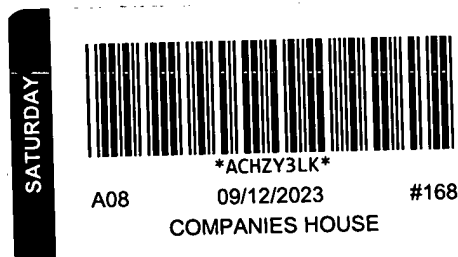


PETPS (Birmingham) Limited

**Annual report and financial
statements**

Registered number 09312177

31 March 2023



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Directors' report

Principal activities of the company

The directors present their report and the audited financial statements for the year ended 31 March 2023.

Following completion of the sale of the National Exhibition Centre Limited ("NEC Limited") by Birmingham City Council ("the City") on 1 May 2015, NEC Limited was replaced as principal employer by the Company, which is a wholly owned subsidiary of the City, which assumed the ongoing funding obligation of the NEC Limited Pension Fund (the "Fund") and the NEC Executive Pension Scheme (the "Scheme") with the agreement of the pension trustees. At the same time the City gave guarantees to meet the current and future contingent funding obligations that may arise in respect of the liabilities. Details of these pension schemes can be found in note 8 to the accounts.

On 27 June 2017, the City implemented an asset backed funding structure in order to allow the City to finance payments to the Fund. As part of the asset backed funding structure, the City set up wholly owned companies PETPS (Birmingham) Capital Limited and PETPS (Birmingham) General Partner Limited which established a Scottish Limited Partnership ("SLP") called PETPS (Birmingham) Pension Funding SLP (the "Partnership"). The Partnership was capitalised with £17.2 million cash which has been loaned back to the City. NEC Pension Trustee Company No. 2 Limited which is the trustee of the Fund and a subsidiary of the Company received an interest in the Partnership on 4 July 2017. Payments were made by the City to the Partnership under the loan and the Partnership made payments to the trustee of the Fund in accordance with an agreed distribution schedule. Following completion of the 2022 actuarial valuation, the final £2.5 million contribution to the Fund to be paid from the asset backed funding arrangement in July 2022 was not required.

NEC Pension Trustee Company No. 2 Limited was incorporated in England and Wales as a company limited by shares and with a registered address of 10 Woodcock Street, Birmingham, West Midlands, B7 4BL on 20 June 2017. The cost and carrying value of this investment is £nil.

Capital and finance

The Company is limited by guarantee and therefore does not have any share capital.

Financial risk management

The Company is the principal employer of the Fund and Scheme, and details of how these are managed are set out above and in note 8 to the accounts.

Results

The result for the year is shown in the profit and loss account on page 8. The directors do not recommend the payment of a dividend.

Going concern

As described in note 8 *Employee benefits*, the Company is dependent on Birmingham City Council, the parent company of the entity, to enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Birmingham City Council has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available. The directors have therefore prepared the financial statements on a going concern basis.

Directors

The directors who held office during the year and up to the date of this report were as follows:

GA Olivant	- appointed 2 September 2022
C Sandland	
BA Sullivan	- resigned 26 August 2022

The Company maintains directors and officers liability insurance on behalf of the directors. The cost is met by Birmingham City Council.

Directors' report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UHY Hacker Young (Birmingham) LLP will therefore continue in office.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

In preparing this report the directors have taken advantage of the small company exemptions provided by section 415A of the Companies Act 2006.

By order of the board



G Olivant
Director

10 Woodcock Street
Birmingham
West Midlands
B7 4BL

Date: ..6 December 2023.

