



PENDRAGON GROUP PENSION SCHEME

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2024

SCHEME REGISTRATION NUMBER: 12006432

isio.

PENDRAGON GROUP PENSION SCHEME
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PENDRAGON GROUP PENSION SCHEME
TRUSTEE AND ITS ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2024

Trustee

Pendragon Group Pension Trustees Limited

Trustee Directors

Ross Trustees Services Limited - represented by N Moore
D Best (Independent)

Secretary to the Trustee

R Maloney
Pendragon NewCo 2 Limited (formerly Pendragon Plc)

Principal Employer

Pendragon NewCo 2 Limited (appointed 31 January 2024)
Pendragon Plc (removed 31 January 2024)

Pension Administrators

Isio Group Limited (appointed 30 September 2024)
Pendragon NewCo 2 Limited (formerly Pendragon Plc) (removed 30 September 2024)

Scheme Actuary

N Nash F.F.A.
Mercer Limited

Auditor

Cooper Parry Group Limited

Banks

HSBC UK Bank Plc (appointed 30 September 2024)
Lloyds Bank Plc (removed 12 November 2024)

Solicitors

Gowling WLG
Hogan Lovells International LLP

Employer Covenant Adviser

Teneo

Investment Adviser

Barnett Waddingham LLP

Investment Managers

Aviva Investors UK Services Limited
BlackRock Channel Islands Limited
BlackRock Investment Management (UK) Limited (appointed 29 January 2024)
Hamilton Lane
Lindsell Train Global Funds Plc (disinvested 19 February 2024)
M&G Investment Management Limited
Pendragon Scottish Limited Liability Partnership
Schroder Investment Management Limited
TwentyFour Asset Management Limited
Willis Towers Watson Plc (appointed 26 March 2025)

Custodian

JP Morgan

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Annuity Providers

Aegon UK Plc
Aviva Life & Pensions Limited
Canada Life Limited
Phoenix Life Assurance Limited
ReAssure Limited
The Prudential Assurance Company Limited

Additional Voluntary Contributions Providers

Aviva Life Limited
Aegon UK Plc
Clerical Medical Investment Group Limited
Phoenix Life Limited
Standard Life Assurance Limited
Scottish Widows Limited
Santander UK Plc (disinvested 18 February 2025)
The Royal London Mutual Insurance Society Limited
Utmost Life and Pensions Limited

Enquiries

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PENDRAGON GROUP PENSION SCHEME

TRUSTEE'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

INTRODUCTION

The Trustee is pleased to present its report on the Pendragon Group Pension Scheme (the "Scheme") for the year ended 31 December 2024.

Any member or beneficiary may request a copy of the Trustee's Report and Financial Statements. Applications are encouraged and should be sent to the Scheme Administrator whose details are included on page 2.

The Scheme

The Scheme was established on 24 September 2012 following a merger of the CD Bramall Pension Scheme, The CD Bramall Retirement Benefit Scheme, The CD Bramall Dealerships Limited Pension Scheme, Quicks Pension Scheme, Reg Vardy Retirement Scheme and the Pendragon Pension Plan, the "former schemes".

With effect from 24 September 2012 all of the accumulated benefits of the former schemes were re-assigned to Pendragon Group Pension Scheme.

The Scheme has multiple benefit structures consisting of a final salary section whereby benefits are payable to members in accordance with the Scheme Rules based on their length of service and their average salary prior to retirement up to 30 September 2006. In addition, some of the Scheme members contributed to a money purchase section whereby the contributions for each member are invested until retirement when the accumulated value of each member's investment account will be available to purchase benefits. Members with benefits in the money purchase section had their benefits transferred to individual policies with Aviva (previously Friends Life) or Legal & General between August 2006 and December 2007.

The Scheme is governed in accordance with the terms of a Definitive Trust Deed dated 24 September 2012, as subsequently amended.

In accordance with the provisions of Schedule 36 of the Finance Act 2004, the Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004.

Pendragon NewCo 2 Limited was admitted as a Participating Employer under a Deed dated 31 October 2023.

In January 2024, Pendragon Plc was acquired by Lithia Group Inc ("Lithia Group") and a Flexible Apportionment Arrangement ("FAA") was agreed. Pendragon NewCo 2 Limited was appointed as the Principal Employer (the "Employer") on 31 January 2024, with Lithia Group paying a lump sum contribution of £10 million into the Scheme on 2 February 2024 and adding new properties worth £50 million to the CAR which would provide an additional £2.5 million p.a. to the Scheme.

Trustee

The Trustee, Pendragon Group Pension Trustees Limited, is responsible for the management of the Scheme's assets and ensures that the Scheme is operated in accordance with the Rules and requirements of the Pensions Acts and other relevant legislation. The names of the Trustee Directors during the year are shown on page 1 of this report.

During the year, five Trustee meetings were held.

The Scheme is exempt from the requirement to appoint Member-Nominated Trustees under the Occupational Pension Schemes (Member-Nominated Trustees and Directors) Regulations 2006 as it is a scheme where the sole trustee is independent within the meaning given by Section 23 (3) of the Pensions Act 1995. The sole Trustee has appointed external specialists to advise on legal, actuarial and accounting matters.

A list of these advisers is given on pages 1 and 2 of this report.

Changes to the Scheme

There have been no changes to the benefits provided by the Scheme over the year.

Change of Scheme Administrators

During the early part of 2024, the Trustee and Employer ran a selection project for a new administration provider for the Scheme.

After a competitive tender process, the new administrators, Isio Group Limited have been appointed and commenced work on the Scheme as of 30 September 2024.

PENDRAGON GROUP PENSION SCHEME

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MEMBERSHIP

Details of the membership of the Scheme for the year are given below.

	2024	2023
Pensioners		
Pensioners at the start of the year	2,376	2,339
Adjustments	(83)	(44)
Retirements	74	131
New Dependants	21	-
Deaths	(63)	(50)
Pensioners at the end of the year	2,325	2,376
 Members with Deferred Benefits		
Members with deferred benefits at the start of the year	1,753	1,870
Adjustments	(23)	(10)
Retirements	(74)	(104)
Transfers Out	(3)	(3)
Death	(1)	-
Members with deferred benefits at the end of the year	1,652	1,753
 Total Membership at the end of the year	3,977	4,129

The adjustments above resulted from late notifications relating to the previous year and the consolidation of members with multiple records.

The figure for pensioners includes 70 (2023: 70) insured pensioners whose pensions are paid from annuities held in the name of the Trustee. The Trustee is also receiving annuity income for a further 7 (2023: 7 (restated)) pensioners who are being paid from the Scheme.

FINANCIAL DEVELOPMENT OF THE SCHEME

The financial statements on pages 19 to 29 have been prepared and audited in accordance with the Regulations made under Sections 41 (1) and (6) of the Pensions Act 1995. They show that the value of the Scheme has decreased from £403,316,000 at 31 December 2023 to £389,301,000 at 31 December 2024.

PENDRAGON GROUP PENSION SCHEME

TRUSTEE'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

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

Actuarial Position of the Scheme

The most recent full Actuarial Valuation of the Scheme was carried out as at 31 December 2021, the results of which are shown below:

	£'000
The Statutory Funding Objective ("SFO") in relation to the liabilities:	(578,758)
Valuation of assets:	545,404
Deficit relative to the SFO:	(33,354)
Funding level:	94%

If the Employer goes out of business or decides to stop contributing to the Scheme, the Scheme may be "wound up" and the Employer would be required to pay additional money to buy all members' benefits from an insurance company. The comparison of the Scheme's assets to the cost of buying the benefits from an insurance company is known as the "buy-out position". A pension scheme's buy-out position will often show a larger shortfall than the standard actuarial valuation, as insurers are obliged to take a very cautious view of the future, and they also seek to make a profit.

The Actuarial Valuation at 31 December 2021 showed that the Scheme's assets would not have been sufficient to buy all members' benefits from an insurance company, as the "buy-out position" at that date was:

	£'000
Estimated cost of buying benefits with an insurance company:	(707,607)
Value of assets:	562,071
Buy-out position deficit:	(145,536)
Funding level:	79%

This does not mean that the Employer is thinking of winding up the Scheme. The fact that there was a shortfall at the last valuation has not affected the pensions paid from the Scheme and all members who have retired have received the full amount of their pension.

It is worth remembering that a valuation is just a "snapshot" of the Scheme's funding position, and it can change considerably if there are sudden changes in share prices, gilt yields, or if members live longer than expected.

Annual Review as at 31 December 2023

The annual review as at 31 December 2023 showed the Scheme's deficit fell to £9,583,000 (98% funding level). This was mainly due to performance of its investments over 2022 and 2023, as the Scheme's Liability Driven Investments ("LDI") helped to provide a hedge against interest rate and inflation liabilities. Combined with contributions the Employer made to the Scheme, both the value of the Scheme's assets and liabilities decreased to £378,789,000 and £388,372,000 respectively.

The next full valuation is due to take place as at 31 December 2024 and is currently underway.

Additional Information

Further details of how the Statutory Funding Objective will be met, including assumptions for valuing the Technical Provisions and how the Recovery Plan is formulated are in the Statement of Funding Principles dated 2 November 2022. Copies of these documents, the Actuarial Valuations, the Schedules of Contributions and the Recovery Plans are available on request.

The Actuarial Certificate in relation to the Schedule of Contributions is shown on page 30 of the Annual Report.

Further details of the financial development of the Scheme may be found in the audited financial statements on pages 19 to 29. Details of the Scheme's investments are given in notes 12 to 19 to the financial statements.

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TRUSTEE'S REPORT

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REPORT ON ACTUARIAL LIABILITIES (CONTINUED)

Method

The actuarial method to be used in the calculation of the technical provisions is the Defined Accrued Method.

