

Johnson & Starley Limited Pension Scheme

Trustees' Report and financial statements

Registered number 10006505

For the year ended 5 April 2021

Contents

Trustees and Advisers	2
Report of the Trustees for the year ended 5 April 2021	4
Governance Statement for the Johnson & Starley Limited Pension Scheme	11
Independent Auditor's Report to the Trustees of the Johnson & Starley Limited Pension Scheme	13
Fund Account	16
Statement of Net Assets (available for benefits)	17
Notes	18
Independent Auditor's Statement about Contributions to the Trustees of the Johnson & Starley Limited Pension Scheme	25
Summary of Contributions	26
Schedule of Contributions	27
Actuary's Certification of the Schedule of Contributions	28
Report on Actuarial Liabilities (forming part of the Trustees' report)	29
Implementation Statement	30

Trustees and Advisers

Ultimate Parent

Gyllenhammar Holding AB

Principal Employer

Johnson & Starley Limited
8 Rhosili Road
Brackmills Industrial Estate
Northampton
NN4 7LZ

Trustees

KA Davenport Chair of Trustees
GA Page
R Swift

Pension Consultants and Administrators

Isio Group Limited
Isio Birmingham c/o SPS
PO Box 721
Salford
M5 0QT

Scheme Actuary

S Ash
Isio Group Limited
Isio Birmingham c/o SPS
PO Box 721
Salford
M5 0QT

Auditor

Feltons
8 Sovereign Court
8 Graham Street
Birmingham
B1 3JR

Custodian

Walker Crips Stockbrokers Limited
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London
EC1Y 8LZ

Trustees and Advisers *(continued)*

Investment Managers

Legal & General Investment Management Limited
One Coleman Street
London
EC2R 5AA

Insight Investment Management Limited
160 Queen Victoria Street
London
EC4V 4LA

M&G Investment Management Limited
Laurence Pountney Hill
London
EC4R 0HH

Slater Investments Limited
Nicholas House
3 Laurence Pountney Hill
London
EC4R 0EU

Annuity Provider

Canada Life Limited
Potters Bar
Hertfordshire
EN6 5BA

Solicitors

Gateley LLP
One Eleven
Edmund Street
Birmingham
B3 2HJ

Bankers

Lloyds Bank plc
36-38 New Street
Birmingham
B2 4LP

Report of the Trustees for the year ended 5 April 2021

Introduction

The Trustees are pleased to present their Report on the Johnson & Starley Limited Pension Scheme ("the Scheme") for the year ended 5 April 2021.

The format of the Report and financial statements follows guidelines laid down by the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 and the Statement of Recommended Practice, Financial Reports of Pension Schemes (revised June 2018).

Any member or beneficiary may request a copy of the Trustees' Report and financial statements. Applications are encouraged and should be addressed to KA Davenport, International Fibres Group (Holdings) Limited, Old Mills, Drighlington, Bradford, BD11 1BY or email: kdavenport@fibresgroup.com. In addition, further information about the Scheme is available from this address.

The Scheme

The purpose of the Scheme is to provide pension and other benefits to members upon their retirement or ill health and/or to their dependants on death before or after retirement. The benefits are outlined in the Scheme booklet which is available on request.

The Scheme is a Defined Benefit Scheme. The Scheme is governed in accordance with the terms of a Definitive Trust Deed, dated 1 October 2014. 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.

The Scheme complies with legislative preservation requirements, and is contracted out of the State Second Pension ("S2P"). The contracting-out certificate was surrendered on the closure of the Scheme on 31 January 2003.

The Scheme is administered by Isio Group Limited, and a list of advisers is given on pages 2 and 3 of this Report.

Trustees

The Trustees of the Scheme are listed on page 2 of this Report. There was one Trustee meeting in the year.

Under the terms of the Trust Deed, the Principal Employer has the power to appoint new or additional Trustees and, if necessary, remove the existing Trustees. A Member-Nominated Trustee can only be removed from office by resignation or with the agreement of all the other Trustees. The Deed also states that the Trustees shall not be less than three in number.

GA Page is a pensioner member of the Scheme. Any benefits payable are on the same terms as for all other members of the Scheme.

Changes to the Scheme Rules

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

Report of the Trustees for the year ended 5 April 2021 *(continued)*

Status of the Scheme

The Scheme was closed to new members and also ceased to accrue further benefits with effect from 31 January 2003. All benefits under the Scheme became preserved with effect from the Scheme's closure date. Preserved benefits will remain under the Scheme until Normal Retirement Age unless members transfer out or if death benefits become payable. All members have received a certificate of their entitlement to preserved benefits.

The Scheme has been administered on the basis that equalisation of members' benefits was carried out on 17 May 1995. After taking advice from Counsel, it has been ascertained that the Scheme equalised on 9 August 1995. Benefits for all affected pensioners have been recalculated based on the correct equalisation date. For deferred members who hold benefits within the equalisation period their benefits will be recalculated at the point their benefits are put into payment.

Guarantee

Over the year, the Scheme has obtained a guarantee from Dravo Limited as set out in the deed dated 18 November 2020. The purpose of this deed was to protect the security of the Scheme as a result of Dravo Limited being hived out of Johnson & Starley Limited.

Scheme financial statements and Summary of Contributions

The financial statements of the Scheme for the year ended 5 April 2021 are set out on pages 16 to 24, and the Independent Auditor's Statement about Contributions and Trustees' Summary of Contributions are set out on pages 25 and 26, respectively. The financial statements have been prepared and audited in accordance with Sections 41(1) and (6) of the Pensions Act 1995.

