



Flint Ink (UK) Pension Scheme

Scheme Registration Number: 10014344

<https://flintinkukpensionscheme.pensions-directory.co.uk/>

**Trustee Annual Report and Financial Statement
Year Ended 31 March 2024**

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Trustee, Scheme Advisors and Service Providers

Sponsoring Employer

Flint Ink (UK) Limited
Varn House
Northbank Industrial Estate
Brinall Drive
Irlam M44 5BL

Trustees

J Mahony	Member Nominated Trustee (Resigned 1 April 2024)
J Singh	Member Nominated Trustee (Resigned 1 April 2024)
R Stroud	Chair and Independent Trustee (richardstroud1945@yahoo.com) (Resigned 1 April 2024)
R Muawad	Employer Nominated Trustee (Resigned 1 April 2024)
Flint Pension Trustees Limited (Appointed 1 April 2024)	

Actuary and Investment Advisor

P Fishleigh
Willis Towers Watson
5 Wellington Place
Wellington Street
Leeds LS1 4AP

Pension Administrators

Capita Pension Solutions Limited
PO Box 555
Stead House
Darlington DL1 9YT

Secretary to the Trustee

S Jones (Appointed 1 April 2024)
S Kettle (Resigned 1 April 2024)
Capita Pension Solutions Limited
65 Gresham Street
London C2V 7NQ

Statutory Auditors

JW Hinks LLP
19 Highfield Road
Edgbaston
Birmingham B15 3BH

Trustee, Scheme Advisors and Service Providers (continued)

Solicitors

Pinsent Masons LLP
3 Colmore Circus
Queensway
Birmingham B4 6BH

Bankers

National Westminster Bank plc
42 High Street
Sheffield
South Yorkshire S1 2GE

Investment Manager

Legal & General Assurance (Pension Management) Limited
1 Coleman Street
London EC2R 5AA

Bulk Annuity Provider

Just Retirement Limited
Vale House
Bancroft Road
Reigate RH2 7RU

Custodians

HSBC Global Investor Services
8 Canada Square
London E14 5HQ

Citibank
25 Canada Square
Canary Wharf
London E14 5LB

Additional Voluntary Contributions Investment Managers

Phoenix Life Ltd (formally Standard Life Assurance Limited)
Standard Life House
30 Lothian Road
Edinburgh EH1 2DH

Santander
Abbey AVC Team
Equiniti
Sutherland House
Russell Way
Crawley
West Sussex RH10 1UH

Trustee Report

Scheme Management

The Trustee is pleased to present their report and the financial statements of the Flint Ink (UK) Pension Scheme (the "Scheme") for the year ended 31 March 2024. The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council, and with guidance set out in the Statement of Recommended Practice (2018), "Financial Reports of Pension Schemes".

Trust Deed

The Trust Deed provides that the power to appoint or remove Trustees lies with the Trustee. The Trustee held 2 normal Trustee meetings and 4 special meetings during the year ended 31 March 2024. The Special meetings were in relation to the buy in (one of which was predominantly training on **buy-ins and buy-outs**).

The Trustee is wholly aware of the Pension Regulator's statutory objectives to protect the benefits of pension scheme members and to promote good administration of work-based pensions. Appropriate documentation is provided to enable the Trustee to properly exercise their Trustee duty and are encouraged to attend relevant external training courses with any associated costs being met by the Scheme.

All current Trustee Directors have completed The Pension Regulator's trustee toolkit which is an online set of training modules.

Constitution of the Scheme

The Trustee and the Sponsoring Employer, in liaison with the Scheme's legal advisers, prepared and completed a consolidated deed dated 2 August 2012, this was updated on 12 July 2021 which consolidated all previously executed deeds into a single document.

The Scheme is a defined benefit scheme providing benefits based on each member's final pensionable salary and pensionable service. The Scheme was **contracted-out** of the **State Second Pension (S2P)** but the contracting out certificate has now been surrendered following the closure of the Scheme to accrual of pensionable service. The contracting out certificate was surrendered with effect from 31 March 2011.

Further information about the Scheme has been provided in an explanatory booklet, updated at 1 April 2006, which is issued to all members. A copy of the booklet is available free of charge from Capita Pension Solutions Limited (address on page 2).

The Glossary follows the Report and Financial Statements on pages 37 to 40, words featured in the glossary are shown in bold italic print throughout.

Changes to the Scheme

On 1 April 2024 the Trustees of the Scheme were replaced with a corporate trustee, Flint Pension Trustees Limited, 1 Park Row, Leeds, LS1 5AB. The directors of the corporate trustee are J Mahony, J Singh, R Stroud and R Muawad.

Trustee Report (continued)

Scheme Management (continued)

Closure of the Scheme

With effect from 1 January 2002 the Scheme closed to new members. Employees joining the Sponsoring Employer after this date have the option of joining a **defined contribution** scheme with Standard Life.

A Deed of Amendment was made on 31 March 2011 effecting the termination of accrual of pensionable service from 31 March 2011. The Scheme ceased to have any active members with effect on and from 1 April 2011.

Membership

The details of the Scheme membership over the year are:

	Deferred Members	Pensioners Members
As at 31 March 2023	230	517
Post renewal adjustment	-	1
As at 1 April 2023	230	518
Leavers:		
Retirements	(10)	10
Deaths	(2)	(25)
Transfers	(1)	-
Spouses' pensions commencing	-	6
Suspended pensions	-	(2)
Total members at 31 March 2024	217	507

These membership figures do not include movements notified to the Administrator after completion of the annual renewal. As a result of this, the information detailed above may be subject to post renewal adjustment as was the case in previous years.

Trustee Report (continued)

Scheme Management (continued)

Financial Development and Actuarial Position to be updated

The financial statements have been prepared and audited in accordance with Section 41 (1) and (6) of the Pensions Act 1995. The fund account on page 24 shows that the value of the fund has decreased from £71,264,221 as at 31 March 2023 to £63,305,170 at the year-end 31 March 2024.

The formal **triennial actuarial valuation** as at 31 March 2023 showed that the Scheme had a past service surplus of £7.9 million and a **funding level** of 112.6%. A revised **Schedule of Contributions** was agreed between the Employer and the Trustee whereby no deficit reduction contributions were required from October 2023 due to the presence of a funding surplus at this valuation..

The certificate on page 16 confirms the Scheme Actuary's view that based on the level of contributions agreed with the Employer, the **statutory funding objective** as at 31 March 2023.

The Report on **Actuarial Liabilities** is on page 14 and 15.

The annual actuarial valuation as at 31 March 2024 is underway: further details will be provided in the next annual Trustee Report.

Contributions

The latest **actuarial certificate** as to the adequacy of the contributions payable towards the Scheme is shown on page 16.

Following the revised **Schedule of Contributions**, this Schedule requires contributions to be paid at the following rates:

Employer's Contributions

No regular Employer's contributions are due as the Scheme is closed to future accrual.

