

**CONCORD PLC RETIREMENT BENEFITS SCHEME
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2020
SCHEME REGISTRATION NUMBER: 101518535**

CONCORD PLC RETIREMENT BENEFITS SCHEME

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YEAR ENDED 5 APRIL 2020

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CONCORD PLC RETIREMENT BENEFITS SCHEME

TRUSTEE AND ADVISERS

YEAR ENDED 5 APRIL 2020

Principal Employer	Concord Limited
Participating employers	BAS Castings Limited HI Quality Steel Castings Limited
Trustee	Principal Employer-nominated BESTrustees Limited (represented by Bob Hymas) The directors of BESTrustees Limited: Zahir Fazal Alan Pickering CBE Rachel Tranter Andrew Booman (appointed 1 July 2019) Huw Evans Julie Stothard (appointed 12 May 2020)
Administrators	Towers Watson Limited (trading as Willis Towers Watson)
Scheme actuary	S Caine FIA Towers Watson Limited (trading as Willis Towers Watson)
Independent auditor	Grant Thornton UK LLP (until February 2020) Ensors Accountants LLP (appointed March 2020)
Legal advisers	Eversheds LLP
Investment manager	Legal & General Assurance (Pensions Management) Limited
Investment custodians	HSBC Global Investor Services, Euroclear and Citibank N.A.
AVC providers	Utmost Life and Pensions (formerly The Equitable Life Assurance Society) Aviva Insurance UK Limited
Bankers	Barclays Bank Plc

CONCORD PLC RETIREMENT BENEFITS SCHEME

TRUSTEE'S REPORT

YEAR ENDED 5 APRIL 2020

The Trustee of the Concord Plc Retirement Benefits Scheme ("the Scheme") presents its annual report together with the actuarial statement and financial statements for the year ended 5 April 2020.

Introduction

The Scheme is a final salary pension scheme which provides benefits to members in accordance with the Scheme Rules based on their length of service and their average salary prior to leaving or retirement (whichever is earlier).

The Scheme was closed to the future accrual of pension benefits on 31 August 2002.

The Scheme is a "registered pension scheme" for tax purposes.

All members of the Scheme are contracted-out of the State Second Pension.

Scheme advisers

There are written agreements in place between the Trustee and each of the Scheme advisers listed on page 1 of this report.

Scheme constitution and management

The Scheme is governed by the Trustee who is required to act in accordance with the Trust Deed and the Scheme Rules, within the framework of pension and trust law. Trustees are appointed and removed in accordance with the Trust Deed by Concord Limited. The Scheme is currently exempt from the member-nominated trustee requirements introduced by the Pensions Act 2004 on the basis that the Trustee is independent of Concord Limited. There was one Trustee meeting during the year.

Changes to the scheme

There were no significant changes to the Scheme during the year.

Financial developments and financial statements

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

CONCORD PLC RETIREMENT BENEFITS SCHEME

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 5 APRIL 2020

Statement of Trustee's responsibilities

The financial statements, which are prepared in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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 Regulations 3 and 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 has 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 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 is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

CONCORD PLC RETIREMENT BENEFITS SCHEME

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 5 APRIL 2020

Membership

The changes in membership during the year are as follows:

	Deferred members	Pensioners/ Beneficiaries	Total
At 6 April 2019	311	231	542
Adjustments to prior year	(3)	2	(1)
New beneficiaries	–	2	2
Retirements	(13)	13	–
Deaths	(1)	(3)	(4)
Transfers out	(1)	–	(1)
Other	(1)	(1)	(2)
At 5 April 2020	<u>292</u>	<u>244</u>	<u>536</u>

Adjustments to prior year are due to late notifications of member movements.

Pension increases

Pension increases are applied at 6 April each year. Pensions in payment in respect of pensionable service before 6 April 1997 increase by one of, nil, 3% per annum or by the minimum of 3% per annum and the CPI, published in the previous September. Pensions in payment in respect of pensionable service after 6 April 1997 increase by RPI, published in the previous September, subject to a minimum increase of 3% per annum and a maximum of 5% per annum.