The financial development and actuarial position

The latest Actuarial Valuation of the Scheme as at 5 April 2018 was completed in accordance with the Statutory Funding requirements of the Pensions Act 2004. This showed that the Scheme had Technical Provisions (the amount required to make provision for the accrued benefits when they fall due) of £17.0m, assets of £16.0m, a deficit of £1.0m, and a funding level of 94%. As a result of the deficit, the Company and Trustees agreed a Recovery Plan. The Scheme follows the Statutory Funding Objective that it will have sufficient and appropriate assets to cover its Technical Provisions, and aims to do so by the end of the Recovery Plan. The Schedule of Contributions agreed between the Company and Trustees requires contributions of £100,000 per annum from 6 April 2018 until 5 April 2019, followed by contributions of £50,000 per annum from 6 April 2019 until 5 April 2021, followed by contributions of £100,000 per annum thereafter for a period of 11 months or until the funding shortfall has been eliminated, if sooner. These payments will be made as equal monthly instalments.

In accordance with the Pensions Act 2004, the first annual update of the Actuarial report dated 5 April 2019 has concluded. This showed that the Scheme had Technical Provisions of £16.7m, assets of £15.8m, and a deficit of £0.9m, providing a funding level of 95%. Copies of this report are available on request.

In addition, the second annual update of the Actuarial report dated 5 April 2020 has been concluded. This showed that the Scheme had Technical Provisions of £17.9m, assets of £12.9m, and a deficit of £5.0m, providing a funding level of 72%. Copies of this report are available on request.

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 30 April 2019. Copies of this document, the Actuarial Valuation, the Schedule of Contributions and the Recovery Plan are available on request.

The Actuary's Certification of the Schedule of Contributions is given on page 28. In addition, as required by FRS 102, the Trustees have included the Report on Actuarial Liabilities on page 29, which forms part of the Report of the Trustees.

The next triennial valuation of the Scheme has an effective date of 5 April 2021.

Report of the Trustees for the year ended 5 April 2021 *(continued)*

The financial development and actuarial position *(continued)*

Further details of the financial development of the Scheme may be found in the audited financial statements on pages 16 to 24. Details of the Scheme's investments are given in Notes 9 to 15 to the financial statements.

Investments

The overall management of the Scheme is vested in the Trustees. The management of the investment assets of the Scheme is delegated by the Trustees to Insight Investment Management Limited, Legal & General Investment Management Limited, M&G Investment Management Limited and Slater Investments Limited.

At the start of the year the value of the investments (including annuities) was £12,638,232 and at the end of the year the value of the investments (including annuities) amounted to £15,945,418.

The Trustees are responsible for ensuring the Scheme's assets continue to be securely held. They review the custodian arrangements from time to time and the Auditor is authorised to make whatever investigations they deem are necessary as part of the annual audit procedure.

Investment objective

The Trustees invest the assets of the Scheme with the aim of ensuring that all members' accrued benefits can be paid. The Scheme's funding target is specified in the Statement of Funding Principles and the Scheme's funding position will be reviewed annually to assess the position relative to the funding target and whether the investment policy remains appropriate to the Scheme's circumstances.

The Scheme's present investment objective is to achieve a return of at least 6.5% per annum.

Investment strategy

The expected return of 6.5% per annum represents long term expectations of asset classes as a whole. Where the Scheme has appointed "active" fund managers, their objective is to outperform the market average. Short term returns in some asset classes may exhibit considerable variability.

The above investment strategy was derived from careful consideration of the nature and duration of the Scheme's liabilities, the risks of investing in the various asset classes, the implications of the strategy (under various scenarios) for the level of contributions required to fund the Scheme and also the strength of the sponsor's covenant. The Trustees considered the merits of a range of asset classes, including various "alternative assets". The Trustees may also consider special investment vehicles.

The Trustees recognise that the investment strategy is subject to risk, in particular the risk of a mismatch between the performance of the assets and the calculated value of the liabilities. This risk is monitored by regularly assessing the funding position and the characteristics of the assets and liabilities. The risk is managed by investing in assets which are expected to perform in excess of the liabilities over the long term and also by investing in a suitably diversified portfolio of assets with the aim of minimising (as far as possible) volatility relative to the liabilities. The assets of the Scheme consist predominately of investments admitted to trading on regulated markets.

Performance

There was an approximate return of 44.1% for the year (13.7% over 3 years) on the investments of the Scheme in aggregate.

GMP equalisation

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

Report of the Trustees for the year ended 5 April 2021 *(continued)*

GMP equalisation *(continued)*

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds Banking Group's pension Schemes. This latest judgment confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and, where necessary to up, historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The Trustees of the Scheme are aware that the issue will affect the Scheme and will be considering this at a future meeting and decisions will be made as to the next steps. The review is expected to take some time and members will be informed of any changes to benefits once it is completed. It is not possible to estimate the financial impact of any such adjustments at this time.

General Data Protection Regulation ("GDPR")

The Trustees recognise 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 Trustees review the procedures adopted by them and their advisers to ensure that they comply with the revised requirements of GDPR which would ensure that they have appropriate policies and procedures in place.

To help keep our records up to date, members are reminded to keep us informed of any changes, including death benefit nominations and beneficiaries. Please send all correspondence to the Scheme Administrators whose details are on page 1.

Internal Disputes

The Internal Disputes Resolution Procedures regulations require the setting up of a formal procedure for the handling of disputes involving the Trustees. The details have been circulated to the membership. In the event of a dispute arising with the Trustees, the contact is the Isio Administration Team.