The updated Schedule of on page 17 states

- The Scheme showed a technical provisions surplus as at 31 March 2023 so no deficit reduction contributions are payable in relation to this valuation. The company will pay no deficit contributions from the month of October 2023 (inclusive) onwards.
- Unless otherwise agreed, the administrative and other expenses (including PPF levies) will be met from the assets of the Scheme. No contributions in respect of expenses will be made after September 2023 until the end of the period covered by the Schedule of Contributions, unless otherwise agreed.

Trustee Report (continued)

Scheme Management (continued)

Members' Contributions

No regular Member contributions are due as the Scheme is closed to future accrual.

AVC Investments

The Trustee has two AVC arrangements to enable members to increase their benefits by paying **Additional Voluntary Contributions (AVCs)**. They have a policy with Phoenix Life Ltd (Formally Standard Life Assurance Limited) and deposit accounts with Santander. Members have the choice of investing their AVCs in the "With-Profits" fund or "Managed" funds with Standard Life and a cash interest account held with Santander. Following the cessation of accrual as at 31 March 2011 no members are paying AVCs.

Transfer Values

Transfer values paid during the year were calculated and verified in the manner prescribed by regulations under Section 97 of the Pension Schemes Act 1993. None of the transfer values were less than the amount provided by Section 94 of the Act. No discretionary benefits were included in the calculation of transfer values.

Pension Increases

Pensions were increased on 1 January 2024.

Pension relating to Pensionable Service:	Increases in payment
Prior to 6 April 1997	2/3 of price inflation (RPI), to a maximum of 3% per annum. This year's increase was 3%.
From 6 April 1997 to 5 April 2005	In line with price inflation (CPI), to a maximum of 5% per annum, or in line with pre 6 April 1997 increases, if greater. This year's increase was 5%.
From 6 April 2005	In line with price inflation (CPI), to a maximum of 2.5% per annum, or in line with pre 6 April 1997 increases, if greater. This year's increase was 3%.

GDPR

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 Pension Solutions Limited, as Scheme 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.

Trustee Report (continued)

Scheme Management (continued)

Guaranteed Minimum Pension (GMP)

On 26 October 2018, High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension scheme. The judgment concluded that schemes should be amended to equalise pension benefits for men and women in relation to **guaranteed minimum pension (GMP)** benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee of the Scheme is aware that the issue will have an effect on the Scheme and will be considering this at future meetings and decisions will be made as to next steps. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. At this stage the Trustee is not in a position to obtain a reliable estimate of the backdated benefits and related interest. Therefore, the cost of backdating pension benefits and related interest have not been recognised in these financial statements. If deemed to be material, they will be recognised once the Trustee is able to reach a reliable estimate.

On 20 November 2020, the High Court handed down a further judgment on the **Guaranteed Minimum Pension (GMP)** equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Scheme may have experienced historical transfers out which might be subject to adjustment as a result of this second ruling. The Trustee will be considering this at a future meeting and decisions will be made as to the next steps.

The Trustee is reviewing, with their advisers, the implication of these rulings in the context of the scheme 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.

Exercises to complete GMP equalisation for both current members and past transfers out are currently underway with a view to implementation of the former being completed by March 2025 and the latter by August 2025.

General Code of Practice

The Pensions Regulator's (TPR) long-awaited General Code of Practice came in to force on 27 March 2024. The code consolidates existing codes of practice into one document, as well as introducing some new requirements for pension schemes.

Central to the Code are the Regulator's expectations as to the features of a well-run scheme and how the governing body (those in charge of pension schemes) should comply with their legal duties. Governing bodies will need to have in place an effective system of governance (ESOG), which is a collection of internal controls and procedures in relation to running a pension scheme. The code sets out TPR's expectations of how occupational pension schemes should be managed and the policies, practices and procedures that should be in place, which includes the obligation to conduct an Own Risk Assessment (ORA).

While the ORA is a new provision, TPR anticipates that many of the stipulations are already being adhered to by schemes. The Trustee is working with their advisers to identify any gaps and assess what actions need to be taken to ensure compliance with the General Code.

Trustee Report (continued)

Scheme Management (continued)

Further Information

Members and recognised trade unions, which are unions recognised by the employer for the purposes of collective bargaining in relation to members, are entitled to inspect copies of documents, free of charge, giving information about the Scheme. In most circumstances, copies of the documents can be provided but a small charge may be made for copies of the Trust documents (Deeds and Rules) and of the Actuary's report.

The trustee has established a scheme website providing basic information and contact details. The website address is:

<https://flintinkukpensionscheme.pensions-directory.co.uk/>

The data provided by members on their application form is processed using computers. The use of the data is registered under the applicable Data Protection Legislation for the purposes of pensions administration by the Trustee and of personnel/employee administration by the employers. The Trustee has ensured that the Scheme's use of personal data also complies with the applicable Data Protection Legislation.

Any enquiries about the Scheme, including requests from individuals for information about their benefits, should be sent to:

Flint Pension Trustees Limited
c/o Capita Pension Solutions Limited
PO Box 555
Stead House
Darlington
DL1 9YT

Email: flintink@capita.co.uk

Trustee Report (continued)

Trustee Summary of Contributions

Statement of Trustee Responsibilities in respect of Contributions

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

Trustee Summary of Contributions payable under the Schedules in respect of the Scheme year ended 31 March 2024

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the employer contributions payable to the Scheme under the **Schedules of Contributions** certified by the Actuary on 9 December 2020 and 16 October 2023 and in respect of the Scheme year ended 31 March 2024. The Scheme auditor reports on contributions under the Schedule in the Auditor's Statement about Contributions.

Summary of Contributions

In respect of the year ended 31 March 2024, the contributions payable to the Scheme by the Employer and under the Schedules of Contributions were as follows:

Contributions payable under the <i>Schedule of Contributions</i>	£
Employer deficit funding contributions	150,000
Employer administrative expense contributions	70,000
Contributions receivable per Fund Account	220,000

Due to a change in the Schedule of Contributions dated 16 October 2023, on page 17, no deficit contributions are payable by the company from this date and unless otherwise agreed the administrative and other expenses (including the PPF levies) will be met from the assets of the Scheme.

Trustee Report (continued)

Investment Matters

Overview

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

Investment manager

The names of those who have managed the Scheme's investments during the year are listed on page 3. The Trustee has delegated the day-to-day management of investment to its appointed fund manager. A written agreement between the Trustee and the manager sets out the terms on which the manager will act.

The manager duties include the consideration of social, environmental or ethical issues in the selection, retention and realisation of investments as well as voting and **corporate governance** in relation to the Scheme's assets. The Trustee has reviewed the investment manager policies on these issues. The Trustee believes that the policies adopted by the manager are consistent with their own views.

Investment principles

In accordance with Section 35 of the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles, dated January 2024, which includes the Trustee policy relating to ethical investment and the exercise of the rights attaching to investments. Any member may request a copy free of charge, the Statement of Investment Principles can also be downloaded from our website. 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 Statement of Investment Principles by the Scheme's investment manager during the year ended 31 March 2024.