CONCORD PLC RETIREMENT BENEFITS SCHEME

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 5 APRIL 2020

Report on actuarial liabilities

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 the benefits accrued to the valuation date. This is assessed using the assumptions agreed between the Trustee and the Company and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent triennial actuarial valuation of the Scheme was carried out as at 5 April 2018, with the following results:

	5 April 2018
Value of technical provisions	£53.7m
Value of assets	£33.5m
Funding level	62%

Although there are no current plans to discontinue the scheme and buy-out liabilities with an insurance company, the Trustee also considers the level of funding relative to the estimated costs of such a buy-out (known as "solvency liabilities") and equivalent information on this basis is provided below:

	5 April 2018
Value of solvency liabilities	£64.9 m
Value of assets	£33.5 m
Funding level	52%

The value of technical provisions is based on Pensionable Service to the effective date of the valuation (noting that the Scheme closed to future accrual with effect from 31 August 2002) and assumptions about various factors that will influence the Scheme in the future, such as the levels of investment returns and pay increases, when members retire and how long members will live. The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method used in the calculation of the Technical Provisions is the Projected Unit Method.

Significant actuarial assumptions

Pre-retirement discount rate	2.65% pa
Post-retirement discount rate	2.20% pa
Pre-retirement inflation (RPI)	3.20% pa
Post-retirement inflation (RPI)	3.55% pa
Deferred pension revaluation (in excess of GMP)	2.20% pa
RPI min 3%, max 5% pension increases	3.65% pa
CPI min 0%, max 3% pension increases	2.55% pa
Mortality (pre and post retirement)	Mortality for all members is assumed to follow the standard SAPS 'S2' All Pensioner Amounts tables, with a multiplier of 106% (males) / 98% (females) applied to the underlying mortality rates, applicable to each member's year of birth. In addition, an allowance has been made for future mortality improvements (from 2007) in line with the CMI 2017 core projections model with a 1.5% per annum long term improvement rate.

CONCORD PLC RETIREMENT BENEFITS SCHEME

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 5 APRIL 2020

Next Actuarial Valuation

The next actuarial valuation of the Scheme will be due on 5 April 2021.

Investment report

Investment manager

The Scheme's managed fund investments are managed by Legal & General Assurance (Pensions Management) Limited, an investment manager appointed by the Trustee. The manager has full discretion to invest world-wide subject to the investment policies laid down by the Trustee. These investment policies are determined by the Trustee.

The investment manager's fees are primarily based on the market value of the assets under their management but commissions and fees are also levied on investment transactions.

The investment manager is appropriately authorised under the Financial Services and Markets Act 2000.

Investment principles

The Trustee has produced a statement of investment principles as required by section 35 of the Pensions Act 1995 and this is available on request from the contact address set out on page 10.

CONCORD PLC RETIREMENT BENEFITS SCHEME

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 5 APRIL 2020

Review of investment performance

Details of the Scheme's investments are given in note 9 to the financial statements. An analysis of the Scheme's investments is provided below:

	2020	<i>2019</i>
	%	%
Pooled investment vehicles	99.9	99.9
AVC investments	0.1	0.1
	<u>100.0</u>	<u>100.0</u>

The Trustee considers that the spread of investments both geographically and by investment category enables the Scheme to benefit from potentially higher rates of investment growth in different markets whilst also decreasing the effect that price fluctuations within a particular market may have on the Scheme. The proportion of the Scheme's assets invested in a particular market is determined by reference to the relative rate of return and the relative level of risk associated with that market.

The Trustee considers that all the Scheme's investments are readily marketable.

The table below shows the performance of the funds managed by Legal & General Assurance (Pensions Management) Limited for 1 year, 3 years and 5 years to 31 March 2020 relative to the appropriate benchmarks.

Annual percentage returns

	1 year	3 years	5 years
	%	%	%
Legal & General Assurance (Pensions Management) Limited total assets	1.48	3.30	5.73
<i>Benchmark</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Over 15y Gilts Index	17.58	7.97	8.03
<i>Benchmark</i>	17.58	7.96	8.01
AAA-AA-A Bonds-Over 15Y Index	5.47	4.04	5.23
<i>Benchmark</i>	4.97	3.83	5.05
Over 5y Index-Linked Gilts Index	2.41	2.93	6.27
<i>Benchmark</i>	2.39	2.90	6.25
Diversified Fund*	(5.47)	n/a	n/a
<i>Benchmark</i>	(8.00)	n/a	n/a

*Funds held for less than 3 years, therefore no 3 & 5 years performance figures available.