Statement of Investment Principles

The Trustees have produced a Statement of Investment Principles in accordance with Section 35 of the Pensions Act 1995. A copy of the Statement is available on request. The Trustees' investment policy is guided by an overall objective of achieving, over the long term, a rate of return on the investments which is consistent with the long term assumptions made by the Actuary in determining the funding of the Scheme.

Over the shorter term, the objective is to achieve a favourable return against an appropriate benchmark return.

All decisions about the day-to-day management of the assets have been delegated to the investment managers via a written agreement. This delegation includes decisions about:

- Realisation of investments;
- Social, environmental and ethical considerations in the selection, retention and realisation of investments; and
- The exercise of rights (including voting rights) attaching to the investments.

The Trustees take investment managers' policies in the above respects into account when selecting and monitoring managers. The investment managers are expected to exercise their powers of investment with a view to giving effect to the principles contained within this statement, so far as reasonably practicable.

There was no self investment as defined in Section 40 of the Pensions Act 1995.

Report of the Trustees for the year ended 5 April 2021 *(continued)*

Transfer values

Transfer values, if paid, are 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.

Pension increases

Preserved pensions and pensions in payment were increased in accordance with statutory requirements. No discretionary increases were granted during the year.

Membership

The following changes in membership occurred during the year:

Pensioners

At 5 April 2020	110
Adjustment to prior year figures	1
Plus: New retirements	2
New dependants	2
Less: Deaths	(3)
	<hr/>
At 5 April 2021*	112
	<hr/>

* *Pensioners at 5 April 2021 include 26 (2020: 24) dependants*

Deferred pensioners

At 5 April 2020	62
Adjustment to prior year figures	(1)
Less: Retirements	(2)
Transfers out	(1)
	<hr/>
At 5 April 2021	58
	<hr/>

The figure for pensioners includes 2 (2020: 2) insured pensioners whose pensions are paid from annuities held in the name of the Trustees.

Report of the Trustees for the year ended 5 April 2021 *(continued)*

Additional Scheme 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 at the address shown on page 3 of this Report. These rights apply to all members and most extend to their spouses and other beneficiaries, and recognised trade unions.

Any member may request a Statement of Benefit entitlement once a year. Also, a member who is not yet in receipt of a pension may request a Statement of Transfer Value annually.

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 HR Manager or the Trustees to resolve the matter and may also seek advice or help from a number of outside bodies:

- The MoneyHelper provides information to the public on matters relating to workplace and personal pensions.

Telephone: 0800 011 3797

Webchat: www.moneyhelper.org.uk/PensionsChat/

Website: www.moneyhelper.org.uk

- The Pensions Ombudsman is available to investigate and determine any complaint or dispute of fact or law in relation to the Scheme. Any person claiming an entitlement under the Scheme may call upon the Ombudsman. These services are free of charge to those who enquire because all pension schemes pay a levy to cover the costs.

Address: 10 South Colonnade, Canary Wharf, E14 4PU

Telephone: 0207 630 2200

Email: enquiries@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk

- Information about the Scheme and past and present Participating Employers can be obtained from the Department for Work and Pensions.

Address: The Pension Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU

Telephone: 0800 731 0193

Email: enquiries@pension-tracing-service-uk.co.uk

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

The Pensions Regulator is responsible for regulating company pension schemes and enforcing the law as it relates to them. It has 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 Trustees, Scheme's 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.

Report of the Trustees for the year ended 5 April 2021 *(continued)*

Statement of Trustees' Responsibilities for the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("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 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 these 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 ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

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 it 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.

Trustee's responsibilities in respect of contributions

The Trustees are responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions showing the rates of contributions payable to the Scheme by or on behalf of employers 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 and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Scheme 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 to members.

This Report, including the Report on Actuarial Liabilities, was approved by and signed on behalf of the Trustees.

Signed on behalf of the Trustees

Trustee: 
K. A. Davenport

Date: 4th November 2021

Governance Statement for the Johnson & Starley Limited Pension Scheme

Introduction

This statement has been prepared by the Trustees of the Scheme (the "Trustees") in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations ("the Administration Regulations") 1996 (as amended) for the year between 6 April 2020 and 5 April 2021 ("the Scheme Year").

The statement is only in relation to members with defined contribution ("DC") benefits under the Scheme arising from a period of membership when they were 'contracted out' on a 'protected rights' basis. There are only a few members with 'protected rights' only benefits, with a small notional asset value and the Trustees have continued to maintain these members' notional amount as described below.

Default investment arrangement

The assets for members who have these DC benefits are held notionally in the Scheme. The notional amount is adjusted each year to reflect the performance of the FTSE total return fund.

Requirements for processing financial transactions

The Trustees delegate the administration of the Scheme and monitor core financial transactions. Any disinvestment of assets from the Scheme are with the agreement of the Trustees and an instruction issued to the investment manager by authorised signatories, in accordance with the agreed disinvestment mandate signed by all the Trustees. There were no financial transactions in the Scheme Year or payments out of the Scheme relating specifically to the DC Funds.

The Trustees' annual Report and Accounts (including financial transactions) are independently audited by the Scheme auditor, currently Feltons, annually.

The Trustees are satisfied that any core financial transactions in relation to these DC benefits have been processed promptly and accurately during the Scheme Year.

On retirement, these members' DC benefits are reviewed by two individuals from the administration team before being paid.

Assessment of member-borne charges, transaction costs and value for members

During the Scheme Year, there were no transaction costs or charges levied on members' benefits.

The notional amount reflects the performance of the FTSE total return fund only and therefore, members do not pay any additional investment costs. For this reason, the Trustees are satisfied that this reflects good value for members.

