
THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

ANNUAL REPORT

30 June 2025

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

CONTENTS

	Page
Trustee Directors and Advisers	2 – 4
Trustee Directors' Report	5 – 11
Actuarial Certificate	12
Report on Actuarial Liabilities	13
Independent Auditor's Report	14-16
Independent Auditor's Statement about Contributions	17
Fund Account	18
Statement of Net Assets	19
Notes to the Financial Statements	20 – 25
Appendix: Implementation Statement	26

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

TRUSTEE DIRECTORS AND ADVISERS

The Directors of BSA Pension Trustees Limited (the Corporate Trustee), who held office between 1 January 2024 and 30 June 2025, are shown below. Also shown below is the number of Board meetings at which the Directors were present and, in brackets, the number of meetings that the Directors were eligible to attend during the period.

Up until the Scheme's bulk annuity purchase with Aviva Life and Pensions UK Limited, on 24 November 2021, there were two Sub-Committees to the Trustee – The Governance Sub-Committee and the Investment Sub-Committee.

In December 2021, following the Scheme's bulk annuity purchase, the Investment Sub-Committee, which was responsible for recommending, to the Directors, the overall investment policy in such a way as to achieve the Scheme's investment objectives, was disbanded with all investment decisions related to the buy-out being dealt with by the full Trustee Board. The Governance Sub-Committee, which was responsible for ensuring that the Scheme complies with The Pensions Regulator's Codes of Practice, reviewing key risk areas and reviewing the internal control systems, held its last meeting on 9 March 2022. Thereafter, all governance related issues were also dealt with by the full Trustee Board.

Attendance at the Trustee Board meetings is shown below.

Name	Nomination	Attendance Board Meetings
Jeremy Wood (Chair)	Independent	4(4)
Simon Beresford	Employer/ Independent (April 2025)	4(4)
Andrew Craddock	Employer	4(4)
Adrian Coles OBE	Member	3(4)
Paul Denton	Employer	4(4)
Robert Pannell	Member	4(4)

Robin Fieth, in his capacity of Chief Executive of The Building Societies Association, attended all Board meetings as an observer.

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

TRUSTEE DIRECTORS AND ADVISERS (Continued)

Independent Auditor	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
Annuity Provider	Aviva Life and Pensions UK Limited Sienna 2 Island Site Surrey Street Norwich NR1 3NG
Actuarial Consultants	Mercer Limited Tower Place London EC3R 5BU
Scheme Actuary	Paul Chapman FIA Mercer Limited Four Brindley Place Birmingham B1 2JQ
Scheme Administrators	Aptia UK Limited 40-B, tower 42 25 Old Broad Street London EC2N 1HQ
Bank	Royal Bank of Scotland 49 Charing Cross London SW1A 2DX
Legal Advisers	Travers Smith LLP 10 Snow Hill London EC1A 2AL

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

TRUSTEE DIRECTORS AND ADVISERS (continued)

Employer The Building Societies Association (BSA)
6th Floor
York House
23 Kingsway
London
WC2B 6UJ

Corporate Trustee BSA Pension Trustees Limited
6th Floor
York House
23 Kingsway
London
WC2B 6UJ

Scheme Secretary Louise Thornbury
6th Floor
York House
23 Kingsway
London
WC2B 6UJ

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

TRUSTEE DIRECTORS' REPORT

The Directors of the Corporate Trustee of the Building Societies Association Pension and Assurance (No 3) Scheme present their Annual Report together with the Actuarial Certificate, Report on Actuarial Liabilities and Financial Statements for the 18-month period ended 30 June 2025. The Directors confirm that the Financial Statements have been prepared and audited in accordance with the regulations made under Section 41(1) and (6) of the Pensions Act 1995.

CONSTITUTION

The Building Societies Association Pension and Assurance (No 3) Scheme (the "Scheme") is a defined benefit scheme which provides for the pension and death benefits under the following trust instruments –

- a. First Definitive trust deed dated 9 November 1983.
- b. Second Supplemental Definitive Deed and Rules dated 14 July 1989.
- c. Third Supplemental Definitive Deed and Rules dated 14 December 1993, and subsequent amendments.

