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The Nelson Hurst Group Pension Scheme 4

Trustee's annual report and financial statements for the year ended 30 April 2023

Registered number: 10180352

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Trustee, Principal Employer and advisers

Trustee	Lockton Pension Trustee Limited
Trustee Directors	J Coates S Coleman P G S Hornsby (Member Nominated Director) K Nithiananthan M Pulfer (Member Nominated Director) M Smith (Member Nominated Director)
Scheme Actuary	Kenneth Hardman, Lane Clark & Peacock LLP
Principal Employer	LIGS Limited
Pension consultants and administrator	Lane Clark & Peacock LLP
Independent auditor	KPMG LLP
Investment manager	Legal and General Investment Management
Annuity providers	Legal & General Assurance Society Limited Rothesay Life PLC (from 5 May 2022)
AVC providers	The Royal London Mutual Insurance Society Limited Standard Life Investments Limited
Legal adviser	Reed Smith LLP
Banker	Lloyds Bank plc
Enquiries	NH4 Administration Team Lane Clark & Peacock LLP St Paul's House St Paul's Hill Winchester SO22 5AB Email: NH4Admin@lcp.uk.com

Trustee's report

The Trustee is pleased to present its annual report on The Nelson Hurst Group Pension Scheme 4 ('the Scheme'), together with the financial statements of the Scheme for the year ended 30 April 2023.

Constitution of the Scheme

The Scheme was established on 28 April 1992 and provides defined benefit pension and lump sum benefits payable to members on their retirement from the Group of companies ("the Group") for which LIGS Limited is the Principal Employer.

Benefits are provided under a Deed of Alteration dated 21 February 2005, copies of which can be seen by contacting Human Resources at the Principal Employer's address (St Botolph Building, 138 Houndsditch, London EC3A 7AG). In addition, a Deed of Clarification was executed (dated 7 February 2005) to clearly define certain time periods within the Trust Deed and Rules relating to the calculation of pensionable service.

The Scheme is a registered scheme under Chapter 2 of the Finance Act 2004.

The Scheme was closed to new members with effect from 1 October 1998. The Scheme closed to future accrual with effect from 30 April 2012 and all active members became deferred from that date.

On 2 November 2010, the Trustee made an investment decision to purchase an annuity contract with Legal & General Assurance Society ("L&G") in respect of the Scheme's existing liabilities to pensioners. After the Scheme's administrators completed a data validation exercise, the Trustee signed the annuity contract confirming the purchase in respect of the bulk of the pensioners on 21 May 2012.

In May 2022 the Trustee made a further investment decision to purchase an additional bulk annuity contract with Rothesay Life plc ("Rothesay Life"), this time securing the pension benefits for the remaining members not covered under the original L&G contract. Together, the Rothesay Life and L&G insurance policies are designed to exactly cover all members' benefits in the Scheme as they fall due.

The Scheme is supported by two PPF guaranteed agreements, one dated 18 March 2009 provided by Lockton Companies International Limited and the other dated 20 March 2011 provided by Lockton International Holdings Limited.

An agreement was made in February 2016 between the Scheme, Lockton International Holdings Limited ("LIHL") and Lockton Inc. that the LIHL Group will at all times have available \$15m USD of available headroom, and Lockton Inc. will ensure this headroom is maintained by increasing the revolver limit if required.

Trustee's report continued**Changes to the Scheme**

The Trustee accepted notice from the Principal Employer to trigger winding up with effect from 1 January 2023 and the Trustee is currently taking a number of steps to ensure that the transfer of the Scheme's buy-in policies into individual policies in members' names takes place as smoothly as possible.

The Trustee is responsible for making an assessment as to whether the 'going concern' basis is appropriate for preparing the financial statements. The Trustee intends to complete the wind-up of the Scheme within the next 12 months and therefore they have assessed that the Scheme is no longer considered to be a going concern. As a result, the financial statements have been prepared on a non-going concern basis.

Management of the Scheme

The Trustee of the Scheme during the year ended 30 April 2023 was Lockton Pension Trustee Limited.

The Trustee Directors of Lockton Pension Trustee Limited during the year to 30 April 2023 are listed on page 3.

The Trustee has the power to appoint or remove a director by ordinary resolution.

The Trustee has agreed a selection process to comply with the requirements of the Member Nominated Trustees (MNT) regulations of the Occupational Pension Scheme (Member Nominated Trustee and Directors) Regulations 2006. PGS Hornsby, M Pulfer and M Smith have been selected as the MNT Directors of Lockton Pension Trustee Limited through this process.

The member elected directors may normally only be removed with the agreement of all the other directors. Any director may resign at any time by giving one month's notice in writing.

The Trustee Directors met three times throughout the year to consider matters relating to the administration of the Scheme and to receive reports from the investment managers.

Financial statements and financial development of the Scheme

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

The fund account and statement of net assets (available for benefits) on pages 24 and 25 show that the value of the Scheme assets decreased by £49,660,535 to £131,641,929 during the year. The decrease was composed of net withdrawals from dealings with members of £4,890,900 together with net losses on investments of £44,769,635.

Further details of the financial developments of the Scheme may be found in the audited financial statements on pages 24 to 42.

Trustee's report continued**Transfers values**

Cash equivalents paid during the year with respect to transfers have been calculated and verified in the manner prescribed by the Pensions Scheme Act 1993 and in accordance with the regulations under the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008, Pensions Act 2004.

No discretionary benefits were included in the calculation of the transfer values.

Pension increases

Pensions in payment as at 1 May 2022 were given a 3% increase for pensionable service pre 6 April 1997 and for pensionable service after 5 April 2005. For pensionable service between 6 April 1997 and 5 April 2005, pensions were increased by 4.9%.

A small number of pensioners received a guaranteed fixed 3% per annum increase in accordance with the Trust Deed and Rules.

Deferred pensions were increased in line with statutory requirements. No discretionary increases were awarded during the year.

Report on actuarial liabilities

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

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, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles.

The Scheme Actuary has reported on the Scheme's actuarial valuation as at 30 April 2020, which included the provision of the relevant actuarial statements and certificates. The results of the valuation were presented in a report dated 10 December 2020. The results indicated that the value of the assets of the Scheme as at 30 April 2020 were £210.7m which was £24.7m less than the amount necessary to cover the "technical provisions".

Trustee's report continued**Report on actuarial liabilities continued**

To eliminate this shortfall the Trustee and the Employer agreed the following deficit funding contributions:

Amount	Dates
£8,000,000 pa	Between 1 May 2020 and 30 April 2023; and
£700,000	Between 1 May 2023 and 30 April 2024.

On 22 February 2022, a new Schedule of Contributions was certified by the Actuary which stated that the above contributions will be paid monthly in arrears, in equal instalments, with the exception that the monthly payments payable during February 2022, March 2022, April 2022 and May 2022 are deferred so they are only payable alongside the payment due in June 2022.

