Registration number 10000436

RICHARDS HOGG PENSION & LIFE ASSURANCE SCHEME

ANNUAL REPORT
FOR THE YEAR ENDED 30 APRIL 2022

CONTENTS

TRUSTEES AND THEIR ADVISERS

Trustees:	D Habgood A M Paton (Member Nominated) G Whyte (Member Nominated) B A Jennings
Principal Employer:	Charles Taylor Administration Services Limited The Minster Building 21 Mincing Lane London, EC3R 7AG
Scheme Actuary:	R Sweet FIA Cartwright Group Ltd Mill Pool House Mill Lane Godalming Surrey, GU7 1EY
Administrator:	Cartwright Group Ltd 250 Fowler Avenue Farnborough Business Park Farnborough HANTS, GU14 7JP
Independent Auditor:	RSM UK Audit LLP Portland 25 High Street Crawley, RH10 1BG
Investment Manager:	Charles Taylor Investment Management Company Limited
Investment Consultant:	Cartwright Benefit Solutions Limited
AVC Providers:	Utmost Life Walton Street Aylesbury Bucks, HP21 7QW
Banker:	Royal Bank of Scotland 36 St Andrew Square Edinburgh, EH2 2YB

TRUSTEES AND THEIR ADVISERS (continued)

Legal Advisers:	Reed Smith LLP The BroadgateTower 20 Primrose Street London, EC2A 2RS
Independent Covenant Assessor:	RSM UK Restructuring Advisory LLP Third Floor One London Square Cross Lanes Guildford, GU1 1UN

TRUSTEES' REPORT

The Trustees have pleasure in presenting their annual report and audited financial statements of the Richards Hogg Pension & Life Assurance Pension Scheme ("the Scheme") for the year ended 30 April 2022.

The Scheme

The Scheme was established as a defined benefit pension scheme on 7 July 1957 by an interim Trust Deed. The current definitive trust deed & rules is dated 3 December 2009.

All members were contracted out of the State Second Pension until its abolition on 5 April 2016.

Tax Status

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

The Trustees

The Trustees are listed on page 1.

The Trustees have been appointed in accordance with the Trust Deed and the Pensions Acts 1995 and 2004. Company appointed Trustees may be appointed to or removed from office by the Principal Employer. Two Trustees have been selected by the members (Member Nominated Trustees) in accordance with the Pensions Act 2004.

The Trustees met four times in the year to discuss the administration and investment policy of the Scheme.

Enquiries

Enquiries about the Scheme generally, or about an individual's entitlement to benefit, should be addressed to:

Anita Chandna
Secretary to the Trustees
Willis Towers Watson
Wallace House
Floor 1
4 Falcon Way
Shire Park, Welwyn Garden City
Hertfordshire AL7 1TW
United Kingdom
Email: anita.chandna@wtwco.com

Financial Development of the Scheme

The Fund Account on page 18 shows that there was a net addition arising from dealings with members for the year of £736,102 (2021: withdrawal of £951,449) and the net decrease on investments during the year was £1,822,588 (2021: increase £3,625,812). The Scheme's assets for the same period therefore decreased by £1,086,486 to £28,530,206.

The Scheme's financial statements have been prepared and audited in accordance with Section 41 (1) and (6) of the Pensions Act 1995.

Changes to the Scheme in the year

There have been no changes to the Scheme Rules during the year.

Pension Increases
Pensions in payment are increased annually as at 1 May as follows:

a) Pension relation to service accrued before April 1997 is increased by 3%.

b) Guaranteed Minimum Pension is increased in line with Statutory requirements.

c) Pension relating to service accrued from April 1997 up to and including 30 April 2005 is increased in line with the increase in the retail prices index up to a maximum of 5%, but with a minimum of 3%.

d) Pension relating to service accrued from 1 May 2005 is increased in line with the retail prices index up to the maximum of 2.5%.

No discretionary increases were awarded during the Scheme year.

Actuarial Valuation
The Scheme is subject to an Actuarial Valuation every three years which is prepared by an independent Actuary. The last formal valuation was prepared as at 30 April 2021 in which the Scheme Actuary assessed the Scheme's ability to meet its funding obligations.

The actuarial valuation indicated that, at the valuation date, there was a funding shortfall of £8.32m, i.e. at the valuation date, the market value of the assets was insufficient to cover the past services liabilities, after allowing for projected salary growth.

In order to eliminate the funding shortfall as at 30 April 2021, a Recovery Plan has been agreed and the Employer will make additional payments as shown below (paid monthly):

Period	Contribution rate p.a.
Year ending 31 July 2022	£1,847,162
Year ending 31 July 2023	£1,939,520
Year ending 31 July 2024	£2,036,496
Year ending 31 July 2025	£2,138,321
Year ending 31 July 2026	£2,245,237

The next actuarial valuation is due as at 30 April 2024.

Contributions
Following the actuarial valuation as at 1 June 2018 the Trustees agreed with the Principal Employer a Recovery Plan and a Schedule of Contributions which confirmed that the Principal Employer pays 25.0% of Pensionable Earnings in respect of the accrual of benefits from 1 June 2019. Active members will continue to pay 7% of pensionable earnings in respect of the future accrual of benefits.

Following the actuarial valuation as at 1 June 2021 the Trustees agreed with the Principal Employer a Recovery Plan and a Schedule of Contributions which confirmed that the Principal Employer pays 31.5% of Pensionable Earnings in respect of the accrual of benefits from 1 August 2022. Active members will continue to pay 7% of pensionable earnings in respect of the future accrual of benefits.

Calculation of Transfer Values
Transfer values are calculated using an appropriate actuarial basis adopted for this purpose by the Trustees having received advice from the Scheme Actuary. There were no discretionary benefits included in the transfer values.