On 10 December 2008 a consolidated Deed and Rules was produced to incorporate the subsequent amends.

The Scheme is contracted out of the State Second Pension (S2P) (formerly of the State Earnings Related Pension Scheme) under a certificate issued by the Contributions Agency and until 31 December 2003 was non-contributory.

The Scheme was closed to new membership on 31 August 2000 and closed to future accrual for the existing membership from 31 December 2009.

The normal retirement age for members is 62 and an early retirement factor will apply for any earlier retirement. No member contributions are payable in respect of the period after 31 December 2009 (the date from which the Scheme closed to future accrual).

Until 17 November 2021, pension benefits under the Scheme were provided by direct investments made by the appointed investment managers, Legal & General Investment Management Limited, and the death-in-service benefits were secured on a policy of assurance underwritten by Canada Life Assurance Co. On 24 November 2021, the Scheme purchased a bulk "buy-in" annuity policy with Aviva Life and Pensions UK Limited.

On 20 March 2025, the BSA and Trustee formally triggered the wind-up of the Scheme as part of a planned transfer of pension provision to Aviva.

The appointment of new and additional Directors, or removal of Directors, is the responsibility of the Building Societies Association as Employer of the Scheme. At least two Directors are member nominated.

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

TRUSTEE DIRECTORS' REPORT (Continued)

STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its 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 making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustee 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 Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

TRUSTEE DIRECTORS' REPORT (continued)

MEMBERSHIP REPORT

	TOTAL
Cessation members	
Cessation members as at 31 December 2023	3
Cessation members becoming deferred members	-
TOTAL CESSATION MEMBERS (AS AT 30 JUNE 2025)	3
Pensioners	
Pensioners as at 31 December 2023	59
New pensioners	6
New spouse pensioners	1
Pensioner transferring out	-
Deceased pensioners	(3)
TOTAL PENSIONERS (AS AT 30 JUNE 2025)	63
Deferred pensioners	
Deferred pensioners as at 31 December 2023	48
New deferred pensioner	-
Deceased deferred pensioner	-
Deferred pensioners becoming pensioners	(6)
TOTAL DEFERRED PENSIONERS (AS AT 30 JUNE 2025)	42
TOTAL MEMBERSHIP (AS AT 30 JUNE 2025)	108

With effect from 24 November 2021, all members are covered by Aviva's bulk annuity policy.

REVIEW OF FINANCIAL DEVELOPMENT OF THE SCHEME

The net assets of the Scheme decreased by £3,548,022 over the period giving a Scheme value of £15,964,429.

EMPLOYER RELATED INVESTMENTS

No employer related investments have been held by the Scheme during the period.

SUMMARY OF CONTRIBUTIONS

In accordance with the terms of the latest Schedule of Contributions, no payments are required from the Employers in respect of the Scheme's funding from January 2020 to January 2025. The BSA and Trustee triggered the wind-up of the Scheme on 20 March 2025. Therefore, a further Schedule of Contributions was not approved and no contributions were receivable up to 30 June 2025.

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

TRUSTEE DIRECTORS' REPORT (continued)

PENSION INCREASES

On both 1 January 2024, and 1 January 2025, pensions in payment in excess of the Guaranteed Minimum Pension ("GMP"), relating to service prior to 6 April 1997, were not increased. In accordance with legislation, the post-1988 GMP were increased by 3% and 1.7% respectively.

Pensions in payment relating to service after 5 April 1997, and up to (and including) 31 July 2005, were increased by 5% with effect from 1 January 2024 (capped and lower than the 8.9% increase in the Retail Prices Index in the year to September 2023) and increased by 2.7% with effect from 1 January 2025 (in line with the increase in the Retail Prices Index in the year to September 2024).