Significant Actuarial Assumptions

The key assumptions used for calculating the technical provisions and future contribution requirement for the Scheme were:

Financial Assumptions	
Discount Rate:	
Pre and Post Retirement	Nominal Gilt Yield curve plus 0.75% p.a. at each term.
Price inflation:	
Retail Prices Index ("RPI")	Gilt inflation curve at each term
Consumer Prices Index ("CPI")	RPI inflation less 0.7% p.a. at each term until 2030 and RPI with no deduction thereafter.
Deferred revaluation (Max 5%)	Elements which have future revaluation in line with RPI/CPI.
Pension increases	Increases will be calculated using the Black-Scholes stochastic model applying any applicable maximum and/or minimum rates, the RPI/CPI inflation assumption and an assumed inflation volatility of 1.75%. The model is applied to the RPI/CPI inflation for each term in the curve.
Demographic Assumptions	
Mortality	
Pre-retirement	No allowance
Post-retirement	Base mortality table: 98% of the mortality rates in 2019 Vita Curves for males and females, projected to the valuation date in line with the approach below.
Allowance for Future Improvements	CMI core projection model with a 1.5% p.a. long term projected rate of improvement (CMI 2021 [1.50%, S=7.5]), using a year of birth approach.

Recovery Plan

In order to address the deficit in the Technical Provisions, the Employer agreed to pay £13,069,000 in the Schedule of Contributions signed by the Scheme's Actuary on 2 November 2022: This amount will increase at a rate of 2.25% on 1 January each year until 31 December 2023.

In 2011, the Scheme was provided with an investment which generates a predictable asset-backed income. This investment is in the form of an interest in a Central Asset Reserve ("CAR"), created by the Employer in partnership with the Scheme, which owns properties that are leased back to the Employer on long-term leases and provide the Scheme with rental income for a period of 20 years. The interest will be recorded at the present value of the income rights and, in the event of insolvency, the Scheme will have recourse to the value of the properties. The Trustee does not have the ability to sell or transfer its income interest in the partnership without the Employer's consent.

In January 2024, Pendragon Plc was acquired by Lithia Group Inc ("Lithia Group") and a Flexible Apportionment Arrangement ("FAA") was agreed. Pendragon NewCo 2 Limited was appointed as the Principal Employer, with Lithia Group paying a lump sum contribution of £10 million into the Scheme on 2 February 2024 and adding new properties worth £50 million to the CAR which would provide an additional £2.5 million p.a. to the Scheme.

Due to this, an updated Schedule of Contributions was agreed by the Trustee and Employer, and certified by the Scheme Actuary on 27 August 2024. In accordance with the previous Recovery Plan, it reaffirmed that no further deficit contributions were due to the Scheme and that administration expenses, including levies, will be met by the Employer.

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REPORT ON ACTUARIAL LIABILITIES (CONTINUED)

In addition to this, there was an update to the contributions due to be paid to the Scheme to achieve its Long Term Funding Target, the majority of the contributions are in the form of rental income from the Central Asset Reserve. This is detailed below and will be paid out until the earlier of either 1 August 2031 or such time as the Scheme funding level on the Long Term Funding Target basis reaches 102.5%.

Calendar Year	Amount Due (£)	
2024	5,083,406	Received
2025	5,976,298	
2026	6,110,765	
2027	6,248,257	
2028	6,388,843	
2029	6,532,592	
2030	6,679,575	
2031	3,952,429	

GMP Equalisation

On 26 October 2018, the High Court ruled that benefits provided to members who had contracted out of their Scheme must be recalculated to reflect the equalisation of state pension ages between 17 May 1990 and 6 April 1997. Following the ruling, it is expected that the Trustee will need to equalise guaranteed minimum pensions between men and women. This is likely to result in additional liabilities for the Scheme for equalisation of the benefits already crystallised e.g., historical transfers out, retirement benefits etc.

Subsequently, on 20 November 2020, the High Court issued a follow up judgment in respect of the Lloyds Banking Group ruling that any transfers out paid since 17 May 1990 must potentially be increased to reflect additional liabilities arising from the equalisation of GMP accrued between 17 May 1990 and 5 April 1997. This could potentially result in top-up payments to members but presents significant challenges for the Trustee and Scheme Administrator in terms of:

- Identifying transfers paid since 1990
- Equalising the transfer payment
- Tracking the relevant members and the arrangements they transferred to

At this stage the Trustee and Employer have not agreed the equalisation methodology to be used and therefore the Trustee is not in a position to obtain a reliable estimate of the backdated benefits and related interest. Therefore, the cost of backdating pension benefits and related interest have not been recognised in these financial statements. They will be recognised once the Trustee is able to reach a reliable estimate.

Legal Judgments

On 16 June 2023, the High Court handed down its decision in The Virgin Media Ltd v NTL Pension Trustees II which concerned the implications of Section 37 of the Pension Schemes Act 1993. Subsequently, Virgin Media Ltd filed an appeal, the hearing for which took place on 26 and 27 June 2024 and on 25 July 2024 it was announced that the Court of Appeal upheld the High Court ruling. The Court of Appeal's ruling confirms that the requirement to obtain Section 37 confirmation on rule alterations applies to both past and future service rights.

On 5 June 2025, the Government announced that it will pass legislation to give pension schemes affected by the Virgin Media ruling the power to obtain retrospective actuarial confirmation that historic changes to the relevant benefits met the necessary statutory requirements. The Trustee, with its advisers, will investigate the possible implications for the Scheme.

PENDRAGON GROUP PENSION SCHEME

TRUSTEE'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

INVESTMENT REPORT

Introduction

Overall investment policy falls into two parts. The strategic management of the assets is fundamentally the responsibility of the Trustee acting on advice from its Investment Consultants (and Scheme Actuary where applicable). The other element of the policy is the day-to-day management of the assets which is delegated to the Investment Managers. Having considered advice from Barnett Waddingham LLP, the Trustee has set the investment policy, with regards to the Scheme's liabilities and funding level.

Scheme Objectives

The Trustee requires the Scheme Actuary to review the funding level of the Scheme regularly. The Trustee aims to have sufficient and appropriate assets to cover the Technical Provisions under the SFO.

Taking these factors into account, together with the expected returns and risks relative to the liabilities on different types of investment, the Trustee believes that it is appropriate to adopt the following overall objectives to the Scheme:

- To ensure it can meet the members' entitlements under the Trust Deed and Rules as they fall due;
- To achieve a long-term positive real return;
- To manage expected volatility of the returns achieved in order to control the level of volatility in the Scheme's required contribution;
- To reduce the risk of the assets failing to meet the liabilities over the long term; and
- To minimise the long-term costs of the Scheme by maximising the return on the assets whilst having regards to the above objectives.

It is accepted that at different times within the economic cycle, acceptable levels of risk may change according to market conditions.

Statement of Investment Principles

The Trustee has produced a Statement of Investment Principles ("SIP"), dated June 2023, in accordance with Section 35 of the Pensions Act 1995. A copy of the Statement can be found on the publicly accessible website <https://members.pensionpal.co.uk/pendragonpensions>.

There were no significant departures from the stated principles during the year under review.

Custodial Arrangements

Custodial services are provided by the custodians of the pooled funds in which the Scheme invests, as set out below:

- JP Morgan Chase (Schroders portfolio, BlackRock iShares Emerging Markets Index Fund)
- BNY Mellon (BlackRock Aquila Life MSCI World Index Fund)
- State Street Ireland (M&G Alpha Opportunities Fund)
- State Street Bank International GmbH (TwentyFour Strategic Income Fund)
- European Depositary Bank (Hamilton Lane Global Private Assets Fund)

Note that there isn't a custodian for the Aviva Lime Property Fund, given the assets of the Fund are buildings. An investor may appoint a custodian to hold the units they own.

The custodians are responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed holdings. Investments are held in the name of the custodians' nominee companies, in line with common practice for pension scheme investments.

PENDRAGON GROUP PENSION SCHEME

TRUSTEE'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

INVESTMENT REPORT (CONTINUED)

Investment Strategy

To achieve these overall objectives the Trustee has decided upon an investment strategy having considered the covenant of the Principal Employer, the agreed funding objective, and the Principal Employer's attitude to risk and their own attitudes to investment risk. The Trustee has divided the Scheme's assets into two elements:

- **Growth-seeking assets** – the Growth-seeking assets are aiming to generate a positive return, in excess of the risk-free rate, and thereby improve the funding position of the Scheme by increasing the size of the Scheme's assets relative to its liabilities.
- **Matching assets** – the Matching assets provide a hedge (protection) against movements in interest rates and inflation, to which the Scheme's liabilities are sensitive.

In March 2021, the Trustee implemented a set of funding level de-risking triggers, whereby Schroders would notify the Trustee and Barnett Waddingham when the Scheme reached the funding levels of 88%, 92%, 96%, 100% and 110% on the self-sufficiency basis at which point trades would be carried out to de-risk the portfolio.

The Scheme's investment strategy is set out in the Statement of Asset Strategy, which is available on request.

The Statement of Asset Strategy was updated during the year to reflect the changes to the investment strategy. This includes the following changes:

- In January 2024, the Scheme's holdings in the Lindsell Train Global Equity Fund were disinvested and the proceeds were invested in a passive equity mandate with BlackRock, in a 90%/10% split between the BlackRock Aquila Life MSCI World Index Fund and BlackRock iShares Emerging Markets Index Fund respectively. A final disinvestment was made in February 2024, following the receipt of a dividend issued as shares.
- In June 2024, the Trustee agreed to fully disinvest from the Aviva Lime Property Fund, with the proceeds being used to fund the investment into the WTW Secure Income Fund and top up the collateral portfolio with Schroders. The Trustee expects the proceeds to be paid throughout 2025 and invested into the WTW Secure Income Fund. However, given the illiquid nature of the property fund, full disinvestment may not be achievable within the expected timeframe, and the Trustee will continue to monitor the situation.