However, the January 2022 contribution was received on 24 January 2022, prior to the new Schedule becoming effective.

In addition, the Employer agreed to continue making payments to the Scheme to cover:

- the expenses of administering the Scheme, up until February 2022, after which they will be payable by the Scheme; and
- Pension Protection Fund levies; and
- the costs of granting early retirement on enhanced terms, ill health early retirement and benefit augmentations.

However, after securing members' benefits with Rothesay Life in May 2022, together with the existing L&G policy, the Scheme holds insurance policies which pays the exact amount needed to pay members' benefits as they fall due. On this basis, the Scheme is therefore expected to be at least 100% funded. With no expected shortfall remaining in the Scheme the Trustee has agreed that no further contributions from the Employer are required. This was reflected in an updated Schedule of Contributions certified by the Actuary on 5 May 2022. The final contribution paid by the Employer to the Scheme was in respect of the January 2022 payment. In addition, the new Schedule requires Pension Protection Fund levies to be met by the Scheme from February 2022.

The Scheme triggered wind up in December 2022 and so the requirement to complete a full valuation has fallen away. The next Section 179 is due to be carried out as at 30 April 2023 and is due to be completed no later than 31 July 2024. Once the Scheme completes buy-out and has no remaining members, the requirement to complete a Section 179 falls away.

Trustee's report continued**Report on actuarial liabilities continued****Method**

The 2020 valuation adopted the 'projected unit method', under which the technical provisions are calculated as the amount of assets required as at the valuation date to meet the projected cashflows, based on benefits accrued to the valuation date and the various assumptions made.

Assumptions

The technical provisions are calculated on the following key assumptions.

Key financial assumptions	% pa
Rate of price inflation:	
- Retail Price Index (RPI)	2.7
- Consumer Price Index (CPI) pre 2030	2.0
- CPI post 2030	2.7
Rate of investment return from gilts	0.5
Discount rates:	
- Pre-retirement	0.1
- Post-retirement	0.1
Rate of pension increases:	
- Price inflation capped at 5% pa	2.7
- Price inflation capped at 3% pa	2.2

Mortality assumptions	
Post-retirement and pre-retirement mortality	<ul style="list-style-type: none"> 90% of S3NA; and Projected from 2013 in line with the CMI 2019 core projections with a long-term annual rate of improvement of 2.0% (males) / 1.75% (females), a smoothing factor (S) of 7.5 and an initial mortality improvement (A) of 0.5% <p>90% of male members and 75% of female members are assumed to have a civil partner at retirement or earlier death.</p>

Trustee's report continued**Membership**

The membership of the Scheme at the beginning and end of the year and changes during the year are set out below.

Deferred members	2023
Deferred members at the start of the year	351
Retirements	(13)
Deaths	(3)
Deferred members at the end of the year	335

Pensioners	2023
Pensioners at the start of the year	261
Late notification	1
New dependants	4
New pensioners	13
Deaths	(3)
Cessation	(1)
Pensioners at the end of the year	275

Pensioners include 40 (2022: 37) dependants receiving a pension following the death of a member.

The pensioner members are insured under the Legal and General Buy In policy (172 pensioners) and Rothesay Life Buy In policy (103 pensioners).

The deferred members are insured under the Buy In policy with Rothesay Life.

Included in the pensioner member are 8 members who receive an additional pension from an annuity policy held with Standard Life.

Trustee's report continued**Regulatory bodies**

The Pensions Ombudsman is appointed by the Secretary of State for the Department for Work and Pensions to investigate and determine any complaint or dispute of fact of law in relation to occupational pension schemes.

The Pensions Ombudsman can be contacted at:

Email: enquiries@pensions-ombudsman.org.uk

Tel: 0800 917 4487

www.pensions-ombudsman.org.uk

The Pensions Regulator is responsible for occupational pension schemes and enforcing the law that relates to them. It has wide ranging powers which include the ability to:

- suspend, disqualify and remove trustees for consistently not carrying out their duties;
- wind up schemes where necessary;
- apply for information to prevent the misuse and misappropriation of scheme assets and apply for restitution where necessary; and
- take action to prevent schemes being left in deficit with nobody to meet the liability.

The Trustee, its advisers, the Employer and anyone connected with the administration of the Scheme have a statutory duty to report in writing to The Pensions Regulator if there are any breaches of legislation which are deemed to be materially significant to The Pensions Regulator.

The Pensions Regulator can be contacted at:

The Pension Regulator

Telecom House

125-135 Preston Road

Brighton

BN1 6AF

Tel: 0345 600 0707

www.thepensionsregulator.gov.uk

Trustee's report continued**Regulatory bodies continued**

The Pension Tracing Service is designed to help former members of pension schemes trace their benefits if they have lost contact with the pension scheme in question. The Pension Tracing Service can be contacted at:

Tel: 0800 731 0193

www.gov.uk/find-pension-contact-details

The Money & Pensions Service (MaPS) is available at any time to assist members and beneficiaries with pensions questions and issues they have been unable to resolve with the Trustee of the Scheme. MaPS has launched MoneyHelper, which brings together the Money Advice Service, The Pensions Advisory Service and Pension Wise to create a single place to get help with money and pension choices. MoneyHelper is impartial, backed by the government and free to use.

The Money and Pensions Service

Holborn Centre

120 Holborn

London

EC1N 2TD

Tel: 0800 011 3797

www.moneyhelper.org.uk

Further information

Any enquiries about the Scheme or a member's own pension position should be addressed to:

NH4 Administration Team

Lane Clark & Peacock LLP

St Paul's House

St Paul's Hill

Winchester

SO22 5AB

Email: NH4Admin@lcp.uk.com

Trustee's report continued**Internal Dispute Resolution Procedure**

Under the Pensions Act 1995, the Scheme is required to put in place and maintain an Internal Dispute Resolution Procedure (IDRP) to deal with members' disputes. This procedure has been updated in line with the requirements of the Pensions Act 2004. Although the Trustee always tries to resolve disputes informally and swiftly, an IDRP has been put in place. The formal IDRP is a two-stage process and details can be obtained from LCP or from the Trustees. In the first instance, complaints should be sent to the following contact, quoting full name, address, and National Insurance number.

Martin Lewis
138 Houndsditch
The St Botolph Building
London
EC3A 7AG

Investment management

The overall management of the Trustee's investments is the responsibility of the Trustee. However, the day-to-day management of the Scheme's asset portfolio is the responsibility of the investment managers and bulk annuity providers, who operate within the guidelines of their specific mandates.

Over the year under review, the investments of the Nelson Hurst Group Pension Scheme 4 (the "Scheme") were managed by Legal & General Investment Management Limited ("LGIM").

In addition, the Trustee has bulk annuity contracts with L&G and Rothesay Life to insure benefit payments linked to the Scheme's pensioner and deferred members. The Scheme completed the second buy-in transaction (and the transfer of the majority of assets) to Rothesay Life on 18 May 2022.