Pensions accrued after 31 July 2005 increased by 2.5% on 1 January 2024 and 1 January 2025. Increases to pensions in payment (for payments relating to service after 5 April 1997 and before 1 August 2005) were provided in earlier years as follows –

1 January 2023	5.0%
1 January 2022	4.9%
1 January 2021	1.1%
1 January 2020	2.4%
1 January 2019	2.5%

No payments were made in 2024 or 2025 in respect of discretionary increases (2023: £nil).

CASH EQUIVALENT PAYMENTS

Cash equivalents paid during the reporting period with respect to transfers have been calculated and verified in the manner prescribed by the Pension Schemes Act 1993 and do not include discretionary benefits.

TRUSTEE DIRECTORS' TRAINING

At three of the four Trustee Board meetings during the period, the Directors received guidance from the Scheme's legal advisers on the requirements of the Scheme's data cleansing and GMP Equalisation exercises, which must both be completed prior to the Scheme being wound-up. In addition, the Scheme's Actuary was present at one Trustee Board meeting to provide guidance on the Scheme's GMP Equalisation exercise.

The Directors are also encouraged to keep up to date with The Pensions Regulator's knowledge and understanding of pensions' toolkit, with new Directors being asked to complete it within 6 months' of their appointment. On appointment to the Board, new Directors are offered the opportunity to receive training on the role of a Trustee.

INVESTMENT MATTERS

The Trustee disinvested all of its investments from Legal & General Management Limited on 17 November 2021 and entered into a bulk annuity buy-in policy with Aviva Life and Pensions UK Limited on 24 November 2021 which covers 100% of all known beneficiaries of the Scheme.

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

TRUSTEE DIRECTORS' REPORT (continued)

In addition to the insurance policy with Aviva, the Trustee has also retained a pool of liquid cash assets to cover any remaining payments that has covered top-up payments made for equalisation and additional Scheme related expenses including Trustee Indemnity Insurance premiums.

STATEMENT OF INVESTMENT PRINCIPLES

As required by Section 35 of the Pensions Act 1995, a Statement of Investment Principles has been produced, and is available to all members [here](#) on the BSA's website. The Statement of Investment Principles is reviewed periodically, with the latest revised version being agreed in December 2021.

In addition, a Directors' Annual Report has been sent to each member of the Scheme during the period to facilitate regular reporting to members.

MANAGEMENT AND CUSTODY

No custodian is required for the Scheme as all the investments are held within an insurance policy.

SOCIALLY RESPONSIBLE INVESTMENT AND CORPORATE GOVERNANCE

The Trustee considers responsible investment to be the integration of environmental, social and governance considerations into investment decisions in respect of the Plan's investment portfolio where financial risk and or return is or could be materially affected ("Responsible Investment").

The Trustee acknowledges the importance of being a responsible investor, however, as the Trustee Directors are aiming to buy out the Plan's liabilities with an insurer, they do not expect Responsible Investment considerations to have a significant impact on the Scheme's assets over this timeframe. The Scheme's assets are now solely invested with an insurance policy.

The Trustee does not currently have a policy of taking into account "non-financial matters" when considering the selection, retention and realisation of assets. For this purpose "non-financial matters" means the views of the members and beneficiaries, including their ethical views and views in relation to social and environmental impact and their present and future quality of life.

PERFORMANCE

There is no performance data available for the period as all of the above Scheme investments were disinvested on 17 November 2021 at which point the assets of the Scheme were transferred into an annuity policy.

GMP EQUALISATION

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 BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

TRUSTEE DIRECTORS' REPORT (continued)

In a further judgement on 20 November 2020, it was confirmed that trustees should revisit and, where necessary, top-up historic cash equivalent transfer values for GMP equalisations.

The issues determined by the judgments arise in relation to many other defined benefit pension schemes.

During 2022, the Trustee Board took the necessary steps to review the GMP element of every cash equivalent transfer payment made since 17 May 1990. As a result of this exercise, top up payments, were calculated in respect of equalisation for those members who had taken historic cash equivalent transfer values.

