The BSS Group Pension Scheme

Annual Report and Financial Statements
30 September 2022
Scheme Registration number 10154188

Contents

Section 1 – Trustee and its Advisers

The Trustee

The Trustee of the Scheme was a corporate Trustee, BSS GPS Trustee Limited, with effect from 31 March 2022, BSS GPS Trustee Limited and the various Directors were removed and Ross Trustees Services Ltd was appointed by the Principal Employer as Sole Trustee of the Scheme from 1 April 2022. The individuals who served as a Director of BSS GPS Trustee Limited and Ross Trustees Services Ltd are set out below:

Independent Chair
Stella Girvin (resigned 31 March 2022)

Employer nominated	**Member nominated**
Mrs N McGowan	Graham Malpas (resigned 31 March 2022) John Baker (resigned 31 March 2022)
Corporate Trustee	Ross Trustees Services Ltd (appointed 1 April 2022) Susan Jane Andrews Dickon Best Pavan Bhardwaj Andrew David Bradshaw Richard Cousins Catherine Eleanor Hardingham Anthony Livingstone Roger Alan Richard Mattingly Joanna Beth Myerson Amanda Osborne Manpreet Sohal Grant Suckling
Secretary to the Trustee	Capital Cranfield Pension Trustees Limited (resigned 31 March 2022) Mr A Mills Ross Trustees Services Ltd (appointed 1 April 2022) Directors listed above.
Investment Subcommittee Chair	Allan Whalley (resigned 31 March 2022)

Advisers

The advisers to the Trustee are set out below:

Actuary	R Shackleton FIA of Hymans Robertson LLP
Independent Auditors	Deloitte LLP
Legal Adviser	Gowling WLG (UK) LLP
Administrator	Hymans Robertson LLP
Investment Consultant	XPS Pension Group

Trustee and its Advisers (continued)

Investment Managers	Ares Management LLC Insight Investment Management (Global) Limited Legal & General Investment Management Ltd (to December 2021) M&G Alternatives Investment Management Limited Royal London Asset Management
Custodian (Insight and Royal London)	Bank of New York Mellon
Bankers	Barclays Bank UK PLC
AVC Providers	Clerical Medical The Prudential Assurance Company Limited
Principal Employer	Travis Perkins plc

Section 2 – Trustee's Report

The Trustee of The BSS Group Pension Scheme ("the Scheme") is pleased to present its report together with the audited financial statements and actuarial statements of the Scheme for the year ended 30 September 2022.

The financial statements have been prepared and audited in accordance with the Regulations made under Sections 41(1) and (6) of the Pensions Act 1995.

Management of the Scheme

Constitution of the Scheme

The Scheme is governed by a Definitive Trust Deed and Rules, the current version of which was executed on 25 February 2020. The Scheme was closed to new members from 1 March 2002 and closed to future accrual from 31 August 2018.

The Scheme is a defined benefit scheme which provides benefits based on a member's salary and length of service.

Members were able to make Additional Voluntary Contributions ("AVCs") to secure additional benefits.

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004

Members of the Scheme were contracted-out of the State Second Pension (S2P). From 6 April 2016, following changes to the State Pension, members are no longer contracted-out of the Additional State Pension.

Rule Changes

There were no changes made to the Scheme rules for the year to 30 September 2022.

Management of the Scheme

Responsibility for setting the strategy and for managing the Scheme rests with the Trustee. The Trustee Directors who served during the year are listed on page 1.

The Trustee is required to act in accordance with the Scheme's Trust Deed and Rules within the framework of pensions and trust law. It is responsible for safeguarding the assets of the Scheme and for taking reasonable steps to prevent fraud and other irregularities.

The Occupational Pension Schemes (Member-Nominated Trustees and Directors) Regulations 2006 came into force on 6 April 2006 and prescribe the composition of trustee boards. Under the regulations, it is a requirement that at least one-third of the Scheme's Trustee Directors are nominated by the membership.

With the exception of the Member-Nominated Directors (MNDs), the Principal Employer, Travis Perkins plc, is responsible for the appointment and removal of the Trustee Directors who can choose to retire from office at any time. From March 2022, the Principal Employer switched to a Sole Trustee structure. The Trustee Directors in office during the year of this report, and their advisers, are shown on page 1. During the year, one hybrid meeting (2021: none) and three video conferences (2021: nine) were held to consider matters relating to the Scheme.

With effect from 31 March 2022, BSS GPS Trustee Limited and the remaining Trustees were removed and Ross Trustees Services Ltd was appointed by the Principal Employer as Sole Trustee of the Scheme from 1 April 2022.

Trustee's Report (continued)

Financial Development of the Scheme

The financial statements have been prepared and audited in accordance with regulations made under Section 41(1) and (6) of the Pensions Act 1995.

The fund account shows that the net assets of the Scheme decreased from £379,265,000 at 30 September 2021 to £255,947,000 at 30 September 2022. The decrease in net assets is accounted for by:

	2022 £000	2021 £000
Member related income	714	3,028
Member related payments	(11,201)	(13,473)
Net withdrawals from dealings with members	**(10,487)**	**(10,445)**
Net (loss)/returns on investments	(112,831)	441
Net decrease in Scheme	**(123,318)**	**(10,004)**
Opening net assets available for benefits	379,265	389,269
Closing net assets available for benefits	**255,947**	**379,265**

Contributions

The Scheme Actuary, an independent adviser to the Trustee, assesses the financial position of the Scheme every three years by performing an actuarial valuation. The latest triennial actuarial valuation of the Scheme was carried out as at 30 September 2020 in accordance with the requirements of Part 3 of the Pensions Act 2004. The Report on Actuarial Liabilities is on page 7 of this report.

Legislation requires the Trustee to agree a Statement of Funding Principles setting out how it will achieve the statutory funding objective – that is, for the Scheme to be sufficiently and appropriately funded to at least the level of its "technical provisions" (i.e. its liabilities). In the event of a past service deficit, the Trustee is required to agree a Recovery Scheme, this being an amount payable over a fixed term of years over which the deficit will be eliminated, taking into consideration the strength of the employer's covenant – that is, the ability of the employer to continue to contribute to the balance of the cost of the Scheme.