The Trustees have taken account of statutory guidance when preparing this section of the statement.

Governance Statement for the Johnson & Starley Limited Pension Scheme
(continued)

Trustee knowledge and understanding (DC)

The Trustees' own knowledge and understanding, together with the Trust Deed and Rules of the Scheme, and advice which is available to them through their advisers (Isio Group Limited). This enables them to properly exercise their functions as Trustees of the Scheme, with sufficient knowledge and understanding of the law in relation to pensions and trusts.

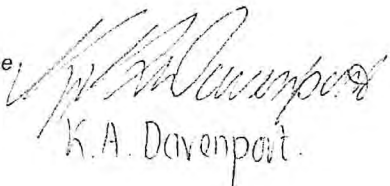
Trustees have two Trustee meetings each year in order to discuss legislative change and requirements in order to meet their objectives.

The Trustees themselves (listed below) have the following experience:

Kathryn Davenport – Trustee, Solicitor and Trustee of other pension schemes within the Group
Glenn Page – Trustee and previous Managing Director of Johnson & Starley Limited
Rick Swift – Trustee and current Managing Director of Johnson & Starley Limited

The Trustees have put in place arrangements for ensuring they take personal responsibility for keeping themselves up to date with relevant developments and carry out a self-assessment of training needs. In addition, the Trustees receive advice from professional advisers, and the relevant skills and experience of those advisors is a key criterion when evaluating advisers' performance or selecting new advisers.

Signed on behalf of the Trustees

Trustee:  Date: 4th November 2021.
K.A. Davenport.

Independent Auditor's Report to the Trustees of the Johnson & Starley Limited Pension Scheme

Opinion

We have audited the financial statements of the Johnson & Starley Limited Pension Scheme (the 'Scheme') for the year ended 5 April 2021 which comprise the fund account, the statement of net assets and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 5 April 2021, 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; and
- 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 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 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 auditors' report thereon. The 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.

Independent Auditor's Report to the Trustees of the Johnson & Starley Limited Pension Scheme *(continued)*

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 10, the Scheme's Trustees are 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 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 wind up 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.

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:

- We reviewed the Scheme's control and risk management procedures and planned our work based on our assessment of those controls and procedures;
- This review included an assessment of the risk of material misstatement due to errors, fraud and management override of controls for all material areas in the financial statements;
- We made enquiries of management regarding any actual or potential litigation and/or claims;
- Financial statements disclosures were reviewed and checked for compliance with applicable laws;
- Detailed testing was conducted on balances and transactions including unusual items and those of individual significance to the financial statements;
- Data analytics were used in order to identify unusual or significant trends;
- Communications with management and those charged with governance regarding relevant matters was undertaken throughout the audit and on completion.

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.

Independent Auditor's Report to the Trustees of the Johnson & Starley Limited Pension Scheme *(continued)*

Auditor's responsibilities for the audit of the financial statements *(continued)*

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (ie. gives a true and fair view).

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 (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 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's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Feltons

Feltons
Statutory Auditor
8 Sovereign Court
8 Graham Street
Birmingham
B1 3JR

Date: *4 November 2021*

Fund Account
for the year ended 5 April 2021

	<i>Note</i>	2021 £	2020 £
Contributions and benefits			
Contributions receivable	3		
Employer		50,000	50,000
Bank interest		59	-
		<u>50,059</u>	<u>50,000</u>
Benefits paid or payable	4	(692,486)	(635,167)
Payments to and on account of leavers	5	(220,373)	(187,599)
Administrative expenses	6	(313)	(294)
		<u>(913,172)</u>	<u>(823,060)</u>
Net withdrawals from dealings with members		<u>(863,113)</u>	<u>(773,060)</u>
Returns on investments			
Investment income	7	150,319	169,779
Change in market value of investments	11	4,152,452	(2,260,872)
Investment fee rebate	13	1,732	1,764
		<u>4,304,503</u>	<u>(2,089,329)</u>
Net returns on investments		<u>4,304,503</u>	<u>(2,089,329)</u>
Net increase / (decrease) in the fund during the year		<u>3,441,390</u>	<u>(2,862,389)</u>
Net assets of the Scheme			
At 5 April 2020		<u>12,909,225</u>	<u>15,771,614</u>
At 5 April 2021		<u>16,350,615</u>	<u>12,909,225</u>

The Notes on pages 18 to 24 form part of these financial statements.

Statement of Net Assets
available for benefits as at 5 April 2021

	Note	2021 £	2020 £
Investment assets	11		
Pooled investment vehicles	9	10,889,378	8,973,678
Equities	11	4,765,105	3,328,962
Insurance policies - annuities	10	173,282	187,714
Cash	11	66,603	112,072
Dividend receivable	11	51,050	35,806
		<hr/>	<hr/>
Total net investments		15,945,418	12,638,232
Current assets	16	412,278	277,970
Current liabilities	16	(7,081)	(6,977)
		<hr/>	<hr/>
Net assets of the Scheme at 5 April 2021		16,350,615	12,909,225

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 on page 29 of this Annual Report and these financial statements should be read in conjunction therewith.

The Notes on pages 18 to 24 form part of these financial statements.

These financial statements were approved by the Trustees on 4th November 2021.

Signed on behalf of the Trustees:

Trustee 
K.A. Davenport

Trustee 
R W Swift

Notes

(forming part of the Financial statements)

1 Basis of preparation

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

The Scheme is established as a trust under English law.

The address for enquiries to the Scheme is included in the Trustees' Report.

