The Freshwater Group
Staff Retirement Benefits Plan
Plan Registration Number: 100573976

Trustee’s Annual Report and Financial Statements
For the Year Ended 30 July 2023

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Trustee, Sponsoring Employer and Advisers

Trustees

Corporate Trustee

Freshwater Pension Trustees Limited

Employer-nominated Trustee Directors

B S E Freshwater

S I Freshwater

Member-nominated Trustee Director

L Hyman

Sponsoring Employer

Highdorn Co. Limited

Actuary

Martin West, FIA – Capita Pension Solutions Limited

Independent Auditor

Cohen Arnold

Plan Administrator and Consultants

Defined Benefit Section

Capita Pension Solutions Limited

Defined Contribution Section

Royal London

Investment Managers

Defined Benefit Section

Schroder Investment Management (UK) Limited

Rothschild & Co Wealth Management UK Limited

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Schroder Investment Management (UK) Limited

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Defined Benefit Section

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National Westminster Bank plc

Defined Contribution Section

Barclays Bank plc

Trustee's Report

The Trustee of The Freshwater Group Staff Retirement Benefits Plan ("the Plan") presents its report together with the audited accounts for the year ended 30 July 2023. The Plan is a defined benefit (DB) Plan, with a defined contribution section (DC) which was introduced on 1 July 2007.

The Plan was established in 1971 and is governed by a definitive trust deed dated 8 May 1985, with subsequent amendments.

Benefit accrual within both the DB and DC sections of the Plan ceased with effect from 11 May 2018 and 1 July 2019 respectively, following completion of the requisite consultation exercise with members.

The remaining investment assets within the DC section were transferred to a Master Trust arrangement operated by Legal & General on 15 January 2021. Consequently, there is no DC governance statement from the Chair or the Trustee Board within this report as the requirement to produce such a document no longer applies. The DC assets that remain within the Plan, relate to benefits arising from the death of members within the DC Section, which have yet to be settled.

Plan Management

Trustee

In accordance with the Occupational Pension Schemes (Member-nominated Trustees and Directors) Regulations 2006, members have the option to nominate a Member-nominated Trustee for selection at certain intervals.

The one Member-nominated Trustee Director, as shown on page 2, was nominated by the members under the rules notified to the members of the Plan. He may be removed before the end of his term only by agreement of all the remaining Trustee Directors.

In accordance with the Trust Deed, the Sponsoring Employer, Highdorn Co. Limited, has the power to appoint and remove the other Trustee Directors of the Plan.

Further information about the Plan is given in the explanatory booklets which are issued to all the relevant members.

Trustee knowledge and understanding

The Pensions Act 2004 requires Trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with the Plan's documentation. The Pensions Regulator has published a Code of Practice on Trustee Knowledge and Understanding to assist Trustees on this matter which became effective from 6 April 2006 and which was revised and re-issued in November 2009.

Sponsoring employer

The Plan has historically been provided for all eligible employees of the Sponsoring Employer, Highdorn Co. Limited, whose registered address is, Freshwater House, 158-162 Shaftesbury Avenue, London, WC2H 8HR.

Financial development

The financial statements on pages 22 to 40 have been prepared and audited in accordance with the Regulations made under Section 41 (1) and (6) of the Pensions Act 1995. They show that the value of the fund decreased from £35,385,668, at 30 July 2022 to £32,467,648 at 30 July 2023. This decrease comprises net withdrawals from dealings with members of £203,277 and net losses on investments of £2,714,793. During the year there were no significant developments affecting the financial position of the Plan.

Trustee's Report

Going concern

The Plan's financial statements have been prepared on the going concern basis. In making this assessment, the Trustee has assessed the ability of the Principal Employer ("the Company") to continue to meet its obligations to the Plan and for the Plan to meet its future obligations to pay member benefits as they fall due. The Trustee has reviewed information made available by the Company and their advisors and therefore the Trustee believes the Plan is well positioned to manage its risks successfully. Considering this, the Trustee has a reasonable expectation that the Plan will continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the Plan's financial statements.

Membership and Benefits

The membership movements of the Plan for the year are given below:

Defined benefit section

	Deferred	**Pensioners**	**Total**
At 30 July 2022	81	147	228
Adjustments	**-**	**(1)**	**(1)**
Retirements	**(4)**	**4**	**-**
Deaths	**-**	**(5)**	**(5)**
New spouse pensioners	**-**	**3**	**3**
At 30 July 2023	**77**	**148**	**225**

Defined contribution section

	Active	**Deferred**	**Total**
At 30 July 2022	**-**	3	3
At 30 July 2023	**-**	**3**	**3**

Pensioners include individuals receiving a pension upon the death of their spouse.

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

Calculation of transfer values

No allowance is made in the calculation of transfer values for discretionary pension increases.

Trustee's Report

Membership and Benefits (continued)

Pension increases

All pensions are subject to an increase each year in accordance with the Rules of the Plan as follows:

Pension accrued before 6 April 1997 - 0% (except any Guaranteed Minimum Pension ("GMP") accrued after April 1988 as a result of being contracted out of the State Scheme which will increase by the rate of inflation as measured by the Consumer Prices Index up to a maximum of 3%).

Pension accrued between 6 April 1997 and 5 April 2006 - increase in Retail Prices Index up to a maximum of 5%.

Pension accrued after 6 April 2006 - increase in Retail Prices Index to a maximum of 2.5%.

The employer has awarded no discretionary increases during the year ended 30 July 2023.

GMP equalisation

In October 2018, the High Court ruled that pension schemes are required to equalise benefits between men and women for the effect of Guaranteed Minimum Pensions (GMP) which were accrued on or after 17 May 1990.

The High Court has since determined that Trustees owed a duty to a transferring member to make a transfer payment which reflected the member's right to equalised benefits. Where the initial transfer payment was inadequate on this basis the Trustees are under an obligation to make a top-up payment to the receiving scheme on behalf of the transferred member.

The Trustee is reviewing, with their advisers, the implication of these rulings in the context of the Plan rules and the value of any liability. On completion of the review the Trustee will put together a plan for correcting past benefits as well as inequalities in benefits coming into payment.

Impact of bond market volatility on the Scheme holdings

Following the Chancellor's 'mini-budget', the price of long dated gilts fell significantly, this was somewhat tempered by the Bank of England announcement on 28 September 2022 that it would start a temporary programme of bond purchases but continued falls in prices were seen thereafter. The Plan's assets and liabilities have fallen as a result, the asset fall has largely been driven by a fall in the value of gilts, which are in place to protect the funding level against changes in interest rates and inflation.

Capita Cyber Incident

The Plan is administered by Capita Pension Solutions Limited on behalf of the Trustee.

On 6 April 2023, Capita informed the Trustee it had experienced a cyber incident following an unauthorised access to Capita's systems on or around 22 March 2023, before being interrupted by Capita on 31 March 2023.

On 17 May 2023, Capita informed the Trustee that personal data which Capita processes on behalf of the Trustee had been part of the data exfiltrated as a result of the cyber incident.

The Trustee has taken action to comply with its regulatory obligations, including informing relevant regulators and communicating with affected members.

Trustee's Report

Investment Matters

Overview

The Trustee, with the assistance of its appointed investment adviser, determines the overall investment strategy for the Plan and sets out the broad policy to be adopted by each of the appointed fund managers.

Investment managers

The names of those who have managed the Plan's investments during the year are listed on page 2. The Trustee has delegated the day-to-day management of investment to its appointed fund managers. A written agreement between the Trustee and each manager sets out the terms on which the manager will act.

The Trustee has elected to invest in pooled funds and cannot, therefore, directly influence the ESG policies, including the day-to-day application of voting rights, of the funds in which they invest. However, the Trustee will consider these policies in all future selections and will deepen its understanding of its existing managers' policies over time. The Trustee's policy on such matters is set out in full in the Statement of Investment Principles.