CONCORD PLC RETIREMENT BENEFITS SCHEME

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 5 APRIL 2020

Socially responsible investments

The Trustee recognises that the management of investment risks is over the longer term and requires consideration of many financially material factors. Significantly, it recognises the importance of the ability of the investment portfolio to create, sustain and protect value so that it can deliver returns in line with the Trustee's objectives over at least the term of the Recovery Plan. An important part of this longer term view is the impact of factors arising from environmental, social and governance matters (collectively "ESG") and climate change.

The importance of the Trustee understanding the long-term prospects for the assets in which it invests with due consideration of the above factors is, therefore, acknowledged. The Trustee also recognises that engagement and voting in connection with these factors as well as others can improve investment performance. It is, however, also recognised that the form of the Trustee's investments is all either pooled or collective vehicles which are managed by external parties appointed by the Trustee. As such, the Trustee is not directly involved with investments at a stock/organisation level and there is limited, if any, ability for engagement.

The Trustee has not taken into account non-financial matters (which are defined as the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the trust scheme) in the selection, retention and realisation of investments. This is because of the relative simplicity of the investment strategy and the need to focus on the financially material aspects of investment in order to achieve the funding objectives. The Trustee will review this aspect of the policy regularly.

The Scheme may use different managers and mandates to implement its investment policies. The Trustee ensures that, in aggregate, its portfolio is consistent with the policies set out in the Statement of Investment Principles, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustee will also ensure that the investment objectives and guidelines of any particular pooled vehicle are consistent with its policies, where relevant to the mandate in question. Where segregated mandates are used, the Trustee will use its discretion, where appropriate, to set explicit guidelines within the Investment Management Agreement to ensure consistency with the Trustee's policies, where relevant to the mandate.

To maintain alignment, managers are periodically provided with the most recent version of the Scheme's Statement of Investment Principles and are requested to confirm that the management of the assets is consistent with those policies relevant to the mandate in question.

The Trustee considers it important for ESG and climate change factors to be integrated into the investment process of the managers it has appointed. The Trustee also recognises the importance of responsible investing and good stewardship as a fundamental part of the activity of the appointed managers. The Trustee will monitor the activities of the managers on a regular basis with respect to relevant matters including capital structure of investee companies, actual and potential conflicts, other stakeholders and ESG impact of underlying holdings. However, the Trustee appreciates that its applicability may be limited for certain asset classes. These matters are kept under review by the Trustee, in consultation with their investment consultant and investment managers.

In relation to the socially responsible investments policies set out above, the Trustee requires the managers appointed by it to:

- Have developed an approach to integrating ESG factors in their investment process.
- Demonstrate a commitment to active ownership, engagement and voting.
- Be either a signatory of the Principles for Responsible Investment as supported by the United Nations or demonstrate a commitment to similar principles.

CONCORD PLC RETIREMENT BENEFITS SCHEME

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 5 APRIL 2020

At least once in every twelve month period, the managers will be required to communicate and report to the Trustee on their activities/processes in relation to the above.

Mandates and relationships with existing managers will be reviewed periodically and, if necessary, brought into line with this policy where possible within 12 months. Where this is not possible, the Trustee will seek explanation from the manager and, if not satisfied, will consider the termination of the appointment. New mandates and relationships are required to meet the standards of this policy on a 'comply or explain' basis.

Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment/ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the manager's appointment will be considered further.

Rights attaching to investments

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment manager. The Trustee has reviewed and has accepted the investment manager's policy in respect of exercising of rights attaching to investment. The Trustee will periodically review the investment manager's policy as part of their ongoing monitoring of their investment manager.

Custodial arrangements

The Scheme's investments are held in the names of nominees by the Scheme's investment custodians. The investment custodians operate systems of internal controls to ensure the security of the Scheme's assets.

Employer-related investments

There were no employer-related investments held at any time during the year or at the year end.

Calculation of transfer values

In accordance with Regulation 7D of the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008, the Trustee decided to reduce Cash Equivalent Transfer Values by 36% with effect from October 2019. The reduction was calculated based on the Scheme's funding position as at 5 April 2019.