Following the valuation on 30 September 2020, a Schedule of Contributions was certified on 18 January 2021 and then an updated version was agreed and certified by the Scheme Actuary on 4 May 2021. The Schedule of Contributions certified in May 2021 was implemented to update the Employer paying contributions in arrears.

Trustee’s Report (continued)

Pension Increases

In accordance with the Scheme rules, pensions were increased on 1 April 2022.

Where a Guaranteed Minimum Pension (GMP) is in payment, these were increased in accordance with statutory requirements (CPI capped at 3% on Post 6 April 1988 GMP and no increase on Pre 6 April 1988 GMP). For the April 2021 increase a rate of 3.0% was applied.

Pensions in payment relating to service before and including 31 May 2005 were increased in line with the annual increase in the RPI, subject to a maximum increase of 2.5%, referencing the previous November’s rate. For the April 2022 increase a rate of 2.5% was applied.

Pensions in payment relating to service after 31 May 2005 were increased in line with the annual increase in the RPI, subject to a maximum increase of 2.5%, referencing the previous November’s rate. For the April 2022 increase a rate of 2.5% was applied.

In addition, there are some members who receive a fixed increase to pensions in payment relating to AVCs.

Deferred members’ preserved pensions were increased in accordance with statutory requirements.

There were no discretionary pension increases made in the year ended 30 September 2022 (2021: none).

Transfer Values Paid

Cash equivalents paid during the year were calculated and verified as prescribed in Section 94(1) of the Pension Schemes Act 1993. No allowance was made in the calculation for any discretionary benefits.

Members who leave the Scheme can normally take a transfer value of their benefits under the Scheme to their new employer’s scheme or to a suitably approved pension arrangement with an insurance company. The transfer values paid out of the Scheme during the year under review were calculated and verified in the manner required by the regulations and do not take account of any discretionary post retirement increases the members’ pension might have received. Transfer values were paid in full.

Additional Voluntary Contributions (AVCs)

Members were able to make AVCs in order to secure greater benefits. Members invested their AVCs in the arrangements established with the AVC providers.

Members’ AVCs, which are invested separately from the main Scheme, secure additional benefits on a money purchase basis. Members participating in these arrangements receive an annual statement confirming the amounts held in their AVC account.

Trustee's Report (continued)

Going Concern

The Scheme financial statements have been prepared on the going concern basis. In making this assessment, the Trustee has assessed the ability of the Employer to continue to meet its obligations to the Scheme and for the Scheme to meet its future obligations as they fall due. The Trustee has reviewed information available to it from the Employer and its advisors and as a consequence, the Trustee believes the Scheme is well positioned to manage its risks successfully. In light of this, the Trustee has a reasonable expectation that the Scheme will continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the Scheme financial statements.

Global financial markets continue to experience significant volatility resulting from the factors detailed in the Investment Report included in this report. The Actuarial Report as at 30 September 2022 showed the Scheme to have a funding level on a Technical Provision's basis of 100.4%, which was an improvement compared to the funding level of a Technical Provision's basis as at 30 September 2020 of 99.7%. The Scheme's funding position has weakened following the market volatilies experienced in September & October 2022, due to credit spreads widening and gilt yields rising. The Scheme's current investment strategy remains appropriate for the Scheme given its current funding position. The LDI assets performed as expected during the Gilt market turmoil resulting in an improvement in the funding position of the Scheme. The covenant assessment of Principal Employer performance also remains strong showing continued revenue growth through 2022.

In accordance with the requirements of FRS 102 and the Pensions SORP the fair value of investments at the date of the statement of net assets reflects the economic conditions in existence at that date. The Trustee has evaluated all subsequent events or transactions for potential recognition or disclosure to the date on which these financial statements were signed and has determined that there were no additional subsequent events requiring adjustment to or disclosure in the Scheme financial statements – details of subsequent event considerations are disclosed in Note 19.

Trustee's 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.

The most recent full actuarial valuation of the Scheme was carried out as at 30 September 2020, the next actuarial valuation is due at 30 September 2023. An update of the position was obtained as at 30 September 2022. These showed:

Funding position			
	Actuarial valuation as at 30 September 2020 £'m	**Actuarial report as at 30 September 2021 £'m**	**Actuarial report as at 30 September 2022 £'m**
Technical Provisions	390	371	255
Assets	389	379	256
Surplus/(Deficit)	**(1)**	**8**	**1**

The method and significant actuarial assumptions used to determine the Technical Provisions as at 30 September 2020 are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method to be used in the calculation of the Technical Provisions is the Projected Unit Method.

Significant Actuarial Assumptions

Discount Rate: based on the appropriate spot gilt yield taken from the Bank of England gilt curve applied to the expected cash flow in each future year.

An addition of 1.20% pa is applied to the yield curve until 30 September 2025. Thereafter, an addition of 0.50% pa is applied. This addition is based on a prudent expectation of future investment returns, net of investment manager expenses, from the Scheme's long term investment strategy.

Future Retail Price Inflation: market expectation of future inflation dependent on term as measured by the difference between yields on fixed and index-linked government bonds.

Future Consumer Price Inflation: the assumption for future retail price inflation less 0.80% per annum.

Pension Increases: derived from the future retail and consumer price inflation rates, using the Black-Scholes model with a volatility assumption of 1.75% per annum, allowing for the relevant caps and floors on pension increases according to the provisions in the Scheme's rules.

Salary Increases: no assumption has been used for salary increases as all members are assumed to leave at the valuation date due to closure to future benefit accrual.

Trustee's Report (continued)

Scheme Membership

The reconciliation of the Scheme membership during the year ended 30 September 2022 is shown below:

Pensioner Members (including spouses and dependants)	
As at 30 September 2021	**1,139**
*Late adjustments	2
Restated at 1 October 2021	**1,141**
Retirements	41
Deaths	(36)
Dependants' pensions	12
Pensioner members as at 30 September 2022	**1,158**

Included within pensioners is 1 pensioner (2021: 1 pensioner) whose pension is paid from annuities held in the name of the Trustee.

Deferred Pensioner Members	
As at 30 September 2021	**1,224**
*Late adjustments	(12)
Restated at 1 October 2021	**1,212**
Retirements	(41)
Deaths	(4)
Transfers out	(3)
Deferred pensioner members as at 30 September 2022	**1,164**

*Late adjustments in respect of the prior year relate to member changes in the prior year whose records were not updated or produced by the time the previous Trustee Report and Accounts were finalised.