Investment principles

In accordance with Section 35 of the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles which includes the Trustee policy relating to ethical investment and the exercise of the rights attaching to investments. This is available on request (see address for enquiries on page 15) or online using the following link:

https://highdorn.co.uk/pension_information.

This Statement may change from time to time according to advice received from the investment manager or consultants.

Departures from investment principles

To the best of its knowledge, the Trustee can report that there has not been any departure from the SIP by the Plan's investment managers during the year ended 30 July 2023.

Custodial arrangement

The safe custody of the Plan's investments is delegated to professional custodians via the use of pooled funds.

Basis of investment manager's fees

The investment managers levy a charge which is deducted from the value of the assets and reflected in the price of the units with the exception of BlackRock investments where a management fee is charged separately (see note 16).

Employer related investments

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

Trustee's Report

Investment Matters (continued)

Asset allocation

At the year end, the asset allocation was as follows:

	30 July 2023	30 July 2022
	%*	**%**
Equities		
UK Equities	7.1	4.7
Overseas Equities	65.5	60.0
Emerging Markets	0.3	0.5
Total Equities	**72.9**	**65.2**
Other Return-seeking assets		
Fixed income	5.5	9.7
Alternative growth assets	6.5	10.8
Total Other Return-seeking assets	**12.0**	**20.5**
Liability-Matching and Cash		
Leveraged gilt funds (Liability Driven Investment)	12.7	10.0
Cash	2.4	4.3
Total Liability-Matching and Cash	**15.1**	**14.3**
Total	**100.0**	**100.0**

Source: Investment managers

Trustee’s Report (continued)

Investment Matters (continued)

Review of investment performance

At the year end, the Plan’s investment returns (gross of fees) are set out in the following table. The table shows the performance for each fund, along with the performance benchmark (shown in *italics*) for each fund.

Fund Name	**1 Year %**	**3 Annual Year Returns %**	**5 Annual Year Returns %**
Schroder Life Sterling Liquidity Plus Fund Series 4	3.6	1.3	1.1
SONIA	*3.5*	*1.3*	*1.1*
Schroder Life Diversified Growth Fund	-3.5	1.5	1.7
ICE BofA Sterling 3-Month Government Bill Index +4.5%	*7.9*	*8.3*	*7.5*
Schroder Matching Synthetic Gilt Fund Range*	-22.9	-14.4	-4.1
*Composite Benchmark**	*-22.9*	*-14.5*	*-4.1*
Rothschild New Court Equity Growth Fund	6.3	8.1	6.2
UK Inflation (CPI) +4% p.a.	*11.5*	*10.5*	*8.5*
BlackRock Global Equity Index	8.0	13.0	10.1
MSCI World Net Total Return in GBP	*7.3*	*12.4*	*9.5*

Performance is shown historically for the funds and is not plan specific

**Performance data is only available quarterly for the synthetic gilt fund range and hence the performance data is as at 30 June 2023.*

Implementation statement

The Trustee has, in accordance with the current trustee disclosure rules and regulations, issued an implementation statement in respect of the Plan year ended 30 July 2023 to:

i) Set out how, and the extent to which, in the opinion of the Trustee, the policy required under regulation 2(3)(c) of the Occupational Pension Schemes (Investment) Regulations 2005 has been followed during the year, and

ii) Describe the voting behaviour by, or on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) during the year and state any use of the services of a proxy voter during that year.

A full copy of this statement is appended to and forms an integral part of this report (refer to pages 41 to 46).

Report of Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, every Plan 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 base on pensionable service to the valuation date, assessed using the assumptions agreed between the Trustee and the Employer and set out in the current Statement of Funding Principles, which is available to Plan members on request.

The most recent full actuarial valuation of the Plan was carried out as at 30 July 2021. The table below shows the liability figure as at 30 July 2022 and the actuarial valuation figures as at 30 July 2021 for comparison.

Effective Date:	30 July 2021	30 July 2022
The value of the Technical Provisions was:	£43.864 million	£35.010 million
The value of the assets at that date was:	£40.386 million	£35.202 million
Surplus/(Shortfall)	(£3.478 million)	£0.192 million
Funding level	92%	101%

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 projected unit method.

Significant actuarial assumptions

Pre-retirement discount interest rate:

The pre-retirement discount rate is derived as the annualised gilt yield at a duration of 20 years taken from the Bank of England spot yield curve at the effective date plus 2% p.a.

Post-retirement discount interest rate:

The post-retirement discount rate is derived as the annualised gilt yield at a duration of 20 years taken from the Bank of England spot yield curve at the effective date plus 0.5% p.a.

Future Retail Price inflation:

Future increases in the Retail Prices Index (RPI) are based on the implied rate of RPI inflation from the Bank of England 20-year spot curve, less an inflation risk premium of 0.15% p.a.

Future Consumer Price inflation:

The Consumer Price Index (CPI) assumption is calculated as the assumed rate of RPI inflation curve less a deduction of 0.5% p.a. at each duration.

Pension increases:

Derived from price inflation rates allowing for the caps and floors on pension increases according to the provisions in the Plan's rules. The assumed rates of increase in each case are assessed using the Black-Scholes model with a volatility parameter of 1.4% p.a.

Trustee's Report

Report of Actuarial Liabilities (continued)

***Mortality**:*

For the period before and after retirement, the mortality rates have been assumed to be in line with the S3PA table, adjusted for each member's year of birth. Allowance for future improvements is in line with the CMI 2020 projections with a long-term rate of 1.5% p.a., weighting of 0.0%, IAMI of 0.0% p.a. with $S\kappa$ 7.

GMP Equalisation

The Department for Work and Pensions is consulting on a methodology for equalising Guaranteed Minimum Pensions between men and women and a High Court case ruling on some issues relating to a particular situation was handed down in October 2018.

Subsequently on 20 November 2020 the High Court provided a further ruling that defined benefit pension schemes will need to review individual transfer value payments since 1990 and correct these if there is any additional liability due to be paid because of the impact of GMP equalisation.

The High Court rulings are expected to have implications for all defined benefit pension schemes that contain GMPs, and an approximate allowance has been estimated for the impact of GMP equalisation for the Plan of £600,000 in the calculation of the Technical Provisions as at 30 July 2021.

2024 Valuation

The next valuation of the Plan is as at 30 July 2024.

Summary of Contributions Payable

During the year ended 30 July 2023, the contributions payable to the Plan by the Employer were as follows:

	Defined Benefit Section £	Defined Contribution Section £	2023 Total £
Contributions from employer:			
Deficit funding	**560,000**	**-**	**560,000**
Additional - voluntary	**400,000**	**-**	**400,000**
Contributions payable under the Schedule of Contributions	**960,000**	**-**	**960,000**
Other contributions payable:			
Group life	**86,010**	**-**	**86,010**
Other (see note 16)	**33,316**	**-**	**33,316**
Total contributions reported in the financial statements	**1,079,326**	**-**	**1,079,326**

Following the completion of the Actuarial Valuation of the Plan, as at 30 July 2021, a revised Schedule of Contributions dated 26 October 2022 was agreed and certified by the Actuary. This requires Recovery Plan contributions to be paid between 1 August 2021 and 31 July 2022 at a rate of £560,000 pa; paid monthly to eliminate the deficit.

Additional contributions of £400,000 were received in 2023 to assist with cashflow requirements in the ordinary course of business of the Plan.

Compliance Matters

The purpose of this Statement is to provide information, which is required to be disclosed in accordance with Schedule 3 of The Occupational Pension Schemes (Disclosure of Information) Regulations 1996 or voluntarily by the Trustees. The information deals with matters of administrative routine.