The table below shows the Scheme's actual and target asset allocations as at the end of the year.

Funds	Asset Class	Allocation as at 31 December 2024 %	Target Allocation %
Schroders LDI Portfolio and Sterling Liquidity Fund	LDI and Collateral	25.7	31.0
Schroders Buy & Maintain Fund		18.1	19.0
Schroders Securitised Credit Fund		10.3	12.0
M&G Alpha Opportunities Fund	Credit	10.9	10.0
TwentyFour Strategic Income Fund		8.6	10.0
Hamilton Lane Global Private Assets Fund	Illiquid	8.0	5.0
Aviva Lime Property Fund*		6.0	-
WTW Secure income Fund*		-	3.0
BlackRock Dynamic Diversified Growth Fund	Diversified Growth	6.9	5.0
BlackRock Aquila Life MSCI Fund	Equities	5.0	4.5
Blackrock iShares Emerging Markets Index Fund		0.5	0.5
		100.0	100.0

*As noted above, the Trustee has made the strategic decision to fully disinvest from the Aviva Lime Property Fund, with the proceeds being used to fund the investment into the WTW Secure Income Fund, it is expected that these changes will be implemented during 2025.

PENDRAGON GROUP PENSION SCHEME

TRUSTEE'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

INVESTMENT REPORT (CONTINUED)

Asset Allocation

In addition to the investments noted in the table above, other assets are held in the Trustee Bank Account, Central Asset Reserve, annuities and AVCs. The Scheme's assets at the end of the year are shown in the table below.

	£'000	2024 %	£'000	2023 %
Pooled Investment Vehicles (Including Cash)				
Schroders Investment Management Limited	191,288	50.1	223,185	55.8
BlackRock Channel Islands Limited	43,817	11.5	22,390	5.6
M&G Investment Management Limited	38,565	10.1	50,743	12.7
TwentyFour Asset Management Limited	30,175	7.9	14,814	3.7
Hamilton Lane	28,191	7.4	26,781	6.7
Aviva Investors UK Services Limited	20,987	5.5	21,296	5.3
Lindsell Train Global Funds Plc	-	-	16,421	4.1
Segregated Funds				
Pendragon Scottish Limited Liability Partnership	22,164	5.8	18,121	4.5
Insurance Policies	4,464	1.2	4,464	1.1
AVC Investments	2,050	0.5	1,942	0.5
	381,701	100.0	400,157	100.0

*The Scheme redeemed the majority of its holdings with Lindsell Train on 19 January 2024, a further disinvestment was made in February which related to dividends issued as shares.

Investment Performance

The table below shows a summary of the Scheme's assets' performance, net of fees, for the one, three and five year periods to 31 December 2024.

	1 Year (%)		3 Years (p.a.)		5 Years (p.a.)	
	Fund	B'mark	Fund	B'mark	Fund	B'mark
Schroders LDI Portfolio	(22.4)	(22.3)	(42.6)	(42.4)	(23.7)	(23.4)
Schroders Buy & Maintain Fund	2.9	1.7	(1.0)	(3.1)	(0.1)	(0.1)
Schroders Securitised Credit Fund	5.9	7.4	4.5	5.7	2.8	4.3
Schroders Sterling Liquidity Fund	5.3	5.2	3.6	3.8	2.2	2.3
M&G Alpha Opportunities Fund	10.1	8.3	6.6	6.8	6.0	5.3
TwentyFour Strategic Income Fund	9.2	9.5	1.6	7.7	3.0	6.3
Hamilton Lane Global Private Assets Fund	5.3	10.0	9.0	10.0	12.3	9.7
Aviva Lime Property Fund	2.6	(6.9)	(3.6)	(12.0)	N/A	N/A
BlackRock Dynamic Diversified Growth Fund	8.8	8.4	1.5	6.9	3.7	5.4
BlackRock Aquila Life MSCI World Index Fund*	N/A	N/A	N/A	N/A	N/A	N/A
BlackRock iShares Emerging Markets Index Fund*	N/A	N/A	N/A	N/A	N/A	N/A

Performance shown gross of fees for Schroders, and net of fees for all other managers.

*Where performance is not shown, the Scheme has not been invested in the fund for the full period.

Economic Environment

In the 12-month period to 31 December 2024, the dominant economic factors have been high, but falling, inflation through the first half of 2024, followed by interest rates cuts through the second half of the year. In the final quarter of 2024, current inflation, and expectations of future inflation, began to rise again.

By 31 December 2023, inflation had already fallen significantly from its 2022 peak but remained above its 2% target. To bring inflation back under control the Bank of England (BoE), Federal Reserve (Fed) and European Central Bank (ECB) had raised rates to their highest levels since the Global Financial Crisis and rates remained at these levels until the second half of 2024 when inflation fell close to target and central banks began to cut rates.

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TRUSTEE'S REPORT

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INVESTMENT REPORT (CONTINUED)

Falling inflation and interest rates, coupled with strong US economic growth, boosted market hopes for a "soft landing" in the global economy (where inflation falls back to target without a deep recession). This helped global equities to rise by 20.6% over the period. The US market, which makes up approximately 65% of the global index, drove most of these gains, with technology stocks continuing to perform well on the back of market optimism over the future of artificial intelligence.

Stronger growth and more persistent inflation in the US led to markets pricing in fewer rate cuts by the Fed over 2025. The election of Donald Trump as US president exacerbated this trend as markets attempted to price in the impact of his policies such as tax cuts and trade tariffs, which are expected to raise US inflation. This caused global bond yields to rise in the final quarter of the year and led to significant movements in exchange rates as the US dollar strengthened against all other major currencies.

Over the year to 31 December, all major central banks loosened monetary policy in response to falling inflation.

- The Bank of England reduced the base rate from 5.25% to 4.75%. In the September 2024 meeting, the Bank announced that it would maintain the pace at which it reduces the stock of gilts held on its balance sheet at £100 billion per year.
- The European Central Bank reduced its deposit rate from 4.00% to 3.00%.
- The Federal Reserve reduced the Federal Funds Rate range from 5.25%-5.50% to 4.25%-4.50%.

Market Performance

The 12 months to 31 December 2024 saw strong positive returns across equities although bonds performed poorly as government bond yields rose in the final quarter of the year. Property produced a positive return over the period.

- **Equities:** Global equities produced strong positive returns across all major regions. The FTSE All World rose by 20.6% over the year to 31 December 2024. The best performing region, in local currency terms, was North America (+25.0%), and the worst performing region was Developed Asia ex-Japan (+3.4%).
- **Bonds:** Over the year to 31 December 2024, UK gilt yields rose at all terms longer than one year. UK fixed interest gilts (all stocks) produced negative returns (-3.3%). UK Index-Linked gilts (all stocks) also produced negative returns (-8.3%) as implied inflation rose only slightly over the year. UK corporate bond spreads (all stocks) tightened (-0.4%) over the year.
- **Property:** The MSCI UK All Property Index rose by 6.5% over the year to 31 December 2024.

Environmental, Social and Corporate Governance ("ESG")

The Trustee believes that Environmental, Social and Governance ("ESG") factors are financially material – that is, they have the potential to impact the value of the Scheme's investments from time-to-time. The Trustee appreciates that the method of incorporating ESG in the investment strategy and process will differ between asset classes, however the Trustee is comfortable that all of the investment managers are managing the respective funds with ESG taken into account as far as it is possible for that particular asset class and within applicable guidelines and restrictions. This position is monitored periodically, at least annually. In the future, ESG factors will be taken into account when appointing and reviewing managers.

Fund Manager Remuneration

Investment managers' are primarily remunerated on the basis of the market value of the assets under their management but commissions and fees are also levied on investment transactions.

Employer Related Investments

There were no Employer related investments during the year.

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COMPLIANCE

Pension Increases

Preserved pensions and pensions in payment were increased, in accordance with the statutory requirements and rules of the Scheme. There were no discretionary increases during the year.

Transfer Values

Transfer values paid out of the Scheme during the year were calculated and verified in the manner required by Section 97 and 183 (3) of the Pension Schemes Act 1993. None of the transfer values paid were less than the amount provided by Section 94 (1) of that Act. No discretionary benefits were included in the calculation of transfer values.

Any transfer values paid or received during the year have been calculated and verified in the manner prescribed by the Occupational Pension Schemes (Transfer Values) Regulations 1996.

Single Code of Practice

The Pensions Regulator ("TPR") released a new single code of practice, called the General Code, which came into effect on 28 March 2024. The General Code consolidated 10 of the 15 existing Codes of Practice, along with various pieces of existing guidance and new material required by the 2018 Occupational Pension Schemes (Governance) regulations.

The Trustee has reviewed the General Code and is currently updating their governance practices to meet TPR's new expectations.

Governance and Risk Management

The Trustee has in place a risk register and business plan which sets out its objectives in areas such as administration, investment, funding and communication. This, together with a list of the main priorities and timetable for completion, helps the Trustee run the Scheme efficiently and serves as a useful reference document.

Trustee Knowledge and Understanding

The Pensions Act 2004 requires trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with the scheme documentation. TPR has published the General Code to assist trustees on this matter. The Trustee Directors receive regular training which enables the Trustee to meet the Trustee Knowledge and Understanding requirements.

Taxation Status

The Scheme is a Registered Pension Scheme for tax purposes under the Finance Act 2004 and, as such, its income and investment gains are free of taxation.

General Data Protection Regulation

The Trustee recognises that maintaining high standards of security is essential to protecting personal data which is done through robust policies and processes that address data protection and security measures. The Trustee reviews the procedures adopted by it and its advisers to ensure that it complies with the requirements, which would ensure that it has appropriate policies and procedures in place.