Contingent Asset
The actuarial valuation as at 30 April 2018 showed a funding shortfall of £13.91m. As part of the Recovery Plan agreed by the Trustees following that valuation, the Trustees and the Principal Employer agreed an alternative contingent asset, being a guarantee from Charles Taylor Overseas Limited which was signed on 23 July 2019 and which was in place until 22 July 2022. This letter of credit was for a maximum value of £5m.

The terms of the Deed of Agreement dated 23 July 2019 provided that the Letter of Credit ensured that the Trustees would receive payments under the terms of the Letter of Credit equal to the full amount provided if at any time during the period to 22 July 2022 the Principal Employer failed to pay contributions in accordance with the Recovery Plan and the Schedule of Contributions of if there was an insolvency event in relation to the Principal Employer or Charles Taylor Limited.

The actuarial valuation as at 30 April 2021 showed a funding shortfall of £8.32m. As part of the Recovery Plan agreed by the Trustees following that valuation, the Trustees and the Principal Employer agreed an alternative contingent asset, being a Guarantee dated 30 June 2022 from stated Guarantors. Under the terms of this Guarantee, the Guarantors (as defined in the Guarantee) have given the Trustees an undertaking that if the Principal Employer fails to pay a contribution due in accordance with the Recovery Plan and the Schedule of Contributions, they will on demand pay such contributions themselves. This is subject to limits and conditions and on the terms set out in the Guarantee, which expires on 24 January 2027.

No asset is recognised in the financial statements in respect of the Letter of Credit, the Guarantee or any other contingent asset.

Membership
Details of membership of the Scheme for the year are given below:

	2022	2021
Active members		
At the start and end of the year	2	3
Retirement	-	(1)
At the end of the year	**2**	**2**
Pensioners		
At the start of the year	81	79
New pensioners	1	6
Deaths	(4)	(4)
At the end of the year	**78**	**81**
Dependants		
At the start of the year	6	6
New spouses pension	2	-
At the end of the year	**8**	**6**
Members with deferred benefits		
At the start of the year	31	37
Trivial commutation	(1)	-
Retirements	(1)	(5)
Transfers out	-	(1)
Leaver with no further liability	(1)	-
At the end of the year	**28**	**31**
TOTAL	**116**	**120**

Pensioners include 11 insured pensioners (2021: 12).

These membership figures do not include movements notified to the administrator after the completion of the annual renewal.

Investments

The investment manager of the Scheme is Charles Taylor Investment Management Company Limited (CTIM), who was appointed in December 2012.

Scheme Performance

The Scheme's performance against benchmark for the periods ended 30 April 2022 is shown below:

	One year %	Three years % p.a.	Five years % p.a.
Scheme	-5.65	3.48	4.34
Benchmark	-4.65	2.81	3.76

The objective of the Scheme is to meet its liabilities when they fall due, it is not managed against a benchmark. The benchmark in the table is a blend of equity and bond indices which is used as an indication of general market performance and is not reflective of the strategic asset allocation of the Scheme.

Investment commentary

The 12 months ending 30 April 2022 were characterised by a substantial change to the investment strategy, as the Trustees decided to accelerate the process of de-risking the portfolio relative to its pension liabilities, in light of the improved funding. In practice, de-risking involves a lower allocation to equities and a higher allocation to bonds and Liability Driven Investments (LDI). While our previous goal was to grow the assets in order to reduce the deficit, the new strategy has a smaller growth element and is instead focused on protecting the improved funding levels. Its results are reflected in the lower volatility of the assets relative to the liabilities, as shown in the evolution of the Scheme's funding level.

The dominant topic in markets over the last 12 months was undoubtedly inflation, which initially appeared as a transitory issue that could be easily fixed with minimal or no Central Banks' intervention, but then became clearly a more permanent one. This prompted the Bank of England to raise rates in December 2021 for the first time in three years; this initial step was followed by subsequent rate hikes on a monthly basis and similar actions by other Central Banks.

In this environment, bond yields rose sharply, with a corresponding fall in their prices. Q1 2022 was one of the worst quarters ever for global bonds, which lost their traditional role as safe haven at a time when Europe was affected by the war in Ukraine, and recession had become a serious concern.

Equity markets, while volatile, managed to achieve positive returns, with UK outperforming global equities thanks to a sector allocation biased towards energy and mining companies. This helped improving funding levels despite a gradual reduction in our equity investments.

In May 2022, after the reporting period, the Trustees took an additional step to de-risk the portfolio by further reducing its equity allocation.

Socially Responsible Investment (SRI)

The Trustees believe their main duty, reflected in their investment objectives, is to protect the financial interests of the Scheme's members. The Trustees believe that SRI issues are secondary to this.

Where pooled funds are managed on a passive basis, decisions regarding the selection, retention and realisation of investments are only made in order to ensure efficient tracking of indices and social, environmental and ethical considerations are not taken into account.

Where the underlying pooled funds purchased by Charles Taylor Investment Management are actively managed the Trustees are not requiring regular reporting from those managers on their policy toward social, environmental and ethical issues.

Equalisation of Guaranteed Minimum Pensions (GMPs)

Benefits for members who joined the Scheme prior to April 1997 include a Guaranteed Minimum Pension (GMP) which broadly represents the pension which they would otherwise have accrued under the old State Earnings-Related Pension Scheme (SERPS). Following the recent High Court Judgement in October 2018 in the "Lloyds Bank" Case, the Trustees are aware that there is now a requirement to adjust some members' Scheme benefits to address the current inequalities in the calculations of GMPs between men and women. In November 2020 the High Court expanded the equalisation requirement to transfers out from 17 May 1990. GMP equalisation may result in modest increases in benefits for some members; however many may see no change, but no member will see the value of their benefits reduced as a result of this Judgement. The Trustees do not expect any increases in benefits in respect of past service to be material to the financial statements and therefore have not included a liability in these financial statements. Any liabilities will be accounted for in the year in which they are determined.