Internal Disputes Resolution Procedure

Any concerns connected with the Plan should initially be referred to Mr J Southgate, Freshwater House, 158-162 Shaftesbury Avenue, London, WC2H 8HR, who will try to resolve the problem as quickly as possible.

Transfer Values

Transfer values are calculated and verified as required under the provisions of the Pension Schemes Act 1993. No discretionary benefits are included.

Taxation

The Plan is a registered pension scheme under Chapter 2 of part 4 of the Finance Act 2004. The Trustee has no reason to believe that there have been any changes to the tax status of the Plan during the year.

MoneyHelper

MoneyHelper (formerly The Money and Pensions Service (MaPs)) was created in 2019 as a single body providing information to the public on matters relating to workplace and personal pensions.

MoneyHelper, 120 Holborn, London, EC1N 2TD

Telephone: 0800 011 3797
Email: pensions.enquiries@moneyhelper.org.uk
Website: https://www.moneyhelper.org.uk

Pensions Ombudsman

The Pensions Ombudsman will assist members and beneficiaries of the Plan in connection with difficulties which they have failed to resolve with the Trustee or Administrator of the Plan and may investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme.

The Pensions Ombudsman, 1st Floor, 10 South Colonnade, Canary Wharf, London, E14 4PU.

Telephone: 0800 917 4487

Early resolution email: helpline@pensions-ombudsman.org.uk

Email: enquiries@pensions-ombudsman.org.uk

Pensions Regulator

The Pensions Regulator is able to intervene in the running of schemes where Trustees, Employers or Professional Advisers have failed in their duties.

The Pensions Regulator, Telecom House, 125-135 Preston Road, Brighton, BN1 6AF

Telephone: 0345 600 7060

Trustee’s Report

Compliance Matters (continued)

Pension Tracing

A pension tracing service is carried out by the Department for Work and Pensions.

The Pension Tracing Service may be contacted at The Pension Service 9, Mail Handling Unit A, Wolverhampton, WV98 1LU

Telephone: 0800 731 0193

Registration under the applicable Data Protection Legislation

The General Data Protection Regulation (“GDPR”) is a regulation in EU law of the European Parliament intended to strengthen and unify data protection for all individuals within the EU. It also addresses the export of personal data outside of the EU.

The Data Protection Act 2018 (DPA 2018) enshrined GDPR in UK law from 23 May 2018 and the Trustee worked with its advisers to formulate its GDPR policy so that it was compliant.

From 1 January 2021, the UK GDPR came into effect which will run alongside the DPA 2018, and the EU GDPR to which all EU nations remain subject, and this includes where Capita, as Plan administrator, operate within the EU. This ensures that we have adequate provision for the safe processing of data in the UK and in the EU/EEA.

The Trustee’s obligations under the UK GDPR are fundamentally the same as our obligations under the EU GDPR and it continues to remain subject to UK Data Protection laws.

Statement of Trustee's Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Plan members, beneficiaries and certain other parties, audited accounts for each Plan year which:

- show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition, at the end of that year, of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year and;
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement as to 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 Trustee is 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 Plan will continue as a going concern.

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

The Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records of contributions received in respect of any active member of the Plan and for monitoring whether contributions are made to the Plan by the Employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

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

The Trustee is also responsible for ensuring that the online information about the Plan, as published by the Principal Employer at https://highdorn.co.uk/pension_information, has integrity and is up-to-date. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Contact for Further Information

For further information about the Plan generally, or complaints in relation to Plan matters, please write to:

James Southgate – Chief Financial Officer
Freshwater House
158-162 Shaftesbury Avenue
London
WC2H 8HR

Email: james.southgate@freshwatergroup.co.uk

Approval of the Trustee's Report

The Trustee's report was approved by the Trustee on ……20 June……2024 and signed on its behalf by:

.... B S E Freshwater, Trustee Director

Schedule of Contributions

Freshwater Group Staff Retirement Benefits Plan

Schedule of Contributions

This Schedule of Contributions has been prepared by the Trustees of the Freshwater Group Staff Retirement Benefits Plan (the "Scheme") after obtaining the advice of the Scheme Actuary on the Scheme Funding Assessment as at 30 July 2021 (the "Effective Date").

This Schedule of Contributions replaces the previous Schedule of Contributions, dated 26 September 2019 and it will be subject to review at future scheme funding assessments. This Schedule of Contributions has been agreed by Highdorn Company Limited (the "Employer"). The Trustees and the Employer hereby agree that the following contributions will be paid to the Scheme.

Period covered by this Schedule of Contributions

This Schedule of Contributions covers the period from the date it is certified by the Scheme Actuary for a period of five years, i.e. the Trustees and the Employer are agreeing the contributions for this period.

Contributions payable by the employer

In order to eliminate the funding deficit as at 30 July 2021, the Employer will pay Recovery Plan contributions as follows:

- Between 1 August 2021 and 31 July 2022:
    - £560,000 pa; paid monthly, plus
    - £600,000
- Between 1 August 2022 and 31 August 2025:
    - £560,000 pa; paid monthly

The contributions detailed above, will be paid monthly, and will be paid on or before the 19th of the calendar month following that to which the payment relates.

The Employer will also pay the administrative expenses of operating the Scheme, including any levies payable to the Pensions Regulator and the Pension Protection Fund. However, investment management fees will be borne by the Scheme.

The Employer may also pay any additional contributions from time to time that it so chooses.

Signed on behalf of the Trustees:

Name: B S E Freshwater

Date: 26 October 2022

Signed on behalf of the Employer:

Name: J S Southgate

Position: Chief Financial Officer

Date: 26 October 2022

Actuary's Certification of the Schedule of Contributions

Freshwater Group Staff Retirement Benefits Plan

Certification of the Schedule of Contributions

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective could have been expected on 30 July 2021 to be met by the end of the period specified in the Recovery Plan dated 26 October 2022.

Adherence to Statement of Funding Principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 26 October 2022.

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

Signature:	
Name:	Martin West
Date:	26 October 2022
Name of employer:	Capita Pension Solutions Limited
Address:	65 Gresham Street London EC2V 7NQ
Qualification:	Fellow of the Institute and Faculty of Actuaries

Independent Auditor’s Report to the Trustee of The Freshwater Group Staff Retirement Benefits Plan

Opinion

We have audited the financial statements of The Freshwater Group Staff Retirement Benefits Plan (the “Plan”) for the year ended 30 July 2023 which comprise the Fund Account, the Statement of Net Assets available for benefits and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Plan during the year ended 30 July 2023, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Independent Auditor's Report to the Trustee of The Freshwater Group Staff Retirement Benefits Plan (continued)

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 Plan's Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 14, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Plan, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Plan and determined that the most relevant to the presentation of the financial statements are those that relate to the reporting legislation (UK GAAP and the Pensions Act), The Pension Regulator, the UK General Data Protection Regulation (GDPR), Health & Safety Regulations and the Bribery Act. We understood how the Plan is complying with those frameworks through discussion with the Trustee Directors and senior management, and by identifying the Plan's policies and procedures regarding compliance with laws and regulations. We also identified those members of management who have the primary responsibility for ensuring compliance with laws and regulations, and for reporting any known instances of non-compliance to the Trustee.

Independent Auditor's Report to the Trustee of The Freshwater Group Staff Retirement Benefits Plan (continued)

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

We communicated these identified frameworks amongst our audit team and remain alert to any indications of non-compliance throughout the audit. We ensured that the engagement team had sufficient competence and capability to identify or recognise non-compliance with laws and regulations.