Statement of Investment Principles

In accordance with section 35 of the Pensions Act 1995, a Statement of Investment Principles ("SIP") has been produced by the Trustee following consultation with the Employer. The main purpose of the SIP is to set out details of the investment strategy that is to be followed, the Trustee's investment objectives and its attitude to risk.

The SIP was last reviewed and updated in May 2022. The Trustee reviews the SIP at least once every three years, and after any significant change in investment strategy. The Employer, the appointed Investment Consultant, and the appointed Scheme Actuary are consulted during the review. A copy of the latest SIP is available online here: <https://global.lockton.com/gb/en/nelson-hurst-pension-scheme>.

Trustee's report continued**Custodial arrangements**

The underlying assets are held by a number of custodians who have agreements with the investment manager of the assets. There is no direct relationship between the investment managers' custodians and the Trustee.

Following completion of the second bulk annuity contract on 18 May 2022, the Scheme held a balance in the Legal & General ("LGIM") Sterling Liquidity Fund.

Implementation statement

The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 require the Trustee to include an annual statement setting out how, and the extent to which, the Trustee has followed the voting and engagement policies in the SIP during the Scheme year.

The Implementation Statement relating to the Scheme has been appended to the end of these Financial Statements as Appendix 1. The Statement forms part of this Trustee's report.

Investment strategy

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

The following table details the distribution of assets at the financial year end by fund.

Fund	Asset class	Allocation as at 30 Apr 2023 £	Allocation as at 30 Apr 2022 £
Rothsay Life Annuity Policy	Bulk Annuity Policy	86,555,000	-
Legal & General Annuity Policy	Bulk Annuity Policy	26,030,000	42,600,000
LGIM Over 15y Gilts Index Fund	Fixed interest gilts	-	12,387,884
LGIM 2047 Gilt Fund	Fixed interest gilts	-	20,968,535
LGIM 2071 Gilt Fund	Fixed interest gilts	-	15,075,728
LGIM Over 5y Index-Linked Gilts Fund	Index-linked gilts	-	35,949,790
LGIM 2040 Index-Linked Gilt Fund	Index-linked gilts	-	15,845,180
LGIM 2055 Index-Linked Gilt Fund	Index-linked gilts	-	13,027,157
LGIM Sterling Liquidity Fund	Cash	14,674,003	20,626,757
Total Equities		127,259,003	176,481,031

Trustee's report continued**Investment strategy continued**

To achieve its investment objective, the Trustee has entered into two bulk annuity contracts, which match the pensions payable to all of the Scheme's members. The annuity policies are "buy-ins" and therefore remain assets of the Scheme.

The first annuity policy was purchased in November 2010 and matches the pensions payable to the Scheme's pensioners who retired before April 2012. The second annuity policy involved the transfer of the Scheme's remaining liabilities to Rothesay Life in May 2022. A cash balance is also held within LGIM's Sterling Liquidity Fund and the Trustee's bank account.

Investment performance

The performance of the investment manager is reviewed periodically at the Trustee's meetings. The following table shows the performance of the Scheme's invested assets (excluding the Scheme's buy-in policies) over the one, three and five year periods to 30 April 2023, based on the performance of the investment managers.

	1 Year %	3 Years pa %	5 Years pa %
Scheme	0.8	-4.4	2.0

Source: LCP calculations. Performance shown excludes the Scheme's buy-in policies but includes performance of the assets held up to the point of the Scheme's second buy-in and then the residual Sterling Liquidity Fund holding thereafter.

Following the completion of the bulk annuity transaction to Rothesay Life during the Scheme year, the Scheme was only invested in the LGIM Sterling Liquidity Fund. The 1-year performance takes into account end and start value of the Scheme's invested assets and the net the cashflow that occurred over the year.

From 1 May 2022 to 30 April 2023, the LGIM Sterling Liquidity Fund returned 2.6%.

Trustee's policies in relation to voting rights

The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments.

The Trustee has delegated to its annuity policy providers and investment manager the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and environmental, social and governance (ESG) considerations.

Trustee's report continued**Trustee's policies in relation to voting rights continued**

The Trustee does not monitor or engage directly with issuers or other holders of debt or equity. It expects the annuity policy providers and investment manager to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustee from time to time, considering the long-term financial interests of the beneficiaries.

The Trustee has limited influence over managers' stewardship practices where assets are held in annuity policies and pooled funds, but it encourages its managers to improve their practices where appropriate.

Trustee's policies on ESG and ethical factors

The Trustee has considered how ESG and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members.

The Trustee expects its annuity policy providers and investment managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustee seeks to appoint providers and managers that have appropriate skills and processes to do this, and from time to time reviews how its managers are taking account of these issues in practice.

The Trustee has limited influence over managers' investment practices where assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee does not take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

Trustee's policy on the implementation of asset manager arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

The Trustee has signed agreements transferring the liability for meeting member benefits as they fall due to the annuity policy providers. The Trustee has signed an agreement with the investment manager, setting out in detail the terms on which the portfolio is to be managed. The investment manager's primary role is the day-to-day investment management of the Scheme's investments.

The Trustee, annuity policy providers and investment manager to whom discretion has been delegated exercise their powers to giving effect to the principles in this Statement of Investment Principles, so far as is reasonably practicable.

The Trustee has limited influence over its annuity policy providers and investment manager's investment practices because the Scheme's assets are held in annuity policies and a pooled fund, but it encourages its manager to improve their practices where appropriate.

Trustee's report continued**Trustee's policy on the implementation of asset manager arrangements continued**

The Trustee's view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. It assesses this when selecting and monitoring managers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. The duration of a manager's appointment will depend on strategic considerations and the outlook for future performance (except in any closed-ended funds where the duration of the investment is determined by the fund's terms). Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well the role it plays in helping the Scheme meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management. Since the impact of portfolio turnover costs is reflected in performance figures used in our assessment of the investment managers, we do not explicitly monitor portfolio turnover. The Trustee expects its investment adviser to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme's investment mandates.

Employer-related investment

As at 30 April 2023 there were no assets invested in Employer-related investments in the Scheme, within the meaning of Section 40(2) of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 at the year end (2022: £Nil).

Trustee's report continued**GMP equalisation**

On 26 October 2018 the High Court ruled in the Lloyds Banking Group case that inequalities in scheme benefits arising from Guaranteed Minimum Pensions (GMP) should be removed. The Trustee is addressing these inequalities for members of the Scheme and made adjustments to benefits from October 2023. The Trustee has also calculated arrears payments to members arising from the historical payment of unequalised pensions. The arrears totalled £66,380 including interest and was paid to members in October 2023.

On 20 November 2020 the High Court ruled in a further Lloyds Banking Group case that historical transfer payments should be adjusted to remove inequalities in scheme benefits arising from Guaranteed Minimum Pensions (GMP). The Trustee has estimated the arrears payments due to former members arising from historical payment of unequalised transfer values to be c£250k.