Investment Policy

Summary of the Scheme's Investment Structure

All investments have been managed during the year under review by the investment managers ("managers") as follows: Ares Management ("Ares"), Insight Investment Management (Global) Limited ("Insight"), M&G Alternatives Investment Management Limited ("M&G"), Royal London Asset Management ("RLAM") and Legal and General Investment Management ("LGIM") (until December 2021). The AVC providers are listed on page 2. There is a degree of delegation of responsibility for investment decisions with the investment managers.

The Trustee is responsible for determining the Scheme's investment strategy. The Trustee has set the investment strategy for the Scheme after taking appropriate advice. The Trustee has delegated the day-to-day management of investments to professional external investment managers. These managers, which are regulated by the Financial Conduct Authority ("FCA") in the United Kingdom, manage the investments within the restrictions set out in the Statement of Investment Principles ("SIP") and Investment Implementation Policy Document ("IIPD"). Subject to complying with the agreed strategy, which specifies the target proportions of the Scheme which should be invested in the principal market sectors, the day-to-day management of the asset portfolio of the Scheme, including the full discretion for stock selection, is the responsibility of the investment managers.

The main priority of the Trustee when considering the investment policy for the Scheme is to aim to ensure that the benefits payable to members are met as they fall due.

Due to market conditions, at the year-end, the asset allocation of the Scheme was not in line with the allocations disclosed in the Statement of Investment Principles ("SIP") and Investment Implementation Policy Document ("IIPD").

Investment strategy

The Trustee is aiming to achieve a funding level of 100% on the Technical Provisions assumptions (as set out in the Scheme's Statement of Funding Principles) and thereafter to maintain 100% funding. Once full funding on Technical Provisions has been achieved, the Trustee then aims to achieve 100% funding with the liabilities discounted at gilts + 0.5% p.a. Note that from 30 September 2025 the Technical Provisions liabilities are discounted at gilts + 0.5% p.a., so the Technical Provisions liabilities will converge with the gilts + 0.5% liabilities at 30 September 2025.

The target investment strategy of the Scheme at the 30 September 2022 year-end is as follows:

- 18.9% in return seeking assets comprising of Secured Finance.
- 41.2% in Buy & Maintain corporate bonds, which are expected to modestly outperform the Scheme's liabilities over the long term whilst exhibiting some sensitivity to interest rates (not applicable to the Insight Buy & Maintain Mandate).
- 39.9% in a liability hedging portfolio designed to hedge a proportion of the movements in the liabilities due to changes in interest rate and inflation expectations. This portfolio also includes the investment with High Grade ABS as this is used within the collateral management framework in place with Insight.

Following funding improvements, the Trustee redeemed the property allocations, disinvesting the full holdings from the M&G Secured Income Property Fund and LGIM LPI Property Fund. This occurred in November 2021 and December 2021 respectively. The sale proceeds (c.£30.7m) were invested into the Insight LDI portfolio, of which £30.0m was invested into the Insight High Grade ABS Fund as part of the collateral framework.

Investment Policy (continued)

Investment strategy (continued)

At the end of the reporting period, the Scheme was subject to significant gilt market volatility. To maintain the level of liability hedging in place, Insight disinvested the units held in the High Grade ABS Fund in line with the collateral framework in place, with the proceeds transferred to LDI assets or held as cash for collateral purposes. The ABS allocation was disinvested in full during October 2022 for collateral purposes.

The Myners Review and Code of Best Practice

The Myners principles codify best practice in investment decision-making. While they are voluntary, pension fund Trustees are expected to consider their applicability to their own fund and report on a 'comply or explain' basis how they have used them.

The principles were initially published in 2001 following a Government sponsored review of institutional investment by Paul Myners, which found shortcomings in the expertise and organisation of investment decision-making by pension fund trustees.

In March 2008 the Government consulted on proposals to update the Myners principles. This led to the publication of a revised set of six principles for Defined Benefit ("DB") Schemes in October 2008, together with the establishment of an Investment Governance Group ("IGG") to oversee the industry-led framework for the application of the principles.

While there are now only six DB principles, in place of the original ten, their scope is largely unchanged. The principles continue to emphasise the essentials of investment governance, notably the importance of effective decision-making, clear investment objectives and a focus on the nature of each Scheme's liabilities. The principles also require that the Trustee includes a statement of the Scheme's policy on responsible ownership in the Statement of Investment Principles and report periodically to members on the discharge of these responsibilities.

Responsible Investment and Corporate Governance

The Trustee is currently reviewing the Buy & Maintain Credit mandates with RLAM and Insight in respect to ESG and sustainability considerations. In addition to this, the Trustee is also considering the implementation of a Responsible Investment Policy. This aims to formalise the Trustee's approach to Environmental, Social and Governance (ESG) factors including climate change within the strategy. Post September 2022, the Trustee also put in place a Task Force on Climate Related Financial Disclosures (TCFD) reporting framework. The first report is expected to be made available in 2023.

The Trustee believes that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

ESG issues and climate change represent risks that ought to be managed appropriately consistent with other risks faced by the Scheme. There may also be investment opportunities created by ESG factors but the Trustee recognises it may be difficult to access these within their current and likely future investment strategies given the nature of the Scheme's investment arrangements. However, this will be kept under review as the market and ESG offerings evolve.

Investment Policy (continued)

Responsible Investment and Corporate Governance (continued)

The Scheme's assets are managed in both pooled and segregated arrangements and the Trustee accepts that the assets are subject to the investment managers' policies on ESG considerations (including climate change) relating to the selection, retention and realisation of investments. The Trustee reviews the managers' ESG and Stewardship policies from time to time, including discussing these policies and how they have been implemented as part of the managers' attendance at meetings.

Where investment is in pooled vehicles, the Trustee cannot direct the appointed investment managers on how to vote. The Trustee reviews the voting policies of each of the pooled vehicles in which the Scheme invests to determine whether the managers' policies are acceptable. Where assets are held on a segregated basis, the Trustee delegates the exercise of voting rights to the investment manager and the Trustee reviews the managers' policy on voting from time to time. The segregated assets are either invested via derivatives or are UK government bond related (where there are limited stewardship issues) or are credit mandates where there are generally few opportunities around voting.