- We discussed with the Trustee Directors and senior management the policies and procedures regarding compliance with these legal and regulatory frameworks.
- We assessed the susceptibility of the Plan's financial statements to material misstatement, including how fraud might occur, by reviewing the Plan's identified risks and enquiry with the Trustee Directors and senior management during the planning and finalisation phases of our audit. The susceptibility to such material misstatement was determined to be low.
- Based on this understanding we designed our audit procedures to identify non-compliance with the identified legal and regulatory frameworks, which were part of our procedures on the related financial statement items. Our procedures included reviewing the Plan's internal controls policies and procedures, reviewing the minutes of board meetings and correspondence with regulatory bodies, testing transactions outside the normal course of the business and journal entries, and discussions with the Trustee Directors and senior management.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit, in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

Use of our report

This report is made solely to the Plan's Trustee, 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 Plan's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Cohen Arnold

Cohen Arnold
Chartered Accountants
Registered Auditor

New Burlington House
1075 Finchley Road
Temple Fortune
London NW11 0PU

Our audit was completed on ……20 June 2024………..and our opinion was expressed at that 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 Trustee of The Freshwater Group Staff Retirement Benefits Plan.

We have examined the Summary of Contributions to The Freshwater Group Staff Retirement Benefits Plan for the Plan year ended 30 July 2023 as set out on page 11.

In our opinion contributions for the Plan year ended 30 July 2023 as reported in the Summary of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Actuary on 26 October 2022.

Basis of opinion

Our objective is to obtain sufficient evidence to give reasonable assurance that contributions reported in the Summary of Contributions as set out on page 11, 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 Plan and the timing of those payments under the Schedule of Contributions.

Responsibilities of the Trustee

As described in the Statement of Trustee's Responsibilities the Plan's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised Schedule of Contributions which sets out the rates and due dates of certain contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan. The Trustee is also responsible for keeping records of contributions received in respect of active members of the Plan and for monitoring whether contributions are made to the Plan by the Employer in accordance with the Schedule of Contributions.

Auditor's Responsibilities for the Statement about 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 Trustee, as a body, in accordance with Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Plan's Trustee 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 Trustee as a body, for our work, for this statement, or the opinions we have formed.

Cohen Arnold

Cohen Arnold
Chartered Accountants and Statutory Auditor
London

Date: 20 June 2024

Fund Account
For the Year Ending 30 July 2023

	Note	2023 Defined benefit section £	2023 Defined contribution section £	2023 Total £	2022 Total £
Contributions and benefits					
Employer contributions		**1,079,326**	**-**	**1,079,326**	829,640
Total contributions	5	**1,079,326**	**-**	**1,079,326**	829,640
Benefits paid or payable	6	**(1,196,543)**	**-**	**(1,196,543)**	(1,168,684)
Other payments	7	**(86,010)**	**-**	**(86,010)**	(69,640)
		(1,282,553)	**-**	**(1,282,553)**	(1,238,324)
Net withdrawals from dealings with members		**(203,227)**	**-**	**(203,227)**	(408,684)
Returns on investments					
Investment income	8	**52,361**	**-**	**52,361**	49,297
Change in market value of investments	9	**(2,712,180)**	**(68)**	**(2,712,248)**	(4,627,217)
Investment management expenses	16	**(54,906)**	**-**	**(54,906)**	(829)
Net losses on investments		**(2,714,725)**	**(68)**	**(2,714,793)**	(4,578,749)
Net decrease in the fund during the year		**(2,917,952)**	**(68)**	**(2,918,020)**	(4,987,433)
Net assets of the Plan at start of year		**35,382,694**	**2,974**	**35,385,668**	40,373,101
Net assets of the Plan at end of year		**32,464,742**	**2,906**	**32,467,648**	35,385,668

The accompanying notes on pages 24 to 40 are an integral part of these financial statements.

Statement of Net Assets
Available for benefits as at 30 July 2023

	Note	2023 Defined benefit section £	2023 Defined contribution section £	2023 Total £	2022 Total £
Investment assets:					
Pooled investment vehicles	10	**31,202,024**	**3,650**	**31,205,674**	34,656,952
Annuity policies	11	**1,027,685**	**-**	**1,027,685**	992,914
Other investment balances	9	**-**	**-**	**-**	(440,817)
Total net investments	9	**32,229,709**	**3,650**	**32,233,359**	35,209,049
Current assets	18	**272,132**	**50,538**	**322,670**	247,661
Current liabilities	19	**(37,099)**	**(51,282)**	**(88,381)**	(71,042)
Net assets of the Plan at end of year		**32,464,742**	**2,906**	**32,467,648**	35,385,668

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which takes into account such obligations for the defined benefit section, is dealt within the Report of Actuarial Liabilities on page 9 of the Annual Report and these financial statements should be read in conjunction with this report.

The accompanying notes on pages 24 to 40 form an integral part of these financial statements.

These financial statements were approved by the Trustee on 20 June 2024 and signed on its behalf by:

.... B S E Freshwater, Trustee Director

Notes to 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 issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice 'Financial Reports of Pension Schemes' (Revised June 2018).

2. Identification of the financial statements

The Plan is established as a trust under English Law. The registered address of The Freshwater Group Staff Retirement Benefits Plan is Freshwater House, 158 – 162 Shaftesbury Avenue, London, WC2H 8HR. The Plan has two sections: a defined benefit (DB) section and a defined contribution (DC) section. Both sections are closed to new members and future accruals. The DC assets were transferred from the Plan to a Master Trust operated by Legal & General on 15 Jan 2021.

3. Accounting policies

The following principal accounting policies were consistently applied in the preparation of the financial statements, except when stated otherwise:

Valuation of investments

The market value of pooled investment vehicles is based on the bid price or single swinging price basis at the accounting date, as advised by the investment managers.

The AVC investments comprise policies of assurance. The market value of these policies are taken as the surrender values of the policies at the year end, as advised by the AVC providers.

The market value of annuity policies has been estimated as twenty times the annual income received from the policies. The change in investment market values, are accounted for in the year in which they arise, and include profits and losses on investments sold, as well as unrealised gains and losses, in the value of investments held at the year end.

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

Investments are included at market value as described below:

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.

Contributions and benefits

Contributions and benefits are accounted for in the period in which they fall due.

Employer deficit funding contributions are accounted for on the due dates in accordance with the Schedule of Contributions.

Additional contributions are received on an ad hoc basis to assist with cashflow requirements in the ordinary course of business of the Plan.

Group life assurance premiums are paid directly by the contributing company on behalf of the Plan.

Notes to the Financial Statements

3. Accounting policies (continued)

Transfers

Individual transfers are accounted for when the transfer has been agreed by both parties and the receiving scheme has accepted liability for the transfer.

Investment Income

Income is accounted for in the period in which it falls due.

Income from cash and short-term deposits is accounted for on an accruals basis.

Income generated by pooled investment units is not distributed, but retained within the pooled investments and reflected in the market value of the units.

Receipts from annuity policies held by the Trustee to fund benefits payable to Plan members are included within investment income on an accruals basis.

Administrative expenses

Administrative and investment expenses are met by the contributing company except for those expenses detailed in notes 16.

Presentation currency

The Plan’s functional currency and presentational currency is pound sterling (GBP).

