Capita

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

Trustee's Annual Report and Financial Statements
For the Year Ended 30 July 2022

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Trustee, Sponsoring Employers and their Advisers

Trustees

Corporate Trustee

Freshwater Pension Trustees Limited

Employer-nominated Trustee Directors

B S E Freshwater

SI Freshwater

Member-nominated Trustee Director

L Hyman

Principal 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

BlackRock Investment Management (UK) Limited

Defined Contribution Section

Royal London

Investment Custodian

Defined Benefit Section

Schroder (UK) Plc

Banks

Defined Benefit Section

Barclays Bank plc
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 2022. 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.

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, although his appointment terminates if his term of office comes to an end and he is not reappointed or he ceases to be a member of the Plan.

In accordance with the Trust Deed, the Principal 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.

Governance and risk management

The Trustee has in place a plan which sets out their objectives in areas such as administration, investment and communication.

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 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.

Principal employer

The Plan has historically been provided for all eligible employees of the Principal 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 41 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 £40,373,101 at 30 July 2021 to £35,385,668 at 30 July 2022. This decrease comprises net withdrawals from dealings with members of £408,684 and net losses on investments of £4,578,749. During the year there were no significant developments affecting the financial position of the Plan.

Trustee's Report

Registration under the applicable Data Protection Legislation

The General Data Protection Regulation ("GDPR") is a regulation by 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. GDPR came into force from 25 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 Data Protection Act 2018 and the EU GDPR, to which all EU nations, and companies working within EU nations, remain accountable.

The Trustee, Principal Employer and Plan Actuary are registered as Data Controllers under the applicable Data Protection Legislation. Their use of personal data is governed by the Act's Data Protection Principles. In accordance with these Principles, the Trustee, Principal Employer and Plan Actuary will use personal data solely for the purposes of the operation and administration of the Plan. It may be necessary at times to disclose personal data to related parties, such as the Plan's Administrator and Actuary; in such circumstances only relevant information will be disclosed. It may be necessary in certain situations to make enquiries relating to the member, for instance, in the event of death, about eligible beneficiaries; such enquiries will be specific to the required purpose. At all times personal data will be treated securely and confidentially.

The obligations under the UK GDPR are fundamentally the same as the obligations under the EU GDPR and the use of personal data continues to remain subject to UK Data Protection Laws.

Membership and Benefits

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

Defined benefit section

	Deferred	Pensioners	Total
At 30 July 2021	82	152	234
Commutations	(1)	-	(1)
Deaths	-	(8)	(8)
New spouse pensioners	-	3	3
At 30 July 2022	**81**	**147**	**228**

Defined contribution section

	Active	Deferred	Total
At 30 July 2021	-	5	5
Deaths	-	(2)	(2)
Retirements	-	-	-
At 30 July 2022	-	3	3

Trustee's Report

Membership and Benefits (continued)

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.

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 2022.

Russia / Ukraine Conflict

Given the recent and ongoing Russian invasion of Ukraine, the Trustee, with the help of its investment adviser, continues to monitor the situation closely and assess the impact on the Scheme's funding position. Contact has been maintained with the investment managers that manage the funds held by the Scheme to ensure that they are complying with any relevant sanctions and taking appropriate steps where possible to mitigate losses.

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 Scheme's assets and liabilities post year end 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.

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 2022.

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 manager levies a charge which is deducted from the value of the assets and reflected in the price of the units.

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 2022	30 July 2021
	%	%
Equities		
UK Equities	4.7	6.7
Overseas Equities	60.0	22.5
Emerging Markets	0.5	29.6
Total Equities	**65.2**	**58.8**
Other Return-seeking assets		
Fixed income	9.7	8.3
Alternative growth assets	10.8	15.8
Total Other Return-seeking assets	**20.5**	**24.1**
Liability-Matching and Cash		
Leveraged gilt funds (Liability Driven Investment)	10.0	10.0
Cash	4.3	7.1
Total Liability-Matching and Cash	**14.3**	**17.1**
Total	**100.0**	**100.0**