The Scheme's voting rights are exercised by its investment managers in accordance with their own corporate governance policies and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code.

The Scheme invests a large proportion of its assets in funds / mandates where ESG factors have varying degrees of materiality, such as credit and bond assets where whilst ESG issues are still relevant to risk control, there is less opportunity to influence investee company behaviour compared to equity holdings, although where relevant managers are encouraged to use their position as lenders of capital to engage with companies.

The Trustee considers how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers. The Trustee will consider the ESG ratings provided by the Investment Consultant and how each investment manager embeds ESG factors into its investment process and how the investment manager's responsible investment philosophy aligns with the Trustee's responsible investment policy. The Trustee will review the ESG rating provided by the Investment Consultant at least annually and will review these relative to other ESG ratings for investment managers managing funds in the same asset class. A change in ESG rating does not mean that the fund will be removed or replaced automatically. Investment managers will also be expected to report on their own ESG policies as and when requested by the Trustee. The Trustee will also consider ESG integration, climate change and stewardship when determining which mandates / funds to sell down as part of any future investment risk reduction exercises.

The Trustee has not set any investment restrictions on the appointed investment managers in relation to particular products or activities but may consider this in future. A copy of the Trustee's policy relating to ESG has been shared with the investment managers.

Investment Policy (continued)

Responsible Investment and Corporate Governance (continued)

The Trustee does not take into account members' views on "non-financial matters" (their ethical views, their views on ESG, etc.) and does not intend to take these into account in the future given the difficulty in determining members' views and then applying these to a single scheme investment strategy (given members' views across the thousands of members are likely to vary significantly).

Deployment of Investments

The deployment of the Scheme's invested assets is shown in the table below:

Manager	Fund	30 September 2022 (%)	30 September 2021 (%)
Ares	Secured Income Fund	7.1	5.0
Insight	Segregated Liability Hedging**	27.9	31.1
	Secured Finance	4.2	2.9
	High Grade Asset Backed Security	11.9	14.9
	Segregated Buy & Maintain Credit	23.6	16.9
LGIM	HLV Property*	-	4.1
M&G	Secured Property Income Fund	-	3.9
	Illiquid Credit Opportunities Fund II	7.7	5.2
RLAM	Segregated Buy & Maintain Credit	17.5	15.8
AVCs	Various	0.1	0.2
Total		**100.0**	**100.0**

Figures subject to rounding.

**LGIM HLV Property, M&G Secured Property Income Fund and LGIM Sterling Liquidity Fund were disinvested from during Q4 2021.*

***Including liquidity (cash) holding within the LDI portfolio disinvested from High Grade ABS during the period of Gilt market volatility.*

Investment Policy (continued)

Review of Investment Performance

For periods to 30 September 2022, the Scheme's estimated total investment returns are set out in the table below. All returns are gross of investment management fees.

	30 September 2022 (% p.a.)			30 September 2021 (% p.a.)	
	1y	3y	5y	1y	3y
DB Section Total	**(30.5)**	**(9.4)**	**(1.4)**	**2.1**	**8.9**
Benchmark	**(30.5)**	**(10.9)**	**(2.8)**	**(2.6)**	**6.9**

Source: Performance figures shown above have been estimated by XPS based on historical data obtained from previous report and accounts and available manager data managers at 30 September 2022, the 5 year performance at September 2021 is unavailable.

With the exception of the Secured Finance, the Trustee regards all investments as readily marketable. Further detail is provided below:

- The M&G Illiquid Credit Opportunities Fund II is quarterly priced and traded. Redemptions from the Fund are restricted until three years after the date of initial investment. Redemptions from the Insight Secured Finance Fund can be instructed on a quarterly basis, subject to a three-month notice period (otherwise, the Fund is monthly priced). The Ares Secured Income Fund is quarterly priced and traded (although disinvestments can only be made after the fourth quarter after the subscription date);
- The Buy & Maintain Corporate Bond Portfolios managed by Insight and RLAM are comprised of daily priced and traded securities and the Trustee is able to disinvest from these portfolios on a daily basis by giving the respective investment managers appropriate notice to do so. The RLAM portfolio includes some holdings in unrated credit which may take longer to sell;
- The segregated liability hedging portfolio managed by Insight is comprised of physical holdings, fixed interest and index-linked gilts, futures, interest rate swaps, repurchase agreements and liquidity funds. Insight High Grade ABS fund, used in the collateral management framework, is also daily dealt.

Custodial Arrangements

The Trustee is responsible for ensuring the Scheme's assets continue to be securely held. The Trustee reviews the custodial arrangements from time to time and the Scheme auditor is authorised to make whatever investigations it deems are necessary as part of the annual audit procedure.

The Trustee has appointed Bank of New York Mellon ("BNYM") as the Scheme's global custodian for the Scheme's segregated arrangements. The custodian is responsible for the safekeeping, monitoring and reconciliation of documentation relating to the ownership of listed investments (except for assets held in pooled funds). Investments are held in the name of the custodian's nominee company, in line with common practice for pension scheme investments.

For the Scheme's pooled fund investments, the Trustee has no direct ownership of the underlying pooled funds or the underlying assets of the pooled funds. The policies, proposal forms, prospectuses, and related principles of operation, set out the terms on which the assets are managed. The safekeeping of the assets within the pooled funds is performed on behalf of the representative investment managers by custodian banks specifically appointed to undertake this function and whose appointment is reviewed at regular intervals by the manager.

Investment Policy (continued)

Custodial Arrangements (continued)

The custodians as at the year-end are shown in the table below:

Investment Manager	Mandate	Pooled / Segregated	Custodian
M&G	Illiquid Credit Opportunities Fund II	Pooled	State Street Custodial Services (Ireland) Limited
Insight	Secured Finance Fund	Pooled	Northern Trust [1]
	Buy & Maintain Credit Fund	Segregated	BNYM
	Liability Hedging Portfolio	Segregated	BNYM
	High Grade ABS Fund	Pooled	Northern Trust [1]
RLAM	Buy & Maintain Credit Portfolio	Segregated	BNYM
Ares	Secured Finance Fund	Pooled	BNYM and BNP Paribas

Source: Investment managers.