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction. Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

Notes to the Financial Statements

4. Primary Statements Comparatives

Fund Account

For the Year Ending 30 July 2022

	Note	2022 Defined benefit section £	2022 Defined contribution section £	2022 Total £
Contributions and benefits				
Employer contributions		829,640	-	829,640
Total contributions	5	829,640	-	829,640
Benefits paid or payable	6	(1,143,543)	(25,141)	(1,168,684)
Other payments	7	(69,640)	-	(69,640)
		(1,213,183)	(25,141)	(1,238,324)
Net withdrawals from dealings with members		(383,543)	(25,141)	(408,684)
Returns on investments				
Investment income	8	49,297	-	49,297
Change in market value of investments		(4,626,189)	(1,028)	(4,627,217)
Investment management expenses	16	(829)	-	(829)
Net losses on investments		(4,577,721)	(1,028)	(4,578,749)
Net decrease in the fund during the year		(4,961,264)	(26,169)	(4,987,433)
Net assets of the Plan at start of year		40,343,958	29,143	40,373,101
Net assets of the Plan at end of year		35,382,694	2,974	35,385,668

Notes to the Financial Statements

4. Primary Statements Comparatives

Statement of Net Assets

Available for benefits as at 30 July 2022

	Note	2022 Defined benefit section £	2022 Defined contribution section £	2022 Total £
Investment assets:				
Pooled investment vehicles	10	34,653,234	3,718	34,656,952
Annuity policies	11	992,914	-	992,914
Other investment balances	9	(440,817)	-	(440,817)
Total net investments	9	35,205,331	3,718	35,209,049
Current assets				
Current assets	18	197,123	50,538	247,661
Current liabilities	19	(19,760)	(51,282)	(71,042)
Net assets of the Plan at end of year		35,382,694	2,974	35,385,668

5. Contributions

	2023 Defined benefit section £	2023 Defined contribution section £	2023 Total £
Employer contributions			
Deficit funding	**560,000**	**-**	**560,000**
Additional	**400,000**	**-**	**400,000**
Group Life	**86,010**	**-**	**86,010**
Other (see note 16)	**33,316**	**-**	**33,316**
	1,079,326	**-**	**1,079,326**

	2022 Defined benefit section £	2022 Defined contribution section £	2022 Total £
Employer contributions			
Deficit funding	510,000	-	510,000
Additional	250,000	-	250,000
Group Life	69,640	-	69,640
	829,640	-	829,640

Notes to the Financial Statements

5. Contributions (continued)

As agreed per the Schedule of Contributions certified on 26 October 2022, Recovery Plan contributions of £560,000 pa have been paid on a monthly basis.

Additional contributions of £400,000 were received during the year from the Company to facilitate the operational funding requirements of the Plan.

6. Benefits paid or payable

	2023 Defined benefit section £	**2023 Defined contribution section £**	**2023 Total £**
Pensions	**1,142,117**	**-**	**1,142,117**
Commutations of pensions and lump sum retirement benefits	**54,426**	**-**	**54,426**
	1,196,543	**-**	**1,196,543**

	2022 £	2022 £	2022 £
Pensions	1,125,839	-	1,125,839
Commutations of pensions and lump sum retirement benefits	12,610	-	12,610
Lump sum death benefits	5,094	25,141	30,235
	1,143,543	25,141	1,168,684

7. Other payments

	2023 Defined benefit section £	**2023 Defined contribution section £**	**2023 Total £**
Premiums on term insurance policies			
Current year	**88,065**	**-**	**88,065**
Prior Year	**(2,055)**	**-**	**(2,055)**
	86,010	**-**	**86,010**

Notes to the Financial Statements

7. Other payments (continued)

	2022 Defined benefit section £	2022 Defined contribution section £	2022 Total £
Premiums on term insurance policies			
Current year	73,028	-	73,028
Prior year	(3,388)	-	(3,388)
	69,640	-	69,640

Term insurance is secured by policies underwritten by Canada Life Assurance Company Limited. The premiums are paid directly by the Principal Employer and, as these are not recharged to the Plan, they also represent Employer Contributions (see note 5).

8. Investment income

	2023 Defined benefit section £	**2023 Defined contribution section £**	**2023 Total £**
Interest on cash deposit	**1,361**	**-**	**1,361**
Annuity income	**51,000**	**-**	**51,000**
	52,361	**-**	**52,361**

	2022 £	2022 £	2022 £
Annuity income	49,297	-	49,297
	49,297	-	49,297

Notes to the Financial Statements

9. Reconciliation of investments held at the beginning and end of the year

	Market Value at 31 July 2022 £	Purchases at cost £	Sales proceeds £	Change in market value £	Market Value at 30 July 2023 £
Defined benefit section					
Pooled investment vehicles	34,653,234	**18,442,763**	**(19,147,022)**	**(2,746,951)**	**31,202,024**
Annuity policies	992,914	**-**	**-**	**34,771**	**1,027,685**
	35,646,148	**18,442,763**	**(19,147,022)**	**(2,712,180)**	**32,229,709**
Other investment balances:					
Trade payables	(440,817)				**-**
	35,205,331				**32,229,709**

	Market Value at 31 July 2022 £	Purchases at cost £	Sales proceeds £	Change in market value £	Market Value at 30 July 2023 £
Defined contribution section					
Pooled investment vehicles	3,718	**-**	**-**	**(68)**	**3,650**

Investments in the Defined Contributions Section purchased by the Plan are allocated to provide benefits to the individuals on whose behalf corresponding contributions were paid. The investment provider designates the investment records by member. The Trustee may hold investment units representing the value of employer contributions that have been retained by the Plan that relate to members leaving the Plan prior to vesting. Of the Defined Contribution investments, £3,650 (2022: £3,718) are considered to be designated to members.

The companies managing the pooled investments are registered in the United Kingdom.

Notes to the Financial Statements

10. Pooled investment vehicles

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

	2023 £'000	2022 £'000
Defined Benefit Section		
Equities	**24,282,763**	22,939,127
Bonds	**3,972,987**	3,428,236
Cash	**588,010**	1,282,197
Diversified Growth Fund	**2,358,264**	7,003,674
	31,202,024	34,653,234

	2023 £'000	2022 £'000
Defined Contribution Section		
Equities	**2,705**	2,915
Bonds	**706**	645
Cash	**239**	158
	3,650	3,718

11. Annuity policies

At 30 July 2023, the Plan held annuity policies in the name of the Trustee with policy providers as follows:

	2023 Defined benefit section £	2023 Defined contribution section £	2023 Total £
Reassure	**318,816**	**-**	**318,816**
Canada Life	**708,869**	**-**	**708,869**
	1,027,685	**-**	**1,027,685**

	2022 Defined benefit section £	2022 Defined contribution section £	2022 Total £
Reassure	317,427	-	317,427
Canada Life	675,487	-	675,487
	992,914	-	992,914

Notes to the Financial Statements

11. Annuity policies (continued)

The above annuity policies held in the name of the Trustee have been bought in order to secure a pension for certain members on their retirement. Annuity income arising from these policies is reported within investment income (note 8) and the associated pension cost is reported within benefits paid (note 6).

12. Additional voluntary contribution investments

Defined contribution section

The Trustee holds assets within the main funds to secure additional benefits, on a money purchase basis, for those members who have elected to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement made up to 30 July each year, confirming the amounts held to their account and the movements during the year.

Defined contribution members were able to make AVCs in line with their main benefits prior to the cessation of benefit accrual effective from 1 July 2019.

13. Transaction costs

Indirect transaction costs are incurred through the bid-offer spread on investments within the Plan's pooled investment vehicles. The amount of indirect costs is not separately provided to the Plan.

14. Concentration of Investments

The following investments each account for more than 5% of the Plan's net assets at the year-end:

	2023		2022	
	£	**%**	£	%
Defined benefit section				
Aquila Life MSCI World Fund S16	**12,711,763**	**39.1**	12,034,877	34.0
Rothschild New Court Equity Growth Fund	**11,571,000**	**35.6**	10,904,250	30.8
Schroder Life Diversified Growth Fund	**2,358,264**	**7.3**	7,003,674	19.8
Schroder Matching Synthetic Gilt Fund Range	**3,972,987**	**12.2**	3,428,237	9.7

Notes to the Financial Statements

15. 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 assessment date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable (i.e. developed) 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.