Source: Investment managers

Trustee's Report

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	0.5	0.5	0.6
SONIA	0.5	0.4	0.5
Schroder Life Diversified Growth Fund	(5.3)	4.1	3.7
*UK CPI 1 month lagged**	9.3	7.5	7.4
Schroder Matching Synthetic Gilt Fund Range**	(13.4)	(28.7)	(11.5)
*Composite Benchmark***	(13.0)	(28.3)	(11.3)
Rothschild New Court Equity Growth Fund	(8.8)	6.7	6.6
UK Inflation (CPI) +4% p.a.	14.3	8.4	7.5
BlackRock Global Equity Index	4.3	10.3	11.0
MSCI World Net Total Return in GBP	3.8	9.8	10.6

Performance is shown historically for the funds and is not plan specific
**The target was inflation (UK Consumer Price Index) +5% until 31 March 2022, hereafter the target is cash (ICE BofA 3 Month Sterling Government Bill Index) +4.5%*
*** Performance data is only available quarterly for the synthetic gilt fund range and hence the performance data is as at 30 June 2022.*

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 2022 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 42 to 47).

Trustee's Report

Report of Actuarial Liabilities

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

The value of the Technical Provisions was:	£43.864 million
The value of the assets at that date was:	£40.386 million

The Actuary's certificate of the most recent Schedule of Contributions is included on page 17.

The next triennial valuation will be carried out with an effective date of 30 July 2024.

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: term dependent rates set by reference to the fixed interest gilt curve (as derived from Bank of England data) at the valuation date plus an addition of 2.0% per annum.

Post-Retirement Discount interest rate: term dependent rates set by reference to the fixed interest gilt curve (as derived from Bank of England data) at the valuation date plus an addition of 0.5% per annum.

Future Retail Price inflation: term dependent rates derived from the Bank of England implied inflation spot curve at the valuation date less 0.15% per annum.

Future Consumer Price inflation: term dependent rates derived from the assumption for future retail price inflation less an adjustment equal to 0.8% per annum.

Pension increases: derived from the term dependent rates for future consumer price inflation allowing for the caps and floors on pension increases according to the provisions in the Plan's rules.

Pay increases: general pay increases in line with future consumer price inflation.

Mortality: for the period in retirement, standard tables S2PMA and S2PFA adjusted for each member's year of birth. The allowance for future improvements is based on CMI 2017 improvements with a long term rate of 1.5% per annum.

Trustee's Report

Report of Actuarial Liabilities (continued)

Actuarial Position

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

The actuarial valuation at 30 July 2021 showed that the Plan's assets would not have been enough to buy all members' benefits from an insurance company, as the "buy-out position" was estimated to cover 62% of the value of the Plan's liabilities.

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

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

Trustee's Report

Summary of Contributions Payable

During the year ended 30 July 2022, the contributions payable to the Plan by the Employer were as follows:

	Defined Benefit Section £	Defined Contribution Section £	2022 Total £
Contributions from employer:			
Deficit funding	510,000	-	510,000
Additional	250,000	-	250,000
Total per Note 5 in the financial statements	760,000	-	760,000
Contributions payable under the Schedules of Contributions (as reported on by the Plan Auditor)	760,000	-	760,000
Other contributions payable:			
Group life	69,640	-	69,640
Total contributions reported in the financial statements	829,640	-	829,640

A retroactive Schedule of Contributions was agreed and certified on 26 October 2022 by the Actuary covering the year from 1 August 2021 to 31 July 2022. This required Recovery Plan contributions to be paid monthly between 1 August 2021 and 31 August 2025 at a rate of £560,000 per annum with an additional payment of £600,000 due between 1 August 2021 to 31 July 2022 to eliminate the funding deficit. Of this, £400,000 was considered to have been pre-paid by the Employer on 17 March 2021. The remaining £200,000 was paid in full on 13 January 2022.

This Recovery Plan contribution is inclusive of £50,000 pa additional contributions agreed between the Trustee and Employer as a part of closing the Plan to future accrual. This and the additional payment of £200,000 are shown as "Additional" contributions in the above table and on page 27.