Statement of Trustee's responsibilities for the financial statements

The audited financial statements, which are required to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, are the responsibility of the Trustee. Pension scheme regulations require the Trustee 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 the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice, 'Financial Reports of Pension Schemes'.

Trustee's report continued**Statement of Trustee's responsibilities for the financial statements continued**

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. They are also responsible for:

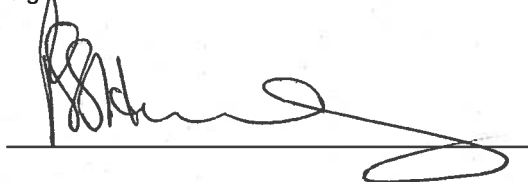
- assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to wind up the Scheme, or have no realistic alternative but to do so (as explained in note 1 of the financial statements, the Trustee does not believe that it is appropriate to prepare these financial statements on a going concern basis); and
- making available each year, commonly in the form of a Trustee's annual report, information about the Scheme prescribed by pensions legislation, which they should ensure is fair and impartial.

The Trustee also has certain responsibilities in respect of contributions which are set out in the statement of Trustee's responsibilities accompanying the Trustee's Summary of Contributions.

The Trustee is 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 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.

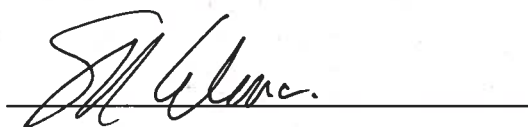
The Trustee is responsible for the maintenance and integrity of the Scheme and financial information included on the Scheme's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed for and on behalf of the Trustee:



Trustee Director

Date: 14th December 2022



Trustee Director

Date: 14 December 2022

Independent Auditor's report to the Trustee of The Nelson Hurst Group Pension Scheme 4**Opinion**

We have audited the financial statements of The Nelson Hurst Group Pension Scheme 4 for the year ended 30 April 2023 which comprise the Fund Account, the Statement of Net Assets (available for benefits) and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year ended 30 April 2023 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 Scheme year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the scheme in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter - Non-going concern basis of preparation

We draw attention to the disclosure made in Note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reason set out in that Note. Our opinion is not modified in respect of this matter.

Independent Auditor's report to the Trustee of The Nelson Hurst Group Pension Scheme 4 continued**Fraud and breaches of laws and regulations – ability to detect***Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustee's and inspection of policy documentation, including the conflicts of interest register, as to the Scheme's high-level policies and procedures to prevent and detect fraud, as well as enquiring whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Trustee Board minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Trustee (or their delegates including the Scheme administrator) may be in a position to make inappropriate accounting entries and their risk of bias in accounting estimates such as the valuation of Insurance policies. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustee; there are no subjective issues or judgements required.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the financial statements have been prepared.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Independent Auditor's report to the Trustee of The Nelson Hurst Group Pension Scheme 4 continued**Fraud and breaches of laws and regulations – ability to detect continued***Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustee (as required by auditing standards), and from inspection of the Scheme's regulatory and legal correspondence and discussed with the Trustee the policies and procedures regarding compliance with laws and regulations.

As the Scheme is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Scheme's procedures for complying with regulatory requirements and reading the minutes of Trustee meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Scheme is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related pensions legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Scheme is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, or the loss of the Scheme's registration. We identified the following areas as those most likely to have such an effect: pensions legislation and data protection legislation, recognising the financial and regulated nature of the Scheme's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustee and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on contributions payable under the Schedules of Contributions and Scheme rules and recommendations of the Actuary in our statement about contributions on pages 43 and 44 of the annual report.

Independent Auditor's report to the Trustee of The Nelson Hurst Group Pension Scheme 4 continued**Fraud and breaches of laws and regulations – ability to detect continued***Context of the ability of the audit to detect fraud or breaches of law or regulation*

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. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Trustee is responsible for the other information, which comprises the Trustee's report (including the report on actuarial liabilities, the Implementation Statement and the Summary of Contributions), and the actuarial certification of the Schedule of Contributions. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

Trustee's responsibilities

As explained more fully in their statement set out on pages 17 and 18, the Scheme's Trustee is responsible for: supervising the preparation of financial statements which show a true and fair view; 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; 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 they either intend to wind up the Scheme, or have no realistic alternative but to do so.

Independent Auditor's report to the Trustee of The Nelson Hurst Group Pension Scheme 4 continued**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Scheme Trustee, 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 Trustee those matters we are required to state to it 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 Trustee, for our audit work, for this report, or for the opinions we have formed.

**Dated: 14 December 2023**

Julie Radcliffe
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

Fund account

	Note	2023 £	2022 £
Contributions and benefits			
Employer contributions	4	-	6,000,000
Other income	5	840	-
		<u>840</u>	<u>6,000,000</u>
Benefits paid or payable	6	(3,711,924)	(3,230,493)
Payments to and on account of leavers	7	-	(2,580,121)
Administrative expenses	8	(1,137,816)	(36,571)
Other payments	9	(42,000)	-
		<u>(4,891,740)</u>	<u>(5,847,185)</u>
Net (withdrawals) / additions from dealings with members		<u>(4,890,900)</u>	<u>152,815</u>
Returns on investments			
Investment income	10	3,915,111	2,174,535
Change in market value of investments	11	(48,670,831)	(19,033,712)
Investment management expenses	13	(13,915)	(127,497)
Net losses on investments		<u>(44,769,635)</u>	<u>(16,986,674)</u>
Net decrease in the fund during the year		<u>(49,660,535)</u>	<u>(16,833,859)</u>
Net assets of the Scheme			
At 1 May		<u>181,302,464</u>	<u>198,136,323</u>
At 30 April		<u>131,641,929</u>	<u>181,302,464</u>

The notes on pages 26 to 42 form part of these financial statements.

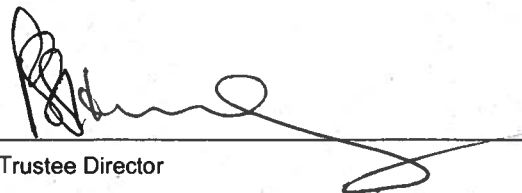
Statement of net assets (available for benefits)

	Note	2023 £	2022 £
Investment assets			
Pooled investment vehicles	11/15	14,674,003	133,881,031
Insurance policies	11/17	112,585,000	42,600,000
AVC investments	11/18	854,589	913,421
Other Investment balances	11	22,592	-
Total investments		128,136,184	177,394,452
Current assets	21	3,759,687	3,971,931
Current liabilities	22	(253,942)	(63,919)
Net assets of the Scheme at 30 April		131,641,929	181,302,464

The notes on pages 26 to 42 form part of these financial statements.