Statement of Investment Principles

The Trustees must set out and maintain a written Statement of Investment Principles covering their policy for meeting new investment rules and other matters contained in the Pensions Act. The Trustees confirm that they have produced a Statement of Investment Principles in accordance with Section 35 of the Pensions Act 1995, a copy of which is available at: https://members.pensionpal.co.uk/RichardsHoggPensions

Further disclosures in relation to the Trustees environmental, social, governance policies are set out in the Statement of Investment Principles available as noted above.

Custodial Arrangements

The custodian Northern Trust is responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the custodian's nominee company, in line with common practice for pension scheme investments.

The Trustees are responsible for ensuring the Scheme's assets continue to be securely held. They review the custodian arrangements from time to time.

Investment in the Employer

The Trustees do not hold on behalf of the Scheme any direct investment in the Employer or any other employer-related investments.

Implementation Statement

The primary focus of this implementation statement is to describe how the investment managers, Charles Taylor Investment Management Company Limited (CTIM), have actioned the various policies as outlined in the Statement of Investment Principles (SIP) over the past year.

As Trustees of the Plan's assets, we are responsible for the selection and retention of CTIM. Reviewing the voting and engagement activities, for which we include details below, is an important exercise to help us ensure they remain appropriate and are consistent with the policies in our SIP.

We are satisfied with the voting and engagement activities of CTIM and the 3rd party fund managers, and in particular, that they are using their position as stakeholder to engage constructively with investee companies; however, we will engage with them should we have any concerns about the voting and/or engagement activities carried out on our behalf.

Changes to the SIP in the last 12 months

In September 2021, some changes were introduced to the SIP:

1) The definition of expected investment return was clarified with an explicit mention of the required rates of return to reach the two targets of Technical Provisions and Long-Term Solvency, and their respective time horizons.
2) The target interest rate and inflation hedge ratios were increased from 20% to 80% +/- 5%, as the Trustees decided to accelerate the process of de-risking the assets relative to the liabilities.

Implementation of the investment strategy principles

- Required rates of returns

  The overall expected investment return should exceed the required rates of return under both Technical Provisions and Long-Term Solvency. This principle is implemented by calculating the required rates of returns on a quarterly basis and then, at each new investment, an assessment is made that its expected return exceeds the required rates of return. This test has become easier over time, as the required rates of return have fallen thanks to some good progress on funding, and at the same time the expected return on investments has gone up thanks to bond yields having moved higher. As an example, one of the largest investments made during the year is the Muzinich Long/Short fund, with a yield of approximately 8%, well over both required rates of return under Technical Provisions (around 0%) and Long-Term Solvency (around 2%).

- Interest rate and inflation hedge ratios

  The biggest change to the SIP in the last year was the increase of the interest rate and inflation hedge ratios from 20% to 80% +/- 5%. This was actioned by increasing the allocation to LDI investments.

- Diversification of the assets

  The assets remain well diversified within the limits of the investment guidelines. The decision of the Trustees to de-risk the portfolio resulted in a lower allocation to risk-assets and a higher allocation to matching assets (from 60/40 to 50/50) as per the updated investment guidelines. Geographical diversification within equities was increased during the year as the investment guidelines were amended to increase exposure to global equities relative to UK equities. Diversification by industry sector is in line with that of the broader market, while company diversification is obtained by having strict limits on individual company exposure.

- Cashflow matching

  The Scheme has a requirement to produce sufficient cashflows to match pension payments for the next 7 years (+/- 1 year). The Scheme is currently cashflow matched for the first 8 years, as per the most recent cashflow analysis, which is done annually. Cashflows are generated by both equities and bonds: in equities, we focus on funds offering income share classes, while on bonds we have an allocation to short-dated bonds and bond funds.

Implementation Statement (continued)

Voting & engagement activity

The Scheme's investments are managed in part directly and in part by third party managers.

The process to select, appoint, and monitor external managers includes the following aspects:

- Overall firm culture and philosophy, including governance structure and management oversight, diversity, and investment team competences
- Assessment that the stewardship policy prioritises ESG factors beyond corporate governance, in addition to systemic issues
- Incorporation of material ESG factors in investment analysis, decisions, and portfolio construction
- Incorporation of the managers' sustainable investment policy into their asset allocation decisions
- Confirmation that the managers have adequate resources and processes to analyse ESG factors
- Engagement with underlying portfolio assets to address ESG risks and opportunities
- Also, for equity funds there is an assessment of voting policies and practices to make sure stewardship is prioritised over other factors (like maintaining access to the company)

Voting statistics for the managers with the largest equity allocations and the CTIM managed assets are shown below:

Manager/fund	Number of voting opportunities	Number of votes cast	Number of votes FOR	Number of votes AGAINST	Number of abstentions
Artemis Income fund	916	916	913	3	0
Fidelity European fund	883	870	775	95	0
BNY Mellon Global Income Fund	860	860	750	110	0
Fundsmith Equity Fund	500	500	457	42	1
Walter Scott (firm wide)	731	731	667	64	0
CTIM	809	809	758	50	1

The Trustees have reviewed CTIMs voting activity and have selected the following as their most significant vote.

As in previous years, an area where CTIM voted against management is remuneration. This year, CTIM voted against increasing remuneration at GSK, since on balance the existing remuneration was viewed as already attractive enough to fully incentivize management. The Performance Share Plan award of 600% was viewed as ample and, with the big changes that the company has been embarking on, it seemed sensible to keep a significant portion of reward in the longer-term element of remuneration. It is worth noting that the resolution on remuneration at GSK included some positives, the standout being the fact that the CEO must build a stake commensurate to 650% of salary, which CTIM view as aligning outcomes directly with shareholders.