During 2024, the Trustee Board took further steps to complete the GMP equalisation exercise and wrote to all members in October/November 2024, to advise them of the outcome of the exercise and the impact, where any, on their benefits. As a result of this exercise, pension payments were adjusted and back-dated payments (including interest) were made during the period (see Note 6 on page 22).

IMPLEMENTATION STATEMENT

In line with the investment disclosure requirements, an Implementation Statement has been prepared. This is shown in the appendix on page 26 and is available on the BSA's website [here](#).

MEMBERS' COMMUNICATION ON PURCHASE OF A BULK ANNUITY POLICY

In December 2021, the Trustee advised all members that, in November 2021, it entered into an agreement to insure members' pension benefits in full with Aviva Life & Pensions UK Limited through the purchase of a bulk annuity policy. Members were also advised that, as part of the decision-making process, the Trustee undertook a full due diligence process, taking investment and legal advice, and considered all insurers known to be active in this market before selecting Aviva as its preferred insurance partner.

An update on the buy-out position, and what it means for members' benefits, was communicated to all members in 2023 and 2024.

In April 2025, the Trustee advised all members that the BSA and Trustees had formally triggered the wind-up of the Scheme, as part of the planned transfer of pension provisions to Aviva, and that the necessary formalities under the winding-up provisions of the Trust Deed and Rule were being observed. In accordance with the requirements of a Section 27 Trustee Act 1925 Notice, advertisements were placed in both *The Gazette* and *Metro* Newspaper, in April 2025 and May 2025 respectively, in an attempt to trace any potentially unknown members or beneficiaries of the Scheme. This member communication also advised members that, in due course, the Trustee's bulk annuity policy would be converted into individual member policies with Aviva and members would then become direct policy holders of Aviva. Until the buy-out has been finalised, further member communications on the transfer to Aviva will continue to be provided by the Trustee.

GOING CONCERN

The Trustee made an assessment as to whether the Scheme is a going concern. In forming its view, the Trustee took into consideration the Scheme's purchase of a bulk "buy-in" annuity policy by Aviva Life & Pensions UK Limited, on 24 November 2021, and the fact that it is

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

TRUSTEE DIRECTORS' REPORT (continued)

anticipated that the buy-in policy will only be held until such time as it can be converted into a buy-out, at which time the Scheme is expected to be wound-up. The Trustee anticipates that the buy-out will take place within the next twelve months and therefore the financial statements have been prepared on a cessation basis.

FURTHER INFORMATION

Requests for additional information about the Scheme generally, or queries relating to members' own benefits, should be made to Louise Thornbury, Secretary to the Scheme, at louise.thornbury@bsa.org.uk or at the address given on page 3. Copies of the Scheme documentation are available for reference at the same address (or for retention at a small charge).

This report was approved by the Trustee on 16 January 2026 and signed on its behalf by:



Trustee Director

16 January 2026

**THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME
ACTUARIAL CERTIFICATE**

Actuarial Certificate given for the purposes of section 227 Pension Act 2004

Certification of schedule of contributions

Name of Scheme

The Building Societies Association Pension and Assurance (Number 3) Scheme

Adequacy of rates of contributions

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

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated 15 October 2021.

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.

Scheme Actuary

David Lloyd

Qualification

Fellow of the Institute and Faculty of Actuaries

Date of signing

15 October 2021

Name of employer

Mercer Limited

Address

**Tower Place
London
EC3R 5BU**

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

REPORT ON ACTUARIAL LIABILITIES (FORMING PART OF THE TRUSTEE DIRECTORS' REPORT)

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

The most recent full actuarial valuation of the Scheme was carried out as at 31 December 2020. An update valuation was performed on 31 December 2022. Ignoring AVC investments, these showed that on those dates:

	31 Dec 2020	31 Dec 2022
The value of the technical provisions was:	£25.7 million	£19.8 million
The value of the assets at that date was:	£31.2 million	£20.3 million
as a percentage of technical provisions:	121%	103%

Since the Trustee entered into a bulk annuity policy in November 2021 which covers all known beneficiaries of the Scheme, it was agreed that going forward the value of the technical provisions would be determined on a consistent basis with the premium paid for this policy. This approach is summarised in the Appendix to the Statement of Funding Principles dated 21 April 2022.