Trustee's Report

Compliance Matters

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.

MoneyHelper

The Money and Pensions Service (MaPS) was created in 2019 as a single body to bring together the services previously delivered by The Pensions Advisory Service (TPAS), the Money Advice Service and Pension Wise, providing information to the public on matters relating to workplace and personal pensions. With effect from 30 June 2021 MaPS has been re-branded as MoneyHelper but still offers all the same services.

Website: https://www.moneyhelper.org.uk

Email: pensions.enquiries@moneyhelper.org.uk

Tel: 0800 011 3797

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 may be contacted at:

The Office of 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

The Pensions Regulator

The Pensions Regulator is the statutory regulator of work-based pension scheme in the UK.

The main objective of the Pensions Regulator is to protect the benefits of members and to promote and improve understanding of good administration of work-based pension schemes and to reduce the risk of claims for compensation from the Pensions Protection Fund. The address is:

The Pensions Regulator
Napier House
Trafalgar Terrace
Brighton
BN1 4DW

Telephone: 0870 606 3636

Trustee's Report

Compliance Matters (continued)

Pension Tracing Service

The Pension Tracing Service is for members (and their dependants), who have lost touch with earlier employers and Pension Scheme Trustees. To trace a benefit entitlement under a former employer's Scheme, enquiries should be addressed to:

Pension Tracing Service
The Pension Service 9
Mail Handling Unit A
Wolverhampton
WV98 1LU

Telephone: 0800 731 0193

Taxation

The Plan is a registered scheme under 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.

Trustee's Report

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;
- 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 United Kingdom Generally Accepted Accounting Practice; and are prepared on a going concern basis unless it is appropriate to presume the Plan will be wound up.

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.

Trustee's Report

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 ....14 November..............2023 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 2022 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 2022, 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 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 regulations made under section 41 of 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

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

COHEN ARNOLD
Chartered Accountants
Registered Auditor

Our audit was completed on 14 November 2023 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 2022 as set out on page 11.

In our opinion contributions for the Plan year ended 30 July 2022 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: 14 November 2023

Fund Account
For the Year Ending 30 July 2022

	Note	2022 Defined benefit section £	2022 Defined contribution section £	2022 Total £	2021 Total £
Contributions and benefits					
Employer contributions		**829,640**	-	**829,640**	1,323,137
Total contributions	5	**829,640**	-	**829,640**	1,323,137
Benefits paid or payable	6	**(1,143,543)**	**(25,141)**	**(1,168,684)**	(1,685,980)
Payment to and on account of leavers	7	-	-	-	(185,819)
Group transfer out	8	-	-	-	(4,151,214)
Other payments	9	**(69,640)**	-	**(69,640)**	(79,804)
Administration expenses	10	-	-	-	(33)
		(1,213,183)	**(25,141)**	**(1,238,324)**	(6,102,850)
Net withdrawal from dealings with members		**(383,543)**	**(25,141)**	**(408,684)**	(4,779,713)
Returns on investments					
Investment income	11	**49,297**	-	**49,297**	53,082
Change in market value of investments	12	**(4,626,189)**	**(1,028)**	**(4,627,217)**	7,350,368
Investment management expenses	19	**(829)**	-	**(829)**	(4,999)
Net (losses) / returns on investments		**(4,577,721)**	**(1,028)**	**(4,578,749)**	7,398,451
Net (decrease) / increase in the fund during the year		**(4,961,264)**	**(26,169)**	**(4,987,433)**	2,618,738
Net assets of the Plan at start of year		40,343,958	29,143	40,373,101	37,754,363
Net assets of the Plan at end of year		**35,382,694**	**2,974**	**35,385,668**	40,373,101

The accompanying notes on pages 24 to 41 are an integral part of these financial statements.