To help keep the Scheme's records up to date, members are reminded to keep the Scheme informed of any changes, including death benefit nominations and beneficiaries. Please send all correspondence to the Scheme Administrator whose details are on page 2.

PENDRAGON GROUP PENSION SCHEME

TRUSTEE'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

COMPLIANCE (CONTINUED)

Further Information

Most of the information required by members in respect of the Scheme is supplied automatically. This includes general information, such as Statements of Options on retiring. In addition, the documents governing the Scheme, the Trust Deed and Rules, can be inspected on request. These rights apply to all members and most extend to their spouses and other beneficiaries, and recognised trade unions.

It is hoped that all members feel sufficiently well informed, and that specific requests are dealt with fully. Members who are dissatisfied or concerned about any matter relating to the Scheme should first contact the Trustee to resolve the matter and may also seek advice or help from a number of outside bodies:

The Pensions Regulator

The statutory body that regulates occupational pension schemes is the Pensions Regulator ("TPR") and it has the powers to:

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

The Trustee, Scheme Auditor and the Scheme Actuary and others involved in the administration of the Scheme have a statutory duty to make an immediate written report if they believe that legal duties concerned with the administration of the Scheme are not being carried out which it is thought may pose a significant risk to members' interests. They can be contacted at:

The Pensions Regulator
 Telecom House
 125-135 Preston Road
 Brighton
 BN1 6AF
 Telephone: 0345 600 0707
 Email: customersupport@tpr.gov.uk
 Website: www.thepensionsregulator.gov.uk

The Pension Tracing Service

A pension tracing service is carried out by the Department for Work and Pensions. This service can be contacted as follows:

Pension Tracing Service
 The Pension Service
 Post Handling Site A
 Wolverhampton
 WV98 1AF
 Telephone: 0800 731 0175
 Website: www.gov.uk/find-pension-contact-details

PENDRAGON GROUP PENSION SCHEME

TRUSTEE'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

COMPLIANCE (CONTINUED)

The Money and Pension Service

For any general enquiries on their pensions, members can contact the Money and Pensions Service. A local adviser can usually be contacted through a Citizen's Advice Bureau. Alternatively, the Service can be contacted at:

The Money and Pensions Service
Bedford Borough Hall
138 Cauldwell Street
Bedford
MK42 9AB
Telephone: 0115 965 9570
Email: contact@maps.org.uk
Website: www.maps.org.uk

Pensions Ombudsman

In the first instance, any concerns in respect of the Scheme should be referred to the Scheme Administrator, Isio Group Limited, who will try to resolve the problem using the Scheme's Internal Dispute Resolution Process ("IDRP") as quickly as possible. If you are unhappy with their response, you can refer your complaint to The Pensions Ombudsman free of charge.

The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the event(s) you are complaining about happened – or, if later, within three years of when you first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:

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

You can also submit a complaint online: www.pensions-ombudsman.org.uk/making-complaint.

Enquiries

Members can obtain information about their own pension benefits, copies of the Scheme's governing documentation or further information about the Scheme by contacting:

Pendragon Group Pension Scheme
c/o Isio Group Limited
PO Box 108
Blyth
NE24 9DY
Email: pendragon@isio.com

PENDRAGON GROUP PENSION SCHEME
TRUSTEE'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

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

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

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

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

The Trustee also 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 reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the Members.

Approval

The Trustee's Report was approved by and signed on behalf of the Trustee by

Signed: _____
N Moore
For and on behalf of Ross Trustees Services Limited

Date: 28/7/2025

Signed _____
D Best
Trustee Director

Date: 28/7/2025

PENDRAGON GROUP PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE FOR THE YEAR ENDED 31 DECEMBER 2024

Independent Auditor's Report to the Trustee of the Pendragon Group Pension Scheme

Opinion

We have audited the financial statements of the Pendragon Group Pension Scheme for the year ended 31 December 2024, which comprise the Fund Account, the Statement of Net Assets and the notes to the financial statements, including 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 31 December 2024, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for Opinion

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

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon and our Auditor's statement about contributions. The Trustee is responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

PENDRAGON GROUP PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE FOR THE YEAR ENDED 31 DECEMBER 2024

Independent Auditor's Report to the Trustee of the Pendragon Group Pension Scheme (Continued)

Responsibilities of the Trustee

As explained more fully in the Statement of Trustee's Responsibilities Statement set out on page 15, the Scheme's Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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 intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Our assessment focused on key laws and regulations the Scheme has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Pensions Act 1995 and United Kingdom Generally Accepted Accounting Practice.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the Scheme and how the Scheme is complying with that framework, including agreement of the financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the Scheme's control environment and how the Scheme has applied relevant control procedures, through discussion and sample testing of controls;
- obtaining an understanding of the Scheme's risk assessment process, including the risk of fraud;
- reviewing Trustee meeting minutes throughout the year; and
- performing audit testing to address the risk of management override of controls, including testing the appropriateness of journal entries and other adjustments made.

Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

PENDRAGON GROUP PENSION SCHEME
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE
FOR THE YEAR ENDED 31 DECEMBER 2024

Independent Auditor's Report to the Trustee of the Pendragon Group Pension Scheme (Continued)

Use of our Report

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

Cooper Parry Group Limited

Statutory Auditor

Sky View

Argosy Road

East Midlands Airport

Castle Donington

Derby

DE74 2SA

Date: 29 July 2025

PENDRAGON GROUP PENSION SCHEME
FUND ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 £'000	Restated 2023 £'000
Contributions and Benefits			
Employer Contributions	5	10,000	10,133
Other Income	6	149	10
		<u>10,149</u>	<u>10,143</u>
Benefits Paid or Payable	7	(18,294)	(18,266)
Payments to and on Account of Leavers	8	(261)	(469)
Administrative Expenses	9	(2)	(2)
		<u>(18,557)</u>	<u>(18,737)</u>
Net Withdrawals from Dealings with Members		<u>(8,408)</u>	<u>(8,594)</u>
Returns on Investments			
Investment Income	10	20,601	14,668
Investment Management Expenses	11	(370)	(246)
Change in Market Value of Investments	12	(25,838)	6,231
		<u>(5,607)</u>	<u>20,653</u>
Net Returns on Investments		<u>(5,607)</u>	<u>20,653</u>
Net (Decrease)/Increase in the Fund During the Year		<u>(14,015)</u>	<u>12,059</u>
Net Assets at 1 January		<u>403,316</u>	<u>391,257</u>
Net Assets at 31 December		<u><u>389,301</u></u>	<u><u>403,316</u></u>

The notes to the financial statements on pages 21 to 29 form part of these financial statements.

PENDRAGON GROUP PENSION SCHEME**STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)****AS AT 31 DECEMBER 2024**

	Notes	2024 £'000	2023 £'000
Investment Assets			
Pooled Investment Vehicles	12/13	347,790	364,445
Special Purpose Vehicle	12/14	22,164	18,121
Insurance Policies - Annuities	12/15	4,464	4,464
AVC Investments	12/16	2,050	1,942
Cash and Cash Equivalents	12	5,233	11,185
Total Net Investments		381,701	400,157
Current Assets	20	7,939	3,449
Current Liabilities	21	(339)	(290)
Net Assets at 31 December		389,301	403,316

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 Trustee's Report on pages 5 to 7 and in the Actuarial Certificate included on page 30 of this Annual Report. These financial statements should be read in conjunction with these sections.

The notes on pages 21 to 29 form part of these financial statements.

Signed on behalf of the Trustee by:

Signed: _____
N Moore
For and on behalf of Ross Trustees Services Limited

Date: 28/7/2025

Signed: _____
D Best
Trustee Director

Date: 28/7/2025

PENDRAGON GROUP PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. BASIS OF PREPARATION

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

The financial statements have been prepared on the going concern basis which the Trustee believes to be appropriate based on its expectations for a 12-month period from the date of approval of these financial statements which indicate that sufficient funds should be available to enable the Scheme to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due.

2. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustee's Report on page 14.

3. ACCOUNTING POLICIES

The principal accounting policies which have been applied consistently with the previous year are:

3.1 Contributions and Benefits

- a) Employer contributions are accounted for on the accruals basis.
- b) Benefits are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken or, if there is no member choice, they are accounted for on the date of retirement or leaving.
- c) Individual transfers in or out are accounted for when paid or received which is normally when the member's liability is accepted/discharged.

3.2 Administrative and Investment Management Expenses

- a) Administrative expenses are met by the Employer, unless agreed otherwise.
- b) Investment management expenses are accounted for on an accruals basis.

3.3 Valuation of investments

Investments are included in the Statement of Net Assets at their fair value at 31 December 2024, which is determined as follows:

- a) Pooled investment vehicles are stated at the latest bid prices or single price where there are no bid/offer spreads as provided by the investment manager.
- b) Fixed interest securities are stated at their clean prices. The clean price is the price of the asset not including any accrued interest. Accrued income is accounted for within investment income.
- c) 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 using an assessment on the Pension Protection Fund's Section 179 Valuation Basis, the most recent Scheme Funding valuation assumptions and methodology.
- d) Additional Voluntary Contributions investments are stated at the value given by the provider at the year end.
- e) Special Purpose Vehicle investments are stated at the value as determined by the Scheme's Actuary at the year-end based on the present value of expected income.
- f) The changes in investment market value are accounted for in the period in which they arise and include profit and losses on investments sold as well as unrealised gains and losses in the value of investments held at the end period end.

3.4 Currency

The Scheme's functional and presentational currency is Pounds Sterling.

PENDRAGON GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

3.5 Investment and Other Income

- a) Dividends from quoted securities are accounted for when the security is declared ex-div.
- b) Interest is accrued on a daily basis.
- c) Investment income is reported net of attributable tax credits, but gross of withholding taxes which are accrued in line with the associated investment income. Irrecoverable withholding taxes are reported separately as a tax charge.
- d) Dividend income from pooled investment vehicles is rolled up and reinvested within the pooled investment vehicles. This is reflected in the unit price and reported within the 'Change in Market Value'.
- e) Receipts from annuity policies held in the name of the Trustee to fund benefits payable to Scheme members are included within investment income on an accruals basis.
- f) Distributions from special purpose vehicles comprise an element of income and capital. Due to the split between income and capital not being readily available, receipts are reported as investment income.