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of PETPS (Birmingham) Limited

Opinion

We have audited the financial statements of PETPS (Birmingham) Limited (the 'company') for the year ended 31 March 2023 which comprise the Profit and Loss account, Balance Sheet, Statement of Changes in Equity 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' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company 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 directors' 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 company'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 directors 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 directors are responsible for the other information contained within the financial statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Independent auditor's report to the members of PETPS (Birmingham) Limited *(continued)*

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of PETPS (Birmingham) Limited *(continued)*

Auditors' 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 a Report of the Auditors 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:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector; and
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

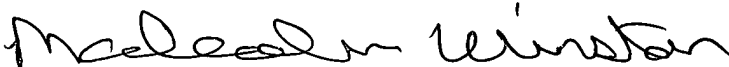
There are inherent limitations in the audit procedures described above; any instance of non-compliance with laws and regulations and fraud which is far removed from transactions reflected in the financial statements would diminish the likelihood of detection. Furthermore, the risk of not detecting a material misstatement due to fraud is greater than the risk of not detecting one resulting from error. Fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentation, or through an act of collusion that would mitigate internal controls.

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 Report of the Auditors.

Independent auditor's report to the members of PETPS (Birmingham) Limited
(continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Malcolm Winston, Senior Statutory Auditor
UHY Hacker Young (Birmingham) LLP, Statutory Auditor
9 - 11 Vittoria Street
Birmingham
B1 3ND

Date: 6 December 2023

Profit and loss account and other comprehensive income
for the year ended 31 March 2023

	<i>Note</i>	2023 £000	2022 £000
Administrative expenses	8	-	-
Operating profit		-	-
Other interest receivable and similar income	5	58	412
Interest payable and similar expenses	6	(58)	(412)
Profit before taxation		-	-
Tax on profit	7	-	-
Profit for the financial year		-	-
Other comprehensive income			
Re-measurement of the net defined benefit pension	8	2,378	18,088
Re-measurement of defined benefit reimbursement asset	8	(2,378)	(18,088)
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		-	-

The notes on pages 11 to 18 form part of these financial statements.

Balance sheet
at 31 March 2023

	Note	2023 £000	£000	2022 £000	£000
Current assets					
Reimbursement right asset	8	-		2,216	
		<hr/>		<hr/>	
Net current assets			-		2,216
Provisions for liabilities					
Pensions and similar obligations	8	-		(2,216)	
		<hr/>		<hr/>	
			-		(2,216)
			<hr/>		<hr/>
Net assets			-		-
			<hr/>		<hr/>
Capital and reserves					
Profit and loss account			-		-
			<hr/>		<hr/>
Shareholder's funds			-		-
			<hr/>		<hr/>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A *Small Entities*.

These financial statements were approved by the board of directors on 6 December 2023 and were signed on its behalf by:



G Olivant
Director

Company registered number: 09312177

The notes on pages 11 to 18 form part of these financial statements.

Statement of changes in equity

	Profit and loss account £000	Total equity £000
Balance at 1 April 2021	-	-
Total comprehensive income for the year		
Profit for the financial year	-	-
<i>Other comprehensive income</i>		
Re-measurement of the net defined benefit pension	18,088	18,088
Re-measurement of defined benefit reimbursement asset	(18,088)	(18,088)
	<hr/>	<hr/>
Total comprehensive income for the year	-	-
	<hr/>	<hr/>
Balance at 31 March 2022	-	-
	<hr/> <hr/>	<hr/> <hr/>

	Profit and loss account £000	Total equity £000
Balance at 1 April 2022	-	-
Total comprehensive income for the year		
Profit for the financial year	-	-
<i>Other comprehensive income</i>		
Re-measurement of the net defined benefit pension	2,378	2,378
Re-measurement of defined benefit reimbursement asset	(2,378)	(2,378)
	<hr/>	<hr/>
Total comprehensive income for the year	-	-
	<hr/>	<hr/>
Balance at 31 March 2023	-	-
	<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

PETPS (Birmingham) Limited (the “Company”) is a company limited by guarantee and incorporated and domiciled in England and Wales in the UK. The registered number is 09312177 and the registered office address is 10 Woodcock Street, Birmingham, West Midlands, B7 4BL.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in January 2022. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company’s ultimate parent undertaking, Birmingham City Council, includes the Company in its consolidated financial statements. The consolidated financial statements of Birmingham City Council are prepared in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* and are available to the public and may be obtained from www.birmingham.gov.uk. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

As described in note 8 *Employee benefits*, the Company is dependent on Birmingham City Council, the parent company of the entity, to enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Birmingham City Council has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available. The directors have therefore prepared the financial statements on a going concern basis.