Custodial arrangement

The Custodians are HSBC Global Investor Services and Citibank respectively. The Custodians are responsible for the safe keeping of documents relating to ownership. The Trustee has implemented mandates ensuring that rights attaching to Scheme investments are acted upon.

Employer-related investments

There have been no employer related investments during the Scheme year.

Trustee Report (continued)

Investment Matters (continued)

The ***time-weighted investment returns*** on the Scheme's assets were as follows:

Time-weighted accumulative returns to 31 March 2024

Investment Sector Fund	Last Twelve Months		Last Three Years		Last Five Years	
	Fund %	Index %	Fund %	Index %	Fund %	Index %
Diversified Fund	8.7	24.5	3.1	10.8	4.7	12.6
Over 5y Index-Linked <i>Gilts</i>	(6.8)	(6.8)	(12.1)	(12.1)	(6.5)	(6.5)

All fund returns are shown before the deduction of charges

The index used to compare the Diversified Fund's performance is an artificial index and is in our opinion unreliable. The trustee is aware of the view that the performance is satisfactory.

Investment risk disclosures

Investment risks are disclosed in note 14 on pages 31 to 34.

Trustee Report (continued)

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 Trustee. The information deals with matters of administrative routine and the Statement should be read in conjunction with the Trustee Report on pages 4 to 19.

Constitution and Tax Status

The Plan is a registered pension scheme under Chapter 2 of The Finance Act 2004. This means that the Employer contributions are given full tax relief.

Regulatory Matters

Money Helper

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.

Website: <https://www.moneyhelper.org.uk> Money Advice Service can be contacted at Holborn Centre, 120 Holborn, London, EC1N 2TD

Telephone: 0800 011 3797

Pensions Ombudsman

The Pensions Ombudsman will assist members and beneficiaries of the Scheme in connection with difficulties which they have failed to resolve with the Trustee or Administrator of the Scheme 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 1st Floor, 10 South Colonnade, Canary Wharf, London E14 4PU. Telephone: 0800 917 4487

The Pensions Ombudsman's Early Resolution Service and helpline is available at any time to assist members and beneficiaries of a pension scheme in connection with any pensions query. Using this service does not affect your right to apply to the Ombudsman for formal adjudication if you later choose to do so.

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

In the unlikely event that you have a serious problem that remains unsolved after using our Internal Dispute Resolution Procedure and the Pensions Ombudsman's Early Resolution Service and helpline, you may contact the Pensions Ombudsman. The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law. He can be contacted at:

Email: enquiries@pensions-ombudsman.org.uk

Pensions Regulator

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

The Pensions Regulator may be contacted at Telecom House, 125-135 Preston Road, Brighton, BN1 6AF.

Telephone: 0345 600 7060

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

Trustee Report (continued)

Report on Actuarial Liabilities

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

The most recent full actuarial valuation of the Scheme was carried out as at 31 March 2023. This showed that on that date:

The value of the **Technical Provisions** was: £62.5 million

The value of the assets at that date was: £70.4 million

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 **defined benefit accrued method**.

Significant actuarial assumptions

Discount rate prior to retirement: Based on the Willis Tower's Watson nominal gilt yield curve plus a prudent margin of 10 basis points (0.1%) per annum.

Future Retail Price inflation (RPI): Based on the Willis Towers Watson gilt implied break-even inflation curve.

Future Consumer Price inflation (CPI): Based on the RPI assumption less 100 basis points (1.0%) per annum to February 2030 and the RPI assumptions less 50 basis points (0.5%) thereafter.

Pension increases: Calculated by reference to the RPI or CPI assumption and the respective caps, floors and underpins on pension increases according to the provisions in the Scheme's rules using a hard capping approach.

Mortality: for the period in retirement, mortality is assumed to follow the SAPS S3 Heavy pensioner tables (see explanation below) / the SAPS S3 All pensioner tables (see explanation below) with a multiplier (see explanation below) of 91.4% / 107.2% based on amounts for male/female Staff members, and the SAPS S3 All pensioner tables / the SAPS S3 Very light pensioner tables (see explanation below) with a multiplier of 81.5% / 89.7% based on amounts for Executive and Main Board male/female members. For Staff and Executive & Main Board members, an allowance for future improvements in line with the 2022 Continuous Mortality Investigation Bureau (CMIB) core projections model has been made with a 1.5% pa long term trend from 2013 with initial improvement allowance of 0.25% pa and the core smoothing parameter.

SAPS S3: In the UK, the Continuous Mortality Investigation (CMI) analyses pension scheme mortality and produces **mortality tables** based on this analysis. These are known as the Self-Administered Pension Scheme (SAPS) **mortality tables** and are widely used by pension schemes. The CMI publishes a wide variety of SAPS tables, all of which are based on the mortality experience of different groups of members from the experience data. These different groups are split, for example, by pension amount in retirement (i.e. low, medium and high) and ill health retirements. The "S3" tables were published in 2018.

Trustee Report (continued)

Report on Actuarial Liabilities (continued)

SAPS S3 All: This is one of the standard tables produced by the CMI and includes all individuals included in the analysis undertaken by the CMI.

SAPS S3 very light: This is one of the standard tables produced by the CMI and includes pensioners with high pension amounts.

SAPS S3 heavy: This is one of the standard tables produced by the CMI and includes pensioners with low pension amounts.

Multiplier: This is used to adjust the standard **mortality table** to better reflect the **mortality rates** observed in the Scheme. For example, a multiplier of more than 100% means that the Scheme's members are expected, on average, to have higher probability of death than under the standard table.

Long term trend rate: This is used to project the current **mortality rates** into the future, allowing for how we expect **mortality rates** to improve over time.

Trustee Report (continued)

Actuary's Certification of the Schedule of Contributions

Actuary's Certification of Schedule of Contributions

Scheme Name	Flint Ink (UK) Pension Scheme
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Adequacy of rates of contributions

- 1 I certify that, in my opinion, the rates of contributions shown in the schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2023 to continue to be met during the period for which the schedule of contributions is in force.

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 16 October 2023.

The certification of the adequacy of the rates of contribution for the purpose of securing that the statutory funding objective can be expected to continue to be met is not a certification of their adequacy for the purposes of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound-up.

Signature *Paul Fishleigh*

Date: 16 October 2023

Name Paul Fishleigh

Qualification Fellow of the Institute and Faculty of Actuaries

Address 5 Wellington Place
Wellington Street
Leeds
LS1 4AP

Name of Employer Towers Watson Limited,
a WTW company

Authorised and regulated by the Financial Conduct Authority

For further information on the above please see the Financial Development and Actuarial Position of the Trustee Report on page 6.

Trustee Report (continued)

Schedule of Contributions

Flint Ink (UK) Pension Scheme Schedule of Contributions

For the Period	from 1 October 2023	to	31 October 2028
Principal Employer	Flint Ink (UK) Limited		

This Schedule of Contributions has been prepared by the Trustees of the Scheme after obtaining advice from Paul Fishleigh, the Scheme Actuary.