2 Accounting policies

a) Inclusion of income and expenditure

i) *Contribution income*

Deficit funding contributions payable by the employer are included on an accruals basis at the level outlined in the recovery plan.

ii) *Transfers to and from other schemes*

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Scheme. All the values were based on methods and assumptions determined by the Trustees after obtaining advice from the Scheme Actuary.

iii) *Benefits*

Benefits represent all valid benefit claims in respect of the Scheme year. Unsettled amounts have been included based on estimated amounts.

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

iv) *Investment income*

Investment income is accounted for on an accruals basis.

v) *Investment manager expenses*

Investment manager expenses are accounted for on an accruals basis.

vi) *Administrative expenses*

Administration expenses are accounted for on an accruals basis.

b) Valuation of investments

Investments are included in the Statement of Net Assets at their fair value at 5 April, which are determined as follows:

- Pooled investment vehicles are stated at the bid prices quoted by the investment managers at the year end or at their valuation date nearest to the year end.
- Equity investments are stated at the bid price quoted by the investment managers at the year end.
- Annuities have been valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the year end.

Notes (continued)

3 Contributions receivable

Contributions receivable during the year were as follows:

	2021 £	2020 £
From employers:		
Deficit funding contributions	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

The Schedule of Contributions dated 30 April 2019 states the employer will pay £100,000 per annum from 6 April 2018 until 5 April 2019, followed by contributions of £50,000 per annum from 6 April 2019 until 5 April 2021, followed by contributions of £100,000 per annum thereafter for a period of 11 months or until the funding shortfall has been eliminated, if sooner.

As described in the Schedule of Contributions, the deficit contributions are being paid, and will continue to be paid in accordance with the agreed Recovery Plan until the funding shortfall is eliminated which is expected to be by 5 February 2022.

4 Benefits paid or payable

	2021 £	2020 £
Pensions	657,396	630,985
Commutations and lump sum retirement benefits	35,090	4,182
	<u>692,486</u>	<u>635,167</u>

5 Payments to and on account of leavers

	2021 £	2020 £
Individual transfers to other schemes	220,373	187,599
	<u>220,373</u>	<u>187,599</u>

6 Administrative expenses

Expenses borne by the Scheme comprise:

	2021 £	2020 £
Sundry expenses	313	294
	<u>313</u>	<u>294</u>

Notes *(continued)*

7 Investment income

	2021 £	2020 £
Insured pensions	14,452	14,031
Income from equities	135,867	155,748
	<u>150,319</u>	<u>169,779</u>

8 Taxation

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

9 Pooled investment vehicles

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

	2021 £	2020 £
Equities	10,691,504	7,985,605
Corporate Bonds	188,807	979,105
Liquidity Plus Fund	9,067	8,968
	<u>10,889,378</u>	<u>8,973,678</u>

10 Insurance policies – annuities

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

	2021 £	2020 £
Annuities with Canada Life Limited	173,282	187,714
	<u>173,282</u>	<u>187,714</u>

Notes (continued)

11 Reconciliation of investments

	Value at 5 April 2020 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 5 April 2021 £
Pooled investment vehicles	8,973,678	-	(860,000)	2,775,700	10,889,378
Equities	3,328,962	773,376	(728,417)	1,391,184	4,765,105
Insurance policies - annuities	187,714	-	-	(14,432)	173,282
	<u>12,490,354</u>	<u>773,376</u>	<u>(1,588,417)</u>	<u>4,152,452</u>	<u>15,827,765</u>
Cash	112,072				66,603
Dividend receivable	35,806				51,050
	<u>12,638,232</u>				<u>15,945,418</u>

The change in 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.

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

The following investment holdings represent more than 5% of the Scheme's net assets:

	2021 %	2021 £	2020 %	2020 £
UK Equity Index Fund	33.7	5,505,144	31.9	4,113,809
World (ex UK) Equity Index Fund	31.8	5,186,360	30.0	3,871,796
Corporate Bonds	-	-	7.6	979,105

12 Transaction costs

Direct transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Scheme such as transaction costs analysed by main asset class and type of costs are as follows:

	Fees £	Commission £	Taxes £	2021 Total £	2020 Total £
Equities	2,232	2,376	-	4,608	5,116

Indirect costs are also borne by the Scheme in relation to transactions in pooled investment vehicles. Such costs are taken into account in calculating the bid/offer spread of these investments and are not separately reported.

Notes (continued)

13 Investment management expenses

	2021 £	2020 £
Investments fee rebate	(1,732)	(1,764)

14 Investment fair value hierarchy

The investments have been analysed according to the basis on which the fair value has been determined. The best evidence of fair value is a quoted price of an active security on a recognised exchange and this falls into the top level, (1). The greatest amount of judgement is involved where a fair value is based on unobservable data and such investments fall into the bottom level, (3). The basis of the fair value hierarchy is described in more detail below:

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

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

At 5 April 2021	Level 1 £	Level 2 £	Level 3 £	Total £
Equities	4,765,105	-	-	4,765,105
Pooled investment vehicles	9,067	10,880,311	-	10,889,378
Insurance policies – annuities	-	-	173,282	173,282
Dividend receivable	51,050	-	-	51,050
Cash	66,603	-	-	66,603
	<u>4,891,825</u>	<u>10,880,311</u>	<u>173,282</u>	<u>15,945,418</u>
	<u>4,891,825</u>	<u>10,880,311</u>	<u>173,282</u>	<u>15,945,418</u>
	<u>4,891,825</u>	<u>10,880,311</u>	<u>173,282</u>	<u>15,945,418</u>