In addition to voting, CTIM engage also via collective action. In 2022, CTIM joined the UNPRI and other investors in an initiative to encourage new UK primary legislation to mandate companies to carry out human rights and environmental due diligence across their own operations and value chains. This is currently high on the agenda at G7 and EU level (EU is currently developing a new law) and the objective of the initiative is to encourage the UK to play a leading role in this respect.

Statement of Trustees' 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 Trustees. Pension scheme regulations require, and the Trustees are 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 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 Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements 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 Trustees are also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities including the maintenance of an appropriate system of internal control.

The Trustees are 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 Trustees are 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 Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Going concern assessment
The Trustees have designed and implemented the Scheme's investment strategy taking a long term view and during the year they significantly increased the level of interest rate and inflation hedging to build in resilience to help reduce and manage the impact of short term fluctuations on the Scheme's financial position. Subsequent to the year end, significant increases to gilt yields resulted in several calls for additional collateral from the managers of the Liability Driven Investment (LDI) funds which provide much of the hedging. These calls were appropriately managed by the Trustees' investment managers, and the Scheme's Actuary has confirmed that as a result the Scheme's funding position improved after the year end. The triennial valuation at 30 April 2021 has been completed and details are included in the Report on Actuarial Liabilities on pages 31 and 32. The Trustees continue to monitor the situation and responds to emerging issues as necessary. The Trustees regularly monitor the position of both the Scheme's financial position and the covenant provided by the Employer in relation to future contributions.

Subsequent Event

On 23 September 2022, the "mini-budget" established a marked shift in the UK Government's fiscal policy. This fuelled the already uncertain economic outlook of the UK resulting in very volatile market conditions. Specifically, gilt yields rose sharply resulting in the Bank of England intervening on 28 September 2022 to restore market conditions. During this period the value of the Scheme's investments, in particular UK gilts, dropped significantly. However, the increased gilt yields have improved the funding position of the Scheme as the present value of actuarial liabilities has reduced. Therefore, despite the asset value dropping by 26% over the period from 30 April 2022 to 31 October 2022, the overall position has been relatively stable in line with the long term funding plan for the Scheme.

This is considered to be a non-adjusting event after the reporting period.

Further Information

Internal Dispute Resolution

An internal dispute resolution procedure to resolve any queries raised by beneficiaries or potential beneficiaries of the Scheme has been established by the Trustees and more details are available from the contact address on page 3.

MoneyHelper

MoneyHelper is sponsored by the Department for Work and Pensions and this government-backed organisation brings together the functions of three financial guidance bodies: the Money Advice Service, The Pensions Advisory Service (which includes the Pensions Ombudsman service) and Pension Wise. Its main function is to help and ensure that people throughout the UK have guidance and access to the information they need to make effective and informed financial decisions over their lifetime.

Their address is:

MoneyHelper
Holborn Centre
120 Holborn
London
EC1N 2TD.
Website: www.moneyhelper.org.uk
Phone: 0800 011 3797

The Pensions Regulator

The Pensions Regulator regulates company pension schemes. The Scheme Auditor and Actuary have a statutory duty to make an immediate written report to the Regulator in certain circumstances:

Napier House
Trafalgar Place
Brighton
BN1 4DW
Website: www.thepensionsregulator.gov.uk

Signed on behalf of the Trustees on Nov 29, 2022 ……………………………………………… by

David Habgood
David Habgood (Nov 29, 2022 09:39 GMT)……………… Trustee

BA Jennings
BA Jennings (Nov 29, 2022 11:53 GMT) ……………………………… Trustee

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's report to the Trustees of the Richards Hogg Pension and Life Assurance Scheme

Opinion

We have audited the financial statements of the Richards Hogg Pension & Life Assurance Scheme for the year ended 30 April 2022 which comprise the Fund account and Statement of net assets (available for benefits) and 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 FRS 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 30 April 2022, and of the amount and disposition at that date of its assets and liabilities, other than the 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 Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Scheme's Trustees' 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 Scheme's Trustees with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Scheme's Trustees are 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.

Responsibilities of Trustees
As explained more fully in the Trustees' responsibilities statement set out on page 11, the Trustees are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine 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 Trustees are 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 Trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

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

The extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

INDEPENDENT AUDITOR'S REPORT (continued)

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the environment, including the legal and regulatory framework that the Scheme operates in and how the Scheme is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the Pensions Act 1995 and 2004 and regulations made under them and FRS 102, including the Financial Reports of Pension Schemes 2018 (the Pensions SORP). We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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

Use of our report
This report is made solely to the Scheme's Trustees as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirements 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 Trustees 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 Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP — 29 November 2022
Statutory Auditor
Chartered Accountants
Portland
25 High Street
Crawley, RH10 1BG
Date

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS

Independent Auditor's Statement about Contributions, under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustees of the Richards Hogg Pension and Life Assurance Scheme

Statement about contributions payable under schedule of contributions
We have examined the summary of contributions payable to the Richards Hogg Pension & Life Assurance Scheme on page 17, in respect of the Scheme year ended 30 April 2022.

In our opinion the contributions for the Scheme year ended 30 April 2022 as reported in the attached summary of contributions on page 17 and payable under the schedule of contributions have in all material respects been paid at least in accordance with the schedule of contributions certified by the Actuary on 20 May 2019.

Scope of work on statement about contributions
Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 17 in the summary of contributions have in all material respects been paid at least in accordance with the schedule of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the schedule of contributions.

Respective responsibilities of Trustees and auditor
As explained more fully on page 11 in the Statement of Trustees' Responsibilities, the Scheme's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the schedule of contributions.