3.6 Critical Accounting Estimates and Judgments

The preparation of the financial statements requires the Trustee to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the financial statements and the related fund account movements during the year.

However, the nature of estimation means that actual outcomes could differ from those estimates. The Trustee has confirmed that no judgments have had a significant effect on amounts recognised in the financial statements, but notes estimation uncertainty in the valuation of the Special Purpose Vehicle and Annuity Policies, as disclosed in notes 14 and 15.

4. RESTATEMENT OF PRIOR YEAR FUND ACCOUNT

Prior year figures have been restated to report bank interest received in the Trustee's bank accounts in "Other Income" (note 6) and bank charges paid from the Trustee's bank accounts in "Administration Expenses" (note 9) in the Fund account. These were previously shown in "Investment Income" (note 10) and "Investment Expenses" (note 11) respectively.

5. CONTRIBUTIONS RECEIVABLE

	2024	2023
	£'000	£'000
Employer		
Additional Contributions	10,000	10,133

6. OTHER INCOME

	2024	Restated* 2023
	£'000	£'000
Interest on cash deposits held in the Trustee's bank accounts	149	10

*See note 4 regarding the restated figures.

7. BENEFITS PAID OR PAYABLE

	2024	2023
	£'000	£'000
Pensions	15,898	15,270
Commutations and Lump Sum Retirement Benefits	2,383	2,976
Lump Sum Death Benefits	13	20
	18,294	18,266

8. PAYMENT TO AND ON ACCOUNT OF LEAVERS

	2024	2023
	£'000	£'000
Individual Transfers out to Other Schemes	261	469

PENDRAGON GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

9. ADMINISTRATIVE EXPENSES

	2024	Restated* 2023
	£'000	£'000
Bank Charges	2	2

*See note 4 regarding the restated figures.

10. INVESTMENT INCOME

	2024	Restated* 2023
	£'000	£'000
Income from Pooled Investment Vehicles	14,985	11,417
Income from Special Purpose Vehicles**	5,083	3,230
Interest on Cash Deposits	513	-
Income from Annuities	20	21
	<u>20,601</u>	<u>14,668</u>

*See note 4 regarding the restated figures.

**Income from the Special Purpose Vehicle contributes towards the deficit funding of the Scheme.

11. INVESTMENT MANAGEMENT EXPENSES

	2024	Restated* 2023
	£'000	£'000
Administration, Management and Custody	370	246

*See note 4 regarding the restated figures.

12. INVESTMENT RECONCILIATION

	Value at 1 January 2024 £'000	Cost of Purchases £'000	Proceeds of Sales £'000	Change in Market Value £'000	Value at 31 December 2024 £'000
Pooled Investment Vehicles	364,445	88,889	(75,544)	(30,000)	347,790
Special Purpose Vehicle	18,121	-	-	4,043	22,164
Insurance Policies – Annuities	4,464	-	-	-	4,464
AVC Investments	<u>1,942</u>	<u>-</u>	<u>(11)</u>	<u>119</u>	<u>2,050</u>
	<u>388,972</u>	<u>88,889</u>	<u>(75,555)</u>	<u>(25,838)</u>	<u>376,468</u>
Cash	<u>11,185</u>				<u>5,233</u>
	<u>400,157</u>				<u>381,701</u>

The change in market value of investments during the year comprises all increases and decreases in the market value of investment held at any time during the year, including profits and losses realised on sales of investments during the year.

There are no direct transaction costs incurred by the Scheme.

PENDRAGON GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

13. POOLED INVESTMENT VEHICLES

The holdings in pooled investment vehicles are as detailed in the table below:

	2024	<i>Reclassified*</i> 2023
	£'000	£'000
Bond Funds	254,795	277,557
Equity Funds	47,641	43,202
Diversified Growth Funds	24,367	22,390
Property Funds	20,987	21,296
	<u>347,790</u>	<u>364,445</u>

*The 2023 comparative figures have been reclassified to better reflect the underlying nature of the investments. The Aviva Lime Property Fund was previously included within equity funds and has now been reclassified as a property fund. M&G Alpha Opportunities Fund and TwentyFour Strategic Income Fund were previously classified within equity funds and have now been reclassified as bond funds, as both funds are fixed income investments.

14. SPECIAL PURPOSE VEHICLE

As mentioned on pages 6 and 7, the Special Purpose Vehicle is the Scheme's investment in a limited liability partnership comprising of an interest in a Central Asset Reserve ("CAR"). Income from this investment is paid to the Scheme as detailed in the Scheme's Recovery Plan on pages 6 and 7. The income received during the year is shown in note 10.

15. INSURANCE POLICIES - ANNUITIES

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

	2024	2023
	£'000	£'000
Insurance Policies - Annuities	<u>4,464</u>	<u>4,464</u>

16. AVC INVESTMENTS

The Trustee holds assets invested separately from the main fund in the form of individual policies securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement confirming the amounts held to their account and the movements in the year.

	2024	<i>Restated*</i> 2023
	£'000	£'000
Utmost Life and Pensions Limited	959	903
Aviva Life Limited	426	396
Scottish Widows Limited	281	275
Clerical Medical Investment Group Limited	149	148
Standard Life Assurance Limited	68	64
Aegon UK Plc	63	58
Phoenix Life Limited	57	52
The Royal London Mutual Insurance Society Limited	38	38
Santander UK Plc**	9	8
	<u>2,050</u>	<u>1,942</u>

*The 2023 AVC breakdown has been restated to align with the AVC valuation as at 1 January 2024 in the investment reconciliation (note 12).

**Santander informed the Trustee of its decision to discontinue its AVC offering. On 18 February 2025, the AVCs of 7 Scheme members were disinvested and £8,533 was received in the Trustee's bank account.

PENDRAGON GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

17. INVESTMENT FAIR VALUE HIERARCHY

The fair value hierarchy 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 (i.e., developed using market data) for the asset or liability, either directly or indirectly;
- Level 3 Inputs are unobservable (i.e., for which data is unavailable for the asset or liability).

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

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

	31 December 2024			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled Investment Vehicles	-	326,803	20,987	347,790
Special Purpose Vehicle	-	-	22,164	22,164
Insurance Policies – Annuities	-	-	4,464	4,464
AVC Investments	2,050	-	-	2,050
Cash and Cash Equivalents	5,233	-	-	5,233
	7,283	326,803	47,615	381,701

	<i>Restated</i> 31 December 2023			
	<i>Level 1</i> <i>£'000</i>	<i>Level 2</i> <i>£'000</i>	<i>Level 3</i> <i>£'000</i>	<i>Total</i> <i>£'000</i>
Pooled Investment Vehicles	16,421	326,728	21,296	364,445
Special Purpose Vehicle	-	-	18,121	18,121
Insurance Policies – Annuities	-	-	4,464	4,464
AVC Investments*	1,942	-	-	1,942
Cash and Cash Equivalents	11,185	-	-	11,185
	29,548	326,728	43,881	400,157

*The 2023 AVC has been restated to align with the AVC valuation as at 1 January 2024 in the investment reconciliation (note 12).

PENDRAGON GROUP PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

18. INVESTMENT RISKS

FRS 102 requires the disclosure of information in relation to certain investment risks. FRS 102 sets out these risks 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, defined as follows:

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

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

Further information on the Trustee's approach to risk management and the Scheme's exposures to credit and market risks are set out below. This does not include annuity policies or the AVC investments as these are not considered significant in relation to the overall investments of the Scheme. There is minimal risk associated with the annuity policies since they provide a cash flow that exactly matches certain liabilities of the Scheme. Changes in their value resulting from these factors are exactly matched by changes in the value of the corresponding liabilities. There is exposure to the credit risk via the provider with which the annuities are held, although this is considered minimal.

	Credit	Market risk			2024 £'000	2023 £'000
		Currency	Interest Rate	Other Price		
Pooled Investment Vehicles					347,790	364,445
Schroders LDI Funds	●	○	●	○	85,658	85,930
Schroders Buy & Maintain Fund	●	○	●	○	63,973	70,089
M&G Alpha Opportunities Fund	●	○	●	○	38,565	50,743
Schroders Securitised Credit Fund	●	○	●	○	36,424	55,981
TwentyFour Strategic Income Fund	●	○	●	○	30,175	14,814
Hamilton Lane Global Private Assets Fund	●	○	○	○	28,191	26,781
BlackRock Dynamic Diversified Growth Fund	●	○	○	○	24,367	22,390
Aviva Lime Property Fund	●	○	○	○	20,987	21,296
BlackRock Aquila Life MSCI Fund	●	○	○	●	17,572	-
BlackRock iShares Emerging Markets Fund	●	○	○	●	1,878	-
Lindsell Train Global Equity Fund	●	○	○	○	-	16,421
Special Purpose Vehicle	○	○	●	○	22,164	18,121
Cash & Cash Equivalents	●	○	●	○	5,233	11,185
Total Net Investments (Excluding AVCs and Annuities)					375,187	375,630

Key: The risk noted affects the holdings [●] significantly, [●] partially, [○] hardly and [-] not at all.

PENDRAGON GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

18. INVESTMENT RISKS (CONTINUED)

Further information on the nature of these risks and how they can be mitigated are provided below.

Credit Risk

The Scheme is subject to credit risk as it has credit fund exposure and has cash balances. The Scheme does not undertake direct stock lending activities and does not enter directly into repurchase agreements. The Scheme invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the holdings in the pooled investment vehicles, and is indirectly exposed to credit risks arising on the financial instruments that make up the pooled investment vehicles.