At 5 April 2020	Level 1 £	Level 2 £	Level 3 £	Total £
Equities	3,328,962	-	-	3,328,962
Pooled investment vehicles	8,968	8,964,710	-	8,973,678
Insurance policies – annuities	-	-	187,714	187,714
Dividend receivable	35,806	-	-	35,806
Cash	112,072	-	-	112,072
	<u>3,485,808</u>	<u>8,964,710</u>	<u>187,714</u>	<u>12,638,232</u>
	<u>3,485,808</u>	<u>8,964,710</u>	<u>187,714</u>	<u>12,638,232</u>
	<u>3,485,808</u>	<u>8,964,710</u>	<u>187,714</u>	<u>12,638,232</u>

Notes (continued)

15 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 of 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 of 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 these risks because of the investments it makes to implement its investment strategy described in the Trustees' report. 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 agreements in place with the Scheme's investment managers and monitored by the Trustees by regular review of the investment portfolios.

Further information on the Trustees' 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 AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

Credit risk

Direct credit risk is possible with the investment managers in which the Scheme invests as a unit holder in pooled funds, directly held equities and corporate bonds. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the investment manager through the appointment of a custodian, the regulatory environments in which the pooled investment managers operate and diversification of investments amongst a number of pooled arrangements. The Trustees carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the regulatory and operating environment of the pooled investment manager.

The Trustees mitigate the credit risk associated with the bonds by investing in corporate bonds which are at least investment grade. The investment managers diversify the portfolio to minimise the impact of default by one issuer. The funds also have strict exposure limits on credit investments that are rated below investment grade.

Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets as units in pooled investment vehicles.

Interest rate risk

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in bonds, pooled investment vehicles and cash.

Notes (continued)

15 Investment risks (continued)

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.

16 Current assets and liabilities

	2021 £	2020 £
Current assets		
Cash balance	373,696	277,507
Other debtors	38,582	463
	<u>412,278</u>	<u>277,970</u>
	2021 £	2020 £
Current liabilities		
Sundry expenses	34	34
Due to HMRC	7,047	6,943
	<u>7,081</u>	<u>6,977</u>

17 Self investment

This Scheme does not hold any direct investment in Gyllenhammar Holding AB or in any other company or person connected with the Scheme.

18 Related party transactions

GA Page is a pensioner of the Scheme and receives a pension on the same basis as for all other pensioners. There are no other related party transactions or employer related investments as defined by FRS 102 section 33.

19 Coronavirus

At the time of approval of the financial statements, the Covid-19 virus continues to develop and has been designated a global pandemic by the World Health Organisation. The Trustees have considered the impact of the Covid-19 virus on the assessment of the Employer's ability to support the Scheme as a going concern. In particular, the Trustees considered the potential impact of Covid-19 on the Scheme's investment strategy and the Employer's business, taking into account the Scheme's funding level, investment strategy, and the strength of the Employer covenant.

Having assessed the circumstances, the Trustees have determined there is not a material uncertainty as to the ability of the Scheme to continue as a going concern for the foreseeable future and therefore believes it remains appropriate to prepare the financial statements on a going concern basis.

Independent Auditor's Statement about Contributions to the Trustees of the Johnson & Starley Limited Pension Scheme

We have examined the summary of contributions to the Johnson & Starley Limited Pension Scheme for the Scheme year ended 5 April 2021 which is set out on page 26.

Statement about contributions payable under the Schedule of Contributions

In our opinion contributions for the Scheme year ended 5 April 2021 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 30 April 2019.

Scope of work on Statement about Contributions

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

Respective responsibilities of Trustees and the Auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Scheme's Trustees are 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 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 report

This report is made solely to the Trustees, as a body, in accordance with Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996. Our work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an Auditor's Statement about Contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustees as a body, for our work, for this report, or for the opinions we have formed.

Feltons

Feltons
Statutory Auditor
8 Sovereign Court
8 Graham Street
Birmingham
B1 3JR

Date: *4 November 2021*

Summary of Contributions

Trustees' Summary of Contributions payable under the Schedule in respect of the Scheme year ended 5 April 2021

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of, the Trustees. It sets out the employer contributions payable to the Scheme under the Schedule of Contributions certified by the Actuary on 30 April 2019 in respect of the Scheme year ended 5 April 2021. The Scheme Auditor reports on contributions payable under the Schedule in the Independent Auditor's Statement about Contributions.

	£
Contributions payable under the Schedule in respect of the Scheme year	
From employers:	
Deficit funding contributions	50,000
	<hr/>
Contributions payable under the Schedule (and as reported in the Financial statements)	50,000
	<hr/> <hr/>

Signed on behalf of the Trustees on 4th November 2021.

Trustee


K. A. Davenport

Schedule of Contributions

Name of Scheme Johnson & Starley Limited Pension Scheme ('the Scheme')


Schedule of Contributions and Certificate

This Schedule of Contributions is required by Section 227 of the Pensions Act 2004 and has been prepared by the Trustees after obtaining advice from the Scheme Actuary. It covers the period from the date it is certified by the Scheme Actuary to five years after this date.

Contributions to be paid to the Scheme:

Contributions	Amount
Deficit repair contributions	The Employer will pay £100,000 per annum from 6 April 2018 until 5 April 2019, followed by contributions of £50,000 per annum from 6 April 2019 until 5 April 2021, followed by contributions of £100,000 per annum thereafter for a period of 11 months or until the funding shortfall has been eliminated, if sooner. These payments will all be made as equal monthly instalments.
Scheme expenses (including PPF levies)	All expenses to be met by the Employer in addition to the above or from the Scheme's assets and reimbursed by the Employer as requested by the Trustees.
Additional contributions	The Employer may pay additional contributions of any amount and at any time from those described above.
Timing of contributions	All Employer contributions are to be paid within one month of their due dates.