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

Use of our statement
This statement is made solely to the Scheme's Trustees as a body, in accordance with the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's statement 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 Trustees as a body, for our audit work, for this statement, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Portland
25 High Street
Crawley, RH10 1BG

Date 29 November 2022

SUMMARY OF CONTRIBUTIONS PAYABLE IN THE YEAR

Summary of Contributions

During the year, the contributions paid to the Scheme by the Employer under the Schedule of Contributions were as follows: -

	£
Employer normal contributions	18,602
Employer deficit contribution	1,825,172
Employee normal contributions	5,208
Total contributions	**1,848,982**

Signed on behalf of the Trustees on Nov 29, 2022 by:

David Habgood
David Habgood (Nov 29, 2022 09:39 GMT)
……………………………………………… Trustee

BA Jennings
BA Jennings (Nov 29, 2022 11:53 GMT)
………………………………………………Trustee

FUND ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2022

	Note	2022 £	2021 £
Contributions and Benefits			
Employer contributions		1,843,774	1,763,370
Employee contributions		5,208	7,031
Total contributions	3	1,848,982	1,770,401
Other income	4	26,042	-
		1,875,024	1,770,401
Benefits paid or payable	5	1,138,816	1,151,729
Payments to and on account of leavers	6	-	1,570,025
Administrative expenses	7	106	96
		1,138,922	2,721,850
Net additions/(withdrawals) from dealings with members		**736,102**	**(951,449)**
Returns on investments			
Investment income	8	1,249,770	625,557
Change in market value of investments	9	(2,923,484)	2,744,436
(Loss)/Gain on foreign currency		(137,614)	280,274
Investment management expenses		(11,260)	(24,455)
Net return on investments		(1,822,588)	3,625,812
Net (decrease)/increase in the fund during the year		**(1,086,486)**	**2,674,363**
Net assets at 1 May		29,616,692	26,942,329
Net assets at 30 April		**28,530,206**	**29,616,692**

STATEMENT OF NET ASSETS (available for benefits)
AS AT 30 APRIL 2022

	Note	2022 £	2021 £
Investment assets:	9		
Equities		1,054,366	975,804
Bonds		1,454,345	1,958,840
Pooled investment vehicles		24,145,707	24,238,120
Derivatives		3,188,923	3,712,573
Insurance policies		688,016	952,528
AVC investments		5,379	5,485
Cash		639,588	213,967
Income due		44,313	51,469
Cash in transit		-	697,687
		31,220,637	32,806,473
Investment liabilities:	9		
Derivatives		(3,368,223)	(3,772,326)
Total net investments		27,852,414	29,034,147
Current assets	12	706,843	585,687
Current liabilities	13	(29,051)	(3,142)
Net assets at 30 April		**28,530,206**	**29,616,692**

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. 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 Report on Actuarial Liabilities included at the end of the annual report and these financial statements should be read in conjunction with it.

The financial statements on pages 18 to 30 were approved by the Trustees on Nov 29, 2022 and signed on their behalf by:

David Habgood
David Habgood (Nov 29, 2022 09:39 GMT)
Trustee

BA Jennings
BA Jennings (Nov 29, 2022 11:53 GMT)
Trustee

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation and identification of the financial statements

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

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is:

Anita Chandna
Secretary to the Trustees
Willis Towers Watson
Wallace House
Floor 1
4 Falcon Way
Shire Park, Welwyn Garden City
Hertfordshire AL7 1TW
United Kingdom
Email: anita.chandna@wtwco.com

The financial statements have been prepared on the going concern basis. As noted within the Trustees' report on page 11, the Trustees have increased the level of interest rate and inflation hedging in the Scheme 's investment strategy, and have considered the impact of the significant increase in gilt yields after the year end. At the date of signing these financial statements the Trustees believe that the Scheme is able to cover its related outgoings until at least 12 months from signing. As a result, and together with the strong position of the Principal Employer, the Trustees consider the preparation of the financial statements on a going concern basis to be appropriate.

2. Accounting policies

A summary of the main accounting policies, which have been applied consistently unless otherwise stated, is set out below:

a) Investments

Pooled investment vehicles and bonds are valued at the bid or single price at the year-end date as determined by the investment managers.

Forward foreign exchange contracts are valued using the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

Annuities have been valued by the Scheme Actuary, Mr R Sweet FIA, at the amount of the related obligation, determined using the method and assumptions adopted by the Trustees for calculating the Scheme's Technical Provisions. Receipts from the annuity provider are accounted for as sales proceeds of insurance policies as permitted by the SORP.

AVC investments are valued at the bid or single price at the year-end date as determined by the AVC provider.

b) Benefits

Benefits payable represents all valid benefit claims in respect of the Scheme year. They are accounted for on the date of retiring or leaving, or if later, the date on which the member notifies the Trustees of the decision on the type and amount of benefit to be taken where the member has a choice.

2. Accounting policies (continued)

c) Contributions
Contributions are accounted for on an accruals basis, in accordance with the Schedule of Contributions and other relevant agreements.

d) Transfer values
Transfer values are accounted for when the related member liability transfers between schemes, which equates to when the transfer is received or paid.

e) Investment income
Income distributed from pooled investment vehicles and on cash deposits is accounted for on an accruals basis.

f) Administrative and Investment Management Expenses
Administrative and investment management expenses are met by the Scheme and are accounted for on an accruals basis. The Employer bears the cost of Life Assurance Premiums for members of the Scheme; these costs are not reflected in the Financial Statements.

g) Currency
The Scheme functional and presentational currency is pounds sterling.

h) Key accounting estimates and assumptions
In preparing the financial statements. the Trustees make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the pension Scheme, the Trustees believe the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the pension investments.

The Pooled investment vehicle portfolio includes investments that are classified in Level 3 of the fair value hierarchy totalling £568k (2021: £539k) that use either the nearest valuation or have estimated profit elements within the estimate of value.