Statement of Net Assets
Available for benefits as at 30 July 2022

	Note	2022 Defined benefit section £	2022 Defined contribution section £	2022 Total £	2021 Total £
Investment assets:					
Pooled investment vehicles	13	**34,653,234**	**3,718**	**34,656,952**	39,177,540
Annuity policies	14	**992,914**	**-**	**992,914**	973,927
Cash deposits	12	**-**	**-**	**-**	829
Other investment balances	12	**(440,817)**	**-**	**(440,817)**	-
Total net investments	12	**35,205,331**	**3,718**	**35,209,049**	40,152,296
Current assets	21	**197,123**	**50,538**	**247,661**	289,387
Current liabilities	22	**(19,760)**	**(51,282)**	**(71,042)**	(68,582)
Net assets of the Plan at end of year		**35,382,694**	**2,974**	**35,385,668**	40,373,101

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 41 form an integral part of these financial statements.

These financial statements were approved by the Trustee on ....14 November........2023 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, 152 – 168 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.

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.

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

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.

Income

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

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

Notes to the Financial Statements

3. **Accounting policies (continued)**

Administrative expenses

Administrative and investment expenses are met by the contributing company except for those expenses detailed in notes 10 and 19.

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 2021

	Note	2021 Defined benefit section £	2021 Defined contribution section £	2021 Total £
Contributions and benefits				
Employer contributions		1,323,137	-	1,323,137
Total contributions	5	1,323,137	-	1,323,137
Benefits paid or payable	6	(1,522,936)	(163,044)	(1,685,980)
Payment to and on account of leavers	7	(185,819)	-	(185,819)
Group transfer out	8	-	(4,151,214)	(4,151,214)
Other payments	9	(79,804)	-	(79,804)
Administration expenses	10	(3)	(30)	(33)
		(1,788,562)	(4,314,288)	(6,102,850)
Net withdrawals from dealings with members		(465,425)	(4,314,288)	(4,779,713)
Returns on investments				
Investment income	11	53,082	-	53,082
Change in market value of investments		7,097,462	252,906	7,350,368
Investment management expenses	19	(4,999)	-	(4,999)
Net returns/(losses) on investments		7,145,545	252,906	7,398,451
Net increase/(decrease) in the fund during the year		6,680,120	(4,061,382)	2,618,738
Net assets of the Plan at start of year		33,663,838	4,090,525	37,754,363
Net assets of the Plan at end of year		40,343,958	29,143	40,373,101

Notes to the Financial Statements

4. Primary Statements Comparatives

Statement of Net Assets

Available for benefits as at 30 July 2021

	Note	2021 Defined benefit section £	2021 Defined contribution section £	2021 Total £
Investment assets:				
Pooled investment vehicles	13	39,147,653	29,887	39,177,540
Annuity policies	14	973,927	-	973,927
Cash deposits	12	829	-	829
Total net investments	12	40,122,409	29,887	40,152,296
Current assets	21	238,849	50,538	289,387
Current liabilities	22	(17,300)	(51,282)	(68,852)
Net assets of the Plan at end of year		40,343,958	29,143	40,373,101

5. Contributions

	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**

	2021 Defined benefit section £	2021 Defined contribution section £	2021 Total £
Employer contributions			
Deficit funding	510,000	-	510,000
Additional	733,333	-	733,333
Group Life	79,804	-	79,804
	1,323,137	-	1,323,137

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, inclusive of £50,000 pa recognised as an additional contribution as part of the Plan closing to future accrual.

Additional deficit contributions of £600,000 were due, with £200,000 received on 13 January 2022 and the remaining £400,000 received in the prior year. Further information can be found on page 11 of the Trustee's Report.

6. Benefits paid or payable

	2022 Defined benefit section £	**2022 Defined contribution section £**	**2022 Total £**
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**

	2021 £	**2021 £**	**2021 £**
Pensions	1,450,290	-	1,450,290
Commutations of pensions and lump sum retirement benefits	72,646	163,044	235,690
	1,522,936	163,044	1,685,980

7. Payments to and on account of leavers

	2022 Defined benefit section £	**2022 Defined contribution section £**	**2022 Total £**
Individual transfer to other schemes	-	-	-

	2021 £	**2021 £**	**2021 £**
Individual transfer to other schemes	185,819	-	185,819

Notes to the Financial Statements

8. Group Transfer Out

	2022 Defined benefit section £	2022 Defined contribution section £	2022 Total £
Group transfer out to other schemes	-	-	-

	2021 Defined benefit section £	2021 Defined contribution section £	2021 Total £
Group transfer out to other schemes	-	4,151,214	4,151,214

A group transfer of DC invested assets to a Master Trust operated by Legal & General was completed on 15 January 2021.