Signed on behalf of the Trustees

Signature: 
 Name: K.A. Davenport
 Position: Trustee
 Date: 16th April 2019

Signed on behalf of the Employer

Signature: 
 Name: Rich Swift
 Position: MANAGING DIRECTOR
 Date: 18th April 2019

Actuary's Certification of the Schedule of Contributions


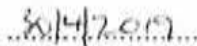
1. Adequacy of rates of contributions

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 be met by the end of the period specified in the Recovery Plan dated (i.e. signed on behalf of the Trustees) on

2. 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 Trustees) on

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:		Date:	
Name:	Sophia Ash	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address	One Snowhill Snow Hill Queensway Birmingham, B4 6GH	Employer	KPMG LLP

Report on Actuarial Liabilities (forming part of the Trustees' report)

Under section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the 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 5 April 2018. This showed that on that date:

The value of the technical provisions was: £17.0 million

The value of the assets was: £16.0 million

This resulted in a deficit of £1.0m

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

Method

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

Significant actuarial assumptions

Discount interest rate:

Liabilities for pensions when in payment and for pensions and other benefits not yet in payment will be discounted at a rate with reference to the yields available on government securities of suitable duration and AA rated bonds of suitable duration. The Trustees will consider the Scheme's current and agreed future investment policy when reviewing the appropriateness of the discount rate assumption.

2.70% p.a. post retirement

2.70% p.a. pre-retirement

(1% allowance above the yield on government securities at the valuation date).

Inflation:

The assumed rates of RPI price inflation will be determined using a cash flow weighted inflation spot curve figure (determined with reference to the Bank of England UK implied inflation spot curve) of suitable duration published by the Bank of England. A prudent estimate of the reduction from RPI for Consumer Price Inflation (CPI) will be made.

RPI – 3.40% p.a.

CPI – 2.60% p.a.

(Reduction of 0.8%)

Pension increases:

A reduction or increase is considered, where necessary, to the assumption for price inflation when looking at inflation-linked pension increases subject to a cap and/or collar. The Black Scholes model is used to determine the pension increase assumptions with an appropriate estimate of the expected future volatility of inflation.

CPI subject to a minimum of 3% and a maximum of 5%: 3.40% p.a.

Mortality:

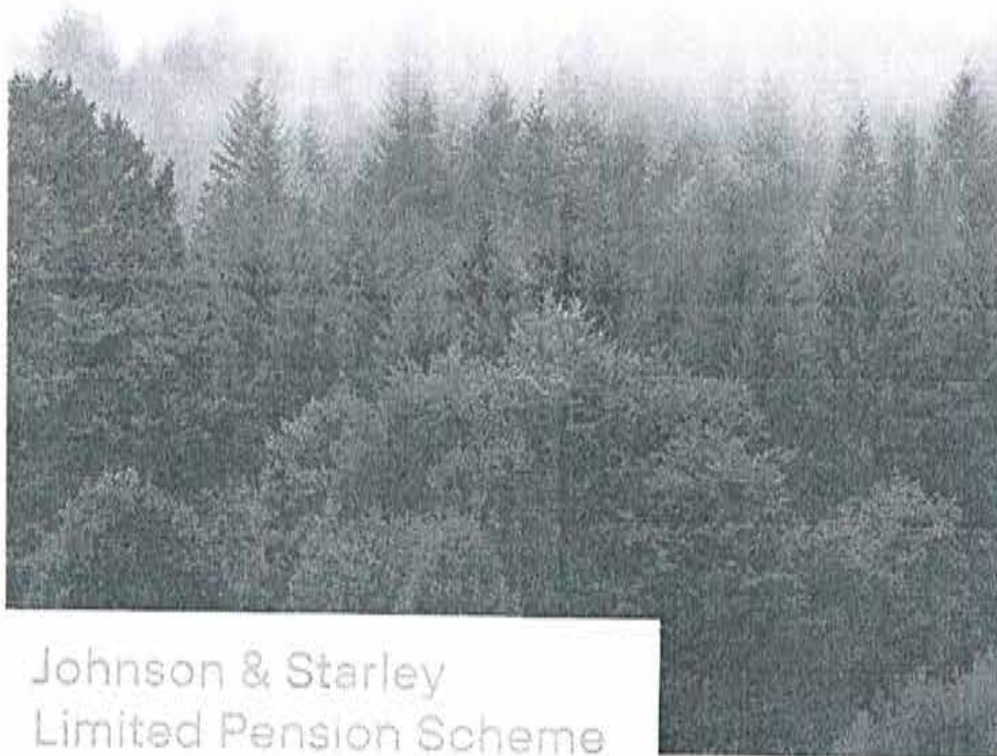
Advice will be taken from the Scheme Actuary as to how published mortality tables may be used, taking into account the nature of the membership of the Scheme to the extent it is prudent to do so. An allowance for future improvements in mortality experience will also be considered.

110% of S1PXA, individual year of birth, with allowance for CMI_2011 improvements with a long term rate of 1.25%/1.00% (M/F).

Implementation statement

September 2021

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Johnson & Starley
Limited Pension Scheme

September 2021

isio.