Next actuarial valuation

On 20 March 2025, the BSA and Trustee formally triggered the wind-up of the Scheme, as part of the planned transfer of pension provision to Aviva, and therefore it was not necessary to submit a full actuarial valuation, based as at 31 December 2023, to the Pensions Regulator by 31 March 2025.

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

Independent Auditor's Report to the Trustee of The Building Societies Association Pension & Assurance (No 3) Scheme

Opinion

We have audited the financial statements of The Building Societies Association Pension and Assurance (No 3) Scheme for the 18-month period ended 30 June 2025 which comprise the fund account, the statement of net assets (available for benefits) and the related notes set out therein.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the 18-month period ended 30 June 2025, 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 period;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulations 3 and 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.

Basis of preparation – financial statements prepared on a cessation basis

We draw attention to Note 1 in the financial statements, which indicates that a bulk buy-in annuity policy was purchased during the prior year. On 20 March 2025, the BSA and Trustee formally triggered the winding-up of the Scheme, as part of the planned transfer of pension provision to Aviva. The buy-out and wind-up is expected to be concluded within the next 12 months. Accordingly, the financial statements have been prepared on a cessation basis as described in Note 1. Our opinion is not modified in this respect of this matter.

Other Information

The Trustee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

and, except to the extent otherwise explicitly stated in our report, 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 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 the Trustee for the Financial Statements

As explained more fully in the Statement of Trustee's Responsibilities, the Trustee is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the 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 Trustee either intends 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Misstatements can arise from fraud or error and are considered material if, individually or in 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.

We set out below the key areas which, in our opinion the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for bias.

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

- Verification of the right to annuity income from bulk annuity policies/policy. This is addressed by testing the reconciliation of amounts received from the bulk annuity providers to the pensions paid to the pensioners or, where appropriate, to the fixed amounts payable under the agreements with the bulk annuity provider.
- We have identified relevant laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, as the Pensions Acts 1995 and 2004 (and regulations made thereunder), FRS 102, and the Pensions Statement of Recommended Practice (SORP). We considered the extent to which a material misstatement of the financial statements might arise as a result of non-compliance.
- Reviewing meeting minutes and any correspondence with the Pensions Regulator.
- Discussing whether there are any significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our Report

This report is made solely to the Scheme's Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP

Statutory Auditor

London

Date: 20 January 2026

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

Independent auditor's statement about contributions to the Trustee of The Building Societies Association Pension and Assurance (No 3) Scheme

Statement about contributions payable under the Schedule of Contributions

We have examined the summary of contributions payable to the Trustee of The Building Societies Association Pension and Assurance (No 3) Scheme, for the 18-month ended 30 June 2025 which is set out in the Trustee Director's report.

In our opinion contributions for the 18-month period ended 30 June 2025 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 15 October 2021.

Basis of opinion

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

Responsibilities of the Trustee

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

Auditor's responsibilities for the 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.

Use of our statement

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

Crowe U.K. LLP

Crowe U.K. LLP

Statutory Auditor

London

Date: 20 January 2026

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

FUND ACCOUNT FOR THE PERIOD ENDED 30 JUNE 2025

	Note	18- Month Period Ended 30 June 2025 £	Year Ended 31 December 2023 £
INCOME AND BENEFITS			
Contributions	5	-	-
Other income		<u>1,892</u>	<u>863</u>
		1,892	863
Benefits	6	<u>(1,227,947)</u>	<u>(697,544)</u>
Administrative expenses	7	<u>(203,088)</u>	<u>(102,402)</u>
		(1,429,143)	(799,083)
NET (WITHDRAWALS) FROM DEALINGS WITH MEMBERS		(1,429,143)	(799,083)
RETURN ON INVESTMENTS			
Change in market value of investments	8	<u>(3,352,000)</u>	<u>(599,000)</u>
Investment income	9	<u>1,233,121</u>	<u>720,000</u>
NET (DECREASE)/RETURN ON INVESTMENTS		(2,118,879)	121,000
NET (DECREASE) IN FUND DURING THE PERIOD		(3,548,022)	(678,083)
NET ASSETS AT 1 JANUARY		19,512,451	20,190,534
NET ASSETS AT THE END OF THE PERIOD		15,964,429	19,512,451

The notes on pages 20 to 25 form part of these financial statements.