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

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

As at 30 July 2023

	Level 1 £	Level 2 £	Level 3 £	Total £
Defined benefit section				
Pooled investment vehicles	**-**	**31,202,024**	**-**	**31,202,024**
Annuities	**-**	**-**	**1,027,685**	**1,027,685**
	-	**31,202,024**	**1,027,685**	**32,229,709**
Defined contribution section				
Pooled investment vehicles	**-**	**3,650**	**-**	**3,650**
	-	**31,205,674**	**1,027,685**	**32,233,359**

As at 30 July 2022

	Level 1 £	Level 2 £	Level 3 £	Total £
Defined benefit section				
Pooled investment vehicles	-	34,653,234	-	34,653,234
Annuities	-	-	992,914	992,914
Trade Payable	(440,817)	-	-	(440,817)
	(440,817)	34,653,234	992,914	35,205,331
Defined contribution section				
Pooled investment vehicles	-	3,718	-	3,718
	(440,817)	34,656,952	992,914	35,209,049

Notes to the Financial Statements

16. Investment management expenses

	2023 Defined benefit section £	2023 Defined contribution section £	2023 Total £
Administration, management, and custody			
Current year	**21,590**	**-**	**21,590**
Prior year	**33,316**	**-**	**33,316**
	54,906	**-**	**54,906**

The above prior year expenses relate to BlackRock fees billed in arrears. These were settled by the Employer with the funding being treated as a one-off contribution to the Plan (see note 5).

	2022 £	2022 £	2022 £
Administration, management, and custody	829	-	829

17. Investment risk disclosures

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: 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: the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

- **Currency risk**: the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk**: the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- **Other price risk**: the risk that the fair value or future cash flows of a financial instrument 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 financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determines its investment strategy after taking advice from a professional investment adviser. The Plan has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Plan's strategic investment objectives. These investment objectives and risk limits are implemented through the asset management agreements in place

Notes to the Financial Statements

17. Investment risk disclosures (continued)

with the Plan's asset managers and monitored by the Trustee by regular reviews of the investment portfolio.

The following table summarises the extent to which the various classes of investments are affected by financial risks:

	Credit Risk		Market risk*			**30 July 2023 £**	30 July 2022 £
	Direct	**Indirect**	**Currency**	**Interest rate**	**Other price**		
Pooled investment vehicles: - Schroder Sterling Liquidity Plus Fund	Y	Y	Y***	Y	Y	**588,010**	1,282,197
- Schroder Intermediated Diversified Growth Fund	Y	Y	Y	Y	Y	**2,358,264**	7,003,673
- Schroder Matching Synthetic Gilt Fund Range	Y	Y	N	Y	N	**3,972,987**	3,428,237
- Rothschild New Court Equity Growth Fund	Y	Y	Y	Y	Y	**11,571,000**	10,904,250
- BlackRock Global Equity Index Fund	N	N	Y	N	Y	**12,711,763**	12,034,877
Total investments**						**31,202,024**	34,653,234

* There is no direct market risk arising from the holdings in the pooled investment vehicles. Indirect market risks and indirect credit risks arise through the underlying investments within the pooled funds.

** Includes only pooled investment vehicles held by the Plan and excludes cash held in the trustee bank account and the legacy insurance policies.

*** Schroders have confirmed that the Sterling Liquidity Plus Fund is exposed to currency risk. This has been updated from previous investment risk disclosures.

In the above table, the risks noted applied to both 2023 and 2022 with the exception of the BlackRock Global Equity Index Fund which is no longer exposed to credit risk.

Only a portion of the funds involved may be exposed to the risk in questions.

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

Investment strategy

The primary investment objective of the Plan was to maintain a portfolio of suitable assets of appropriate liquidity which would generate investment returns to meet, together with future contributions, the benefits of the Plan payable under the trust deed and rules as they fall due.

The Trustee sets the investment strategy for the Plan by taking into account considerations such as the strength of the employer covenant, the long term liabilities of the Plan and the funding agreed with the Employer. The investment strategy is set out in its Statement of Investment Principles (SIP).

Notes to the Financial Statements

17. Investment risk disclosures (continued)

Investment strategy (continued)

The current strategy is to:

a. Hold around 20% of the Plan's assets in investments that move in line with the long-term liabilities of the Plan. This is referred to as the Liability Matching Portfolio and comprises bonds and derivatives that are held within leveraged Liability Driven Investment (LDI) Funds, as well as some cash funds. The purpose of the Liability Matching Portfolio is to hedge against the impact of interest rate and inflation movements on long term liabilities.

b. Hold around 80% of the Plan's assets in return seeking investments comprising equities, Diversified Growth Funds and other alternative growth assets.

c. Hedge around 80% of funded liabilities (assets) against movements in interest rates and inflation expectations.

The strategy has been reflected in an updated Statement of Investment Principles dated September 2020.

Credit risk

The Plan invests in pooled investment vehicles through asset managers, and therefore is directly exposed to the credit risk of the asset managers. The asset managers are regulated by the FCA. The Plan was indirectly exposed to credit risk in relation to the underlying financial instruments held within these pooled investment funds.

Investments exposed to credit risk	**30 July 2023** **£**	30 July 2022 £
Pooled investment funds:		
Direct and indirect credit risk:		
**BlackRock Global Equity Index Fund	**-**	12,034,877
Rothschild New Court Equity Growth Fund	**11,571,000**	10,904,250
Schroder Sterling Liquidity Plus Fund	**588,010**	1,282,197
Schroder Intermediated Diversified Growth Fund	**2,358,264**	7,003,673
Schroder Matching Synthetic Gilt Fund Range	**3,972,987**	3,428,237
Total investments*	**18,490,261**	34,653,234

* Includes only pooled investment vehicles that were held by the Plan and excludes cash that was held in the trustee bank account and the legacy insurance policies.

** Blackrock has confirmed that the Global Equity index fund is not exposed to credit risk. This has been updated from previous investment risk disclosures.

The Plan's holdings in pooled investment vehicles did not have a credit rating. Direct credit risk arising from the asset manager is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the asset manager and the regulatory environments in which the asset manager operates.

Notes to the Financial Statements

17. Investment risk disclosures (continued)

Credit risk (continued)

Indirect credit risk arises in relation to underlying investments held. At the year end the total value of underlying pooled investments subject to credit risk was £18,490,261 (2022: £34,653,234). As part of managing this risk, a number of controls are used by the asset manager to reduce the impact of this risk, such as holding collateral and monitoring credit ratings associated with each counterparty. This risk was managed by requiring the asset manager to diversify the portfolio to minimise the impact of credit events of any issuer.

Currency risk

All the Plan's assets were priced in sterling, so that there was no direct foreign exchange risk. The Plan was subject to indirect currency risk because some of the Plan's investments were held in overseas markets via pooled investment vehicles. In certain circumstances, the asset manager may seek to manage exposure to currency movements by using forward currency contracts.

The Plan's total unhedged currency risk exposure as at the year-end was as follows:

	30 July 2023 Net exposure unhedged £	30 July 2022 Net exposure unhedged £
Pooled investment vehicles		
Rothschild New Court Equity Growth Fund	**11,571,000**	10,904,250
BlackRock Global Equity Index Fund	**12,711,763**	12,034,877
Schroder Intermediated Diversified Growth Fund	**2,358,264**	7,003,673
Schroder Sterling Liquidity Plus Fund	**588,010**	1,282,197
Total investments*	**27,229,037**	31,224,997

* Currency risks arose through the underlying investments within the pooled funds. In some cases, only a portion of the fund may have been exposed to currency risk.

Interest rate risk

The Plan was subject to indirect interest rate risk because some of the Plan's investments were held in bonds and money market instruments through pooled vehicles, and cash. Under this strategy, if interest rates fell, the value of liability matching investments would rise to help mitigate the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rose, the value of liability matching investments should fall, and the value of the actuarial liabilities would also be expected to fall.