Background and Implementation Statement

Background

The Department for Work and Pensions (DWP) is increasing regulation to improve disclosure of financially material risks. This regulatory change recognises Environmental, Social and Governance (ESG) factors as financially material and schemes need to consider how these factors are managed as part of their fiduciary duty. The regulatory changes require that schemes detail their policies in their statement of investment principles (SIP) and demonstrate adherence to these policies in an implementation report.

Statement of Investment Principles (SIP)

The SIP can be found online at the web address
<https://www.johnsonandstarley.co.uk/star/default/files/downloads/STATEMENTS/2020/S20INVESTMENT%20PRINCIPLES5202010.pdf>

Implementation Report


The implementation report is to confirm that the Scheme continues to follow and act on the principles outlined in the SIP. This report details:

- the extent to which the Scheme has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate
- voting behaviour covering the reporting year up to 31 March 2021 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf

Subsequent to the reporting period, the Scheme onboarded with its asset manager investment consultancy provider and are in the process of conducting a comprehensive strategy review which will include a review of the Trustees' objectives, investment risks and mitigation and the Trustees' ESG policy.

Implementation Statement

This report demonstrates that Johnson & Starley Limited Pension Scheme has adhered to its investment principles and its policies for managing financially material considerations including ESG factors and climate change.

Signed 
Position Kathryn Davenport, Trustee
Date 30th September 2021

Engagement

As the Scheme invests via fund managers the managers provided details on their engagement actions including a summary of the engagements by obligor for the 12 month period to the end of 31 March 2021.

Fund name	Engagement summary	Commentary
<i>Legat & General (LGI) World (ex UK) Equity Index Funds</i>	LGI currently do not provide details of their engagement activities at Fund level however this is something they are looking to implement from Q2 2021. We remain in contact with LGI surrounding the firm's engagement reporting.	<p>LGI have firm wide ESG policies which are available on their website, an extract of which can be found below.</p> <p>LGI are long-term investors and have a longstanding commitment to raising corporate governance and sustainability standards to ultimately enhance the value of companies in which they invest.</p> <p>LGI view the consideration of ESG issues as part of risk management and therefore part of their fiduciary duty.</p> <p>LGI believe they have a responsibility to address long-term issues involving regulators, markets and shifting societal demands that will impact the value of assets.</p> <p>Direct engagement with companies or regulators is an opportunity for LGI to have an open discussion on key strategic and ESG topics and also to voice their concerns and push for change.</p>

Legal & General (LGAV) UK Equity Index	See above	See above
	Total Engagements: 29 Environmental: 9 Social: 2 Governance: 16	<p>MSG undertaken</p> <p>Constructive engagement with management of companies that aims to better understand ESG strengths and weaknesses.</p> <p>Examples of significant ESG activities with portfolio projects include:</p> <p>Heathrow - Engagement with the management in a series of meetings on the proposed runway waivers and amendments related to Covid-19 impact.</p> <p>BP - Co-signing a letter to support changes to BP's accounts assumptions, which was the culmination of a large amount of lobbying to get Exploration and Production companies to be realistic about demand and pricing structures under a Peak oil world.</p>
M&G #1 at Stocks Corporate Bond Fund	<p>Victor Investments currently do not provide details of their total engagement activities figures. However, we will keep in contact with Victor Investments surrounding the firm's engagement reporting.</p>	<p>Victor Investments follow an investment process that specifies that they invest in companies that are well managed with high standards of corporate governance in order to help mitigate risk and lead to superior long-term performance.</p>
State Investments		<p>Example of significant ESG activities with portfolio projects include:</p> <p>All companies - Wrote an open letter to Chair of the Remuneration Committee regarding best practice</p> <p>Supermarket Income REIT - Engaged with with management in the ability to improve the operational performance of the Company. The management believe that</p>

		<p>responsibilities are limited as properties are controlled by the tenants (on fully repairing and insuring leases). Slater have highlighted that, in due course, all buildings' activities would be captured by SUPRA's scope. Emissions and maintaining environmental standards and EPC ratings will be important for maintaining long-term value destruction.</p>
	<p>Pright currently does not provide details of their 100% engagement activities figures, however, J&S continues to keep in contact with Pright surrounding the firm's engagement reporting.</p>	<p>Pright do not directly engage with companies solely for the benefit of the LPA Funds, and so engagement occurs at an issuer level and is driven by the responsible investment team.</p> <p>An example of ESG activity includes:</p> <p>Credit Suisse - Pright engaged with CS to highlight concerns around their governance. This was followed up with a call to address specific governance issues and discuss implementing measures to amend their shortcomings.</p>
Pright Equity Plus Fund 2		

Following the positive result of the vote, LGIM's focus will now be to help Barclays on the detail of their plans and targets with more detail to be published later in 2021.

LGIM plan to continue to work closely with the Barclays board and management team in the development of their plans and will continue to work with ShareAction to drive positive change.

	Votes available 1015		
	votes cast 1015		
	Votes for management 802		
	Votes against management 213		
Stater Investments	Votes abstained 0	<p>AFH Financial – The management had put a takeover bid to a shareholder vote. Stater investment votes against the motion.</p> <p>Their rationale for the decision was that the recommended takeover bid was not in the best interest of shareholders. Following the vote, the company was unable to pass the initial bid and so went back to the buyer and received an updated bid.</p>	<p>All of Stater Investments voting decisions are undertaken in-house and in accordance with its corporate governance guidelines and stewardship code, taking account of their investors' best interests.</p> <p>It is Stater Investments policy to engage actively with the management of investee companies to monitor their performance, strategy, risk, governance, culture, and remuneration to ensure they meet required standards.</p>

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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we intend to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Do not make any action or decision without appropriate professional advice unless it is through the advice of the particular adviser.

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