	2024	2023
	£'000	£'000
Analysis of Direct Credit Risk		
Pooled Investment Vehicles	347,790	364,445
Cash	5,233	11,185
	<u>353,023</u>	<u>375,630</u>

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled manager operates and diversification of investments amongst a number of pooled arrangements. The manager carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the operating environment of a pooled manager.

Direct credit risk arising from the Scheme's annuity policies is mitigated by capital requirements and the Prudential Regulatory Authority's regulatory oversight.

Cash is held within financial institutions which are at least investment grade credit rated.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter ("OTC"). OTC derivatives are not guaranteed by a regulated exchange so there is the risk of a counterparty defaulting on its payment. The risk is reduced through collateral arrangements. It must be emphasised that although OTC derivatives carry various risks, the aim of these investments is to hedge against the changing actuarial value placed on the liabilities of the Scheme.

The Scheme does not participate in any direct stock lending activities. BlackRock currently engages in securities lending. BlackRock manages the credit risk arising from securities lending by complying with industry codes, such as the Code of Guidance published by the Bank of England Securities Lending and Repo Committee. BlackRock also conducts regular counterparty reviews and monitor counterparty exposure on a regular basis. Furthermore, BlackRock is responsible for all transaction and operational costs related to securities lending.

	2024	2023
	£'000	£'000
Pooled Investment Vehicles by Type of Arrangement		
Open Ended Investment Companies	284,864	320,759
Authorised Unit Trusts	24,367	22,390
Jersey Property Unit Trust	20,987	21,296
Unit Linked Insurance Contracts	17,572	-
	<u>347,790</u>	<u>364,445</u>

Currency Risk

All of the Scheme's assets are denominated in Sterling, so that there is no direct currency risk. The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets, via pooled investment vehicles. For example, the Scheme invests in pooled funds that hold overseas equities, global credit and also funds where the manager has discretion to hold overseas assets such as in the BlackRock Diversified Growth Fund. Within the credit funds, all of the currency risk is hedged back to sterling. The Trustee delegates the management of currency risk within the Diversified Growth Fund to BlackRock.

PENDRAGON GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

18. INVESTMENT RISKS (CONTINUED)

Interest Rate Risk

The Scheme is subject to interest rate risk on the investments comprising of bonds and cash held through pooled vehicles. At the year end the Scheme's position comprised of:

		2024	2023
		£'000	£'000
Analysis of Interest Rate Risk			
Direct	Bonds	22,164	18,121
Indirect	Bonds	254,795	277,557
	Cash	5,233	11,185
		<u>282,192</u>	<u>306,863</u>

The insurance policy is directly exposed to interest rate risk due to the value being subject to a discount factor which reflects market interest rates. Changes in their value resulting from these factors are exactly matched by changes in the value of the corresponding liabilities.

Other Price Risk

Other price risk arises principally in relation to the Scheme's return-seeking portfolio which includes directly held equities and equities held in pooled vehicles.

The Scheme manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets. At the year end, the Scheme's exposure to investments subject to other price risk was:

		2024	2023
		£'000	£'000
Analysis of Other Price Risk			
Direct	Bonds	<u>19,450</u>	<u>16,421</u>

The Trustee monitors this risk with advice from Barnett Waddingham LLP on a regular basis, looking at the performance of the Scheme as a whole as well as each individual portfolio. The Scheme manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

19. CONCENTRATION OF INVESTMENTS

The following investments account for more than 5% of the Scheme's net assets as at 31 December:

	2024		2023	
	£'000	%	£'000	%
Schroders LDI Funds	85,658	22.0	85,930	21.3
Schroders Buy & Maintain Fund	63,973	16.4	70,089	17.4
M&G Alpha Opportunities Fund	38,565	9.9	50,743	12.6
Schroders Securitised Credit Fund	36,424	9.4	55,981	13.9
TwentyFour Strategic Income Fund	30,175	7.8	14,814	3.7
Hamilton Lane Global Private Assets Fund	28,191	7.2	26,781	6.6
BlackRock Dynamic Diversified Growth Fund	24,367	6.3	22,390	5.6
Special Purpose Vehicle	22,164	5.7	18,121	4.5
Aviva Lime Property Fund	20,987	5.4	21,296	5.3

20. CURRENT ASSETS

	2024	2023
	£'000	£'000
Cash Balance	5,442	894
Other Debtors	2,497	2,555
	<u>7,939</u>	<u>3,449</u>

PENDRAGON GROUP PENSION SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

21. CURRENT LIABILITIES

	2024	2023
	£'000	£'000
Other Creditors	274	290
Unpaid Benefits	65	-
	<u>339</u>	<u>290</u>

22. RELATED PARTY TRANSACTIONS

With the exception of the expenses detailed in note 9, the Scheme's administrative expenses were met directly by the Employer.

During the year fees totalling £181,380 (2023: £170,400) were payable on behalf of the Scheme to Ross Trustees Services Limited for all services provided in its role as the Scheme's Independent Trustee. At the year-end, fees totalling £15,420 were due to Ross Trustees Services Limited.

No other trustee companies or individuals were paid fees and no Trustee Director was a member of the Scheme during or after the year.

There were no other related party transactions during the year as defined by FRS 102 Section 33.

23. GMP EQUALISATION

On 26 October 2018, the High Court ruled that benefits provided to members who had contracted out of their Scheme must be recalculated to reflect the equalisation of state pension ages between 17 May 1990 and 6 April 1997. Following the ruling, it is expected that the Trustee will need to equalise guaranteed minimum pensions between men and women. This is likely to result in additional liabilities for the Scheme for equalisation of the benefits already crystallised e.g., historical transfers out, retirement benefits etc.

Subsequently, on 20 November 2020, the High Court issued a follow up judgment in respect of the Lloyds Banking Group ruling that any transfers out paid since 17 May 1990 must potentially be increased to reflect additional liabilities arising from the equalisation of GMP accrued between 17 May 1990 and 5 April 1997. This could potentially result in top-up payments to members but presents significant challenges for the Trustee and Scheme Administrator in terms of:

- Identifying transfers paid since 1990
- Equalising the transfer payment
- Tracking the relevant members and the arrangements they transferred to

At this stage the Trustee and Employer have not agreed the equalisation methodology to be used and therefore the Trustee is not in a position to obtain a reliable estimate of the backdated benefits and related interest. Therefore, the cost of backdating pension benefits and related interest have not been recognised in these financial statements. They will be recognised once the Trustee is able to reach a reliable estimate.

24. LEGAL JUDGMENTS

On 16 June 2023, the High Court handed down its decision in The Virgin Media Ltd v NTL Pension Trustees II which concerned the implications of Section 37 of the Pension Schemes Act 1993. Subsequently, Virgin Media Ltd filed an appeal, the hearing for which took place on 26 and 27 June 2024 and on 25 July 2024 it was announced that the Court of Appeal upheld the High Court ruling. The Court of Appeal's ruling confirms that the requirement to obtain Section 37 confirmation on rule alterations applies to both past and future service rights.

On 5 June 2025, the Government announced that it will pass legislation to give pension schemes affected by the Virgin Media ruling the power to obtain retrospective actuarial confirmation that historic changes to the relevant benefits met the necessary statutory requirements. The Trustee, with its advisers, will investigate the possible implications for the Scheme.

PENDRAGON GROUP PENSION SCHEME
ACTUARIAL CERTIFICATE

Certificate of Schedule of Contributions*

Adequacy of Rates of Contributions

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective can be expected to continue to be met for the period for which the schedule is to be in force.

Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated (i.e., signed on behalf of the Trustee on) 31 October 2022.

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	Nicola Nash
Name	Nicola Nash
Date of signing	27 August 2024
Address	Mercer Limited 1 New Park Square 1 Airborne Place Edinburgh EH12 9GR
Qualification	Fellow of the Institute and Faculty of Actuaries

*The original documents governing the Scheme, the Trust Deed and Rules, can be inspected on request. Please send all correspondence to the Scheme Administrator whose details are on page 2.

PENDRAGON GROUP PENSION SCHEME

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS FOR THE YEAR ENDED 31 DECEMBER 2024

Independent Auditor's Statement about Contributions to the Trustee of the Pendragon Group Pension Scheme

We have examined the Summary of Contributions to the Pendragon Group Pension Scheme in respect of the Scheme year ended 31 December 2024 which is set out on page 33.

Qualified Statement about Contributions payable under the Schedules of Contribution

In our opinion, except for the effects of the departures from the Schedule of Contributions referred to below, contributions for the Scheme year ended 31 December 2024 as reported in the Summary of Contributions and payable under the Schedules of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the Scheme Actuary on 2 November 2022 and 27 August 2024.

Basis for Qualified Statement about Contributions

Additional Employer contributions of £862,500 per quarter, payable in advance, for the period 1 January 2024 to 27 August 2024 were due per the Schedule of Contributions certified by the Scheme Actuary on 2 November 2022, however only £816,436 was received for the first and second quarter of the year, being the quarter ending 31 March 2024 and the quarter ending 30 June 2024. This represented an underpayment of £46,064 per quarter.

The contributions due for the period 1 July 2024 to 27 August 2024 were £575,000, apportioned for 2 of the 3 months for which the Schedule of Contributions certified by the Scheme Actuary on 2 November 2022 is applicable. £835,235 was received on 11 July 2024, which included the underpayment of the quarters ending 31 March 2024 and 30 June 2024. As such, these contributions were received between 83 and 174 days later than the due dates stipulated in Schedule of Contributions certified by the Scheme Actuary on 2 November 2022.

Scope of Work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions have in all material respects been paid at least in accordance with the Schedules 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 Schedules of Contributions.

Respective Responsibilities of the Trustee and the Auditor

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedules of Contributions.