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. 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 takes into account such obligations, is dealt with in the report on actuarial liabilities on page 6 to 8 of the Trustee's report and these financial statements should be read in conjunction with this report.

These financial statements were approved for and on behalf of the Trustee by:


Trustee Director

Date: 14th December 2023


Trustee Director

Date: 16 December 2023

Notes to the financial statements**1. Basis of preparation**

The individual 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).

Following a second buy-in policy in May 2022, the Trustee is currently progressing towards buy-out and subsequent wind-up of the Scheme within the next twelve months. As a result, the financial statements have not been prepared on a going concern basis. No adjustments have been made to the financial statements as a result of this change.

2. Identification of the financial statements

The Scheme is established as a trust under English law. The Scheme is a registered pension scheme for tax purposes. It is therefore exempt from UK income and capital gains taxes. The Scheme is a defined benefit occupational pension scheme, closed to new members and to future accrual. The address for enquiries to the Scheme is included in the Trustee's Report on page 11.

3. Accounting policies

The principal accounting policies of the Scheme have been applied consistently and are as follows:

3.1. Currency

- The Scheme's functional currency and presentational currency is pounds sterling (GBP). Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction. Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

3.2. Contributions

Employer deficit funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedules of Contributions and Recovery Plan under which they are being paid.

3.3 Payments to and on account of leavers

- Individual transfers out of the Scheme are accounted for on a cash basis which is when a member's liability is discharged.

Notes to the financial statements continued**3. Accounting policies continued****3.4. Benefits paid or payable**

- Pensions in payment, including pensions funded by annuity contracts are accounted for in the period to which they relate.
- Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.
- Other benefits are accounted for on an accruals basis on the date of retirement or death as appropriate.
- Where the Trustee agrees or is 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 Paid or Payable'.

3.5. Administrative and other payments

- Administrative expenses are accounted for on an accruals basis.

3.6. Investment income and change in market value

- Investment income arising from the underlying investments of the pooled investment vehicles which do not distribute income is rolled up and reinvested within the pooled investment vehicles. This is reflected in the unit price and reported within 'Change in market value'.
- Receipts from annuity policies held by the Trustee to fund benefits payable to Scheme members are included within investment income on an accruals basis.
- The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

3.7. Investment management expenses and transaction costs

- Investment management expenses and rebates are accounted for on an accruals basis and shown net within investment returns.

Notes to the financial statements continued**3. Accounting policies continued****3.8. Investment assets/liabilities**

- Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.
- Annuities purchased in the name of the Trustee which fully provide the pension benefits for certain members are included in these financial statements at the amount of the related obligation, determined at the present value of the related obligations as valued by the Scheme Actuary (2022 L&G buy in was valued by the insurance provider).
- There is also a legacy annuity policy held with Standard Life in the name of the Trustee of the Scheme. The value of this policy has not been included in the financial statements, as it is immaterial to the Scheme.
- With profits insurance policies (including those held as AVC investments) are reported at the policy value provided by the insurer based on cumulative reversionary bonuses declared and the current terminal bonus.

3.9. Key accounting estimates and assumptions

- The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Scheme, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of net assets and liabilities within the next financial year are related to the valuation of the insurance policies. Explanation of the key assumptions underpinning the valuation of the insurance policies are included within note 17.

4. Contributions

	2023 £	2022 £
Employer contributions:		
Deficit funding	-	6,000,000

Notes to the financial statements continued**4. Contributions continued**

After securing members' benefits with Rothesay Life in May 2022, together with the existing L&G policy, the Scheme holds insurance policies which pays the exact amount needed to pay members' benefits as they fall due. On this basis, the Scheme is therefore expected to be at least 100% funded. With no expected shortfall remaining in the Scheme the Trustee has agreed that no further contributions from the Employer are required. This was reflected in an updated Schedule of Contributions certified by the Actuary on 5 May 2022. The final contribution paid by the Employer to the Scheme was in respect of the January 2022 payment.

5. Other Income

	2023 £	2022 £
Sundry income	840	-

6. Benefits paid or payable

	2023 £	2022 £
Pensions	3,153,936	2,951,870
Commutation of pensions and lump sum retirement benefits	557,988	202,599
Lump sum death benefits	-	4,116
Taxation where lifetime or annual allowance exceeded	-	71,908
	<u>3,711,924</u>	<u>3,230,493</u>

7. Payments to and on account of leavers

	2023 £	2022 £
Individual transfers out to other schemes	-	2,580,121

Notes to the financial statements continued**8. Administrative expenses**

	2023 £	2022 £
Administration and processing	274,057	-
Actuarial fees	713,200	-
Audit fee	28,534	20,170
Legal and other professional fees	111,031	16,180
Pension Protection Fund levies and regulatory fees	8,285	-
Trustee expenses	336	196
Bank and sundry charges	2,373	25
	<u>1,137,816</u>	<u>36,571</u>

With the exception of bank charges and investment fees all costs of administration were borne by the Principal Employer, LIGS Limited until February 2022 when the fees became payable by the Scheme.

9. Other Payments

	2023 £	2022 £
Trustee's liability insurance	<u>42,000</u>	<u>-</u>

With the exception of bank charges and investment fees all costs of administration were borne by the Principal Employer, LIGS Limited until February 2022 when the fees became payable by the Scheme.

10. Investment income

	2023 £	2022 £
Annuity income	3,909,141	2,174,259
Interest on cash deposits	<u>5,970</u>	<u>276</u>
	<u>3,915,111</u>	<u>2,174,535</u>

Notes to the financial statements continued

11. Reconciliation of investments

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

	Value at 30 April 2022 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 30 April 2023 £
Pooled investment vehicles					
LGIM	133,881,031	-	(119,860,217)	653,189	14,674,003
	<u>133,881,031</u>	<u>-</u>	<u>(119,860,217)</u>	<u>653,189</u>	<u>14,674,003</u>
Insurance policies					
L&G	42,600,000	-	-	(16,570,000)	26,030,000
Rothsay Life	-	119,814,553	(533,707)	(32,725,846)	86,555,000
	<u>42,600,000</u>	<u>119,814,553</u>	<u>(533,707)</u>	<u>(49,295,846)</u>	<u>112,585,000</u>
AVC investments					
Royal London	223,446	-	(30,658)	(4,792)	187,996
Standard Life	689,975	-	-	(23,382)	666,593
	<u>913,421</u>	<u>-</u>	<u>(30,658)</u>	<u>(28,174)</u>	<u>854,589</u>
	<u>177,394,452</u>	<u>119,814,553</u>	<u>(120,424,582)</u>	<u>(48,670,831)</u>	<u>128,113,592</u>
Other investment balances	-				22,592
	<u>177,394,452</u>				<u>128,136,184</u>

The LGIM sales and Rothsay Life purchases include in specie transfers totalling £119,814,553.