[1]Northern Trust Fiduciary Services (Ireland) Limited are Insight's appointed custodian for the pooled Secured Finance and the High-Grade ABS Fund. The Scheme's units in the pooled Fund are held in a segregated account at the Scheme's appointed custodian, BNYM.

Statement of Investment Principles

The Trustee Directors have produced a Statement of Investment Principles ("SIP") in accordance with Section 35 of the Pensions Act 1995 (as amended) and the Occupational Pension Schemes (Investment) Regulations 2005 (as amended). From 1 October 2020, disclosure regulations came into effect which requires pension schemes to publish the SIP on a publicly available website. A copy of the SIP and Implementation Statement are available from: https://www.travisperkinspensions.co.uk/

The Scheme's Implementation Statement is appended to this document forming part of the Trustee's report, and published on a publicly available website.

The SIP gives details of the Trustee's investment objectives, while an accompanying Investment Implementation Policy Document ("IIPD"), which is available on request, provides details of the underlying benchmarks used to measure the performance of the investment managers.

Investment Policy (continued)

Risk

The Trustee recognises that, with the development of modern financial instruments, it would be possible to select investments that broadly match the estimated defined benefit liability cash flows. However, in order to meet the long-term funding objective with an acceptable level of Principal Employer contributions, the Trustee has agreed to take investment risk relative to the liabilities. This is to target a greater return than the matching assets are expected to provide. The Trustee targets a return consistent with the assumptions made in determining the Scheme's Technical Provisions and Recovery Plan.

Before deciding to take investment risk relative to the liabilities, the Trustee received advice from the Investment Consultant and held discussions with the Principal Employer. In particular, the Trustee considered carefully the following possible consequences:

- The assets might not achieve the excess return relative to the liabilities anticipated over the longer term. This would result in deterioration in the Scheme's financial position and consequently higher contributions from the Principal Employer than are currently expected.

- The relative value of the assets and liabilities will be more volatile over the short term than if investment risk had not been taken. This will increase the likelihood of there being a shortfall of assets relative to the liabilities in the event of discontinuance of the Scheme. This consequence is particularly serious if it coincides with the Principal Employer being unable to make good the shortfall.

- This volatility in the relative value of assets and liabilities may also increase the short-term volatility of the Principal Employer contribution rate set at successive actuarial valuations, depending on the approach to funding adopted.

The Trustee's willingness to take investment risk is dependent on the continuing financial strength of the Principal Employer and its willingness to contribute appropriately to the Scheme. The financial strength of the Principal Employer and its perceived commitment to the Scheme is monitored and the Trustee will review investment risk relative to the liabilities should either of these deteriorate.

The degree of investment risk the Trustee is willing to take also depends on the financial health of the Scheme and the Scheme's liability profile. The Trustee monitors these with a view to altering the investment objectives, risk tolerance and/or return target should there be a significant change in either.

Investment Policy (continued)

Engagement and Monitoring

The Trustee’s main objectives when considering the selection of investment managers are as follows:

a) To select a combination of investment products that together (though not necessarily individually) would generate the maximum net of fees added value over the benchmark, given the Trustee’s tolerance for investment manager risk.

b) To employ highly-rated investment products, according to the Investment Consultant’s research, wherever possible (subject to objective a).

c) To minimise potential transition costs by retaining the incumbent managers where possible (subject to objectives (a) and (b) above) but allowing for the fact that the cost of making a change can easily be outweighed by superior future performance.

The investment managers are appointed by the Trustee based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and desired risk characteristics. The Trustee utilises the investment consultant’s forward looking manager research ratings in decisions around the selection, retention and realisation of manager appointments. These ratings are based on the investment consultant’s assessment of the manager’s idea generation, portfolio construction, implementation and business management.

If the investment objective for a particular manager’s fund changes, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the wider Trustee investment objectives.

Some mandates are actively managed, and the managers are incentivised through performance targets (an appointment will be reviewed following periods of sustained underperformance). The Trustee will review the appropriateness of using actively managed funds as part of the wider monitoring of the Scheme’s managers.

The majority of the Scheme’s investments are made through pooled investment vehicles, and as such the Trustee accepts that it has no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy.

The balance of the Scheme’s investments is segregated: the Trustee has specified criteria in the investment manager agreements so that the assets are managed in line with the Trustee’s specific requirements. For the buy and maintain corporate bond mandates, these criteria include the duration of the portfolios and the proportion of the portfolios invested in bonds denominated in sterling and overseas currencies, the proportion of the portfolios to be invested in different sectors and in sub-investment grade bonds. With respect to the liability hedging portfolio, the manager has been appointed to manage the assets in line with a Scheme-specific benchmark based on the underlying liability profile of the Scheme, with restrictions set out in the guidelines in order to manage portfolio-specific risks.

The investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed. If the Trustee dissatisfied, then it will look to replace the manager.

Investment Policy (continued)

Engagement and Monitoring (continued)

The Trustee receives investment manager performance reports from the investment consultant on a quarterly basis, which present performance information over 3 month, 1 year, and 3 years. The Trustee review absolute performance, relative performance against a suitable index used as a benchmark, where relevant, and against the manager's stated performance target (over the relevant time period). The Trustee's focus is primarily on long term performance but short-term performance is also reviewed. As noted above, the Trustee may review a manager's appointment if:

- There are sustained periods of underperformance;
- There is a change in the portfolio manager;
- There is a change in the underlying objectives of the investment manager;
- There is a significant change to the Investment Consultant's rating of the manager.

If a manager is not meeting performance objectives, or their investment objectives for the mandate have changed, the Trustee may initially ask the manager to review their fees instead of terminating the appointment.

The Trustee does not currently actively monitor the portfolio turnover costs of the assets. Investment manager performance is generally reported net of transaction costs, and therefore managers are incentivised in this way to keep portfolio turnover costs to the minimum required to meet or exceed their objectives.

The Trustee receives some MiFID II reporting from their investment managers but does not analyse the information. The Trustee will continue to monitor industry improvements concerning the reporting of portfolio turnover costs. In future, the Trustee may ask managers to report on portfolio turnover costs explicitly. They may assess this by comparing portfolio turnover across the same asset class, on a year-on year basis for the same manager fund, or relative to the manager's specific portfolio turnover range in the investment guidelines or prospectus.

The Trustee is a long-term investor and is not looking to change the investment arrangements on a frequent basis.