Date of Schedule

This Schedule is dated 16 October 2023. This applies for reference purposes only and it will become effective from the date of its actuarial certification.

Regular contributions

The Scheme is closed to future accrual. No regular contributions are required from members or the Company.

Deficit contributions

The Scheme showed a technical provisions surplus as at 31 March 2023 and so no deficit reduction contributions are payable in relation to this valuation. The Company will pay no deficit contributions from the month of October 2023 (inclusive) onwards.

Expenses

Unless otherwise agreed, the administrative and other expenses (including PPF levies) will be met from the assets of the Scheme. No contributions in respect of expenses will be made after September 2023 until the end of the period covered by this Schedule of Contributions, unless otherwise agreed.

Trustee Report (continued)

Schedule of Contributions (continued)

This Schedule of Contributions has been prepared and agreed by the Trustees of the Scheme:

Signed on behalf of the Trustees

Signed by: Richard Stroud
Name: Richard Stroud
(In Capitals)
Position: Chair of Trustees
Date: October 13, 2023 | 3:58 PM BST

This Schedule of Contributions has been agreed by Flint Ink (UK) Limited:

Signed on behalf of the Company

Signed by: Ron Muawad
Name: Ron Muawad
(In Capitals)
Position: Flint Group CFO
Date: October 13, 2023 | 10:56 AM BST

Date of schedule (for reference purposes): 16 October 2023

Trustee Report (continued)

Statement of Trustee Responsibilities

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

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

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

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

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

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary, revising a **Schedule of Contributions** showing the rates of contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of members of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the Employer in accordance with the **Schedule of Contributions**. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Approval of the Trustee's Report Signed for and on behalf of the Trustee on 18 September 2024



Trustee Director



Trustee Director

Independent Auditor's Report to the Trustee of Flint Ink (UK) Pension Scheme

Opinion

We have audited the financial statements of the Flint Ink (UK) Pension Scheme (the 'Scheme') for the year ended 31 March 2024 which comprise of the statement of net assets available for benefits, the fund account and the related notes, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2024, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The Trustee is responsible for the other information contained within the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Trustee of Flint Ink (UK) Pension Scheme (continued)

Responsibilities of Trustee

As explained more fully in the Trustee responsibilities statement set out on page 19 the Scheme's Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and discussed the policies and procedures regarding compliance.

Specific areas considered were as follows:

- Enquiring with management and others to gain an understanding of the organisation itself including operations, financial reporting and known fraud or error.
- Evaluating and understanding the internal control system.
- Confirming investment valuations and bank balances directly with investment managers and bankers.
- Testing to ensure that contributions have been received in accordance with the Schedule of Contributions.
- Testing benefits payable to members.
- Performing analytical procedures as expected or unexpected variances in account balances or classes of transactions appear.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected all irregularities including those leading to material misstatements in the financial statements or non-compliance with regulation, even though we have properly planned and performed our audit in accordance with auditing standards.

This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

This description forms part of our auditor's report.

Independent Auditor's Report to the Trustee of Flint Ink (UK) Pension Scheme (continued)

Use of our report

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



J W Hinks LLP
Statutory Auditor
19 Highfield Road
Edgbaston
Birmingham B15 3BH

Date: 18 September 2024

Independent Auditor's Statement about Contributions To the Trustee of Flint Ink (UK) Pension Scheme

We have examined the Summary of Contributions to the Flint Ink (UK) Pension Scheme for the Scheme year ended 31 March 2024 which is set out on page 10.

In our opinion contributions for the Scheme year ended 31 March 2024 as reported in the Summary of Contributions and payable under the **Schedules of Contributions** have in all material respects been paid at least in accordance with the **Schedules of Contributions** certified by the Scheme actuary on 9 December 2020 and 16 October 2023.

Scope of work on Statement about Contributions

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

Respective responsibilities of Trustee and the auditor

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

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

Use of our report

This statement is made solely to the Scheme 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 work on contributions has been undertaken so that we might state to the Scheme Trustee those matters we are required to state to them in such an Auditor's Statement about Contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's Trustee, as a body, for our work on contributions, for this statement, or for the opinions we have formed.



J W Hinks LLP
Statutory Auditor
19 Highfield Road
Edgbaston
Birmingham B15 3BH

Date: 18 September 2024

Fund Account for the year ended 31 March 2024

		2024 £	2023 £
Contributions and benefits			
Employer contributions	4	220,000	520,000
Total contributions		220,000	520,000
 Benefits paid or payable	5	(3,395,219)	(3,454,741)
Payments to and on account of leavers	6	(18,228)	(49,003)
Administrative expenses	7	(696,799)	(324,724)
		(4,110,246)	(3,828,468)
 Net withdrawals from dealings with Members		(3,890,246)	(3,308,468)
 Net Returns on investments			
Investment income	8	2,795,509	2,614,311
Change in market value of investments	9	(6,846,341)	(20,119,191)
Investment management expenses	7	(17,973)	(37,177)
Net returns on investments		(4,068,805)	(17,542,057)
 Net decrease in the fund during the year		(7,959,051)	(20,850,525)
Net assets of the Scheme at 1 April		71,264,221	92,114,746
Net assets of the Scheme at 31 March		63,305,170	71,264,221

The accompanying notes on pages 26 to 36 are an integral part of these financial statements.

Statement of Net Assets available for benefits as at 31 March 2024

	Note	2024 £	2023 £
Investment assets:			
<i>Pooled investment vehicles</i>	11	5,807,823	33,627,014
<i>Annuity policy</i>	9	57,200,000	37,500,000
AVC investments	12	38,446	35,077
Total net investments		63,046,269	71,162,091
Current assets	15	463,069	205,549
Current liabilities	16	(204,168)	(103,419)
Net assets of the Scheme at 31 March		63,305,170	71,264,221

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Report on **Actuarial Liabilities** on pages 14 and 15 and these financial statements should be read in conjunction with them.

The accompanying notes on pages 26 to 36 form an integral part of these financial statements.



Trustee Director



Trustee Director

Date: 18 September 2024

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 and the guidance set out in the Statement of Recommended Practice (Revised 2018).

2. Identification of the financial statements

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

3. Accounting policies

The principal accounting policies of the Scheme are as follows:

Contributions

Contributions are accounted for on an **accruals** basis.

The employer contributes towards administration expenses in accordance with the **schedules of contributions**.

Employer **Deficit funding contributions** are accounted for on an **accruals** basis at the rates payable in accordance with the **Schedules of Contributions** and in line with the Recovery Plan under which they are being paid.

Payments to members

Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.

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

Individual transfers out of the Scheme are accounted for when member liability is discharged which is normally when the transfer amount is paid or received.

Where the Trustee is required to settle tax liabilities on behalf of a member (such as lifetime or annual allowances are exceeded) with a consequent reduction in, that members benefits receivable from the Plan, this is shown separately within benefits.

Administrative expenses and investment management expenses

Administrative expenses and investment management expenses are accounted for on an **accrual's** basis.