9. Other payments

	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**

	2021 £	2021 £	2021 £
Premiums on term insurance policies			
- Current year	79,804	-	79,804
- Prior year	-	-	-
	79,804	-	79,804

Term insurance is secured by policies underwritten by Canada Life Assurance Company Limited. The premiums are paid directly and are borne by the Principal Employer.

Notes to the Financial Statements

10. Administration expenses

	2022 Defined benefit section £	2022 Defined contribution section £	2022 Total £
Sundry expenses	-	-	-

	2021 £	2021 £	2021 £
Sundry expenses	3	30	33

Except as noted above, costs of the administration of the Plan are borne by the Principal Employer.

11. Investment income

	2022 Defined benefit section £	2022 Defined contribution section £	2022 Total £
Income from pooled investment vehicles	-	-	-
Annuity income	**49,297**	-	**49,297**
	49,297	-	**49,297**

	2021 £	2021 £	2021 £
Income from pooled investment vehicles	4,481	-	4,481
Annuity income	48,601	-	48,601
	53,082	-	53,082

Notes to the Financial Statements

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

	Market Value at 31 July 2021 £	Purchases at cost £	Sales proceeds £	Change in market value £	Market Value at 30 July 2022 £
Defined benefit section					
Pooled investment vehicles	39,147,653	**24,006,353**	**(23,855,596)**	**(4,645,176)**	**34,653,234**
Annuity policies	973,927	-	-	**18,987**	**992,914**
	40,121,580	**24,006,353**	**(23,855,596)**	**(4,626,189)**	**35,646,148**
Cash deposits	829				-
Other investment balances:					
Trade payables	-				**(440,817)**
	40,122,409				**35,205,331**

	Market Value at 31 July 2021 £	Purchases at cost £	Sales proceeds £	Change in market value £	Market Value at 30 July 2022 £
Defined contribution section					
Pooled investment vehicles	29,887	-	**(25,141)**	**(1,028)**	**3,718**

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, £3,718 (2021: £29,887) are considered to be designated to members.

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

Notes to the Financial Statements

13. Pooled investment vehicles

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

	2022 £'000	2021 £'000
Defined Benefit Section		
Equities	**22,939,127**	23,846,847
Bonds	**3,428,236**	3,909,067
Cash	**1,282,197**	1,427,426
Diversified Growth Fund	**7,003,674**	9,964,313
	34,653,234	39,147,653

	2022 £'000	2021 £'000
Defined Contribution Section		
Equities	**2,915**	2,910
Bonds	**645**	21,468
Cash	**158**	5,509
	3,718	29,887

14. Annuity policies

At 30 July 2022, the Plan held annuity policies in the name of the Trustee with policy providers as follows:

	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**

	2021 Defined benefit section £	2021 Defined contribution section £	2021 Total £
Reassure	316,080	-	316,080
Canada Life	657,847	-	657,847
	973,927	-	973,927

Notes to the Financial Statements

14. 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 11) and the associated pension cost is reported within benefits paid (note 6).

15. Additional voluntary contribution investments

Defined benefit section

The Trustee holds assets which are separately invested from the main fund in the form of individual policies of assurance. These 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.

All AVC investments were redeemed in prior years.

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.

16. 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.