1.3 Basic financial instruments

Investments in subsidiaries

These are separate financial statements of the Company. Investments in subsidiaries are carried at cost less impairment.

Notes (continued)

1 Accounting policies (continued)

1.4 Employee benefits

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations. A valuation is performed by a qualified actuary using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Re-measurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

Where it is considered to be virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the Company recognises its right to reimbursement as a separate asset, which is treated in the same way as plan assets.

Group plans

The Company is the entity legally responsible for a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan and the net defined benefit liability are recognised fully by the Company.

1.5 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

2 Accounting estimates and judgements

Key sources of estimation uncertainty

The accounts contain estimated figures that are based on assumptions made by the Directors about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Company's balance sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pension assumptions

The estimates for the Scheme and the Fund have been based on the latest actuarial valuation and transaction information since the latest actuarial valuation. A number of factors can impact on the valuation of the scheme liability. A sensitivity analysis of the factors is set out in more detail in note 8 of these financial statements.

Critical accounting judgements in applying the Company's accounting policies

The directors do not consider that there are any critical accounting judgements in applying the Company's accounting policies.

3 Auditor's remuneration

Auditor's remuneration payable to the Company's auditors for the audit of the accounts was £5,214 including VAT (2022: £4,800 including VAT). This remuneration is borne by Birmingham City Council.

4 Employees and directors' remuneration

The Company has no (2022: no) employees.

Directors' emoluments have been borne by the parent company, Birmingham City Council. The directors of the Company are also directors or officers of a number of the companies within the group. The directors' services to the Company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the Company for the current or prior year.

5 Other interest receivable and similar income

	2023 £000	2022 £000
Net interest income on defined benefit reimbursement asset	58	412

6 Interest payable and similar expenses

	2023 £000	2022 £000
Net interest expense on net defined benefit liabilities	(24)	(392)
Impact of asset ceiling on the plan assets interest income	(34)	(20)
	(58)	(412)

Notes (continued)

7 Taxation

There were no factors that affected the tax charge for the year which has been calculated on the profit before tax at the effective standard rate of corporation tax in the UK of 19% (2022: 19%).

Factors impacting future tax changes

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021.

There is no provided or un-provided deferred tax.

8 Employee benefits

NEC Limited Pension Fund (the "Fund") and the NEC Executive Pension Scheme (the "Scheme")

As a result of the City meeting any pension obligations directly, the Company has recognised a reimbursement right asset. The reimbursement right has been accounted for in the same way as plan assets, i.e. measured at fair value, and changes in the fair value of the reimbursement right have been accounted for in the same way as changes in the fair value of plan assets. The fair value of the reimbursement right entirely offsets any deficit arising in the Fund and the Scheme, and will be recovered commensurate with the settlement of the net pension liability.

The Fund and the Scheme are defined benefit schemes which pay out pensions at retirement based on service and final pay. They operate under UK trust law. The trustee boards of the Fund and the Scheme are independent of the City and are responsible for setting certain policies (e.g. investment and contribution policies).

Under the guarantees provided to the Fund and the Scheme, the City is responsible for meeting the current and future contingent funding obligations. The Fund and the Scheme therefore expose the City to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The assets of the Fund and the Scheme are held separately from those of the Company. On the advice of an independent qualified actuary, contribution payments are made to the Fund and the Scheme by the City to ensure that the assets are sufficient to cover future liabilities. The assets are measured using fair market values.