Investment income

Income from cash and short term deposits is accounts for on an **accrual's** basis.

Income from **pooled investment vehicles** is accounted for when declared by the fund manager.

Investment income arising from the underlying investments of the **Pooled Investment Vehicles** is reinvested within the **Pooled Investment Vehicles** and reflected in the unit price. It is reported within "Change in Market Value".

Income from the **annuity policy** is accounted for on an **accruals** basis.

Notes to the Financial Statements (continued)

3. Accounting policies (continued)

Investments

Unitised **pooled investment vehicles** are stated at the latest available **bid price or single price** provided by the pooled investment manager.

AVC investments are stated at the value given by the investment provider including a non-guaranteed bonus.

The change in market value of investments 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.

The **annuity policy** was purchased in November 2016 with Just Retirement Limited. It has been valued at the Scheme year end by the Actuary.

Currency

The Plan's functional and presentation currency is pounds sterling.

4. Contributions

	2024 £	2023 £
Employer contributions		
Deficit funding contributions	150,000	300,000
Employer administrative expense contributions	70,000	220,000
	220,000	520,000

Deficit Funding contributions are payable by monthly payments under the **Schedule of Contributions** dated 9 December 2020. Under the revised **Schedule of Contributions** dated 16 October 2023 deficit contributions are no longer payable. Further details of the contributions payable under the latest **Schedule of Contributions** are included on page 17 of this report.

5. Benefits paid or payable

	2024 £	2023 £
Pensions	3,179,469	3,073,971
Commutations of pensions and lump sum retirement benefits	178,914	379,875
Death benefits	36,836	895
	3,395,219	3,454,741

6. Payments to and on account of leavers

	2024 £	2023 £
Individual transfers out to other Schemes	18,010	49,003
Refunds to leavers	218	-
	18,228	49,003

Notes to the Financial Statements (continued)

7. Scheme expenses

	2024 £	2023 £
Administrative fees	148,118	142,904
Actuarial fees	377,575	87,530
Audit fees	7,200	6,900
Trustee fees	38,122	38,360
Legal fees	112,395	41,374
Other charges	8,038	4
PPF Levy	5,351	7,652
	696,799	324,724
Investment management expenses	17,973	37,177
Total cost of running the Scheme	714,772	361,901

The increase in Scheme expenses during the year are in relation to costs relating to completing the buy in.

8. Investment income

	2024 £	2023 £
Interest on cash deposits	3,943	572
Annuity income	2,791,566	2,613,739
	2,795,509	2,614,311

9. Reconciliation of investments

	Value at 1 April 2023 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 31 March 2024 £
Pooled investment vehicles	33,627,014	10,366,534	(34,418,507)	(3,767,218)	5,807,823
Annuity policy	37,500,000	22,782,492	-	(3,082,492)	57,200,000
AVC investments	35,077	-	-	3,369	38,446
	71,162,091	33,149,026	(34,418,507)	(6,846,341)	63,046,269

Purchases and sales include £10,366,534 of investment switches.

Transaction costs are included in the cost of purchases and deducted from sale proceeds. There are no direct costs incurred by the Scheme.

In addition, indirect costs are incurred through the **bid-offer** spread on investments within **pooled investment vehicles** and charges made within those vehicles.

Notes to the Financial Statements (continued)

9. Reconciliation of investments (continued) - To be updated

In November 2016, the Trustee purchased an insurance contract with Just Retirement Limited covering the benefits in respect of the pensions in payment at 31 July 2016 (the "buy-in"). In October 2023, the Trustee purchased a further insurance contract which covered the remaining Scheme liabilities. The Trustee is required to place a value on all the assets held by the Scheme, which includes the pensioner buy-ins.

The financial assumptions have been derived using market conditions as at 31 March 2024 in a consistent way to the Scheme's **Technical Provisions**, in line with the **Statement of Funding Principles** dated 16 October 2023. The demographic assumptions used are also in line with the **Statement of Funding Principles**. For completeness the key assumptions are outlined below:

Financial Assumptions	31 March 2024 % p.a.
Discount rate	Gilt curve plus 10 basis points (0.1%) p.a.
Retail Price Index (RPI) inflation	Zero-coupon gilt implied break-even inflation curve
Consumer Price Index (CPI) inflation	RPI less 100 basis points (1.0%) p.a. to 2030 and in line with RPI thereafter
Pension increases	Relevant inflation measure at each duration taking into account the caps, floors and underpins on increases using a hard-capping approach
Mortality	91.4% (Male) / 107.2% (Female) of the SAPS 3 Heavy / All pensioner table (Staff) 81.5% (Male) / 89.7% (Female) of the SAPS 3 All / Very light pensioner table (Executive) with CMI 2022 core projections with a 1.5% p.a. long-term rate from 2013.

This valuation has been carried out by the Scheme Actuary to the Flint Ink (UK) Pension Scheme. Further information on the methodology used is set out in the annual actuarial report for year ending 31 March 2023 and is available on request.

The value of the annuity policies is related to market conditions and so the change in the valuation of the policy is mainly driven by the increase in gilt yields over the period.

10. Concentration of investments

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

	2024		2023	
	£	%	£	%
Legal & General Over 5y I-L Gilts Index	-	-	26,868,904	37.7
Legal & General Diversified Fund	-	-	6,758,110	9.5
Legal & General Sterling Liquidity Fund	3,939,877	6.1	-	-
Just Retirement	57,200,000	90.4	37,500,000	52.6

Notes to the Financial Statements (continued)

11. Pooled investment vehicles

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

	2024 £	2023 £
Bonds	1,867,946	26,868,904
Diversified	-	6,758,110
Liquidity Fund	3,939,877	-
	5,807,823	33,627,014

12. AVC investments

The Trustee hold assets and insurance policies securing additional benefits on a money purchase basis for those members electing to pay **additional voluntary contributions**. Members participating in this scheme receive an annual statement confirming the amounts held in their account and the movements in the year.

	2024 £	2023 £
Santander – with profits	6,861	6,580
Phoenix Life Ltd – Unit Linked	31,585	28,497
	38,446	35,077

13. Fair value determination

The fair value of financial instruments has been determined 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 Scheme's investment assets and liabilities have been fair valued using the above hierarchy levels as follows:

As at 31 March 2024	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled Investment Vehicle	-	5,807,823	-	5,807,823
Annuity Policy	-	-	57,200,000	57,200,000
AVC's	-	-	38,446	38,446
	-	5,807,823	57,238,446	63,046,269

As at 31 March 2023	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled Investment Vehicle	-	33,627,014	-	33,627,014
Annuity Policy	-	-	37,500,000	37,500,000
AVC's	-	-	35,077	35,077
	-	33,627,014	37,535,077	71,162,091

Notes to the Financial Statements (continued)

14. Investment risk disclosures – to be confirmed by Trustee/LGIM Information

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

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

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

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

The Trustee determines their investment strategy after taking advice from a professional investment adviser. The Scheme 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 Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

Further information on the Trustee approach to risk management, credit and market risk is set out below. This does not include AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

Investment Strategy

The investment objectives of the Trustee is the acquisition of suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from members and the Employer, the cost of current and future benefits which the Scheme provides.