The Pension Tracing Service, TPAS, the Pensions Ombudsman and The Pensions Regulator

In accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, members are advised that:

- information regarding the Scheme has been registered with the Pension Tracing Service;
- if they have general requests for information or guidance concerning pension arrangements contact The Pensions Advisory Service (TPAS):
 - Address: 11 Belgrave Road, London, SW1V 1RB
 - Telephone: 0800 011 3797
 - Website: www.pensionsadvisoryservice.org.uk/contacting-us
 - Email: enquiries@pensionsadvisoryservice.org.uk

CONCORD PLC RETIREMENT BENEFITS SCHEME

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 5 APRIL 2020

- if they have a complaint or dispute concerning a workplace or personal pension arrangement they have the right to contact The Pensions Ombudsman free of charge:
Address: 10 South Colonnade, Canary Wharf, London, E14 4PU
Telephone: 0800 917 4487
Website: www.pensions-ombudsman.org.uk
Email: enquiries@pensions-ombudsman.org.uk

In addition to the above, The Pensions Regulator regulates company pension schemes and enforces the law as it relates to them. It has wide ranging powers which include the power to:

- suspend, disqualify and remove a Trustee, or Director of a Trustee company, for consistently not carrying out their duties;
- wind up schemes where necessary;
- apply for injunctions to prevent the misuse and misappropriation of scheme assets and apply for restitution where necessary.

Internal disputes resolution procedures

A disputes resolution procedure has been agreed by the Trustee to resolve any queries raised by beneficiaries or potential beneficiaries of the Scheme and details of this can be obtained by writing to the contact below.

Contact for further information

Any queries or complaints about the Scheme, including requests from individuals for information about their benefits or for a copy of Scheme documentation, should be sent to:

S Cook
Willis Towers Watson
2 Wellington Place
Wellington Street
Leeds
LS1 4AP

simon.cook@willistowerswatson.com

Signed for and on behalf of BESTrustees Limited:



Date 18 SEPTEMBER 2020

CONCORD PLC RETIREMENT BENEFITS SCHEME

ACTUARIAL CERTIFICATION OF SCHEDULE OF CONTRIBUTIONS

Scheme Actuary's certification of the Schedule of Contributions

Name of Scheme: Concord Plc Retirement Benefits Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of the contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective could have been expected on 5 April 2018 to be met by the end of the period specified in the Recovery Plan.

Adherence to Statement of Funding Principles

2. I certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 29 March 2019.

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

Signature

S Caine

Date

29/03/2019

Stephen Caine
Fellow of the Institute and Faculty of Actuaries
Willis Tower Watson

Belvedere
12 Booth Street
Manchester
M2 4AW

CONCORD PLC RETIREMENT BENEFITS SCHEME

TRUSTEE'S STATEMENT ABOUT CONTRIBUTIONS

YEAR ENDED 5 APRIL 2020

Statement of Trustee's responsibilities in respect of contributions

The 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 employer 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 and for monitoring 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 is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Trustee's summary of contributions

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 Schedule of Contributions certified by the Actuary on 29 March 2019 in respect of the Scheme year ended 5 April 2020. The Scheme auditor report on contributions payable under the Schedule in their auditor's statement about contributions.

Contributions payable under the Schedule in respect of the Scheme year

	2020
	£
Employer deficit funding contributions	136,998
Contributions payable under the Schedule and as reported in the financial statements	<u>136,998</u>

Signed for and on behalf of BESTrustees Limited:



Date 18 SEPTEMBER 2020

CONCORD PLC RETIREMENT BENEFITS SCHEME

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS, UNDER REGULATION 4 OF THE OCCUPATIONAL PENSION SCHEMES (REQUIREMENT TO OBTAIN AUDITED ACCOUNTS AND A STATEMENT FROM THE AUDITOR) REGULATIONS 1996, TO THE TRUSTEE

YEAR ENDED 5 APRIL 2020

We have examined the Summary of Contributions to the Concord PLC Retirement Benefits Scheme (the 'Scheme') for the Scheme year ended 5 April 2020 to which this statement is attached.

Statement about contributions payable under the Schedule of Contributions

In our opinion, contributions for the Scheme year ended 5 April 2020 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 29 March 2019.

Respective responsibilities of Trustee and the auditor

As explained more fully in the Statement of Trustee's responsibilities set out on page 3, the Trustee is responsible for ensuring that a Schedule of Contributions is prepared, maintained and from time to time revised and for monitoring whether contributions are made to the scheme by the employer in accordance with the Schedule of Contributions.

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

Scope of work on Statement about Contributions

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

Use of our report

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



**Ensors Accountants LLP
Statutory Auditor
Chartered Accountants
Ipswich**

Date 21st September 2020

CONCORD PLC RETIREMENT BENEFITS SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE

YEAR ENDED 5 APRIL 2020

Opinion

We have audited the financial statements of Concord PLC Retirement Benefits Scheme (the 'Scheme') for the year ended 5 April 2020, which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 5 April 2020, 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 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.