The most recently completed formal actuarial valuations of the Fund and the Scheme were at 5 April 2022. The funding requirements are based on the Statements of Funding Principles of the Fund and the Scheme. The funding is based on a separate actuarial valuation for funding purposes, for which assumptions may differ from the assumptions set out in these disclosures. Under FRS102, the defined benefit obligations are measured using the projected unit method and discounted at the rate of return on high quality corporate bonds of equivalent term.

On 27 June 2017, the City implemented an asset backed funding structure in order to allow the City to finance payments to the Fund. As part of the asset backed funding structure, the City set up wholly owned companies PETPS (Birmingham) Capital Limited and PETPS (Birmingham) General Partner Limited which established a Scottish Limited Partnership ("SLP") called PETPS (Birmingham) Pension Funding SLP (the "Partnership"). The Partnership was capitalised with £17.2 million cash which has been loaned back to the City. NEC Pension Trustee Company No. 2 Limited which is the trustee of the Fund and a subsidiary of the Company received an interest in the Partnership on 4th July 2017. Payments were made by the City to the Partnership under the loan and the Partnership made payments to the trustee of the Fund in accordance with an agreed distribution schedule. Following completion of the 2022 actuarial valuation, the final £2.5 million contribution to the Fund to be paid from the asset backed funding arrangement in July 2022 was not required.

The Fund's interest in the Scottish Limited Partnership has not been accounted for as a plan asset and distributions have been accounted for as contributions from the City.

Notes (continued)

8 Employee benefits (continued)

Net pension liability

	2023 £000	2022 £000
Defined benefit obligation	(129,628)	(205,002)
Plan assets	142,885	204,123
	<hr/>	<hr/>
Net pension asset/ (liability)	13,257	(879)
	<hr/>	<hr/>
Unrecognised asset due to the asset ceiling	(13,257)	(1,337)
Fair value of reimbursement right	-	2,216
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

Movements in present value of defined benefit obligation

	2023 £000	2022 £000
At 1 April	(205,002)	(221,561)
Interest expense	(5,269)	(4,365)
Re-measurement: actuarial gain	75,637	15,039
Benefits paid	5,006	5,885
	<hr/>	<hr/>
At 31 March	(129,628)	(205,002)
	<hr/>	<hr/>

Movements in fair value of plan assets

	2023 £000	2022 £000
At 1 April	204,123	200,286
Interest income	5,245	3,973
Re-measurement: return on plan assets less interest income	(61,373)	3,325
Contributions by employer	838	3,215
Benefits paid	(5,006)	(5,885)
Administration expenses paid	(942)	(791)
	<hr/>	<hr/>
At 31 March	142,885	204,123
	<hr/>	<hr/>

Movement in fair value of reimbursement right

	2023 £000	2022 £000
At 1 April	2,216	22,316
Interest income on reimbursement right	58	412
Actuarial loss due to reimbursement right	(2,378)	(18,088)
Change in reimbursement right due to contributions by employer	(838)	(3,215)
Change in reimbursement right due to administration expenses paid	942	791
	<hr/>	<hr/>
At 31 March	-	2,216
	<hr/>	<hr/>

Notes (continued)

8 Employee benefits (continued)

Expense recognised in the profit and loss account

	2023 £000	2022 £000
Administration expenses paid	942	791
Administration expenses reimbursement right	(942)	(791)
Net interest on net defined benefit liability	24	392
Impact of asset ceiling on the plan assets interest income	34	20
Interest income on reimbursement right	(58)	(412)
	<hr/>	<hr/>
Total expense recognised in profit or loss	-	-
	<hr/>	<hr/>

Expense recognised in other comprehensive income

	2023 £000	2022 £000
Return on plan assets, in excess of interest income	(61,373)	3,325
Actuarial gain on liabilities due to change in financial assumptions	74,873	10,993
Actuarial gain on liabilities due to change in demographic assumptions	6,058	3,244
Actuarial (loss)/gain on liabilities due to experience	(5,294)	802
Loss due to the asset ceiling	(11,886)	(276)
Actuarial loss due to reimbursement right	(2,378)	(18,088)
	<hr/>	<hr/>
Re-measurement gain recognised during the year	-	-
	<hr/>	<hr/>