On 18 May 2022, the Trustee entered into a new bulk annuity policy with Rothsay Life. To fund this buy-in the Trustee fully disinvested from its index linked gilts and fixed interest gilts holdings and transferred the bonds to Rothsay Life in-specie, with c£6.3m of cash, leaving some cash in the LGIM Sterling Liquidity Fund.

Notes to the financial statements continued**12. Transaction costs**

Transaction costs are included in the cost of purchases and deducted from sale proceeds. There were no direct transaction costs during the year (2022: £Nil). Indirect costs incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The amount of indirect cost is not separately provided to the Scheme.

13. Investment management expenses

	2023 £	2022 £
Administration, management and custody	13,915	127,497

14. Taxation

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

15. Pooled investment vehicles

The Scheme's investments in pooled investment vehicles at the year end comprised:

	2023 £	2022 £
Fixed interest gilts	-	48,432,147
Index-linked gilts	-	64,822,127
Cash funds	14,674,003	20,626,757
	<u>14,674,003</u>	<u>133,881,031</u>

Notes to the financial statements continued**16. Concentration of investments**

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

	2023		2022	
	£	%	£	%
Rothsay Life Annuity Policy	86,555,000	66	-	-
L&G Annuity Policy	26,030,000	20	42,600,000	23
LGIM Sterling Liquidity Fund	14,674,003	11	20,626,757	11
LGIM Over 5y Index-Linked Gilts Fund	-	-	35,949,790	20
LGIM 2047 Index-Linked Gilt Fund	-	-	20,968,535	12
LGIM 2040 Index-Linked Gilt Fund	-	-	15,845,180	9
LGIM 2071 Index-Linked Gilt Fund	-	-	15,075,728	8
LGIM 2055 Index-Linked Gilt Fund	-	-	13,027,157	7
LGIM Over 15y Gilts Index Fund	-	-	12,387,884	7

- No holdings within fund in the year

17. Insurance policies

The Scheme held insurance policies at the year end as follows:

	2023	2022
	£	£
L&G	26,030,000	42,600,000
Rothsay Life	86,555,000	-
	<u>112,585,000</u>	<u>42,600,000</u>

The policies have been valued by the Scheme Actuary and are based on the most recent actuarial data at 30 April 2020 rolled forward to 30 April 2023 allowing for experience up to 30 April 2023. As the policies are intended to be held for the short term the valuations have been based on assumptions from LCP's in-house insurer buy-out pricing model.

Notes to the financial statements continued**18. Insurance policies continued**

The main financial and demographic assumptions for our buy-out estimates are set out below.

Financial assumptions		30 April 2023
Discount rate		4.00% pa – based on LCP internal buyout basis
Inflation		
RPI		3.60% pa – based on RPI swap curve
CPI		Single equivalent assumption of RPI less 0.6% pa (based on an assumed RPI/CPI wedge of 0.8% until 2030 and 0.1% from 2030)
Pension increases in payment		Based on observed market pricing for increases with the relevant caps and floors
Demographic assumptions		30 April 2023
Mortality		
Base table		91% (males) / 96% (females) of S3NA tables
Future improvements		CMI 2021 model from 2013, with a smoothing parameter of S=7 and A=0.50%, long term trend rate of 1.5% pa, w2020 = 0% and w2021 =20%
Retirement		Members are assumed to retire at the earliest age they can take their entire benefits unreduced (ie at their Normal Retirement Date)
Family statistics		85% are assumed to be married or have a dependant at retirement. Spouses assumed to be three years younger (male members) or three years older (female members) than the member

19. Additional Voluntary Contributions (AVCs)

The Trustee holds assets invested separately from the main fund securing additional benefits on a money purchase basis for those members who elected to pay additional voluntary contributions. Members who participated in this arrangement each receive an annual statement confirming the amounts held in their account and the movements in the year. The aggregate amounts of AVC investments, which are invested in unit-linked funds, are shown in note 11.

Notes to the financial statements continued**20. Fair value hierarchy**

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

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

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

At 30 April 2023	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	14,674,003	-	14,674,003
Insurance policies	-	-	112,585,000	112,585,000
AVC investments	-	7,113	847,476	854,589
Other investment balances	<u>22,592</u>	<u>-</u>	<u>-</u>	<u>22,592</u>
	<u>22,592</u>	<u>14,681,116</u>	<u>113,432,476</u>	<u>128,136,184</u>

At 30 April 2022	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	133,881,031	-	133,881,031
Insurance policies	-	-	42,600,000	42,600,000
AVC investments	-	39,718	873,703	913,421
	<u>-</u>	<u>133,920,749</u>	<u>43,473,703</u>	<u>177,394,452</u>

Notes to the financial statements continued**21. 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.
 1. 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.
 2. 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.
 3. Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

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

Further information on these risks and the Trustee's approach to risk management is set out below. This does not include the AVC investments, as these are not considered significant in relation to the overall investments of the Scheme.

Notes to the financial statements continued**21. Investment risks continued****Investment strategy**

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

Credit risk**Direct credit risk**

The Scheme is subject to credit risk through its investments in pooled investment vehicles. It is directly exposed to credit risk in relation to the solvency of the custodians of those funds. It is directly exposed to the credit risk of the insurance company for any pooled vehicles structured as life policies. The Scheme's bulk annuity policy is also directly exposed to the solvency of the insurer.

As at 30 April 2023 100% (2022: 100%) of the Scheme's assets were invested in funds or securities that are significantly exposed to direct credit risk.

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

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

Notes to the financial statements continued**21. Investment risks continued****Credit risk continued****Indirect credit risk**

The Scheme is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds, for example where they invest in bonds.

Whilst buy-in pricing is sensitive to changes in credit spreads (because insurers invest in corporate bonds) the same is generally not true for the valuation of a buy-in asset once it has been invested in by the Scheme. When a buy in is valued within the accounts the figure used is the actuary's view of the value of liabilities covered, rather than a "mark-to-market" approach of estimating the cost of entering the same contract today. So, the valuation of the asset is not sensitive to credit spreads.

In addition, whilst the insurer invests in bonds, the actual experience of bond defaults will only affect the insurer's profit and loss, not the cashflows the buy-in is covering.

As at 30 April 2023 0% (2022: 0%) of the Scheme's invested assets (excluding AVCs) were invested in funds or securities that are significantly exposed to indirect credit risk

A summary of the type of pooled investment vehicle arrangements is as follows:

	2023 £	2022 £
Unit linked insurance contracts	<u>14,674,003</u>	<u>133,881,031</u>

Currency risk

As the Scheme's liabilities are denominated in Sterling, any non-Sterling currency exposure within the assets presents additional currency risk.

All of the Scheme's pooled funds are accessed via a Sterling share class. Therefore the Scheme is not subject to direct currency risk.

The Scheme's assets are only invested in Sterling investments, Sterling hedged overseas investments or mandates with minimal exposure to overseas investments, the Scheme has negligible exposure to indirect currency risk. As the insurance policies cover GBP liabilities only, there is no currency risk associated with the insurance policies.