17. Concentration of Investments

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

	2022		2021	
	£	**%**	£	%
Defined benefit section				
Aquila Life MSCI World Fund S16	**12,034,877**	**34.0**	11,824,347	29.3
New Court Equity Growth Fund	**10,904,250**	**30.8**	12,022,500	29.8
Schroder Life Diversified Growth Fund	**7,003,674**	**19.8**	9,964,313	24.7
Schroder Matching Synthetic Gilt Fund Range	**3,428,237**	**9.7**	3,909,067	9.7

Notes to the Financial Statements

18. 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 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
Other investment balances	(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

As at 30 July 2021

	Level 1 £	Level 2 £	Level 3 £	Total £
Defined benefit section				
Pooled investment vehicles	-	39,147,653	-	39,147,653
Annuities	-	-	973,927	973,927
Cash Balances	829	-	-	829
	829	39,147,653	973,927	40,122,409
Defined contribution section				
Pooled investment vehicles	-	29,887	-	29,887
	829	39,177,540	973,927	40,152,296

Notes to the Financial Statements

19. Investment management expenses

	2022 Defined benefit section £	2022 Defined contribution section £	2022 Total £
Administration, management and custody	**829**	**-**	**829**

	2021 £	2021 £	2021 £
Administration, management and custody	4,999	-	4,999

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

Notes to the Financial Statements

20. Investment risk disclosures (continued)

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

	Credit Risk		Market risk*			30 July 2022 £	30 July 2021 £
	Direct	Indirect	Currency	Interest rate	Other price		
Pooled investment vehicles:							
- Schroder Cash	Y	Y	N	Y	N	**-**	829
- Schroder Sterling Liquidity Plus Fund	Y	Y	N	Y	Y	**1,282,197**	1,427,426
- Schroder Intermediated Diversified Growth Fund	Y	Y	Y	Y	Y	**7,003,673**	9,964,313
- Schroder Matching Synthetic Gilt Fund Range	Y	Y	N	Y	Y	**3,428,237**	3,909,067
- Rothschild New Court Equity Growth Fund	Y	Y	Y	Y	Y	**10,904,250**	12,022,500
- BlackRock Global Equity Index Fund	Y	Y	Y	N	Y	**12,034,877**	11,824,347
Total investments**						**34,653,234**	39,148,482

* 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.

In the above table, the risks noted applied to both 2022 and 2021.

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

20. 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 2022 £**	30 July 2021 £
Pooled investment funds:		
Direct and indirect credit risk:		
BlackRock Global Equity Index Fund	**12,034,877**	11,824,347
Rothschild New Court Equity Growth Fund	**10,904,250**	12,022,500
Schroder Cash	**-**	829
Schroder Sterling Liquidity Plus Fund	**1,282,197**	1,427,426
Schroder Intermediated Diversified Growth Fund	**7,003,673**	9,964,313
Schroder Matching Synthetic Gilt Fund Range	**3,428,237**	3,909,067
Total investments*	**34,653,234**	39,148,482

* 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.

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

20. 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 £34,653,234 (2021: £39,148,482). 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 2022 Net exposure unhedged £	30 July 2021 Net exposure unhedged £
Pooled investment vehicles		
Rothschild New Court Equity Growth Fund	**10,904,250**	12,022,500
BlackRock Global Equity Index Fund	**12,034,877**	11,824,347
Schroder Intermediated Diversified Growth Fund	**7,003,673**	9,964,313
Total investments*	**29,942,800**	33,811,160

*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

20. Investment risk disclosures (continued)

	30 July 2022 £	30 July 2021 £
Pooled investment vehicles		
Schroder Cash	-	829
Schroder Sterling Liquidity Plus Fund	**1,282,197**	1,427,426
Schroder Intermediated Diversified Growth Fund	**7,003,673**	9,964,313
Schroder Matching Synthetic Gilt Fund Range	**3,428,237**	3,909,067
Rothschild New Court Equity Growth Fund	**10,904,250**	12,022,500
Total investments	**22,618,357**	27,324,135

At the year end the total assets subject to interest rates risk represented 65.3% of the Plan's pooled investment assets (2021: 69.8%).