The major categories of the plan assets as a percentage of total plan assets were as follows:

	2023 Fair value %	2022 Fair value %
Equities, GTAA and hedge funds	13	24
Bonds and cash	63	57
Property	10	9
Infrastructure	11	7
Gilts	3	3
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>

The bid value of equities, GTAA and hedge funds are as follows:

	2023 Bid value £000	2022 Bid value £000
Equities	2,756	31,933
Private credit	15,465	16,273
	<hr/>	<hr/>
	18,221	48,206
	<hr/>	<hr/>

Notes (continued)

8 Employee benefits (continued)

Principal actuarial assumptions (expressed as weighted averages) at the yearend were as follows:

	2023		2022	
	Fund %	Scheme %	Fund %	Scheme %
Discount rate	4.70	4.80	2.60	2.65
RPI inflation rate	3.30	3.40	3.60	3.85
CPI inflation rate	2.80	2.80	3.25	3.40
Future pension increases				
pension accrued prior to 5 April 2005	2.95	3.05	3.45	3.65
pension accrued after 5 April 2005	1.90	1.90	2.30	2.35

The last full actuarial valuation was performed on 5 April 2022. The present value of scheme liabilities has been arrived at by projecting the results of the 5 April 2022 valuation forward to 31 March 2023.

In valuing the liabilities of the pension fund at 31 March 2023, mortality assumptions have been made as indicated below.

The base mortality assumptions for the Fund and the Scheme are based on the SAPS tables (S3 series) (2022: *SAPS tables (S3 series)*). Future improvements are based on the CMI 2021 projection (2022: *CMI 2021 projection*) with a long term rate of improvement of 1.25% p.a. (2022: *1.25% p.a.*). The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

The Fund

- Current pensioner aged 65: 20.8 years (male), 23.2 years (female).
- Future retiree upon reaching 65 currently aged 45: 21.5 years (male), 24.4 years (female).

The Scheme

- Current pensioner aged 65: 22.3 years (male), 24.4 years (female).
- Future retiree upon reaching 65 currently aged 45: 23.9 years (male), 25.4 years (female).

Sensitivity analysis

An increase of 0.25 per cent in the discount rate would decrease the retirement benefit obligations by £4.7 million (2022: £8.5 million).

An increase of 0.25 per cent in the inflation rate would increase the retirement benefit obligations by £3.3 million (2022: £6.4 million).

An increase of one year to the life expectancy would increase the retirement benefit obligations by £4.1 million (2022: £8.5 million).

The duration of the NEC Limited Pension Fund liabilities is around 15 years (2022: 22 years), and the duration of the NEC Executive Pension Scheme liabilities is around 10 years (2022: 14 years).

Expected contributions

The schedule of contributions in force sets out contributions of £nil (2022: £2,500,000) in respect of the Fund and £nil (2022: £nil) in respect of the Scheme in the next financial year.

Notes (continued)

9 Fixed asset investments

The Company is the sole guarantor of NEC Pension Trustee Company Limited (incorporated in England and Wales, whose registered address is 10 Woodcock Street, Birmingham, West Midlands, B7 4BL), which is considered to be a wholly owned subsidiary. The cost and carrying value of this investment is £nil (2022: £nil).

The Company is the sole guarantor of NEC Pension Trustee Company No.2 Limited (incorporated in England and Wales, whose registered address is 10 Woodcock Street, Birmingham, West Midlands, B7 4BL), which is considered to be a wholly owned subsidiary. The cost and carrying value of this investment is £nil (2022: £nil).

10 Related party transactions

Birmingham City Council who is the sole Member and meets any pension obligations directly.

11 Ultimate parent company and parent company of larger group

Birmingham City Council is the immediate and ultimate parent undertaking and controlling party. The consolidated financial statements of Birmingham City Council are available from www.birmingham.gov.uk.