Conclusions relating to going concern

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

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

CONCORD PLC RETIREMENT BENEFITS SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE *(continued)*

YEAR ENDED 5 APRIL 2020

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 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 Trustee for the financial statements

As explained more fully in the Trustee's Responsibilities Statement set out on page 3, the Trustee is responsible for the preparation of financial statements which show a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the 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 intend to wind up the Scheme, or have no realistic alternative but to do so.

CONCORD PLC RETIREMENT BENEFITS SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE *(continued)*

YEAR ENDED 5 APRIL 2020

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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



Ensors Accountants LLP
Statutory Auditor
Chartered Accountants
Ipswich

Date 21st September 2020

CONCORD PLC RETIREMENT BENEFITS SCHEME

FUND ACCOUNT

YEAR ENDED 5 APRIL 2020

	Note	2020 £	2019 £
Contributions and benefits			
Employer contributions		136,998	888,900
Total contributions	4	<u>136,998</u>	<u>888,900</u>
Benefits paid or payable	5	(1,428,364)	(1,397,836)
Transfers out	6	(123,115)	(76,524)
Administrative expenses	7	(310,574)	(522,993)
		<u>(1,862,053)</u>	<u>(1,997,353)</u>
Net withdrawals from dealings with members		<u>(1,725,055)</u>	<u>(1,108,453)</u>
Returns on investments			
Investment income	8	543	893
Change in market value of investments	9	542,915	1,857,958
Investment management expenses	10	(53,370)	(49,706)
Net returns on investments		<u>490,088</u>	<u>1,809,145</u>
Net (decrease)/increase in the fund during the year		<u>(1,234,967)</u>	<u>700,692</u>
Net assets of the Scheme			
At 6 April		<u>34,232,686</u>	<u>33,531,994</u>
At 5 April		<u><u>32,997,719</u></u>	<u><u>34,232,686</u></u>

The notes on pages 19 to 26 form part of these Financial Statements.

CONCORD PLC RETIREMENT BENEFITS SCHEME

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

AS AT 5 APRIL 2020

	Note	2020 £	2019 £
Investment assets	9		
Pooled investment vehicles	12	33,014,945	34,149,769
AVC investments	13	33,980	36,857
		<u>33,048,925</u>	<u>34,186,626</u>
Current assets	18	175,488	163,174
Current liabilities	19	(226,694)	(117,114)
Net assets of the Scheme at 5 April		<u>32,997,719</u>	<u>34,232,686</u>

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 does take account of such obligations, is dealt with in the actuarial certificate on page 11 of the annual report and the Report on Actuarial Liabilities on page 5 and these financial statements should be read in conjunction with them.

Signed for and on behalf of BESTrustees Limited:



Date 18 SEPTEMBER 2020

The notes on pages 19 to 26 form part of these Financial Statements.

CONCORD PLC RETIREMENT BENEFITS SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2020

1. General information

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustee's report.

2. 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 (FRS 102) - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (SORP) (Revised June 2018).

This is the first year of adoption for the 2018 SORP. There have been no restatements of prior year figures as a result of this adoption

3. Accounting policies

The Scheme's functional currency and presentational currency is pounds sterling (GBP).

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

Contributions

Employer deficit funding contributions are accounted for on the due date on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the Employer or Trustees.

Transfers to other schemes

Individual transfers out of the Scheme are accounted for when paid which is normally when member liability is discharged.

Benefits

Pensions payable in respect of the Scheme year are accounted for by reference to the period to which they relate. Other benefits are accounted for in the period in which the member notifies the Trustee of his or her decision on the type or amount of benefit to be taken or, if there is no member choice, on the date of retirement or leaving.

Expenses

Administrative and investment management expenses are accounted for by reference to the period to which they relate.

Investment income

Interest on cash deposits is accounted for by reference to the period to which it relates.

Investment income arising from the underlying investments of the pooled investment vehicles is reinvested within the pooled investment vehicles and reflected in the unit price. It is reported within 'change in market value'.

CONCORD PLC RETIREMENT BENEFITS SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2020

3. Accounting policies *(continued)*

Investments

Pooled investment vehicles are valued at their bid price at the year end. The fees and costs of acquiring and disposing of investments are included in their purchase and sales price.