Other price risk

	30 July 2022 £	30 July 2021 £
Pooled investment vehicles		
Schroder Sterling Liquidity Plus Fund	**1,282,197**	1,427,426
Schroder Intermediated Diversified Growth Fund	**7,003,673**	9,964,313
Schroder Matching Synthetic Gilt Fund Range	**3,428,237**	3,909,067
Rothschild New Court Equity Growth Fund	**10,904,250**	12,022,500
BlackRock Global Equity Index Fund	**12,034,877**	11,824,347
Total investments	**34,653,234**	39,147,653

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 100.0% of the Plan's pooled investment assets (2021: 100.0%). The Plan managed this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

Notes to the Financial Statements

21. Current assets

	2022 Defined benefit section £	2022 Defined contribution section £	2022 Total £
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**

	2021 £	2021 £	2021 £
Bank balances held with:			
• Barclays Bank Plc	14,456	50,538	64,994
• National Westminster Bank Plc	224,393	-	224,393
	238,849	50,538	289,387

The full balance £50,538 (2021: £50,538) of the Defined Contribution cash is designated to members.

22. Current liabilities

	2022 Defined benefit section £	2022 Defined contribution section £	2022 Total £
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**

	2021 £	2021 £	2021 £
Unpaid benefits	304	5,296	5,600
Taxation	16,996	40,359	57,355
Death in service payment due	-	5,627	5,627
	17,300	51,282	68,582

Notes to the Financial Statements (continued)

23. 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 those stated in notes 10 and 19, 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 2021 to 30 July 2022

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 Cash 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.

3. Voting and Engagement (continued)

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:
"Schroders evaluate voting issues arising at their 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. Schroders utilise company engagement, internal research, investor views and governance expertise to confirm their intention.
We receive research from both ISS and the Investment Association's Institutional Voting Information Services (IVIS) for upcoming general meetings, however this is only one component that feeds into our voting decisions. In addition to relying on our policies we will also be informed by company reporting, company engagements, country specific policies, engagements with stakeholders and the views of portfolio managers and analysts.
It is important to stress that our own research is also integral to our final voting decision; this will be conducted by both our financial and ESG analysts. For contentious issues, our Corporate Governance specialists will be in deep dialogue with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.
We continue to review our voting practices and policies during our ongoing dialogue with our portfolio managers. This has led us to raise the bar on what we consider 'good governance practice.'"

b. Blackrock

Blackrock describe their voting process as the below:
"The team and its voting and engagement work continuously evolve 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. 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 concentrated nature of our portfolios means all resolutions for all meetings are manually reviewed and we do not rely on rigid rules. Most resolutions are uncontroversial and do not require lengthy discussions. In cases

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

c. Rothschild (continued)

where a resolution does require more consideration, the relevant members of the investment team will be involved in the decision process and the reasons for a given conclusion are documented. The members of the investment team mostly involved in these decisions are two of the Co-Heads of Investment, the responsible investment specialists and the lead analyst on the company.
Our annual ESG Report provides our clients with our voting record on an annual basis. We disclose the number of resolutions voted on, their nature and whether we voted with or against the recommendations of a board. We provide the rationale for certain voting decisions, such as:
- Voting against the recommendations of a board.
- Voting against a resolution, but in line with the recommendations of a board.
- Placing a vote that was not in line with our guiding governance principles in the event of mitigating circumstances."

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.£7m as at 30 July 2022
Number of Equity holdings	1,099
Number of meetings eligible to vote	1,590
Number of resolutions eligible to vote	18,051
% of resolutions voted	95.9%
% of resolutions voted with management	89.2%
% of resolutions voted against management	10.3%
% of resolutions abstained	0.4%
% of meetings voted at least once against management?	47.4%

**Data provided as at 30 June 2022*

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.£12m as at 30 July 2022
Number of meetings eligible to vote	953
Number of resolutions eligible to vote	14,334
% of resolutions voted	86.0%
% of resolutions voted with management	93.0%
% of resolutions voted against management	6.0%
% of resolutions abstained	0.0%
% of meetings voted at least once against management?	29.0%

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

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.£11m as at 30 July 2022
Number of meetings eligible to vote	18
Number of resolutions eligible to vote	335
% of resolutions voted	100%
% of resolutions voted with management	93.0%
% of resolutions voted against management	6.7%
% of resolutions abstained	0.3%
% of meetings voted at least once against management?	11.0%

6. Most significant votes over the year

a. Schroders

Schroders consider "most significant" votes as those against company management.
However, they believe resolutions related to certain topics carry particular significance. Schroders therefore rank the significance of their votes against management, firstly by management say on climate votes, secondly environmental and social shareholder resolutions, thirdly any shareholder resolutions and finally by the size of our holding.