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AT 30 JUNE 2025

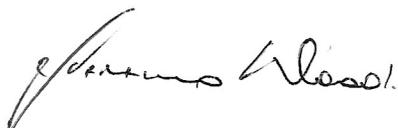
	Note	18- Month period ended 30 June 2025 £	Year Ended 31 December 2023 £
INVESTMENT ASSETS			
INSURANCE POLICY	8	15,841,000	19,193,000
CURRENT ASSETS	12	182,944	370,822
CURRENT LIABILITIES	13	(59,515)	(51,371)

STATEMENT OF NET ASSETS AT THE END OF PERIOD **15,964,429** **19,512,451**

The financial statements summarise the transactions and net assets of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall after the end of the Scheme year. The actuarial position of the Scheme, which takes account of such obligations, is dealt with in the Report on Actuarial Liabilities on page 13 of the Annual Report and these financial statements should be read in conjunction with them.

These financial statements were approved by the Trustee on **16 January 2026**.

Signed on behalf of the Trustee:



The notes on pages 20 to 25 form part of these financial statements.

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2025

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 - the Financial Reporting Standard applicable in the UK and Republic of Ireland, and the guidance set out in the Statement of Recommended Practice (Revised 2018).

A bulk “buy-in” annuity policy was purchased with Aviva on 24 November 2021 and it is anticipated that the buy-in policy will only be held until such time as it can be converted into a buy-out.

On 20 March 2025, the BSA and Trustee formally triggered the wind-up of the Scheme, as part of the planned transfer of pension provision to Aviva. The necessary formalities under the winding-up provisions of the Trust Deed and Rules were duly observed. The Trustee anticipates that the buy-out will take place within the next twelve months and therefore the financial statements have been prepared on a cessation basis.

On 30 April 2025 and 22 May 2025, the Trustee placed a legal advertisement called a Section 27 Trustee Act 1925 Notice in the London Gazette and The Metro newspaper respectively to announce that the Scheme is being wound-up in accordance with its governing provisions and to trace any potentially unknown members or beneficiaries of the Scheme.

On 9 April 2025, a letter was also sent to all members of the Scheme advising them of the notices and asking them to encourage any known members, or potential beneficiaries, of the Scheme who have not received any communications from the Scheme for any reason to get in touch with the Trustee. The letter also advised members that the legal responsibility for their benefits would transfer to Aviva.

2. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Scheme is established as a trust under English Law. The address for enquiries to the Scheme is included in the Trustee Director’s Report under the heading further information.

3. TAXATION

The Scheme is approved as an “exempt approved Scheme” under Chapter 2 of the Finance Act 2004 and to the Trustee’s knowledge there is no reason why such approval should be prejudiced or withdrawn.

4. ACCOUNTING POLICIES

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

a. Insurance Policy/Investments

The insurance policy purchased in the name of the Scheme, and which provides benefits to members has been valued by the Scheme Actuary in accordance with the financial

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2025

4. ACCOUNTING POLICIES (Continued)

reports of pension schemes' Statement of Recommended Practice (2018) (the 'SORP'). The valuation has been estimated by projecting forward the corresponding valuation as at 31 December 2021 (which itself reflected the initial premium paid to Aviva at inception of the bulk annuity policy). This projection involves rolling forward the results at the earlier date allowing for the interest on liabilities, actual benefits paid out, inflation over the period and an estimate of the effect of changes to the actuarial assumptions. All other experience is assumed to be in line with the assumptions made at the start of the period.