For open-ended funds, the Trustee will retain an investment manager unless:

a) There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;

b) The manager appointment has been reviewed and the Trustee is no longer comfortable that the manager can deliver the mandate.

Investment Policy (continued)

Employer Related Investments

Under the Pensions Act 1995 particular types of investment are classed as “employer-related investments” (“ERI”). Under laws governing ERI not more than 5% of the current value of Scheme assets may be invested in ERI (subject to certain specific exceptions). In addition, some ERI is absolutely prohibited, including an employer-related loan or guarantee. In September 2010 the prohibition of ERI was extended to cover pooled funds. It should be noted that this prohibition does not cover pooled funds held in life wrappers, i.e. funds which are packaged in an insurance policy.

The Trustee reviews the Scheme’s allocation to ERI on an on-going basis and is satisfied that the proportion of the Scheme’s assets in ERI did not exceed 5% of the market value of the Scheme’s assets as at 30 September 2022, and the Scheme therefore complies with legislative requirements. This will continue to be monitored annually. Furthermore, the Trustee has agreed with the relevant investment managers with whom segregated mandates are held to restrict ERI to zero.

Statement of Trustee’s responsibilities

The financial statements, which are prepared in accordance with United Kingdom 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 that 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 the Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging 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 preparing 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 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 for the maintenance and integrity of the corporate and financial information included on the Scheme’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Trustee’s Responsibilities in Respect of Contributions

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 of the Scheme and the dates on or before which such contributions are to be paid.

The Trustee is also responsible 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 of Contributions occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Further Information

Internal Dispute Resolution (IDR) Procedures

It is a requirement of the Pensions Act 1995 that the Trustees of all occupational pension schemes must have Internal Dispute Resolution (IDR) procedures in place for dealing with any disputes between the Trustee and the scheme beneficiaries. A dispute resolution procedure has been agreed by the Trustee, details of which can be obtained by writing to the contact named below.

Contact for Further Information

Any enquiries or complaints about the Scheme, including requests from individuals about their benefits or for a copy of Scheme documentation, should be addressed to:

Hymans Robertson LLP
45 Church Street
Birmingham
B3 2RT

The Money and Pensions Service (MaPS)

This service is available at any time to assist members and beneficiaries with pensions questions and issues they have been unable to resolve with the Trustees of the Scheme. MaPS has launched MoneyHelper, which brings together the Money Advice Service, The Pensions Advisory Service and Pension Wise to create a single place to get help with money and pension choices. MoneyHelper is impartial, backed by the government and free to use.

The Money and Pensions Service
Holborn Centre
120 Holborn
London
EC1N 2TD
Tel: 0800 011 3797
Website: www.moneyhelper.org.uk

The Pensions Ombudsman

Members have the right to refer a complaint to The Pensions Ombudsman free of charge. The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the events(s) the member is complaining about happened – or, if later, within three years of when they first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:

10 South Colonnade
Canary Wharf
London
E14 4PU
Tel: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk
Members can also submit a complaint form online: www.pensions-ombudsman.org.uk/making-complaint

Further Information (continued)

The Pensions Regulator

The Pensions Regulator (TPR) has the objectives of protecting the benefits of members, promoting good administration and reducing the risk of claims on the Pension Protection Fund. TPR has the power to investigate schemes, to take action to prevent wrongdoing in or maladministration of pension schemes and to act against employers failing to abide by their pension obligations. TPR may be contacted at the following address:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW
www.thepensionsregulator.gov.uk

Pension Tracing Service

The Pension Schemes Registry has been replaced with the Pension Tracing Service and is now provided by the Department for Work and Pensions. Responsibility for compiling and maintaining the register of occupational pension schemes has been passed to The Pensions Regulator.

Contact details for the services are as follows:

Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU
Website: www.gov.uk/find-pension-contact-details

Approval of the Report by the Trustee

The investment report included in this annual report and financial statements forms part of the Trustee's report.

Signed for and on behalf of the Trustee of The BSS Group Pension Scheme:

____________________________ Trustee Director

____________________________ Date

Section 3 – Independent Auditor's Report to the Trustee of The BSS Group Pension Scheme

Report on the audit of the Financial Statements

Opinion

In our opinion the financial statements of The BSS Group Pension Scheme (the "Scheme"):

- Show a true and fair view of the financial transactions of the Scheme during the year ended 30 September 2022 and of the amount and disposition at that date of its assets and liabilities, other than the 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; 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.

We have audited the financial statements which comprise:

- The Fund Account;
- The Statement of Net Assets (available for benefits); and
- The related notes 1 to 19.

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).

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

Independent Auditor's Report to the Trustee of The BSS Group Pension Scheme (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of Trustee

As explained more fully in the Statement of Trustee's responsibilities, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as 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 intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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 considered the nature of the Scheme's industry and its control environment, and reviewed the Scheme's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of the Trustee, pension administration and Scheme Actuary about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Scheme operates in, and identified the key laws and regulations that:

Independent Auditor's Report to the Trustee of The BSS Group Pension Scheme (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

- Had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Pension Act 1995, the Pensions Act 2004, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013; and
- Do not have a direct effect on the financial statements but compliance with which may be fundamental to the Scheme's ability to operate or to avoid a material penalty. These included the Scheme's regulatory requirements.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- Reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Enquiring of the Trustee, pension administrators and Scheme Actuary concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- Reading minutes of Trustee and subcommittee meetings and reviewing correspondence with the Pensions Regulator, if any.

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.

Deloitte LLP
Statutory Auditor
Birmingham
United Kingdom
Date:

Section 4 – Financial Statements

Fund Account for year ended 30 September 2022

	Note	Total 2022 £000	Total 2021 £000
CONTRIBUTIONS AND BENEFITS			
Contributions	4	**696**	3,028
Other Income		**18**	-
		714	3,028
Benefits paid or payable	5	**(9,327)**	(9,196)
Payments to and on account of leavers	6	**(1,330)**	(3,706)
Other payments	7	**(95)**	(85)
Administrative expenses	8	**(449)**	(486)
		(11,201)	(13,473)
Net withdrawals from dealings with members		**(10,487)**	(10,445)
RETURNS ON INVESTMENTS			
Investment income	10	**7,851**	9,867
Change in market value of investments	12	**(119,750)**	(8,466)
Investment management expenses	11	**(932)**	(960)
Net (loss)/returns on investments		**(112,831)**	441
Net decrease in the Scheme during the year		**(123,318)**	(10,004)
Net assets of the Scheme at the start of the year		**379,265**	389,269
Net assets of the Scheme at the end of the year		**255,947**	379,265

The notes on pages 27 to 46 form part of these financial statements.