It is our responsibility to provide a Statement about Contributions paid under the Schedules of Contributions and to report our opinion to you.

Use of our Report

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

PENDRAGON GROUP PENSION SCHEME
INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS
FOR THE YEAR ENDED 31 DECEMBER 2024

Independent Auditor's Statement about Contributions to the Trustee of the Pendragon Group Pension Scheme (Continued)

Cooper Parry Group Limited
Statutory Auditor
Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: 29 July 2025

PENDRAGON GROUP PENSION SCHEME
SUMMARY OF CONTRIBUTIONS
FOR THE YEAR ENDED 31 DECEMBER 2024

Trustee’s Summary of Contributions Payable Under the Schedules in Respect of the Scheme Year Ended 31 December 2024

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 2 November 2022 and 27 August 2024. The Scheme’s Auditor reports on contributions payable under the Schedules in the Auditor’s Statement about Contributions.

	2024 £'000
Contributions Payable Under the Schedules of Contributions	
Employer – Additional Contributions (Excluding Income from Special Purpose Vehicle)	10,000
Income from Special Purpose Vehicle	5,083
	<hr/>
Contributions Payable Under the Schedules (as reported on by the Scheme Auditor)	15,083

As mentioned on page 31, in the Independent Auditor’s Statement about Contributions, during the first half of year, the quarterly rental income received from the properties held within the CAR was lower than the amounts set out in the Schedule of Contributions, dated 2 November 2022.

On 27 August 2024, a new Schedule of Contributions was signed and re-introduced annualised contributions, this applied to the whole of 2024. However, the rental income received from the CAR remained insufficient to meet the total contributions due to the Scheme. As a result, the Employer made a top up payment into the Scheme prior to the year-end, ensuring that the contributions for the year matched the amount agreed in the new Schedule (this included the £2.4m annual rent increase effective from 1 May 2024). As such, all contributions for the year were received in full.

Signed on behalf of the Trustee by:

Signed: _____
N Moore
For and on behalf of Ross Trustees Services Limited

Date: 28/7/2025

Signed: _____
D Best
Trustee Director

Date: 28/7/2025

APPENDIX DIVIDER REFERENCED IN CONTENTS

PENDRAGON GROUP PENSION SCHEME

APPENDIX: IMPLEMENTATION STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

Purpose of this Statement

This implementation statement has been produced by the Trustee of the Pendragon Group Pension Scheme ("the Scheme") to set out the following information over the year to 31 December 2024:

- The voting activity undertaken by the Scheme's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes; and
- How the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year.

Trustee policies on voting and engagement

The Trustee's Statement of Investment Principles (SIP) in force at 31 December 2024 describes the Trustee's policy on the exercise of rights (including voting rights) and engagement activities as follows:

"The Trustee delegates responsibility for stewardship activities attaching to the Scheme's investments to its investment managers. Managers are expected to exercise voting powers with the objective of preserving and enhancing long-term shareholder value. In addition to the exercise of voting rights, managers are expected to engage with key stakeholders (which may include issuers of debt or equity, corporate management, regulators and governance bodies) relating to their investments in order to improve corporate behaviours and governance, improve performance and social and environmental impact and to mitigate financial risks.

The Trustee periodically reviews engagement activity undertaken by their investment managers to ensure that the policies outlined above are being met and may explore these issues with its investment managers as part of the ongoing monitoring of the ESG integration and stewardship activities of its investment managers."

The Trustee's SIP was last reviewed in June 2023. The SIP has been made available online here: <https://members.pensionpal.co.uk/pendragonpensions>.

The Trustee has decided not to set stewardship priorities for the Scheme as the Scheme solely invests through pooled investment vehicles where the Scheme's asset only represents a small proportion of the capital invested in the funds. The Trustee understands that they are constrained by the policies of the managers. Additionally, only 20% (as at 31 December 2024) of the Scheme's assets were invested in funds with voting rights attached. However, the Trustee takes climate risk and ESG factors into account at manager selection. The Trustee also reviews the stewardship and engagement activities of the investment managers annually.

How Voting and Engagement Policies Have Been Followed

Based on the information provided by the Scheme's investment managers, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.
- The Trustee undertook an initial review of the stewardship and engagement activities of the managers in place at the time at a Development Day in 2020 and were satisfied that their policies were reasonable and no remedial action was required at that time.
- Annually the Trustee receives a Sustainability Monitoring Report on the Scheme's investment managers (which includes data on voting and engagement) from their investment advisers. This was last discussed at the Trustee meeting on 2 October 2024.
- Annually the Trustee receives and reviews voting and engagement data from the Scheme's investment managers which they review and report in their annual implementation statement.
- Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the fund managers are in alignment with the Scheme's stewardship policies.

Prepared by the Trustee of the Pendragon Group Pension Scheme
March 2025

PENDRAGON GROUP PENSION SCHEME

APPENDIX: IMPLEMENTATION STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's portfolio on behalf of the Trustee over the year to 31 December 2024.

Please note that the voting data for the Lindsell Train Global Equity Fund has not been included in the table below as the Scheme disinvested from this fund in January 2024. There are no voting rights attached to the other assets held by the Scheme, which include the Liability Driven Investment ("LDI") funds, bonds and property, given the nature of these mandates. Data has not been provided by Hamilton Lane, as most of their investments are in limited partnerships that do not have annual shareholder meetings.

Manager	BlackRock	BlackRock	BlackRock	Hamilton Lane
Fund name	Dynamic Diversified Growth Fund	Aquila Life MSCI World Fund	iShares Emerging Market Index Fund	Global Private Assets Fund
Structure	Pooled			
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.			
Number of company meetings the manager was eligible to vote at over the year	523	1,489	2,695	Data not provided
Number of resolutions the manager was eligible to vote on over the year	6,705	21,556	22,933	Data not provided
Percentage of resolutions the manager voted on	94%	98%	99%	Data not provided
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	95%	96%	88%	Data not provided
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	4%	4%	8%	Data not provided
Percentage of resolutions the manager abstained from, as a percentage of the total number of resolutions voted on	1%	0%	3%	Data not provided
Proxy voting adviser employed	BlackRock uses Institutional Shareholder Services' (ISS) electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, BlackRock works with proxy research firms who apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to BlackRock any meetings where additional research and possibly engagement might be required to inform BlackRock's voting decision.			Data not provided
Percentage of resolutions voted contrary to the recommendation of the proxy adviser	0%	0%	0%	Data not provided

Source: Investment managers.

Note: Figures may not sum due to rounding.

PENDRAGON GROUP PENSION SCHEME
APPENDIX: IMPLEMENTATION STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

BlackRock Dynamic Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
Company name	Dow Inc.	Tesla, Inc.	Tesla, Inc.
Date of vote	11 April 2024	13 June 2024	13 June 2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Data not provided	Data not provided	Data not provided
Summary of the resolution	Commission Audited Report on Reduced Plastics Demand	Adopt Simple Majority Vote	Report on Harassment and Discrimination Prevention Efforts
How the manager voted	Against	For	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	BlackRock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. They publish their voting guidelines to help clients and companies understand their thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which they assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock apply their guidelines pragmatically, taking into account a company's unique circumstances where relevant. Their voting decisions reflect their analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and their active investment colleagues.		
Rationale for the voting decision	BlackRock believe that the company already has policies in place to address these issues.	BlackRock believe the supermajority vote requirement serves as an entrenchment device for management.	BlackRock believe that greater disclosure on this issue, which they deem material to the long-term economic interests of shareholders, would help investors better assess risks at the company.
Outcome of the vote	Fail	Pass	Pass
Implications of the outcome	BlackRock's approach to corporate governance and stewardship is explained in their Global Principles. Their Global Principles describe their philosophy on stewardship, including how they monitor and engage with companies. These high-level principles are the framework for their more detailed, market-specific voting guidelines. BlackRock do not see engagement as one conversation. They have ongoing direct dialogue with companies to explain their views and how they evaluate their actions on relevant ESG issues over time. Where BlackRock have concerns that are not addressed by these conversations, they may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, they monitor developments and assess whether the company has addressed their concerns.		
Criteria on which the vote is considered "significant"	Vote Bulletin	Vote Bulletin	Vote Bulletin

PENDRAGON GROUP PENSION SCHEME
APPENDIX: IMPLEMENTATION STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

BlackRock Aquila Life MSCI World Fund			
	Vote 1	Vote 2	Vote 3
Company name	Tyson Foods, Inc.	The Walt Disney Company	Amplifon SpA
Date of vote	8 February 2024	3 April 2024	30 April 2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Data not provided	Data not provided	Data not provided
Summary of the resolution	Report on Opportunities to Support Circular Economy for Packaging	Advisory Vote on Board Size and Related Vacancies	Amend Company Bylaws
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	BlackRock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. They publish their voting guidelines to help clients and companies understand their thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which they assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock apply their guidelines pragmatically, taking into account a company's unique circumstances where relevant. Their voting decisions reflect their analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and their active investment colleagues.		
Rationale for the voting decision	BlackRock believe the company already provides sufficient disclosure and reporting regarding this issue, or is already enhancing its relevant disclosures.	BlackRock do not support a proposal to suggest any modifications to the existing structure as they have no concerns about the functioning of the board or its size.	BlackRock find that shareholders' rights are likely to be diminished in material ways under the new Bylaws.
Outcome of the vote	Fail	Fail	Pass
Implications of the outcome	BlackRock's approach to corporate governance and stewardship is explained in their Global Principles. Their Global Principles describe their philosophy on stewardship, including how they monitor and engage with companies. These high-level principles are the framework for their more detailed, market-specific voting guidelines. BlackRock do not see engagement as one conversation. They have ongoing direct dialogue with companies to explain their views and how they evaluate their actions on relevant ESG issues over time. Where BlackRock have concerns that are not addressed by these conversations, they may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, they monitor developments and assess whether the company has addressed their concerns.		
Criteria on which the vote is considered "significant"	Vote Bulletin	Vote Bulletin	Vote Bulletin