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 engagement with clients to understand their priorities and expectations, as well as their active participation in market-wide policy debates, help inform these themes. The themes Blackrock have identified in turn shape their Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which Blackrock look at the sustainable long-term financial performance of investee companies.
Blackrock periodically publish "vote bulletins" setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that they consider, based on their Global Principles and Engagement Priorities, material to a company's sustainable long-term financial performance. These bulletins are intended to explain their vote decision, including the analysis underpinning it and relevant engagement history when applicable, where the issues involved are likely to be high-profile and therefore of interest to Blackrock's clients and other stakeholders, and potentially represent a material risk to the investment they undertake on behalf of clients. Blackrock make this information public shortly after the shareholder meeting, so clients and others can be aware of their vote determination when it is most relevant to them. Blackrock consider these vote bulletins to contain explanations of the most significant votes for the purposes of evolving regulatory requirements.

c. Rothschild

Rothschild have no fixed internal definition of what votes constitute 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

6. Most significant votes over the year (Continued)

c. Rothschild (continued)

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 2021 – 30 July 2022 by fund.

Blackrock Global Equity Index Fund

Company name	Commonwealth Bank of Australia	AGL Energy Limited
Date of vote	13 October 2021	22 September 2021
Summary of the resolution	Approve Transition Planning Disclosure	Approve Conditional Spill Resolution
How you voted	Against	Against
Rationale for the voting decision	The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company	This operation is not in the interest of shareholders.
Outcome of the vote	Withdrawn	Withdrawn

Schroder Intermediated Diversified Growth Fund

Company name	Nike, Inc	Apple Inc.
Date of vote	06 Oct 2021	04 March 2022
Summary of the resolution	Report on Human Rights Impact Assessment	Report on Forced Labor
How you voted	Against	Against
Rationale for the voting decision	The company is being asked to publish a Human Rights Impact Assessment for its cotton sourcing practices. The company publishes its human rights policies and information on auditing of factories, however, does not currently publish HRIAs for key commodities, the proposal is therefore additive to current company disclosures.	Increased transparency on Apple's supply chain policies and processes could help alleviate growing risks related to manufacturing in certain regions.
Outcome of the vote	Pass	Pass

6. Most significant votes over the year (Continued)

Rothschild New Court Equity Growth Fund

Company name	Berkshire Hathaway	Comcast
Date of vote	30 April 2022	1 June 2022
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	4.60%	2.60%
Summary of the resolution	Election of Directors	Pension alignment with climate goals
How you voted	Against	Abstain
Where you voted against management, did you communicate your intent to the company ahead of the vote?	No	Not applicable
Rationale for the voting decision	Chair of the Audit Committee and our primary concern relates to a reporting issue (climate)	Proposal asks for a report outlining: • How Comcast could provide employees with more sustainable investment options such as a default option that is better aligned with global and Company climate goals; • If the Board does not intend to include additional low carbon investment options in its employee retirement plan, a statement of the basis for its decision. This is an interesting one as the board's recommendation to vote against is purely based on the US regulatory guidance that it is the fiduciary duty of a retirement plan to consider financial benefits alone. This whole concept has been subject to much challenge and debate in recent years and the US Department of Labor are considering proposals to remove barriers limiting the ability for fiduciaries to consider risks such as climate change. Given this backdrop, despite our own views on the importance of considering climate risks in investing, we do not think we are in a position to vote either For or Against this resolution. Instead, this could be a rare case where we Abstain.
Outcome of the vote	Passed	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"?	For these purposes this is defined as a vote that is: - against the recommendation of the board; - on a resolution put forward by a fellow shareholder; - on a climate related resolution	For these purposes this is defined as a vote that is: - against the recommendation of the board; - on a resolution put forward by a fellow shareholder; - on a climate related resolution