Estimates and assumptions were made in the process of establishing the valuation of the Insurance Policies of £688k (2021: £953k) held by the Scheme.

Explanation of the key assumptions underpinning the valuation of investments are included above. Estimates are continually evaluated and are based on historical experience, expectations of future events and any other factors that are deemed relevant to the estimate.

3. Contributions

	2022 £	2021 £
Employer contributions		
Normal	18,602	25,111
Deficit funding	1,825,172	1,738,259
	1,843,774	1,763,370
Employee contributions		
Normal	5,208	7,031
Total contributions	**1,848,982**	**1,770,401**

In accordance with the Schedules of Contributions dated 15 July 2022, the Employer agreed to pay deficit funding contributions as follows:

Year Ending	Contribution rate
31 July 2023	£1,939,520
31 July 2024	£2,036,496
31 July 2025	£2,138,321
31 July 2026	£2,245,237
31 July 2027	Nil

4. Other income

	2022 £	2021 £
Sundry income	**26,042**	**-**

5. Benefits paid or payable

	2022 £	2021 £
Pensions	1,112,117	1,082,028
Commutation of pensions and lump sum retirement benefits	26,699	65,850
Lump sum death benefits	-	3,851
	1,138,816	**1,151,729**

6. Payments to and on account of leavers

	2022 £	2021 £
Individual transfers to other schemes	**-**	**1,570,025**

7. Administrative expenses

	2022 £	2021 £
Bank charges	**106**	**96**

8. Investment income

	2022 £	2021 £
Dividends from equities	38,710	33,706
Income from bonds	55,960	72,508
Income from pooled investment vehicles	1,155,100	519,343
	1,249,770	**625,557**

9. Investments

	Value as at 2021 £	Purchases and derivative payments £	Sales and derivative receipts £	Change in Market Value £	Value as at 2022 £
Equity	975,804	39,146	(36,790)	76,206	1,054,366
Bonds	1,958,840	-	(244,515)	(259,980)	1,454,345
Pooled investment vehicles	24,238,120	11,450,775	(9,109,363)	(2,433,825)	24,145,707
Insurance policies	952,528	-	(78,279)	(186,233)	688,016
Forward Contracts	(59,753)	30,093,642	(30,093,643)	(119,546)	(179,300)
AVCs	5,485	-	-	(106)	5,379
	28,071,024	41,583,563	(39,562,590)	(2,923,484)	27,168,513
Cash	213,967			-	639,588
Income due	51,469			-	44,313
Cash in transit	697,687			-	-
	29,034,147			**(2,923,484)**	**27,852,414**

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

Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and changes made within those vehicles. The amount of commission totalled £1,638 (2021: £1,763). The amount of indirect costs is not separately provided to the Scheme.

The companies managing the pooled investment vehicles are registered in the United Kingdom.

9. Investments (continued)

The following investments exceed 5% of the total net assets of the Scheme:

	2022		2021	
	£	%	£	%
Schroder Long Dated Corporate Bond	3,292,606	11.5	4,547,833	15.4
Fundsmith Equity Fund	726,601	2.5	1,792,405	6.1
Stewart Investors Asia Pacific Leaders	735,360	2.6	1,871,814	6.3
Fidelity UK Long Corp Bond	1,376,899	4.8	1,572,603	5.3
Capital Group New Perspective	842,525	3.0	1,701,454	5.7
Walter Scott LT Global Equity	895,362	3.1	1,690,123	5.7
LDI Enhanced Selection Longer Real Fund - Class B	1,850,147	6.5	496,989	1.7

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

	2022	Reanalysed 2021
	£	£
Equity	7,228,088	12,246,393
Bonds	14,525,159	9,455,209
Alternatives	2,024,838	2,181,043
Multi-Strategy	367,622	355,475
	24,145,707	**24,238,120**

Insurance Policies
The Trustees hold twelve insurance policies with Legal and General. The value of these policies are determined by the Actuary using the ‘Attained Age’ funding method’. The Schemes insurance policies at the year-end comprised:

	2022	2021
	£	£
Legal and General	**688,016**	**952,528**

AVC Investments
The Trustees hold assets invested separately from the main fund in the form of insurance 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 made up to 30 April confirming the amounts held in their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

	2022	2021
	£	£
Utmost Life	**5,379**	**5,485**

9. Investments (continued)

Derivatives

Objectives and policies
The Trustees have authorised the use of derivatives by their investment managers as part of their investment strategy for the Scheme as follows:

Forward FX: in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in GBP, a currency hedging programme, using forward FX contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

At the year end the Scheme had the following derivatives:

	2022		2021	
	Asset £	**Liabilities £**	**Asset £**	**Liabilities £**
Forward FX contracts	**3,188,923**	**(3,368,223)**	**3,712,573**	**(3,772,326)**

Forward FX

Contract	**Settlement date**	**Currency bought**	**Currency sold**	**Asset value £**	**Liability value £**
Forward FX	6 August 2022	£451,684	€540,000	451,629	(453,630)
Forward FX	6 August 2022	£2,737,628	$3,660,000	2,737,294	(2,914,593)
Total 2022				**3,188,923**	**(3,368,223)**
Total 2021				3,712,573	(3,772,326)

10. Fair value determination

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

Level 1) The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date

Level 2) Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly

Level 3) Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability

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

	At 30 April 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Bonds	1,454,345	-	-	1,454,345
Equities	1,054,366	-	-	1,054,366
Pooled investment vehicles	2,563,024	21,014,401	568,282	24,145,707
Insurance policies	-	-	688,016	688,016
Derivatives	-	(179,300)	-	(179,300)
AVC investments	-	-	5,379	5,379
Cash	639,588	-	-	639,588
Income due	44,313	-	-	44,313
	5,755,636	**20,835,101**	**1,261,677**	**27,852,414**