Financial Statements (continued)

Statement of Net Assets (available for benefits) as at 30 September 2022

	Note	2022 £000	2021 £000
Investment assets:			
Bonds	*12*	**339,567**	510,407
Pooled investment vehicles	*12*	**78,290**	139,487
Derivatives	*12*	**10,770**	21,534
Amounts receivable under Reverse Repurchase Agreements	*12*	**-**	43,314
AVC investments	*12*	**184**	344
Other investment balances	*12*	**1,891**	2,596
Cash deposits	*12*	**1,162**	1,836
Cash in transit	*12*	**21,500**	10,744
		456,364	730,262
Investment liabilities:			
Short-sold bonds	*12*	**-**	(43,019)
Derivatives	*12*	**(8,533)**	(22,861)
Amounts payable under Repurchase Agreements	*12*	**(192,276)**	(286,566)
		(200,809)	(352,446)
Total net investments		**252,555**	377,816
Current assets	*13*	**3,816**	1,823
Current liabilities	*14*	**(424)**	(374)
Total Net Assets (available for benefits) of the Scheme		**255,947**	379,265

The notes on pages 27 to 46 form part of these financial statements.

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 takes into account such obligations, is dealt with in the Report on Actuarial Liabilities on page 7 and in the Actuary's certificates in Section 8 of these financial statements and should be read in conjunction therewith.

Signed for and on behalf of the Trustee of The BSS Group Pension Scheme:

______________________ Trustee Director

______________________ Date

Section 5 – Notes to the Financial Statements

Notes to the financial statements for the year ended 30 September 2022

1 BASIS OF PREPARATION

The individual financial statements of The BSS Group Pension Scheme 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 (FRS) 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ('FRS 102') and the guidance set out in the Statement of Recommended Practice 'Financial Reports of Pension Schemes' (Revised June 2018) ('the SORP').

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate as they believe that the Scheme has adequate resources to realise its assets and meet pension payments in the normal course of affairs (continue to operate) for at least the next twelve months from the date of approval of the financial statements.

2 IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Scheme is established as a trust under English law. The address for enquiries to the scheme is Hymans Robertson LLP, 45 Church Street, Birmingham, B3 2RT.

3 ACCOUNTING POLICIES

The principal accounting policies, which have been consistently applied during the year, are set out below.

3.1 Contributions

Deficit contributions are accounted for in the period they are due under the Schedule of Contributions.

Other contributions made by the employer to reimburse costs and levies payable by the Trustee are accounted for on the same basis as the corresponding expense.

3.2 Additional voluntary contributions (AVCs)

AVCs are accounted for on an accrual basis, in the same way as other contributions, and the resulting investments are included in the net asset statement.

3.3 Other Income

Other income items are accounted for on an accrual basis.

3.4 Benefits

Pensions payable in respect of the Scheme year are accounted for by reference to the period to which they relate. Refunds and lump sums are accounted for by reference to the later of the date of retirement or leaving the Scheme, or the date the option is exercised. Benefits taken are reported gross of any tax settled by the scheme on behalf of the member.

3.5 Transfers to and from other Schemes

Transfer values relating to early leavers are included at values determined by the Actuary advising the Trustee. Transfers are accounted for when the receiving scheme has accepted the liability and the amount can be determined with reasonable certainty.

3.5 Administrative and other expenses

Administrative expenses are accounted for on an accrual basis. The Scheme bears all the costs of administration and during the period the Employer paid extra contributions in respect of expenses.

Notes to the financial statements for the year ended 30 September 2022 (continued)

3 ACCOUNTING POLICIES (CONTINUED)

3.6 Investment income

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

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

Income from bonds is accounted for on an accrual basis and includes interest bought and sold on investment purchases and sales.

Investment income arising from the underlying investments of the pooled investment vehicles is rolled up and reinvested within the pooled investment vehicles. This is reflected in the unit price and reported within 'Change in Market Value'.

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

3.7 Investments

Annuity policies, if material, are valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent funding valuation assumptions updated for market conditions at the reporting date. Income arising from annuity policies is included in investment income and the pensions paid included in pensions payments. The Trustee has concluded that the annuities are not material and so have not been valued.

Under FRS 102, annuity policies are reported at the value of the related obligation to pay future benefits funded by the annuity policy. The Trustee has determined that there are no material annuity policies held in the name of the Trustee. Investments in overseas currencies are translated into sterling at the exchange rates ruling at the year end.

Investments are included at fair value.

The changes in investment market values are accounted for in the year in which they arise and include profits and losses on investments sold as well as unrealised gains and losses in the value of investments held at the year end.

Bonds and short sold bonds are quoted at "clean" (without accrued interest) value. Accrued interest is included in investment income receivable.

Notes to the financial statements for the year ended 30 September 2022 (continued)

3 ACCOUNTING POLICIES (CONTINUED)

3.7 Investments (continued)

Derivatives are stated at fair value.

- Exchange traded derivatives are stated at fair value determined using market quoted prices.
- Swaps are valued taking the current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date.
- Over the counter (OTC) derivatives are stated at fair value using pricing models and relevant market data as at the year-end date.
- Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
- All gains and losses arising on derivative contracts are reported within ‘Change in Market Value’.
- Receipts and payments arising from derivative instruments are reported as sale proceeds or purchase of investments.

AVC investments are included at the value given by the AVC provider.

Investments include all cash held by investment managers and available for investment.

Where bonds are sold subject to contractual agreements (‘repurchase agreements’) for the repurchase of equivalent securities, the securities sold are accounted for within their respective investment classes as if they have been held at the year-end market value. The contracts to buy back the equivalent securities, the Repurchase Agreements, are accounted for as an investment liability and the market value reported is the cash received from the counterparty at the opening of the agreements.