AVC investments are included at the value provided by the AVC provider.

4. Contributions

	2020	2019
	£	£
Employer contributions		
Deficit funding contributions	<u>136,998</u>	<u>888,900</u>

Under the Schedule of Contributions in force during the year, deficit funding contributions of £8,333 per month were payable until 31 December 2019. Contributions of £20,667 per month are payable from 1 January 2020 until 31 December 2020. Under the current Schedule of Contributions deficit funding contributions are due until 30 April 2047. The monthly contributions are scheduled to increase over time up to a maximum of £191,000 per month.

The Principal Employer is also committed to pay additional cash flow contributions contingent on the Company's net cash flow in the prior calendar year. No additional cash flow contributions were payable in the current or prior year.

5. Benefits paid or payable

	2020	2019
	£	£
Pensions	1,105,712	1,015,819
Commutations and retirement lump sums	321,338	347,846
Lump sum death benefits	1,314	23,352
Taxation where lifetime or annual allowance exceeded	–	10,819
	<u>1,428,364</u>	<u>1,397,836</u>

6. Transfers out

	2020	2019
	£	£
Individual transfers out	<u>123,115</u>	<u>76,524</u>

7. Administrative expenses

	2020	2019
	£	£
Administration fees	69,134	66,750
Legal fees	10,424	27,257
Trustees fees	25,828	19,537
Pension Protection Fund levy	134,481	202,876
Actuarial fees	61,091	196,701
Audit fees	4,159	4,850
Other fees	5,457	5,022
	<u>310,574</u>	<u>522,993</u>

CONCORD PLC RETIREMENT BENEFITS SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2020

7. Administrative expenses (continued)

All other administrative expenses are met by the Principal Employer, Concord Limited.

8. Investment income

	2020	2019
	£	£
Interest on cash deposits	<u>543</u>	<u>893</u>

9. Investments assets

	Value at 6 April 2019	Purchases at cost	Sales proceeds	Change in market value	Value at 5 April 2020
	£	£	£	£	£
Pooled investment vehicles	34,149,769	–	(1,680,616)	545,792	33,014,945
AVC investments	36,857	–	270	(3,147)	33,980
	<u>34,186,626</u>	<u>–</u>	<u>(1,680,346)</u>	<u>542,645</u>	<u>33,048,925</u>

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Scheme such as fees, commissions and stamp duty. Costs are borne by the Scheme in relation to transactions in the pooled investment vehicles. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not therefore separately identifiable.

10. Investment management expenses

	2020	2019
	£	£
Administration, management and custody	<u>53,370</u>	<u>49,706</u>

11. 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.

12. Pooled investment vehicles

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

	2020	2019
	£	£
Diversified growth	16,710,204	18,431,504
Bonds	16,304,741	15,718,265
	<u>33,014,945</u>	<u>34,149,769</u>

These categories are consistent with the strategic asset allocation categories of the Fund.

15. Investment risk disclosures

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.

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

The Trustee determines the investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to investment risks because of the investments it makes in following the investment strategy set out above. The Trustee manages investment risks, including credit risk, interest rate risk and other price risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

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

CONCORD PLC RETIREMENT BENEFITS SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2020

15. Investment risk disclosures *(continued)*

Investment strategy

The Trustee has the following investment objectives:

- The acquisition of and investment in suitable assets of appropriate liquidity, which will generate income and capital growth to meet, together with new contributions from the Company, the cost of the benefits which the Scheme provides.
- To limit the risk of the assets failing to meet the liabilities over the long term.
- To minimise the long term costs of the Scheme by maximising the return on the assets whilst having regard to the objectives shown above.

The Trustee sets the investment strategy taking into account considerations such as the strength of the employer covenant, the long term liabilities of the Scheme and the funding agreement with the Company. The investment strategy is set out in its Statement of Investment Principles ("SIP").

The Trustee's current investment strategy benchmark is set out below (with all such assets held in pooled funds):

Diversified Growth Fund:	54.0%
UK fixed-interest gilts:	18.4%
UK index-linked gilts:	9.2%
UK corporate bonds:	18.4%

Credit risk

The Scheme is subject to credit risk because the Scheme invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. The Scheme is also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles. The Scheme also has cash balances and so is subject to credit risk arising from these.