PENDRAGON GROUP PENSION SCHEME
APPENDIX: IMPLEMENTATION STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

BlackRock iShares Emerging Market Index Fund			
	Vote 1	Vote 2	Vote 3
Company name	ENGIE Brasil Energia SA	CSPC Pharmaceutical Group Limited	CSPC Pharmaceutical Group Limited
Date of vote	25 April 2024	28 May 2024	28 May 2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Data not provided	Data not provided	Data not provided
Summary of the resolution	Elect Directors	Approve Grant of Options Under the Share Option Scheme	Elect Cai Dongchen as Director
How the manager voted	For	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	BlackRock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. They publish their voting guidelines to help clients and companies understand their thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which they assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock apply their guidelines pragmatically, taking into account a company's unique circumstances where relevant. Their voting decisions reflect their analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and their active investment colleagues.		
Rationale for the voting decision	Data not provided	BlackRock believe incentive arrangements do not support the long-term economic interests of shareholders.	BlackRock voted against as the Chair of the Nomination Committee is not independent.
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	BlackRock's approach to corporate governance and stewardship is explained in their Global Principles. Their Global Principles describe their philosophy on stewardship, including how they monitor and engage with companies. These high-level principles are the framework for their more detailed, market-specific voting guidelines. BlackRock do not see engagement as one conversation. They have ongoing direct dialogue with companies to explain their views and how they evaluate their actions on relevant ESG issues over time. Where BlackRock have concerns that are not addressed by these conversations, they may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, they monitor developments and assess whether the company has addressed their concerns.		
Criteria on which the vote is considered "significant"	Vote Bulletin	Vote Bulletin	Vote Bulletin

PENDRAGON GROUP PENSION SCHEME
APPENDIX: IMPLEMENTATION STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

Engagement Data

The investment managers may engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Scheme’s LDI funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown. As with the voting data, no engagement data has been included for the Scheme’s previous holdings in the Lindsell Train Global Equity Fund, as the Scheme disinvested from this fund in January 2024.

Manager	BlackRock			Hamilton Lane*	Aviva	M&G	TwentyFour	Schroders		
Fund name	Dynamic Diversified Growth Fund	Aquila Life MSCI World Fund	iShares Emerging Market Index Fund	Global Private Assets Fund	Lime Property Fund	Alpha Opportunities Fund	Strategic Income Fund	Securitised Credit**	Buy & Maintain Fund	Sterling Liquidity Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	2,138	1,480	321	11	19	7	170	-	109	76
Number of entities engaged on behalf of the holdings in this fund in the year	1,370	894	230	Data not provided	19	7	150	-	47	13
Number of engagements undertaken at a firm level in the year	3,359	3,359	3,359	Data not provided	2,370	406	c.400	4,713	4,713	4,713

Source: Investment managers.

*Hamilton Lane is not a General Partner and therefore typically take a minority position alongside a high-quality general partner. As a result, they are generally not engaging directly with the underlying portfolio company. However, they will occasionally engage with the General Partner.

**Schroders stated that they do not engage with companies/entities on behalf of this fund.

PENDRAGON GROUP PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Examples of Engagement Activity Undertaken Over the Year to 31 December 2024

Manager <i>Fund</i>	Example Engagement
BlackRock <i>Dynamic Diversified Growth Fund</i> <i>Aquila Life MSCI World Fund</i> <i>iShares Emerging Market Index Fund</i>	<p>Shell: BlackRock has had extensive, multiyear engagements with Shell where they have discussed, among other topics, board composition, corporate strategy, and the board's oversight of, and management's approach to, climate-related risks and opportunities.</p> <p>In May 2024, BlackRock engaged with Shell in relation to the topic of climate-related risks. In particular, BlackRock supported Shell's proposal to approve their Energy Transition Strategy and BlackRock believed Shell has provided and continues to provide a clear assessment of its plans to manage material climate-related risks and opportunities, while also demonstrating progress against its stated Energy Transition Strategy.</p> <p>BlackRock note that Shell has made several adjustments to its climate-related targets due to developments in energy markets and the strategic shift in its power business, but they view that these adjustments as reasonable and in the interest of shareholders given that they reflect, and provide transparency into, Shell's efforts to manage climate-related risks and opportunities in its business model.</p>
<i>Hamilton Lane Global Private Assets Fund</i>	<p>Hamilton Lane was alerted to an ESG incident where a lawsuit was being filed against one of their portfolio companies for alleged violations labour laws. The lawsuit claimed that the employee was kept of the company's regular payroll, paid below minimum wage, and did not receive overtime pay.</p> <p>After review by Hamilton Lane's Sustainability team, the Hamilton Lane escalated the matter to the general partner (GP) to assess their response to the event and how they were going to prevent similar issues going forward. The GP quickly responded with their take on the lawsuit and how they were going to handle it. The subject company and the GP hired counsel which affirmed they do not believe there was any wrongdoing on their part.</p> <p>While the lawsuit was still in its early stages, they both felt protected as the company, GP, and staffing agency that was used consistently ensured they followed all relevant rules and regulations. Despite this, the GP noted that they take all cases very seriously and will closely monitor the lawsuit as it progresses. They also noted that the company is a target to lawsuits like the one filed due to the nature of their business. Hamilton Lane was satisfied with the response from the GP and will continue to monitor the lawsuit as it continues.</p>
<i>Aviva Lime Property Fund</i>	<p>Cranswick: Cranswick is one of the UK's largest producers of pork & poultry. Recent research has found it to be the second largest agribusiness producer of animal excreta in the UK. In the UK, currently only 16% of the rivers meet 'good ecological status', and agriculture (meat production in particular) is a key driver of river pollution and its impacts on biodiversity, via the release of animal waste to the environment.</p> <p>In addition to a site visit to Cranswick's pig abattoir in Hull, Aviva engaged with the company both unilaterally and as part of an investor group coordinated by FAIRR (a collaborative investor network that raises awareness of the material risks and opportunities in the global food sector). They discussed nature-related risk assessment and management processes, and Cranswick's current waste management strategy. Cranswick does not source its pigs or poultry from the Wye/Severn catchments where agricultural pollution is currently the focus of media controversy. Cranswick welcomed the suggestion to disclose volumes of animal waste generated and by end destination.</p> <p>Aviva were pleased that Cranswick has now stated that it will begin the TNFD process and hopes to disclose the initial results in 2025. It is exploring building a biogas plant, as well as purchasing animal feed from farms using regenerative practices. Aviva are also encouraged that the company continued to score well on its antibiotics use in the recent Business Benchmark on Farm Animal Welfare.</p>

Source: Investment managers.

PENDRAGON GROUP PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Examples of Engagement Activity Undertaken Over the Year to 31 December 2024

Manager <i>Fund</i>	Example Engagement
M&G <i>Alpha Opportunities Fund</i>	AIB: M&G met with Irish Bank AIB to discuss the process it went through to have its near-term decarbonisation targets approved (as one of the few banks to have done so). The idea was to apply the lessons learned by AIB to other financial holdings that are finding validation difficult. As part of this meeting, M&G encouraged the bank to also have its net zero targets approved by Science Based Targets Initiative (SBTi), as well as regularly reporting on the outcomes of its scope 3 engagement programme, particularly as relates to its loan book.
	AIB provided a good overview of the steps it had taken, the most important of which was initially getting internal stakeholders on board to allow for a smooth process, and working closely with SBTi on areas of uncertainty or concern. The bank confirmed that its intention was to get its net zero target approved, and was positive on the idea of reporting on its scope 3 engagement. This could eventually look at other ways of encouraging loan customers to decarbonise - in terms of incentives - while regulation was also helping to drive this, particularly CSRD.
	M&G agreed to a follow-on meeting later in the year as they had several other requests to put to AIB, particularly in terms of disclosure.
TwentyFour <i>Strategic Income Fund</i>	BNP: TwentyFour reached out to BNP regarding their gender pay gap which they publish for the UK. TwentyFour believed their figure is on the high side compared to peers and has also increased rather than decreased in the past year.
	BNP provided insights into why the pay gap remains high. They explained that there are more men in senior positions and front office/technical roles, which also contributes to the high gender bonus pay gap. BNP highlighted that their London branch is on par with the industry average. To address the gender pay gap, BNP outlined several initiatives focused on recruitment and early career development aimed at achieving a 1-to-1 gender balance. Additionally, they have numerous DE&I committee efforts in place to tackle these issues.
	TwentyFour believe the response from BNP is satisfactory, indicating awareness and initial steps to address the gender pay gap. However, TwentyFour believe there is significant scope for improvement, and achieving meaningful change will take time. TwentyFour will continue to monitor their progress.
Schroders <i>Securitised Credit Buy & Maintain Fund</i> <i>Sterling Liquidity Fund</i>	CVS Health: Schroders engaged with CVS on their paid sick leave policy, in alignment with UN Sustainable Development Growth 8 – Decent Work and Economic Growth.
	Schroders asked CVS to adopt a paid sick leave policy for all employees, as the CVS's policy appeared to be limited to employees working over 30 hours and those subject to a local or state mandate. To escalate this engagement, Schroders worked with other investors to reinforce the issue with CVS's management. Schroders then determined that they would co-file a shareholder resolution asking the company to adopt and disclose a paid sick leave policy for its full and part time employees.
	Schroders felt that this is a material issue to CVS, and collaborating with other investors around the resolution would help further our engagement progress with CVS. The ballot received 26% support. Schroders have subsequently continued to hold CVS. Therefore, Schroders hope to see CVS improve their paid sick leave policy and look forward to monitoring future progress.

Source: Investment managers.