As at 30 April 2023 0% (2022: 0%) of the Scheme's invested assets (excluding AVCs) were invested in funds or securities that are significantly exposed to currency risk.

Notes to the financial statements continued**21. Investment risks continued****Interest rate and inflation rate risk**

Interest rate risk and inflation risk is a material risk for the Scheme given that movements in interest rates and inflation are a material influence on the value of the liabilities assessed in present day terms. Some of the Scheme's assets are subject to interest rate risk (both nominal and real interest rates). However, the overall interest rate exposure of the Scheme's assets hedges part of the corresponding risks associated with the Scheme's liabilities. The net effect will be to reduce the volatility of the funding level, and therefore the Trustee believes that it is appropriate to have exposure to interest rate risk in this manner.

If interest rates fall (rise), then the stream of cashflows the Scheme expects to receive are worth more (less) today. Therefore, the value of the insurance policies are subject to change with interest rates and inflation rates.

As at 30 April 2023 89% (2022: 88%) of the Scheme's invested assets (excluding AVCs) were invested in funds or securities that are significantly exposed to indirect interest rate and/or inflation risk.

Other price risk

The Scheme's assets are exposed to risks of market prices other than currencies and interest rates.

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

The value of the pension benefits is sensitive to changes in mortality expectations. As the valuation of the insurance policies are equal to the valuation of the liabilities the insurance policy is covering, the valuation of the insurance policy is also sensitive to changes in mortality expectations. These holdings therefore have indirect Other price risk.

As at 30 April 2023 89% (2022: 24%) of the Scheme's invested assets (excluding AVCs) were invested in funds or securities that are significantly exposed to other price risk.

Notes to the financial statements continued**21. Investment risks continued****Credit and market risks**

The table below summarises the Scheme's investments that have significant exposure to indirect credit and market risks.

	Indirect Credit risk	Indirect Currency risk	Indirect Interest rate risk	Indirect Other price risk	2023 £	2022 £
Insurance policies (ie buy-ins)	○	○	●	●	112,585,000	42,600,000
LGIM Sterling Liquidity Fund	○	○	○	○	14,674,003	20,626,757
LGIM Over 15y Gilts Index Fund	○	○	●	○	-	12,387,884
LGIM 2047 Gilt Fund	○	○	●	○	-	20,968,535
LGIM 2071 Gilt Fund	○	○	●	○	-	15,075,728
LGIM Over 5y Index-Linked Gilts Fund	○	○	●	○	-	35,949,790
LGIM 2040 Index-Linked Gilt Fund	○	○	●	○	-	15,845,180
LGIM 2055 Index-Linked Gilt Fund	○	○	●	○	-	13,027,157
Total					127,259,003	176,481,031

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

22. Current assets

	2023 £	2022 £
Cash balances	3,365,999	3,971,931
Sundry debtors	393,688	-
	<u>3,759,687</u>	<u>3,971,931</u>

Notes to the financial statements continued**23. Current liabilities**

	2023	2022
	£	£
Unpaid benefits	102,102	-
Accrued expenses	151,840	55,919
Sundry creditors	-	8,000
	<u>253,942</u>	<u>63,919</u>

24. Employer-related investments

As at 30 April 2023 there were no assets invested in Employer-related investments in the Scheme, within the meaning of Section 40(2) of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 at the year end (2022: £Nil).

25. Related-party transactions

The Trustee, Lockton Pension Trustee Limited, is a subsidiary of Lockton UK Limited. Lockton UK Limited's UK parent company is LIH UK Topco Limited.

At 30 April 2023, three Directors of the Trustee were pensioner members of the Scheme (2022: 3) and one Director of the Trustee was a deferred member during the year (2022: 1). Benefits were paid in accordance with the Scheme Rules.

The Principal Employer bore certain costs of administration and other payments as referred to in notes 8 and 9 up to February 2022, thereafter the Scheme meets the expenses (which are initially paid by the Employer and recharged back to the Scheme) and Trustee insurance directly as detailed in notes 8 and 9 of the financial statements. Included within accrued expenses of the current liabilities note is £147,840 (2022: £Nil) which was due to the Employer in respect of recharged expenses.

During the year ended 30 April 2023 there was a Trustee indemnity insurance payment with LIGS limited who is the Principal Employer, amounting to £42,000 (2022: £nil) as detailed in note 11.

The Scheme is supported by two PPF guaranteed agreements, one dated 18 March 2009 provided by Lockton Companies International Limited and the other dated 20 March 2011 provided by Lockton International Holdings Limited.

As part of the Lockton International Holdings Limited ("LIHL") purchase of an Italian based broker in February 2016 LIHL borrowed additional funds in the form of a term loan (of \$41m USD) from Lockton Inc. to finance the purchase. An agreement was made in February 2016 between the Scheme, LIHL and Lockton Inc. that the LIHL Group will at all times have available \$15m USD of available headroom in its cashflows on a 12 month look forward basis.

Notes to the financial statements continued**26. GMP equalisation**

On 26 October 2018 the High Court ruled in the Lloyds Banking Group case that inequalities in scheme benefits arising from Guaranteed Minimum Pensions (GMP) should be removed. The Trustee is addressing these inequalities for members of the Scheme and made adjustments to benefits from October 2023. The Trustee has also calculated arrears payments to members arising from the historical payment of unequalised pensions. The arrears totalled £66,380 including interest and was paid to members in October 2023.

On 20 November 2020 the High Court ruled in a further Lloyds Banking Group case that historical transfer payments should be adjusted to remove inequalities in scheme benefits arising from Guaranteed Minimum Pensions (GMP). The Trustee has estimated the arrears payments due to former members arising from historical payment of unequalised transfer values to be c£250k.

27. Contingent liability

The Scheme receives payments from Rothsay Life on a monthly basis in respect of the insured members benefit payments. A reconciliation is currently in progress which may result in a payment to or a receipt from Rothsay Life. The Trustee is not in a position to provide a reliable estimate, however the Trustee is not expecting the amount to be material.

Following from the GMP equalisation reconciliation as referred to in note 26, the Trustee will be required to make a payment to L&G in respect of the insured members. At this stage the Trustee is not in a position to obtain a reliable estimate. Therefore, the cost of any such payments has not been recognised in these financial statements. They will be recognised once the Trustee is able to reach a reliable estimate.

Independent Auditor's Statement about Contributions to the Trustee of The Nelson Hurst Group Pension Scheme 4**Statement about contributions**

We have examined the Summary of Contributions payable under the Schedules of Contributions for the period 1 May 2022 to 31 December 2022, and under the Scheme rules and recommendations of the Actuary for the period 1 January 2023 to 30 April 2023 to The Nelson Hurst Group Pension Scheme 4 in respect of the Scheme year ended 30 April 2023 which is set out on page 45 and 46.