	Reanalysed At 30 April 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Bonds	1,958,840	-	-	1,958,840
Equities	975,804	-	-	975,804
Pooled investment vehicles	2,794,852	20,904,700	538,568	24,238,120
Insurance policies	-	-	952,528	952,528
Derivatives	-	(59,753)	-	(59,753)
AVC investments	-	-	5,485	5,485
Cash	213,967	-	-	213,967
Cash in transit	697,687	-	-	697,687
Income due	51,469	-	-	51,469
	6,692,619	**20,844,947**	**1,496,581**	**29,034,147**

11. Investment risk disclosures

Investment risks
FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

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

The Scheme has exposure to investment risks because of the investments it makes in following the investment strategy set out below. The Trustees manage 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 agreement in place with the Scheme's investment manager and monitored by the Trustees by regular reviews of the investment portfolio.

Further information on the Trustees' approach to risk management, credit and market risk is set out below. This does not include the legacy insurance policies nor AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

(i) Investment strategy
The investment objectives are:

- To achieve, over the long-term, a return on the Scheme's assets which is consistent with the assumptions made by the Scheme Actuary in determining the funding of the Scheme;
- To manage and reduce where possible the risks presented by changes to inflation and long-term interest rates insofar as they affect the value placed on the liabilities;
- To ensure that sufficient liquid assets are available to meet benefit payments as they fall due;
- To consider the interests of the Principal and Participating Employers in relation to the size and volatility of the contributions the Employers are required to pay.

The investment strategy is set out in its Statement of Investment Principles (SIP).

The current[1] strategy is to hold:

- 40% in return seeking investments comprising UK and overseas equities and alternative investments
- 60% in investments that move in line with the long term liabilities of the Scheme, comprising UK government bonds and corporate bonds

[1]Strategy as of April 2022 reflects an asset allocation change agreed by the Trustees in December 2021.

11. Investment risk disclosures (continued)

(ii) Credit risk

The Scheme is subject to credit risk because it directly invests in bonds (2022: £1,454,345, 2021: £1,989,573) and has cash balances (2022: £641,268, 2021: £213,967). The Scheme also invests in bonds through pooled investment vehicles (2022: £15,090,359, 2021: £10,865,619) and is therefore directly exposed to credit risk in relation to the investments structured as pooled investment vehicles. The Scheme is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

Credit risk arising on bonds held directly is mitigated by investing in government bonds where the credit risk is minimal and by tight restrictions on maximum exposure per individual corporate bond.

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

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 managers operate and diversification of investments amongst a number of pooled arrangements.

Indirect credit risk arises in relation to underlying investments held in the pooled investment vehicles. This risk is mitigated by the high level of diversification within the pooled investment vehicles.

The legal nature of the Scheme's pooled arrangements is:

		Reanalysed
	2022	**2021**
	£24,145,707	**£24,238,120**
Closed-End Fund	£1,598,734	£1,826,349
ETF	£565,200	£309,285
Fund Commun de Placement	£194,029	£216,636
Investment Trust	£400,878	£659,219
OEIC	£5,757,575	£9,614,069
Open-End Fund	£8,296,987	£3,225,582
Open-End Pension	£3,292,606	£4,547,833
Private Equity	£566,494	£431,123
SICAV	£1,210,147	£2,056,930
Unit Trust	£2,263,057	£1,351,094

11. Investment risk disclosures (continued)

(iii) 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. The extent of the Trustees exposure to currency risk is limited to the market value of the investments held. The Trustees have a Foreign Exchange policy in place which is included within their Discretionary Investment Management Agreement dated 3 January 2018.

(iv) Interest rate risk

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in bonds, either as segregated investments (2022: £1,454,345, 2021: £1,989,573) or through pooled vehicles (2022: £15,090,359, 2021: £10,865,619), and cash (2022: £641,268, 2021: £213,967). If interest rates fall, the value of matching investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the matching investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

(v) Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes equities held in pooled vehicles and alternative investments. The Scheme manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

12. Current assets

	2022 £	2021 £
Contributions due in respect of the Employer	155,480	148,137
Contributions due in respect of members	434	430
Cash balances	477,655	365,420
Pensions paid in advance	71,959	70,661
Income tax recoverable	1,054	1,039
Sundry debtors	261	-
	706,843	**585,687**

Contributions due, as disclosed above, have subsequently been received by the Scheme in accordance with the Schedule of Contributions.

13. Current liabilities

	2022 £	2021 £
Benefits payable	26,042	-
Fees payable	3,009	3,142
	29,051	**3,142**

14. Related party transactions

Two of the Trustees are pensioner members of the Scheme. Benefits arise solely in the Trustees' capacity as beneficiaries of the Scheme and are in accordance with the Scheme Rules.

The Scheme's investment manager, Charles Taylor Investment Management Limited is a company within the same group as the Principal Employer, both of which are commonly controlled by Charles Taylor Limited. None of the Trustees are directors of Charles Taylor Investment Management Limited.

The Employer pays all expenses associated with the Scheme, the insurance premiums payable on the policies insuring the death in service benefits and the levies payable to the Pension Protection Fund and the Pensions Regulator (2022: £263,730, 2021: £304,826). These are paid directly to the relevant third party as and when requested.

