctuations and, in turn, the valuation of Scheme assets. The Trustees consider this ever changing situation to be a non-adjusting post balance sheet event as they have designed and implemented the Scheme's investment strategy taking a long term view and have built in resilience to withstand short term fluctuations. Given the continuing inherent uncertainties, it is not practicable to provide a quantitative estimate of the impact of COVID-19 on the Scheme's investment assets at this time. As of 30 June 2020, the estimated market value of Scheme investments had increased to £104.1m

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Statement of Trustees' Responsibilities in Respect of Contributions

The Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the minimum rates of contributions payable towards the Scheme by or on behalf of the Institute and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the Institute in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

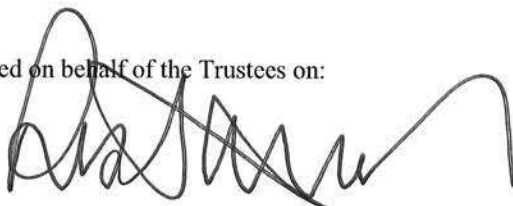
Trustees' Summary of Contributions Payable Under the Schedule in Respect of the Scheme year ended 31 December 2019

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustees. It sets out the employer and member contributions payable to the Scheme under the schedule of contributions certified by the actuary on 6 October 2017 in respect of the Scheme year ended 31 December 2019. The Scheme auditor reports on contributions payable under the schedules in the Auditor's Statement about Contributions.

Contributions payable under the Schedule in respect of the Plan year

	2019
	£
Employer:	
Deficit	1,000,000
Contributions payable under the Schedule (as reported on by the Plan auditor)	<u>1,000,000</u>
Employer:	
Additional contribution for lump sum payment	67,920
Total contributions payable to the Plan	<u><u>1,067,920</u></u>

Signed on behalf of the Trustees on:



Robert Matthews

Trustee

Date:

22nd July 2020

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Independent Auditor's Statement about Contributions to the Trustees of the Institute of Physics Retirement Benefits Plan (1975)

Statement about contributions

We have examined the Summary of Contributions to The Institute of Physics Retirement Benefits Plan ('the Scheme') for the year ended December 2019 on page 33.

In our opinion, contributions for the year ended 31 December 2019, as reported in the Summary of Contributions and payable under the Schedule of Contributions, have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 6 October 2017.

Scope of work on statement about contributions

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 33, the Scheme's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions.

Auditor's responsibilities for the preparation of a Statement about Contributions

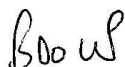
It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

**Independent Auditor's Statement about Contributions to the
Trustees of the Institute of Physics Retirement Benefits Plan (1975)
(continued)**

Use of our report

This statement is made solely to the Scheme's Trustees, as a body, in accordance with Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's 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 Scheme's Trustees, as a body, for our audit work, for this statement, or for the opinions we have formed.



BDO LLP
Statutory auditor
Bristol
United Kingdom

Date 22 July 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Actuary's Certification of Schedule of Contributions

Name of Scheme: **Institute of Physics Retirement Benefits Plan (1975)**

1. Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2016 to be met by the end of the period specified in the recovery plan dated 6 October 2017.

2. Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, the schedule of contributions is consistent with the Statement of Funding Principles dated 6 October 2017.

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

Signature	R J Hough
Name:	R J Hough
Date:	6 October 2017
Qualification:	Fellow of the Institute and Faculty of Actuaries
Name of Employer:	Xafinity Consulting Limited
Address:	Phoenix House 1 Station Hill Reading Berkshire RG1 1NB

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Compliance Statement

Constitution

The Scheme was established on 1 July 1975 and is governed by a definitive trust deed dated 29 March 2006. The Scheme was closed to new members with effect from 31 December 2001 and the Scheme was closed to future accrual on 30 June 2015.

The Registration number in the Register of Occupational and Personal Pension Schemes is 10099901.

Taxation status

The Scheme is a registered Pension Scheme.

Pension increases

Pensions in payment accrued in respect of service prior to 1 January 2001 increase at 5% p.a., pensions in payment accrued between 1 January 2001 and 31 December 2005 increase in line with the RPI, subject to a maximum of 6.5% p.a., whilst pensions in payment accrued on or after 1 January 2006 increase in line with the RPI, subject to a maximum of 2.5%. No increases are discretionary.

In accordance with the Deed and Rules of the Scheme, deferred pensions will be re-valued during the period before they are brought into payment.

Calculation of transfer values

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

Registrar of Occupational and Personal Pension Schemes

The Registrar's main purpose is to provide a tracing service for members (and their dependants) of previous employers' schemes, who have lost touch with earlier employers and Trustees. To trace a benefit entitlement under a former employer's Scheme, enquiries should be addressed to:

The Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

Telephone: 0800 731 0193
Website: www.gov.uk/find-pension-contact-details

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

The Institute of Physics Retirement Benefits Plan (1975)
Annual Report for the year ended 31 December 2019

Compliance Statement (continued)

The Pensions Advisory Service (TPAS)

The Institute has an Internal Dispute Resolution Procedure and any concern connected with the Scheme should be referred to Paul Hardaker at The Institute of Physics, 37 Caledonian Road, London N1 9BU, who will try to resolve the problem as quickly as possible. Members and beneficiaries of occupational pension schemes who have problems concerning their Scheme which are not satisfied by the information or explanation given by the administrators or the Trustees can consult with The Pensions Advisory Service (TPAS). A local advisor can usually be contacted through a Citizen's Advice Bureau. Alternatively, TPAS can be contacted at:

The Pensions Advisory Service
11 Belgrave Road
London SW1V 1RB
Telephone: 0800 011 3797
Website: www.pensionadvisoryservice.org.uk

The Pensions Ombudsman (TPO)

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

Pensions Ombudsman Service
10 South Colonnade
Canary Wharf
London E14 4PU
Telephone: 0800 917 4487
Email: helpline@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