In our opinion contributions for the Scheme year ended 30 April 2023 as reported in the Summary of Contributions and payable:

- under the Schedules of Contributions have, in all material respects, been paid:
 - from 1 May 2022 to 4 May 2022 at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 22 February 2022; and
 - from 5 May 2022 to 31 December 2022 at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 5 May 2022.
- under the Scheme rules and recommendations of the Actuary have been paid from 1 January 2023 to 30 April 2023 in accordance with the Scheme rules and recommendations of the Actuary.

Scope of work

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions have, from 1 May 2022 to 31 December 2022, in all material respects been paid at least in accordance with the Schedules of Contributions and, from 1 January 2023 to 30 April 2023, have been paid in accordance with the Scheme rules and recommendations of the Actuary. 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 Schedules of Contributions and Scheme rules and recommendations of the Actuary.

Respective responsibilities of Trustee and auditor

As explained more fully in the statement of Trustee's responsibilities set out on page 45, the Scheme Trustee is 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 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 in accordance with the Schedules of Contributions.

Independent Auditor's Statement about Contributions to the Trustee of The Nelson Hurst Group Pension Scheme 4 continued**Respective responsibilities of Trustee and auditor continued**

Following the Scheme entering wind-up, the Scheme's Trustee is responsible for monitoring that contributions are made to the Scheme in accordance with the Scheme rules and recommendations of the Actuary. The Trustee is also responsible for keeping records in respect of contributions received in respect of members of the Scheme.

It is our responsibility to provide a statement about contributions paid under the Schedules of Contributions and Scheme rules and recommendations of the Actuary to the Scheme and to report our opinion to you.

The purpose of our work and to whom we owe our responsibilities

This statement is made solely to the Scheme Trustee, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Scheme Trustee those matters we are required to state to it 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 Trustee, for our work, for this statement, or for the opinions we have formed.

**Dated: 14 December 2023**

Julie Radcliffe
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

Summary of Contributions payable during the year ended 30 April 2023**Statement of Trustee's responsibilities in respect of contributions for the year ended 30 April 2023**

For the period 1 May 2022 to 31 December 2022 the Scheme's Trustee is 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 Employers and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Scheme's Trustee is also responsible for keeping records of contributions received and for monitoring that contributions are made to the Scheme in accordance with the Schedules.

Wind up of the Scheme has been triggered in the year. Following the Scheme entering wind up on 1 January 2023, the Scheme's Trustee is responsible for keeping records of contributions received in respect of any member of the Scheme, and for monitoring that contributions are made to the Scheme in accordance with the Scheme rules and recommendations of the Actuary.

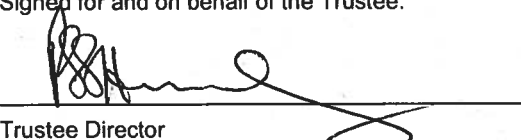
Summary of Contributions payable during the year ended 30 April 2023 continued**Trustee's Summary of Contributions payable under the Schedules of Contributions and under the Scheme rules and recommendations of the Actuary in respect of the Scheme year ended 30 April 2023**

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the Employer contributions payable to the Scheme under the Schedules of Contributions certified by the Actuary on 22 February 2022 and 5 May 2022 and under the Scheme rules and recommendations of the Actuary in respect of the Scheme year ended 30 April 2023. The Scheme Auditor reports on contributions payable under the Schedules in the Auditor's Statement about Contributions.

During the year, the contributions payable to the Scheme were as follows:

	£
Required by the Schedules of Contributions and Scheme rules and recommendations of the Actuary	
Deficit funding contributions	-
Contributions required by the Schedules of Contributions and Scheme rules and recommendations of the Actuary (as reported on by the Scheme auditor and as reported in the financial statements)	-

Signed for and on behalf of the Trustee:


Trustee Director

Date: 14th December 2023


Trustee Director

Date: 16 December 2023

Appendix 1 – Implementation Statement (forming part of the Trustee's report)***Nelson Hurst Group Pension Scheme 4******Implementation Statement, covering the Scheme Year from
1 May 2022 to 30 April 2023***

The Trustee of the Nelson Hurst Group Pension Scheme 4 (the "Scheme") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles ("SIP") during the Scheme Year. This is provided in Sections 1 and 2 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, Trustees (including the most significant votes cast by Trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustee has had regard to the guidance on [Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement](#), issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

1. Introduction

The Scheme completed its second buy-in transaction (and the transfer of the majority of assets) to Rothesay Life during the Scheme Year (mid-May 2022). Following completion of the transaction, the Scheme held a balance in the Legal & General ("L&G") Sterling Liquidity Fund. The SIP was reviewed and updated in the same month to reflect the purchase of the second bulk annuity contract which covered the Scheme's liabilities. The first annuity policy was purchased in November 2010 with Legal & General Investment Management.

No changes were made to the voting and engagement policies in the SIP during the Scheme Year. The SIP in place as at the Scheme Year end was dated May 2022. The Trustee has, in its opinion, followed the Scheme's voting and engagement policies during the Scheme Year.

2. Voting and engagement

The Trustee has delegated to its remaining investment manager the exercise of rights attaching to investments, including voting rights, and engagement. The policy is here: <https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-uk-corporate-governance-and-responsible-investment-policy.pdf>

However, the Trustee takes ownership of the Scheme's stewardship by monitoring and engaging with the manager as detailed below. As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

Following the introduction of DWP's guidance, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. In March 2023, the Trustee set climate change as the Scheme's stewardship priority, and the investment manager has been notified of this priority.

This priority was selected because the Trustee believes that it is a key market-wide risk and an area where good stewardship and engagement can improve long-term financial outcomes.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with the manager to clarify expectations and encourage improvements.

3. Description of voting behaviour during the Scheme Year

The SIP notes that the Scheme's investments are held in units of pooled funds and two annuity policies. The Trustee therefore does not have any direct voting rights; any voting rights are indirect as they pertain to the underlying investments within the pooled funds and annuity policy. Hence, in effect the Trustee has delegated voting rights to the investment managers of the pooled fund and the annuity provider. The Trustee itself has not used proxy voting services over the Scheme Year.

Throughout the Scheme Year, the Scheme did not invest in any funds that held listed equities or assets with voting opportunities.

Appendix 2 – Actuary's Certification of the Schedule of Contributions**3314071** *Actuary's certification of schedule of contributions*
Page 1 of 2

This certificate is provided for the purpose of Section 227(5) of the Pensions Act 2004 and Regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: The Nelson Hurst Group Pension Scheme 4

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 be met by the end of the period specified in the recovery plan dated 5 May 2022.

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 10 December 2020.

Signature: 

Date: *5 May 2022*

Name: Kenneth Hardman

Qualification: FIA

Address: Lane Clark & Peacock LLP
95 Wigmore Street
London
W1U 1DQ

Name of employer: LCP
(if applicable)