Annuity income paid to the Scheme by the annuity provider is recognised on an accruals basis.

b. Contributions

Contributions are accounted for on an accruals basis.

c. Benefits payable

d. Transfers to other schemes

Pensions in payment are accounted for in the period to which they relate.

Benefits are accounted for on an accruals basis on the later of the date of leaving and the date that any option is communicated to the Trustee.

e. Transfers to other schemes

Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers or payable to the pension schemes of new employers for members who have left the Scheme. They take account of transfers where the Trustee of the receiving Scheme have agreed to accept the liabilities in respect of the transferring members before the year end, and where the amount of the transfer can be determined with reasonable certainty.

f. Administrative expenses

With effect from 1 January 2014, the administrative expenses incurred by the Trustee (including the levies payable to the Pension Protection Fund and any life assurance premiums) have been met out of the Scheme's assets.

5. CONTRIBUTIONS PAYABLE

Under the Schedule of Contributions certified on 15 October 2021, no deficit funding contributions are due (2023: £Nil).

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2025

6. BENEFITS

	18-Month Period Ended 30 June 2025 £	<i>Year Ended 31 December 2023 £</i>
Pensions	1,097,909	697,544
GMP Top ups	17,417	-
Retirement lump sums	112,621	-
	<u>1,227,947</u>	<u>697,544</u>

7. ADMINISTRATIVE EXPENSES

	18-Month Period Ended 30 June 2025 £	<i>Year Ended 31 December 2023 £</i>
Administration and processing	36,950	10,982
Actuarial fees	73,362	53,733
Trustee Indemnity Insurance	12,527	5,344
Legal Fees	44,924	1,608
PPF Levies	2,562	1,229
Audit fees	13,866	13,020
BSA Administrative services (see note below)	13,317	13,030
Trustee Expenses	-	50
Payroll	5,580	<u>3,406</u>
	<u>203,088</u>	<u>102,402</u>

Note: The BSA Administrative services expense was incurred by the Scheme in accordance with the agreement approved on 25 September 2024.

8. RECONCILIATION OF INVESTMENTS

	Value at 31.12.23	Purchases	Sales	Change in Market Value	Value at 30.06.25
	£	£	£	£	£
Aviva Insurance Policy	<u>19,193,000</u>	-	(1,233,121)	(2,118,879)	15,841,000
	<u>19,193,000</u>	-	(1,233,121)	(2,118,879)	15,841,000

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2025

9. INVESTMENT INCOME

Aviva has made payments to the Scheme totalling £1,233,121 in the year. These payments reflect the Scheme's benefit payments made to pensioner members between 1 January 2024 to 30 June 2025 (2023: £720,000).

10. INVESTMENT RISKS

Investment risks

FRS102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS102 as follows:

Credit risk 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 includes currency risk, interest rate risk and other price risk:

- Currency risk 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 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 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.

Investment Strategy

On 17 November 2021, the Scheme entered into a buy-in policy with Aviva. The Policy insures the future member benefits of the Scheme. Under the contract, Aviva will provide payments to the Trustee to cover the benefits payable by the Scheme.

Credit risk

The Scheme is directly exposed to credit risk in relation to Aviva. The Trustee carried out a due diligence assessment of Aviva prior to the purchase of the annuity policy. The risk is mitigated by the regulatory environment in which the insurer operates, including relevant solvency requirements.

Currency risk

The Scheme is not exposed to any currency risk.

Interest rate risk

The value of the policy is dependent on the value of the liabilities associated with those members covered by the policy. If interest rates fall, the value of the policy will rise in direct correlation with the liabilities covered by the policy. Similarly, if interest rates rise then the value of the policy will fall in line with the fall in the liabilities of those members covered by the

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2025

10. INVESTMENT RISKS (Continued)

policy. The policy also covers any effects on the deferred and pensioner liabilities on movements in inflation and mortality rates.

Other price risk

The Scheme is not exposed to any direct other price risk due to the nature of the investment being a bulk annuity policy.