15. Equalisation of Guaranteed Minimum Pensions (GMPs)

Benefits for members who joined the Scheme prior to April 1997 include a Guaranteed Minimum Pension (GMP) which broadly represents the pension which they would otherwise have accrued under the old State Earnings-Related Pension Scheme (SERPS). Following the recent High Court Judgement in October 2018 in the "Lloyds Bank" Case, the Trustees are aware that there is now a requirement to adjust some members' Scheme benefits to address the current inequalities in the calculations of GMPs between men and women. In November 2020 the High Court expanded the equalisation requirement to transfers out from 17 May 1990. GMP equalisation may result in modest increases in benefits for some members; however many may see no change, but no member will see the value of their benefits reduced as a result of this Judgement. The Trustees do not expect any increases in benefits in respect of past service to be material to the financial statements and therefore have not included a liability in these financial statements. Any liabilities will be accounted for in the year in which they are determined. As noted above, the rise in gilt yields has seen both assets and liabilities fall in value. Overall the Scheme's funding position has improved since the year end.

16. Subsequent Event

On 23 September 2022, the "mini-budget" established a marked shift in the UK Government's fiscal policy. This fuelled the already uncertain economic outlook of the UK resulting in very volatile market conditions. Specifically, gilt yields rose sharply resulting in the Bank of England intervening on 28 September 2022 to restore market conditions. During this period the value of the Scheme's investments, in particular UK gilts, dropped significantly. However, the increased gilt yields have improved the funding position of the Scheme as the present value of actuarial liabilities has reduced. Therefore, despite the asset value dropping by 26% over the period from 30 April 2022 to 31 October 2022, the overall position has been relatively stable in line with the long term funding plan for the Scheme.

This is considered to be a non-adjusting event after the reporting period.

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

The most recent full actuarial valuation of the Scheme was carried out as at 30 April 2021. This showed that on that date:

	£000
Value of the Technical Provisions	37,917
Value of the assets at that date	29,593

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Statement of Funding Principles):

Method

The technical provisions and the ongoing contributions for future accrual are calculated using the "Attained Age" funding method.

Significant actuarial assumptions

Fixed Interest Gilt Yield
Yield on the Bank of England nominal gilt spot yield curve at 16½ years, rounded down to the nearest 0.05%.

Implied Inflation
Yield on the Bank of England Implied Inflation spot yield curve at 16½ years, rounded to the nearest 0.05%.

As at 30 April 2021 the above yields were 1.25% per annum and 3.60% respectively.

Discount Interest Rate
Different rates are used pre and post retirement to reflect a mixture of equity and bond investment in the period before retirement and solely bond investment after retirement.

Post retirement	=	Fixed Interest Gilt Yield plus 0.75%
Pre retirement	=	Fixed Interest Gilt Yield plus 1.00%

As at 30 April 2021 this resulted in discount interest rates of 2.00% per annum post retirement and 2.25% per annum pre-retirement.

Price Inflation
An allowance for future RPI increases is included at an assumed rate equal to the Implied Inflation. As at 30 April 2021 this resulted in an assumption for future RPI increases of 3.60% per annum.

An allowance for future CPI increases is included at an assumed rate equal to the assumption for future RPI increases less 1.0% per annum prior to 2030 and at an assumed rate equal to the RPI assumption after 2030. As at 30 April 2021 this resulted in an assumption for future CPI increases of 2.60% per annum prior to 2030 and 3.60% per annum thereafter.

REPORT ON ACTUARIAL LIABILITIES (continued)

Pension Increases in payment

Where pensions in payment are increased in line with prices, subject to either a maximum or minimum level of increase, allowance is made in the valuation for the derived rate of increase that would apply using a Black-Scholes approach based upon the inflation assumption adopted for the valuation.

As at 30 April 2021 this resulted in the following assumptions for future pension increases:

Pensionable Service completed prior to 6 April 1997	3.00% p.a.[1,2]
Pensionable Service completed after 5 April 1997 and before 1 May 2005	3.80% p.a.[3]
Pensionable Service completed after 30 April 2005	2.30% p.a.[4]

Pension Increases in Deferment

Where pensions in deferment are increased in line with the CPI, subject to a maximum, allowance is made in the valuation for the rate of increase that would apply based upon the CPI assumption adopted for the valuation, subject to the relevant cap.

As at 30 April 2021, this resulted in the following assumptions for future revaluations of deferred pensions:

Deferred pension in excess of GMP accrued prior to 1 May 2004:	5.00% p.a.
Deferred pension accrued after 30 April 2004 and before 6 April 2009:	2.60% p.a. prior to 2030 3.60% p.a. after 2030
Deferred pension accrued after 5 April 2009:	2.50% p.a.

Pay Increases

An allowance for pay to increase at the same rate as RPI is included in the valuation. This allowance covers both normal pay awards and promotional increases. As at 30 April 2021 this resulted in an assumption for future increases of 3.60% per annum.

Mortality

It is assumed there is no mortality prior to retirement.

Mortality post retirement has been assumed in accordance with the table known as the S3LPA year of birth table, with CMI_2020 improvement factors and long term rates of improvement of 1.5% p.a.[5]

[1] On the total pension including the Guaranteed Minimum Pension (GMP).
[2] Guaranteed Fixed Rate
[3] Actual increases are in line with RPI, subject to a maximum of 5% and a minimum of 3%.
[4] Actual increases are in line with RPI, subject to a maximum of 2½% and a minimum of 0%
[5] For an individual born in 1953 this gives a life expectancy at age 65 of 23 ½ years for a male and 24 ½ years for a female

LATEST ACTUARY'S CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS

ACTUARY'S CERTIFICATION OF SCHEDULE OF CONTRIBUTIONS

Richards Hogg Pension and Life Assurance Scheme

Adequacy of Rates of Contributions

I hereby certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective could have been expected on 30 April 2021 to be met by the end of the period specified in the Recovery Plan which I signed on 15 July 2022.

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 which I signed on 15 July 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.

Signed:	Robert. J. Sweet	Date:	15 July 2022
Name:	R J Sweet	Qualification:	Fellow of the Institute & Faculty of Actuaries
Address:	Mill Pool House Mill Lane Godalming Surrey GU7 1EY	Employer:	Cartwright Group Limited