Notes to the Financial Statements

17. Investment risk disclosures (continued)

	30 July 2023 £	30 July 2022 £
Pooled investment vehicles		
Schroder Sterling Liquidity Plus Fund	**588,010**	1,282,197
Schroder Intermediated Diversified Growth Fund	**2,358,264**	7,003,673
Schroder Matching Synthetic Gilt Fund Range	**3,972,987**	3,428,237
Rothschild New Court Equity Growth Fund	**11,571,000**	10,904,250
Total investments	**18,490,261**	22,618,357

At the year end the total assets subject to interest rates risk represented 59.3% of the Plan’s pooled investment assets (2022: 65.3%).

Other price risk

	30 July 2023 £	30 July 2022 £
Pooled investment vehicles		
Schroder Sterling Liquidity Plus Fund	**588,010**	1,282,197
Schroder Intermediated Diversified Growth Fund	**2,358,264**	7,003,673
Schroder Matching Synthetic Gilt Fund Range	**3,972,987**	3,428,237
Rothschild New Court Equity Growth Fund	**11,571,000**	10,904,250
BlackRock Global Equity Index Fund	**12,711,763**	12,034,877
Total investments	**31,202,024**	34,653,234

Other price risk arose principally in relation to equities, credit, property and inflation-linked LDI assets held in the pooled vehicles. At the year end the total assets subject to other price risks represented 100% of the Plan’s pooled investment assets (2022: 100%). The Plan managed this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

Notes to the Financial Statements

18. Current assets

	2023 Defined benefit section £	2023 Defined contribution section £	2023 Total £
Bank balances held with:			
Barclays Bank Plc	**14,455**	**50,538**	**64,993**
National Westminster Bank Plc	**256,116**	**-**	**256,116**
Accrued bank interest	**233**	**-**	**233**
Accrued annuity income	**1,328**	**-**	**1,328**
	272,132	**50,538**	**322,670**

	2022 £	2022 £	2022 £
Bank balances held with:			
Barclays Bank Plc	14,456	50,538	64,994
National Westminster Bank Plc	182,667	-	182,667
	197,123	50,538	247,661

The full balance £50,538 (2022: £50,538) of the Defined Contribution cash is designated to members.

19. Current liabilities

	2023 Defined benefit section £	2023 Defined contribution section £	2023 Total £
Unpaid benefits	**-**	**5,296**	**5,296**
Taxation	**20,996**	**40,359**	**61,355**
Investment Management Expenses	**16,103**	**-**	**16,103**
Death in service payment due	**-**	**5,627**	**5,627**
	37,099	**51,282**	**88,381**

	2022 £	2022 £	2022 £
Unpaid benefits	-	5,296	5,296
Taxation	19,760	40,359	60,119
Death in service payment due	-	5,627	5,627
	19,760	51,282	71,042

Notes to the Financial Statements (continued)

20. Related party transactions

L Hyman, a Member-nominated Trustee Director, is also a pensioner of the Plan and receives benefits in accordance with the Plan rules and on the same terms as normally granted to members.

Contributions received in respect of Trustee Directors who are members of the Plan have been made in accordance with the Trust Deed and Rules. The Trustee Directors receive no fees for their services to the Plan.

All administrative expenses, other than part of those stated in note 16, are borne directly by the contributing employer, Highdorn Co. Limited, and are not recharged to the Plan.

There are no other disclosable related party transactions.

Appendix 1

Implementation Statement for the Freshwater Group Staff Retirement Benefits Plan
Covering 31 July 2022 to 30 July 2023

1. Background

The Trustee of the Freshwater Group Staff Retirement Benefits Plan (the "Plan") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the Plan's Statement of Investment Principles ("SIP") during the previous Plan year. This statement also includes the details of any reviews of the SIP during the year, any changes that were made and reasons for the changes.

A description of the voting behaviour during the year, either by or on behalf of the Trustee, or if a proxy voter was used, also needs to be included within this statement.

This statement should be read in conjunction with the SIP and has been produced in accordance with **The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018** and the subsequent amendment in **The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019**.

A copy of the most recent SIP can be found below:

https://highdorn.co.uk/pension_information/SIP%20-%208%20Jan%20signed.pdf

2. Investment Objectives and activity

The Trustee is required to invest the Plan's assets in the best interest of members, and its main objectives with regard to investment policy are:

- To achieve, over the long term, a return on the Plan's assets which is sufficient (in conjunction with the Plan's existing assets, and contributions) to pay all members' benefits in full;
- To ensure that sufficiently liquid assets are available to meet benefit payments as they fall due; and
- To consider the interests of the Employer in relation to the size and volatility of the Employer's contribution requirements.

There were no departures from the SIP during the year. The Trustee monitored individual investment manager performance during the year using reports provided by the investment managers.

3. Voting and Engagement

The Trustee is keen that its managers are signatories of the UK Stewardship Code - currently all the investment managers are signatories.

The Trustee has elected to invest in pooled funds and cannot, therefore, directly influence the ESG policies, including the day-to-day application of voting rights, of the funds in which they invest. However, the Trustee will consider these policies in all future selections and will deepen its understanding of its existing managers' policies over time.

The Plan, over the year, had holdings in the below funds:

- Schroder Sterling Liquidity Plus Fund
- Schroder Matching Synthetic Gilt Fund Range
- Schroder Intermediated Diversified Growth Fund
- BlackRock Global Equity Index
- Rothschild New Court Equity Growth Fund

The underlined funds are fixed income funds therefore do not hold physical equities and hence there are no voting rights and voting data for the Trustee to report on.

Voting information in respect of the other funds listed above, which do contain physical equities, is set out in the rest of this statement

4. Description of Investment Management's voting processes

a. Schroders

Schroders describe their voting process as the below:

"As active owners, we recognise our responsibility to make considered use of voting rights. We therefore vote on all resolutions at all AGMs/EGMs globally unless we are restricted from doing so (e.g. as a result of share blocking). We aim to take a consistent approach to voting globally, subject to regulatory restrictions that is in line with our published ESG policy.

The overriding principle governing our voting is to act in the best interests of our clients. Where proposals are not consistent with the interests of shareholders and our clients, we are not afraid to vote against resolutions. We may abstain where mitigating circumstances apply, for example where a company has taken steps to address shareholder issues.

We evaluate voting resolutions arising at our investee companies and, where we have the authority to do so, vote on them in line with our fiduciary responsibilities in what we deem to be the interests of our clients. Our Corporate Governance specialists assess each proposal, applying our voting policy and guidelines (as outlined in our Environmental, Social and Governance Policy) to each agenda item. In applying the policy, we consider a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Our specialists will draw on external research, such as the Investment Association's Institutional Voting Information Services and ISS, and public reporting. Our own research is also integral to our process; this will be conducted by both our financial and Sustainable Investment analysts. For contentious issues, our Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

We also engage with companies throughout the year via regular face-to-face meetings, written correspondence, emails, phone calls and discussions with company advisors and stakeholders.

In 2022, we voted on approximately 7600 meetings and 96% of total resolutions, and instructed a vote against the board at over 50% of meetings.

Institutional Shareholder Services (ISS) act as our one service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from ISS in line with our own bespoke guidelines, in addition, we receive ISS's Benchmark research. This is complemented with analysis by our in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.

ISS automatically votes all our holdings of which we own less than 0.5% (voting rights) excluding merger, acquisition and shareholder resolutions. This ensures consistency in our voting decisions as well as creating a more formalised approach to our voting process"

b. Blackrock

Blackrock describe their voting process as the below:

"*The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. Our voting guidelines are market-specific to ensure we take into account a company's unique circumstances by market, where relevant. We inform our vote decisions through research and engage as necessary.*
Our engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. We may also update our regional engagement priorities based on issues that we believe could impact the long-term sustainable financial performance of companies in those markets.