The Trustee sets the investment strategy for the Scheme taking into account considerations such as, the long term liabilities as well as short term basis of the Scheme and the funding agreed with the Employer. The investment strategy is set out in its **Statement of Investment Principles (SIP)**.

The strategy that was in force as at 31 March 2024 for the uninsured asset was to hold:

Asset Class	Central Asset
	Allocation %
UK Index Linked	30
LGIM Sterling Liquidity	70

The choice of benchmarks and the ranges specified in the table above are designed to ensure that the Scheme's investments are adequately diversified, whilst having regard to the Scheme's journey plan to buy-out in the short term.

Notes to the Financial Statements (continued)

14. Investment risk disclosures (continued)

Risk Management and Measurement

The Trustee recognise a number of risks involved in the investment of the assets of the Scheme:

- **Solvency risk and mismatching risk**
 - are measured through a qualitative and quantitative assessment of the expected development of the assets relative to the liabilities under current and alternative investment policies.
 - are managed through assessing the progress of the actual growth of the assets relative to liabilities under current and alternative investment policies.
- **Manager risk**
 - is measured by the expected deviation of the prospective risk and return, as set out in the manager's objectives, relative to the investment policy.
 - is managed through the ongoing monitoring of the performance of the investment manager as well as a number of qualitative factors supporting the manager's investment process.
- **Liquidity risk**
 - is measured by the level of cashflow required by the Scheme over a specified period.
 - is managed by the Scheme's administrators assessing the level of cash held in order to limit the impact of the cash flow requirements on the investment policy.
- **Currency risk**
 - is measured by the level of overseas investment and the **translation effect** of currencies leading to the risk of an adverse influence on investment values.
- **Custodial risk**
 - is addressed through investment in pooled vehicles, with the investment managers responsible for selection of suitable custodians. In addition, restrictions are applied as to who can authorise transfers of cash and the accounts to which transfers can be made.
- **Political risk**
 - is measured by the level of concentration of any one market leading to the risk of an adverse influence on investment values arising from political intervention.
 - is managed by regular reviews of the actual investments relative to policy and through regular assessment of the levels of diversification within the existing policy.
- **Sponsor risk**
 - is measured by the level of ability and willingness of the sponsor to support the continuation of the Scheme and to make good any current or future deficit.
 - is managed by assessing the interaction between the Scheme and the sponsor's business, as measured by the number of factors, including the creditworthiness of the sponsor and the size of the pension liability relative to the financial strength of the sponsor.
- **Counterparty risk**
 - Following the investment in insurance company assets there will now be exposure to a counterparty, Just Retirement Limited. The Trustee will monitor this risk taking into account the insurer's overall financial strength and the Prudential Regulation Authority regime with which insurance companies must operate. In addition, there is protection offered through the Financial Services Compensation Scheme and support provided by the Employer.

Notes to the Financial Statements (continued)

14. 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			2024 Value	2023 Value
		Currency	Interest rate	Other price		
Annuity policy	*	+	+	*	57,200,000	37,500,000
Pooled investment vehicles:						
Indirect	*	*	*	*	5,807,823	33,627,014
Additional Voluntary Confs.	+	+	+	*	38,446	35,077
Total investments					63,046,269	71,162,091

In the above table, the risk noted affects the asset class [*] partially or [+] hardly/not at all.

Please refer to page 32 for explanations on the above risks.

Credit risk

The Scheme invests in **pooled investment vehicles** and is therefore directly exposed to credit risk in relation to the instruments it holds in the **pooled investment vehicles**. The Scheme is indirectly exposed to credit risks arising on the financial instruments held by the **pooled investment vehicles**.

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

Indirect credit risk is mitigated by employing skilled investment manager the Trustee believes to be qualified to manage exposures to different types of investments. The Trustee manages the associated credit risk by ensuring that they appoint investment manager who diversify their portfolio to minimise the impact of default by any one issuer.

A summary of **pooled investment vehicles** by type of arrangement is as follows:

	2024 £	2023 £
Bonds	1,867,946	26,868,904
Diversified	-	6,758,110
Liquidity Fund	3,939,877	-
	5,807,823	33,627,014

Notes to the Financial Statements (continued)

14. Investment risk disclosures (continued)

Currency risk

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

The Scheme's total exposure by major currency at the year end was as follows:

	2024 £	2023 £
Currency		
US Dollar	-	1,138,089
Euro's	-	397,436
Other	-	1,790,266
	<u>-</u>	<u>3,325,791</u>

The above analysis includes the net exposure to foreign currency arising from the underlying investment in the **pooled investment vehicles** held by the Scheme as advised by the pooled investment manager. All the Scheme's investments are held in GBP.

Interest rate risk

The Scheme invests in bonds – usually corporate and government bonds. Investment returns are particularly sensitive to trends in interest rate movements. The Scheme value is likely to fall when these interest rates rise (such falls may be more pronounced in a low **nominal interest** rate environment). The value of fixed interest securities which pay **nominal coupons** and/or capital payments may be eroded by the effects of inflation.

Following the global financial crisis (and consequential changes in regulation and capital requirements) **inventories** held by global financial institutions trading in fixed interest securities have fallen. There is therefore an increased risk that in times of for example market stress and/ or significant redemptions by unit-holders that the redemption proceeds will be adversely affected and/or in extreme circumstances delayed.

Other price risk

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

Counterparty risk

The Scheme is exposed to counterparty risk through holding pooled investment vehicles with Legal and General Investment Management (LGIM). Furthermore, following the investment in insurance company assets there is also exposure to another counterparty, Just Retirement Limited. The Trustee will monitor the insurance company counterparty risk by taking into account the insurer's overall financial strength and Prudential Regulation Authority regime with which insurance companies must operate. In addition, there is protection offered through the Financial Services Compensation Scheme for both LGIM and the insurer and support provided by the Employer.

Notes to the Financial Statements (continued)

15. Current assets

	2024 £	2023 £
Contributions re Admin Expenses	-	15,000
Interest on cash deposits	394	253
Cash at bank	462,675	190,296
	463,069	205,549

16. Current liabilities

	2024 £	2023 £
Benefit accruals	6,209	7,731
Due to Principal Employer	141,531	43,041
Tax due on pension payroll	54,428	44,647
Investment management fees	2,000	8,000
	204,168	103,419

17. Related party transactions

Transactions with related parties of the Scheme in the annual report are:

J Mahony and J Singh Trustee Directors of the Scheme are in receipt of a pension in accordance with the Scheme rules.

Trustee fees are paid to R Stroud (2024 £26,103, 2023 £26,355), J Singh (2024 £6,019, 2023 £6,006) and J Mahony (2024 £6,000, 2023 6,000). Fees to R Stroud are paid on normal commercial terms and stipend to J Singh and J Mahony.