Credit risks arising on bonds held in the pooled investment vehicles is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds which are rated at least investment grade. Cash is held within financial institutions which are at least investment grade rated.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the manager and the regulatory environments in which the pooled managers operate. The Trustee monitors any changes to the operating environment of the pooled manager on an ongoing basis. The pooled arrangements used by the Scheme are all unit-linked contracts held with Legal and General Investment Managers.

The information about exposures to and mitigation of credit risk applied at both the current and previous year end. The Scheme's total exposure to credit risk at the year-end is £32,963,739 (2019: £34,195,829).

CONCORD PLC RETIREMENT BENEFITS SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2020

15. Investment risk disclosures *(continued)*

Currency risk

The Scheme is subject to currency risk because some of the assets underlying the Scheme's diversified growth fund investments are held in overseas markets via pooled investment vehicles (indirect exposure). The Scheme's exposure to currency risk at the year-end was £4,177,551 (2019: £4,607,876)

Interest rate risk

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in bonds (through pooled vehicles) and cash. The Trustee has set a benchmark for total investment in bonds of 46% (as per the 2019 year-end). The bond benchmark is set by the Trustee having regard to the nature of the Scheme's liabilities and in order to broadly match the liabilities in respect of pensioner members of the Scheme. If interest rates fall, the value of the bond investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the bond investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate. The Scheme's exposure to interest rate risk at the year-end was £16,253,536 (2019: £15,764,325).

Other price risk

Other price risk arises principally in relation to the Scheme's diversified fund held in pooled vehicles. The Scheme has a set target asset allocation of 54% of investments being held in diversified growth funds (as per the 2019 year-end). The Scheme manages this exposure to overall price movements by holding a diverse portfolio of investments across various markets, via the use of pooled vehicles. At the year end the Scheme's exposure to other price risk was £16,710,203 (2019: £18,431,503).

16. Concentration of investments

The following investments amounted to more than 5% of the total net assets of the Scheme:

	2020		2019	
	£	%	£	%
Legal & General Diversified Fund	16,710,203	50.57	18,431,504	53.84
Legal & General Over 15y Gilts Index	6,977,513	21.12	6,321,634	18.47
Legal & General AAA-AA-A Bonds- Over 15Y Index	6,159,996	18.64	6,108,100	17.84
Legal & General Over 5y Index-Linked Gilts Index	3,167,233	9.59	3,288,531	9.61

17. Employer-related investments

There were no employer-related investments at any time during the year or at the year end.

18. Current assets

	2020	2019
	£	£
Cash balances	<u>175,488</u>	<u>163,174</u>

CONCORD PLC RETIREMENT BENEFITS SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2020

19. Current liabilities

	2020	2019
	£	£
Unpaid benefits	145,331	12,590
Other creditors and accruals	81,363	104,524
	<u>226,694</u>	<u>117,114</u>

20. Related party transactions

The Principal Employer, Concord Limited, bears certain costs of the Scheme itself. The costs borne by Concord Limited in relation to the Scheme are not reflected in these financial statements.

The Trustee fees are £25,828 in the current year and £19,537 in the prior year (2019).

All of the above transactions were made in accordance with the Scheme Rules.

21. Contingent liabilities and contractual commitments

In the opinion of the Trustee the Scheme had no contingent liabilities and no contractual commitments as at 5 April 2020 (2019 - Nil).

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes.

The Trustee of the Scheme is aware that the issue will affect the Scheme and is reviewing the steps to implement the judgement at each Trustee meeting.

Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. The Trustee is yet to determine the exact methodology to equalise GMPs, and therefore it cannot yet estimate the likely backdated amounts and related interest. The back payments will be accounted for in the year they are determined.

However, the judgement did not address transfers out which will be subject to a second hearing expected in 2020. The Scheme has experienced historical transfers out which may be subject to adjustment depending on the judgements reached in this second ruling. It is not possible to estimate the value of any such adjustments at this point in time.

22. Subsequent events

On 11 March 2020, COVID-19 was declared a pandemic by the World Health Organisation. This has resulted in worldwide restrictions on travel, government fiscal stimulus and financial market volatility. The extent of the impact on the Scheme is currently unquantifiable in relation to the value of the Scheme's investments and the Principal Employer's business. The Trustee is satisfied that the Scheme is a going concern as the Principal Employer has sufficient resources to continue to meet their obligations to the Scheme for at least the next 12 months.