4. Description of Investment Management's voting processes (continued)

b. Blackrock (continued)

We welcome discussions with our clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in our Global Principles, BlackRock determines which companies to engage directly based on our assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of our engagement being productive. Our voting guidelines are intended to help clients and companies understand our thinking on key governance matters. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting.

We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. We inform our vote decisions through research and engage as necessary. If a client wants to implement their own voting policy, they will need to be in a segregated account. BlackRock's Investment Stewardship team would not implement the policy themselves, but the client would engage a third-party voting execution platform to cast the votes."

c. Rothschild

Rothschild describe their voting process as the below:

"*The relatively concentrated and low turnover nature of our equity holdings enables us to review all meeting resolutions for our portfolio companies ourselves. Where possible, we have alerts set up so we automatically receive meeting details as soon as they are released. Where this is not available, our close monitoring of portfolio companies means we will pick up details soon after their publication. The initial review of meeting details is usually conducted by one of the responsible investment specialists in our investment team. Their thoughts, along with the meeting documentation is then shared with the lead analyst of the company and at least one of the co-heads of the investment team. Once all involved are comfortable with the direction of the votes, instructions are sent to our operations team for execution. All voting decisions and results are stored by the team".*

5. Summary of voting behaviour over the year

a. Schroders

Schroders currently only provide voting data at quarter ends but are working to start providing this data at month end in the near future.

	Summary Info
Manager name	Schroders
Fund name	Intermediated Diversified Growth Fund
Approximate value of trustees' assets	c.£2.4m as at 30 July 2023
Number of Equity holdings	1,099
Number of meetings eligible to vote	1,258
Number of resolutions eligible to vote	15,521
% of resolutions voted	94.0%
% of resolutions voted with management	89.0%
% of resolutions voted against management	10.0%
% of resolutions abstained	0.0%
% of meetings voted at least once against management?	48.0%

**Data provided as at 30 June 2023*

5. Summary of voting behaviour over the year (continued)

b. Blackrock

A summary of Blackrock's voting behaviour over the period is provided in the table below:	Summary Info
Manager name	Blackrock
Fund name	Global Equity Index
Approximate value of trustees' assets	c.£12.7m as at 30 July 2023
Number of meetings eligible to vote	933
Number of resolutions eligible to vote	14,070
% of resolutions voted	97.0%
% of resolutions voted with management	94.0%
% of resolutions voted against management	5.0%
% of resolutions abstained	0.0%
% of meetings voted at least once against management?	33.0%

c. Rothschild

A summary of Rothschild's voting behaviour over the period is provided in the table below:

	Summary Info
Manager name	Rothschild
Fund name	New Court Equity Growth Fund
Approximate value of trustees' assets	c.£11.5m as at 30 July 2023
Number of meetings eligible to vote	24
Number of resolutions eligible to vote	427
% of resolutions voted	100.0%
% of resolutions voted with management	98.6%
% of resolutions voted against management	1.40%
% of resolutions abstained	0.0%
% of meetings voted at least once against management?	12.5%

6. Most significant votes over the year

a. Schroders

Schroders believe that all resolutions when they vote against the board's recommendations should be classified as a significant vote, for example, votes against the re-election of directors, on executive remuneration, on material changes to the business (such as capital structure or M&A), on climate matters and on other environmental or social issues may all be more or less significant to different client stakeholders.

b. Blackrock

BlackRock Investment Stewardship prioritises its work around themes that they believe will encourage sound governance practices and deliver sustainable long-term financial performance. Blackrock's year-round engagements with clients to understand their focus areas and expectations, as well as their active participation in market-wide policy debates, help inform these priorities. The themes Blackrock have identified are reflected and updated annually in their Global Principles, market-specific voting guidelines and engagement priorities; these public documents underpin their stewardship activities and form the benchmark against which they look at the sustainable long-term financial performance of investee companies.

BIS periodically published "vote bulletins" on key votes at shareholder meetings to provide insight into details on certain vote decisions they expect will be of particular interest to clients. These bulletins are intended to explain their vote decisions relating to a range of business issues including ESG matters that they consider, based on their global Principles and engagement priorities, potentially material to a company's sustainable long-term financial performance. Other factors they may consider in deciding to publish a vote bulletin include the profile of the issue in question, the level of interest they expect in the vote decision and the extent of engagement they have

6. Most significant votes over the year (continued)

b. Blackrock (continued)

had with the company. The bulletins include relevant company-specific background, sector or local market context, and engagement history when applicable. Blackrock publishes vote bulletins after the shareholder meeting to provide transparency for clients and other stakeholders on their approach to the votes that they consider to be most significant and thus require more detailed explanation.

c. Rothschild

Rothschild have no fixed internal definition of what votes constitutes being significant and what votes do not. Qualitatively Rothschild deemed votes against the recommendation of the Board as significant. Likewise given Rothschild's expectations around climate risk management and support of the "Say on Climate" initiative, they also view any resolutions relating to climate as significant.

Rothschild have set a list of expectations from companies on climate-related disclosure. Companies must:
1. Report emissions and climate risks
2. Have a clear and credible plan to get to net zero
3. Monitor and set milestones

These three points are standing items in their discussions with company management and will inform their decision-making on climate-related proxy voting.

Below is a sample of the significant votes made by the managers over the period 31 July 2022 – 30 July 2023 by fund.

Schroder Intermediated Diversified Growth Fund

Company name	Contemporary Amperex Technology Co., Ltd.	NIKE, Inc.
Date of vote	05 September 2022	09 September 2022
Summary of the resolution	Approve Authorization of the Board to Handle All Related Matters	Advisory Vote to Ratify Named Executive Officers' Compensation
How you voted	Against	Against
Rationale for the voting decision	We do not agree with directors who are involved in the administration of the scheme should be eligible to receive the award.	The majority of the LTI award is not performance-based. We also do not support in-flight changes to the annual bonus and insufficient performance period.
Outcome of the vote	Pass	Pass

Blackrock Global Equity Index Fund

Company name	New World Development Company Limited	Techtronic Industries Co., Ltd.
Date of vote	22 November 2022	12 May 2023
Summary of the resolution	Elect Lee Luen-Wai, John as Director	Approve the Amendments to Share Award Scheme
How you voted	For	Against
Rationale for the voting decision	Director responsible for failing to ensure sufficient board independence	Incentive arrangements do not support the long-term economic interests of shareholders.
Outcome of the vote	Pass	Pass

Rothschild New Court Equity Growth Fund

Company name	Microsoft	Deere
Date of vote	13 December 2022	22 February 2023
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	2.54%	2.98%
Summary of the resolution	Cost/Benefit Analysis of Diversity and Inclusion	Shareholder proposal for termination payments with an estimated value exceeding 2.99 times the sum of the executive's base salary plus target short-term bonus to require shareholder approval
How you voted	Against	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	N/A	N/A
Rationale for the voting decision	The Board note that they do not provide detailed cost-benefit analyses of other aspects of running the business and believe it is unnecessary and counterproductive to single out D&I	Deere's current severance program already limits cash severance payments to, in the case of the CEO a maximum of 3 times, and in the case of all other executive officers a maximum of 2 times, base salary and target short-term incentive for the fiscal year in which termination occurs, plus a sum equal to Deere's contributions for the executive under Deere's defined contribution plans. This is also a part of the existing annual vote on executive compensation
Outcome of the vote	Did not pass	Did not pass
Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	N/A	N/A
On which criteria have you assessed this vote to be "most significant"?	Vote in relation to a key topic	Vote in relation to a key topic