As detailed in the **Schedule of Contributions**, the Sponsoring Employer covers all fees up to a ceiling of £220,000 except for in a triennial valuation year when it increases to £250,000 (to December 2025). Any amount above this is paid out of the Scheme's Assets.

The creditor owed to the Employer of £141,531 relates to Q1 2024 Expenses that were not covered by Contributions.

18. Guaranteed Minimum Pension (GMP)

On 26 October 2018, High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension scheme. The judgment concluded that schemes should be amended to equalise pension benefits for men and women in relation to **guaranteed minimum pension (GMP)** benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee of the Scheme is aware that the issue will have an effect on the Scheme and will be considering this at future meetings and decisions will be made as to next steps. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. At this stage the Trustee is not in a position to obtain a reliable estimate of the backdated benefits and related interest. Therefore, the cost of backdating pension benefits and related interest have not been recognised in these financial statements. If deemed to be material, they will be recognised once the Trustee is able to reach a reliable estimate.

Notes to the Financial Statements (continued)

18. Guaranteed Minimum Pension (GMP) (continued)

The Trustee is reviewing, with its advisers, the implication of these rulings in the context of the scheme 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.

Exercises to complete GMP equalisation for both current members and past transfers out are currently underway with a view to implementation of the former being completed by March 2025 and the latter by August 2025.

On 20 November 2020, the High Court handed down a further judgment on the Guaranteed Minimum Pension (GMP) equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Scheme may have experienced historical transfers out which might be subject to adjustment as a result of this second ruling. The Trustee will be considering this at a future meeting and decisions will be made as to the next steps.

Glossary

Accruals

The accounting principle whereby revenues and costs are recognised as they are earned or incurred, rather than when money is received or paid. This is in contrast to the cash basis.

Actuarial Certificate

A certificate given by an actuary arising out of actuarial work.

Actuarial certificates include:

- (a) the reference scheme test certificate
- (b) the certificate of **technical provisions**
- (c) the **schedule of contributions** certificate
- (d) the bulk transfer certificate
- (e) the deficit reduction contributions certificate

Actuarial Liability

The value placed on the liability of a pension fund for outgoings (future benefit payments and expenses) due after the date to which the calculations relate.

Actuarial Valuation (Triennial Valuation)

Commonly refers to an investigation by an actuary into the ability of a defined benefit scheme to meet its liabilities. The purpose is usually to assess the funding level and contribution rate, based on the agreed valuation method and assumptions.

Additional Voluntary Contributions (AVCs)

Contributions over and above a (members normal contributions) which the (member) elects to pay to on (occupational pension scheme) in order to secure additional benefits.

Annuity Policy

A series of payments, which may be subject to increase, made at stated intervals until a particular event occurs. This event is most commonly the end of a specified period on death of the person receiving the annuity.

Bid/Single & Offer Prices

The different methods of pricing which financial securities and units in a pooled investment vehicle can be sold (bid price) and bought (offer price). Contrasts with a single price where the buying and selling price is the same.

Buy ins and Buy outs

Buy out policies are an insurance policy which pension Scheme Trustees can buy for a member instead of paying them pension benefits. The insurance company pays the member (or the members dependants) a pension.

Buy in policy is an insurance policy bought in the name of the Trustee and held as an asset of the Scheme. The Scheme remains responsible for the administration and ongoing payments to members.

Glossary (continued)

Contracted-out

A pension scheme is contracted out where it provides benefits in place of **State Second Pension** and holds a contracting out certificate or appropriate scheme certificate granted by the HMRC National Insurance Contributions Office. Members or employees are contracted out if they are in employment which is contracted out by reference to an occupational pension scheme or have elected to contract out via an appropriate personal pension scheme or **stakeholder** pension scheme.

Corporate Bonds

Bonds issued by companies, but in practice all bonds other than those issued by governments in their own currency.

Consumer Price Index (CPI)

This is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the pre-determined basket of goods and averaging them.

Corporate Governance

The system by which a company is directed and controlled by its management. Most often deemed to be for the benefit of stakeholders.

Defined Benefit Accrued Method

A way to calculate the future expense of an employee's retirement benefits.

Defined Contribution Scheme

A Scheme that provides benefits to an individual by reference to contributions paid into the Scheme, usually increased by the investment return on those contributions.

Deficit Funding Contributions

Contributions which are payable for a limited period, or as a single payment, to improve the funding of a defined benefit scheme. They often arise from a scheme recovery plan.

Funding Level

This is the ratio of the Scheme's assets to its liabilities.

Gilts

Sterling bonds issued by the British Government.

Guaranteed Minimum Pension (GMP)

This is the minimum pension that an occupational pension scheme must provide as a condition of being contracted out of the State Earnings Related Pension Scheme (later replaced by the State Second Pension) for service prior to 6 April 1997.

Hedging

A strategy that aims to reduce potential losses in an investment by reducing the overall level of risk. For example, transacting a foreign currency contract at an agreed future price to protect against currency fluctuations, which might affect the value of an overseas investment.

IDRP

Internal dispute resolution procedure which allows actual and potential plan beneficiaries to raise complaints with the plans trustee about matters relating to the plan.

Glossary (continued)

Inventories

Holdings of different funds, stocks etc, a general term for instruments.

Index linked Gilts

Inflation protection bonds issued by the British government since 1981. Also referred to as "linkers", the semi-annual interest payments and the investment principal are linked to the movement of General Index of Retail Prices (RPI).

Mortality Rate

The probability that an individual will die at a given age in a given year.

Mortality Table

This outlines the rate(s) at which a particular group of members (eg females) are expected to die at each particular age.

Nominal Interest / Coupons

A fixed interest security is a fixed term obligation where the issuer (the borrower) undertakes to pay the holder of the security a fixed rate of interest (a coupon) over the term of the investment plus repay the principal sum on maturity.

Nominal Interest Rate

The Interest rate before taking inflation into account.

Pension Protection Fund Levy

A statutory fund to pay compensation to members of eligible defined benefit schemes when there is a qualifying insolvency event in relation to the employer and where there are insufficient assets in the pension scheme to cover PPF compensation levels. The PPF was established under Pensions Act 2004 with effect from 6 April 2005.

Pension Protection Levy

A levy payable by all occupational pension schemes eligible for protection under the PPF. The levy is based on a combination of scheme based and risk-based factors.

Pooled Investment Vehicles

A fund in which a number of investors pool their assets, which are managed on a collective basis. The assets of a pooled investment vehicle are denominated in units that are revalued regularly to reflect the values of the underlying assets. Common types of pooled funds include: open ended investment companies (OEIC), real estate investment trusts (REIT), unit linked pension funds, and unit trusts.

Retail Price Index (RPI)

It measures the change in the cost of a representative sample of retail goods and services. As the RPI was held not to meet international statistical standards, since 2013 the office for national statistics no longer classifies it as a "national statistic" emphasising the consumer price index instead.

Schedules of Contributions

A schedule specifying the contribution rates and payment dates (normally) agreed between the Employer and the Trustee and certified by the scheme actuary as being adequate to satisfy the statutory funding objective.