11. FAIR VALUE DETERMINATION

Fair value determination

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

- Level 1. The unadjusted quoted price for an identical asset in an active market (for example cash)
- Level 2. Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (for example open ended funds priced on a regular basis with no restrictions on redemption under normal business conditions)
- Level 3. Inputs are unobservable for the asset or liability (for example limited liability partnerships and property).

Using the above hierarchy categories, the Scheme has no pooled investment vehicle investments as at 30 June 2025 (2023: £nil) and no AVC investments (2023: £nil) classified as level 2, no cash in transit totalling £nil (2023: £nil) classified as level 1 and an insurance policy valued at £15,841,000 (2023: £19,193,000) classified as level 3.

12. CURRENT ASSETS

	18-Month Period Ended 31 December 2025	<i>Year Ended 31 December 2023</i>
	£	£
Cash balances	182,944	370,822
	182,944	370,822

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME
NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2025

13. CURRENT LIABILITIES

	18-Month Period Ended 31 December 2025	<i>Year Ended 31 December 2023</i>
	£	£
Accruals	<u>59,515</u>	<u>51,371</u>
	59,515	51,371

14. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or commitments during the period (2023: Nil).

15. RELATED PARTY TRANSACTIONS

Pensions paid in respect of Trustee Directors who are members of the Scheme have been made in accordance with the Trust Deed and Rules.

Administration services are provided by the employer. Fees recharged in respect of administration and processing amount to £13,317 (2023: £13,030) and these fees are included within Administrative expenses.

16. GUARANTEED MINIMUM PENSION

As explained on pages 9 and 10 of the Trustee's 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.

In a further judgement on 20 November 2020, it was confirmed that trustees should revisit and, where necessary, top-up historic cash equivalent transfer values for GMP equalisations. The issues determined by the judgments arise in relation to many other defined benefit pension

During 2022, the Trustee Board took the necessary steps to review the GMP element of every cash equivalent transfer payment made since 17 May 1990. As a result of this exercise, top up payments, were calculated in respect of equalisation for those members who had taken historic cash equivalent transfer values.

During 2024, the Trustee Board took further steps to complete the GMP equalisation exercise and wrote to all members in October/November 2024, to advise them of the outcome of the exercise and the impact, where any, on their benefits. As a result of this exercise, pension payments were adjusted and back-dated payments (including interest) were made during the period (see Note 6 on page 22).

THE BUILDING SOCIETIES ASSOCIATION PENSION & ASSURANCE (NO 3) SCHEME

APPENDIX: ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Introduction

This statement, written for the benefit of the members of the Building Societies Association Pensions and Assurance (No.3) Scheme (the “Scheme”), sets out how, and the extent to which, the Statement of Investment Principles (‘SIP’) produced by the Trustee has been followed during the 18-month period ended 30 June 2025. The reporting period has been extended to align with the change in the Scheme’s accounting period.

This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, and subsequent amendments, and the guidance published by the Pensions Regulator.

Investment Objectives of the Scheme

The Trustee recognises that its primary duty is to the members of the Scheme and that the investment strategy should be set in their interests. The Trustee believes that investment risk has substantially been mitigated having secured the liabilities of the Scheme through an insurance buy-in contract with Aviva. It is anticipated that the buy-in policy will only be held until such time as it can be converted into a buy-out to enable the Scheme to be wound up. The Scheme has also retained a pool of liquid cash assets to cover any remaining payments that may be required to allow for equalisation top-up payments that may be due, winding up payments, Trustee Indemnity Insurance premiums and other expenses.

In view of the limited kinds of investment held by the Scheme and the short period until the Scheme is expected to be wound up, the Trustee considers that it is reasonable that there should be no formal policy in relation to the balance between different investments, the expected return on investments, financially material considerations, non-financial matters and its arrangements with asset managers.

No changes have been made to the Scheme’s SIP during the period.

Policy on ESG, Stewardship and Climate Change

As stated in the Scheme’s SIP, the Trustee considers that it is reasonable that there should be no formal policy in relation to non-financial matters, stewardship and voting, as these are not applicable to the assets currently held by the Scheme.