

# **The Mawdsley-Brooks & Company Limited Retirement Benefits Scheme**

## **Statement of Funding Principles**

This statement was prepared by the Trustees for the purposes of the Scheme Funding Assessment (the "Assessment") at 31 March 2020 after obtaining the advice of Stephen Farrar, the Actuary to the Scheme. Mawdsley-Brooks and Company Limited, the Principal Employer, agreed to it.

### **The Statutory Funding Objective**

This statement sets out the policy of the Trustees for securing that the Statutory Funding Objective is met. The Statutory Funding Objective is that the Scheme has sufficient and appropriate assets.

### **Measure**

The actuarial measure to be used in the calculation of the Technical Provisions is the accrued defined benefit measure.

### **Financial Assumptions**

The financial assumptions adopted in the calculation of the Technical Provisions are outlined below.

Retail price inflation will be:

- the compound difference between the gross annualised redemption yield on the FTSE Actuaries Government Securities 15-year index and the annualised real yield on the FTSE Actuaries Government Securities Index-linked Over five years (5% inflation) Index on the effective date; and
- 2.7% pa on 31 March 2020.

Returns on real-valued assets will be:

- the assumption for retail price inflation plus 5.7% pa; and
- 8.4% pa on 31 March 2017.

Returns on Corporate bonds will be:

- annualised gross redemption yield on the iBoxx Sterling Corporates AA Over 10 Years Index on the effective date; and
- 2.3% pa on 31 March 2020.

Returns on Government stocks will be:

- gross annualised redemption yield on the FTSE Actuaries Government Securities 15-year index on the effective date; and
- 0.7% pa on 31 March 2020.

- Investment returns will be:
  - The result of:
    - 70% of the returns on real-valued assets;
    - plus 20% of the returns on corporate bonds;
    - plus 10% of the returns on Government stocks;
    - plus 1.5% pa during the period, for depressed asset values due to the pandemic;
    - less 1.2% pa for investment expenses;
    - less 1.4% pa for prudence; and
  - 5.3% pa on 31 March 2020.

### **Statistical Assumptions**

The statistical assumptions adopted in the Technical Provisions are outlined below.

The base mortality table is standard table S3PA.

Mortality improvements have been allowed for by projecting the base table rates forward in line with the CMI 2019 method allowing for a 1% pa long-term improvement rate.

No allowance for retirement before Normal Retirement Date.

No allowance for exchange of pension for cash at retirement.

85% of male members and 75% of female members are married at age 65 and husbands are assumed to be three years older than their wives.

Benefit increases payable at the discretion of the Trustees or the Principal Employer are not allowed for in the calculation of the Technical Provisions.

### **Expenses**

No explicit allowance for professional and administrative charges and regulatory levies in the Technical Provisions. These are allowed for separately.

### **Recovery Plan**

The Trustees and the Principal Employer have agreed that any funding shortfalls identified at an actuarial valuation should be eliminated as quickly as the Principal Employer can reasonably afford.

The decisions made as to the timing and amounts of these contributions will be formalised in a document called a Recovery Plan. In determining the timing and amounts of these contributions, the Trustees will take into account:

- the size of the deficiency;
- the business plans of the Principal Employer;
- the Trustees' assessment of the Principal Employer's financial covenant;
- any contingent security offered by the Principal Employer; and
- post-valuation developments, such as a material rise or fall in the value of the Scheme assets.

The assumptions used are the same as those used to determine the Technical Provisions except that, future returns on investments are assumed to be 6.6% pa.

### **Arrangements for other parties to make payments to the Scheme**

No person other than the Principal Employer or a Scheme member may contribute to the Scheme.

### **Payments to the Principal Employer**

There is no power to make payments to the Principal Employer out of Schemes held for the purposes of the Scheme.

### **Reduction of Cash Equivalent Transfer Values (CETVs)**

If at any time, the Trustees are of the opinion that the payment of full CETVs may adversely affect the security of the benefits of other members and beneficiaries, the Trustees will commission a report from the Actuary in order to decide whether, and to what extent, CETVs should be reduced.

### **Frequency of Valuations**

In normal circumstances an actuarial valuation will be carried out every three years.

The Trustees may call for a full actuarial valuation if, after considering the actuary's advice, they are of the opinion that events have made it unsafe to continue to rely on the results of the previous valuation as the basis for future contributions. However, the Trustees will consult the Principal Employer before doing so.

This statement has been agreed by the Principal Employer.

Signed *Ian C Rowley*  
on behalf of the Trustees

Signed *M. Stoll*,  
on behalf of Principal  
Employer

Dated *3rd December 2021*

Dated *3rd December 2021*

## **Annual Implementation Statement – for scheme year ending 31 March 2021**

### **Mawdsley Brooks & Company Retirement Benefit Scheme**

#### **Introduction**

This document is the Annual Implementation Statement (the “statement”) prepared by the Trustees of the Mawdsley Brooks & Company Retirement Benefit Scheme (the “Scheme”) covering the scheme year to 31 March 2021.

The purpose of this statement is to:

- Set out the extent to which, in the opinion of the Trustees, 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 Trustees over the year.

A copy of this implementation statement will be made available on the following website [www.mawdsleys.co.uk](http://www.mawdsleys.co.uk) and included in the Trustees’ annual report and scheme accounts for the year to 31 March 2021.

#### **Trustees’ voting and engagement policy**

In line with the Trustees’ Statement of Investment Principles, the Trustees are being advised by Lasenby Knox Ltd on the investment portfolio of the Scheme. The Scheme’s assets are entirely invested in regulated actively managed collective funds.

Due to the passive nature of the Scheme’s investments, the Trustees recognise that no material decisions are taken by the investment manager on the holdings to be included in the portfolio. However, the Trustees expect that the extent to which social, environmental or ethical issues may have a fundamental impact on the portfolio will be taken into account by the investment manager in the exercise of their delegated duties.

The Scheme’s investment manager is not signed up to the UK FRC Stewardship Code. The Trustees will monitor the advice given by its investment adviser on a regular basis.

The Trustees met with the investment manager during the year to discuss relevant matters and sustainable investment. The Trustees are satisfied that the manager is engaging with the investee companies in a manner aligned with the Scheme’s long-term investment objectives.

The Trustees’ policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment manager.

#### **Summary of voting over the year to 31 March 2021**

The Scheme’s equity investments are managed by 12 of the 14 underlying collective investment fund manager companies and the Trustees believe each of these fund manager companies has a strong and robust investment process.

Any voting rights arising from equity investments during the year to 31 March 2021 will be taken up by the underlying collective investment management company.

Accordingly, there were no votes exercised during the year to 31 March 2021 by either the investment manager or the Trustees.



In the Trustees' opinion, the Statement of Investment Principles has been followed during the year to 31 March 2021.

The Trustees of the Mawdsley Brooks & Company Retirement Benefit Scheme