Scheme Based Levy

The scheme-based element to the Pension Protection Levy.

Glossary (continued)Self-Administered

An occupational pension scheme which is not an insured scheme (a pension scheme where the sole long term investment medium is an insurance policy).

Statement of Investment Principles (SIP)

A written statement of the principles governing decisions about investment for an occupational pension scheme, which the Trustee is required to prepare and maintain. The Trustee must have regard to advice from a suitably qualified person and consult with the Employer.

State Second Pension

The state pension scheme introduced with effect from 6 April 2002 that reformed SERPS. Employees participate automatically in State Second Pension unless they are contracted out. The State Second Pension is based upon earnings on which standard rate Class 1 National Insurance contributions are paid, treated as paid or credited.

Statement of Funding Principles

A written statement that sets out for a defined benefit scheme the trustee policy for meeting the statutory funding objective. It records the decisions as to the basis for calculating the scheme's technical provisions and the period within which any deficit is to be remedied.

Statutory Funding Objective (SFO)

A requirement under Pensions Act 2004 for a defined benefit scheme to have sufficient and appropriate assets to cover its technical provisions or a recovery plan for reaching that position.

Technical Provisions

The amount required to make provision for a defined benefit scheme's accrued or past service liabilities. The technical provisions are calculated as part of an actuarial valuation by the scheme actuary, who certifies that they have been calculated in accordance with the statutory funding objective requirements.

Time Weighted Investment Returns

A relative measure of the rate of return earned by the investments in a fund, independent of the timing of cash flows into or out of the fund. This is the normal measure used for inter-fund performance comparisons.

Translation Effect

Currency exchange and fluctuations on the markets, which is affected by the underlying economic, demographic and political issues.

Triennial Actuarial Valuation

Formal valuation of the Scheme carried out every 3 years carried out under Regulation 62(1) of LGPS Regulators 2013 to assess and examine the ongoing financial position of the Fund.

Definitions taken from the Pensions Management Institute Pensions Terminology, Online (2010) www.pensions-pmi.org.uk. Definitions can be obtained via the "News & Publications" section of the website under "Pensions Terminology".

Appendix 1

Implementation Statement

Appendix 1

Annual Implementation Statement – for scheme year ending 31 March 2024

Introduction

This document is the Annual Implementation Statement ("the statement") prepared by the Trustee of the Flint Ink (UK) Pension Scheme (the "Scheme") covering the scheme year to 31 March 2024.

The purpose of this statement is to:

- set out the extent to which, in the opinion of the Trustee, the engagement policy under the Scheme's Statement of Investment Principles ("SIP") has been followed during the year.
- describe the voting behaviour by, or on behalf of, the Trustee over the year.

This implementation statement forms part of the Trustee's annual report and accounts for the year to 31 March 2024. This annual report, including the implementation statement will be made available on our website - <https://flintinkukpensionscheme.pensions-directory.co.uk>.

Trustee's voting and engagement policy

In line with the Trustee's Statement of Investment Principles, the Trustee has delegated all day-to-day investment decisions to the Scheme's investment manager – Legal & General Investment Management ("LGIM"). The Scheme's assets (excluding AVCs) are currently invested in the LGIM over 5 year index-linked gilt index fund and the LGIM Sterling Liquidity Fund. Over the period relevant to this statement, they have also invested in the LGIM Diversified Growth Fund.

The extent to which social, environmental or ethical issues are taken into account is left to the discretion of the investment manager. This policy is in place due to the nature of the pooled funds in which the Trustee may invest. The Scheme's investment manager is signed up to the UK FRC Stewardship Code. The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers.

LGIM have established a fully integrated framework for responsible investing to strengthen long-term returns and raise market standards. An integral part of this involves engagement with companies in a number of ways, including regular catch-ups, analysis of responsible investment themes, and media reporting.

LGIMs voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for their clients. Their voting policies are reviewed annually and take into account feedback from their clients. This feedback is collected via regular meetings, annual investor round table events and ad-hoc comments and enquiries.

The Trustee is satisfied that the manager is engaging with investee companies in a suitable manner, aligned with the Scheme's investment objectives.

Implementation Statement (continued)

Summary of voting over the year to 31 March 2024

The Scheme's equity investments were managed by LGIM via a pooled fund. Given the nature of the mandate, LGIM are limited in terms of the equities they hold in the portfolio, but the Trustee believes they have a strong engagement process. The pooled equity investments held by the Scheme were disinvested in September 2023 and so voting information covers the period from 1 April 2023 to 29 September 2023.

A summary of the voting on behalf of the Scheme over 1 April 2023 to 29 September 2023 (the point the Scheme disinvested from the Diversified Growth Fund) is provided in the table below:

Fund	Number of votes eligible	% of votes exercised	% of votes with management	% of votes against management	% abstained
Legal & General Diversified Fund	73,539	99.81%	76.58%	23.30%	0.12%

Voting information on the Scheme's bond funds is not provided since the vast majority of loan and debt securities do not come with voting rights.

Significant votes

The table below demonstrates the most significant votes cast on behalf of the Plan over 1 April 2023 to 29 September 2023:

Fund	Most significant votes cast
Legal & General Diversified Fund	<p>LGIM determined one thousand, eight hundred and seventeen votes over the period to be "most significant" due to a range of criteria which included:</p> <ul style="list-style-type: none"> the significance of remuneration and executive compensation packages the impact of company behaviour on climate change the election of new directors the consideration of inclusion and diversity on the board <p>LGIM abstained from voting in 3 of the votes over the period, against management's recommendation.</p> <p>In 166 of the 1817 significant votes, LGIM voted with management for all or most of the resolutions proposed and these related to:</p> <ul style="list-style-type: none"> Approving Climate-Related Financial Disclosures Electing Directors Approving remuneration policies Reports on gender and racial pay gaps Approving Net Zero transition reports Approving Spin-Off Agreement

All voting data provided in this statement was produced by LGIM. Data relates to all votes cast in the period to 29 September 2023 by LGIM in line with their Corporate Governance and Responsible Investment Policy. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy voting provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which LGIM believe all companies globally should observe, irrespective of local regulation or practice.

Implementation Statement (continued)

Statement of Investment Principles

A review of the Statement of Investment Principles was undertaken in September 2023 to prepare the Scheme for the transition to invest in insurance policies that match the liabilities. This involved disinvesting from the LGIM Diversified Growth Fund and investing into the LGIM Over 5-year index-linked fund. The SIP was reviewed again in January 2024 following completion of the purchase of an insurance policy to cover the Scheme's liabilities. The updated SIP supersedes the previous SIP dated August 2022 and reflects the new investment strategy of investing in liability-matching assets.

The latest Statement of Investment Principles is dated January 2024.

In the Trustee's opinion, the Statement of Investment Principles has been followed during the year to 31 March 2024 in relation to voting and engagement.

The Trustee of the Flint Ink (UK) Pension Scheme

July 2024