Where bonds are bought subject to contractual agreements (“reverse repurchase agreements”) for the resale of equivalent securities, the securities bought are excluded from their respective investment classes. The contracts to sell back the equivalent securities, the reverse repurchase agreements, are accounted for as an investment asset and the market value reported is the cash paid to the counterparty at the opening of the agreements.

The Scheme recognises assets delivered out under repurchase contracts. Cash received from repurchase contracts is recognised as an investment asset and an investment liability is recognised for the value of the repurchase obligation. Cash delivered under reverse repurchase contracts is recognised as an investment receivable in the financial statements. Securities received in exchange are disclosed as collateral supporting this receivable but not included as Scheme assets.

Investment management expenses and rebates are accounted for on an accrual basis. Acquisition costs are included in the purchase cost of investments.

Notes to the financial statements for the year ended 30 September 2022 (continued)

3 ACCOUNTING POLICIES (CONTINUED)

3.8 Presentation Currency

The Scheme's functional and presentation currency is pounds Sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the year end. Foreign currency transactions are recorded in Sterling at the spot exchange rate at the date of the transaction.

3.9 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Trustee has made the following judgements:

Determined whether there are any indicators of impairment of the Scheme's investment assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

There are no other key sources of estimation uncertainty.

4 CONTRIBUTIONS

	Total 2022	Total 2021
	£000	£000
Deficit funding	-	2,211
Employer additional contributions re expenses	696	817
	696	3,028

Under the Schedule of Contributions signed in May 2021, the Scheme's deficit has been eliminated from 31 December 2020 so there are no more deficit reduction contributions due to the Scheme from this date.

Under the Schedule of Contributions signed in May 2021, the Scheme was due £696,000 per annum payable in monthly instalments to the calendar year ended 31 December 2021 from the Sponsoring Employer to cover the cost of Administration and Management expenses.

Notes to the financial statements for the year ended 30 September 2022 (continued)

5 BENEFITS PAID OR PAYABLE

	Total 2022	Total 2021
	£000	£000
Pensions payable	**7,245**	6,885
Commutations of pensions and lump sum retirement benefits	**2,033**	2,276
Lump sum death benefits	**49**	35
	9,327	9,196

6 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	Total 2022	Total 2021
	£000	£000
Individual transfers to other schemes	**1,330**	3,706

7 OTHER PAYMENTS

	Total 2022	Total 2021
	£000	£000
Irrecoverable VAT	**95**	85

The principal employer reclaims VAT on behalf of the Scheme. Irrecoverable VAT arises due to the employer being restricted in the amount of VAT it can reclaim. During the year £95,000 was written off as irrecoverable (2021: £85,000).

Notes to the financial statements for the year ended 30 September 2022 (continued)

8 ADMINISTRATIVE EXPENSES

	Total 2022	Total 2021
	£000	£000
Administration and processing	**207**	208
Actuarial and consultancy fees	**106**	151
Audit Fee	**17**	21
Legal and other professional fees	**119**	106
	449	486

In accordance with the Schedules of Contributions, the Employer directly met the PPF levies for the year ended September 2022, this was £62,680 (2021: £150,910).

9 TAX

The BSS Group Pension Scheme is a registered pension scheme for tax purposes under the Finance Act 2004. The Scheme is therefore exempt from taxation except for certain withholding taxes relating to overseas investment income. Tax charges are accrued on the same basis as the investment income to which they relate (see Note 10).

10 INVESTMENT INCOME

	Total 2022	Total 2021
	£000	£000
Income from pooled investment vehicles	**1,330**	1,642
Income from bonds	**8,264**	8,873
Interest on cash deposits	**1**	(7)
Annuity income	**5**	6
Interest payable on swaps or repurchase agreements	**(1,749)**	(664)
Rebate of investment manager fees	**-**	17
	7,851	9,867

Notes to the financial statements for the year ended 30 September 2022 (continued)

11 INVESTMENT MANAGEMENT EXPENSES

	Total 2022	Total 2021
	£000	£000
Administration, management and custody	**751**	677
Investment Consultancy	**181**	283
	932	960

Investment fees for the other fund managers are adjusted for within the unit prices of each fund.

12 INVESTMENTS

12.1 INVESTMENT RECONCILIATION

	Opening value	***Purchase cost and derivative payments***	***Sales proceeds and derivative receipts***	***Change in market value***	***Closing value***
	£000	**£000**	**£000**	**£000**	**£000**
Bonds (net)	**467,388**	110,359	(120,354)	(117,826)	**339,567**
Pooled investment vehicles	**139,487**	150,100	(208,764)	(2,533)	**78,290**
Derivatives	**(1,327)**	15,051	(12,238)	751	**2,237**
AVC investments	**344**	-	(18)	(142)	**184**
	605,892	275,510	(341,374)	(119,750)	**420,278**
Cash deposits	**1,836**				**1,162**
Cash in transit	**10,744**				**21,500**
Repurchase agreements (net)	**(243,252)**				**(192,276)**
Other investment balances	**2,596**				**1,891**
TOTAL NET INVESTMENTS	**377,816**				**252,555**

Bonds reflect the net of both the long and short positions.

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

Notes to the financial statements for the year ended 30 September 2022 (continued)

12.2 POOLED INVESTMENT VEHICLES (PIV)

The holdings of PIVs are analysed below:

	2022	2021 (reclassified)
	£000	£000
Property	**-**	30,076
Global bonds	**8,436**	56,256
Illiquid credit	**47,579**	49,471
Liquidity	**22,275**	3,684
	78,290	139,487

12.3 ADDITIONAL VOLUNTARY CONTRIBUTION (AVC) INVESTMENTS

The Trustee holds assets invested separately from the main defined benefit section fund in the form of a managed fund. These secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement confirming the amounts held in their account and the movements in the year.

The aggregate amounts of AVC investments are as follows:

	2022	2021
	£000	£000
Clerical Medical	**129**	167
Prudential	**55**	177
	184	344

Notes to the financial statements for the year ended 30 September 2022 (continued)

12.4 DERIVATIVES

The Trustee has authorised the use of derivatives by its investment managers as part of its investment strategy for the pension scheme.

The main objectives for the use of key classes of derivatives and the policies followed during the year are summarised as follows:

- Swaps - the Trustee's aim is to match as far as possible the Liability Driven Investment (LDI) portfolio of the Scheme's long term liabilities, in particular in relation to their sensitivities to interest rate movements. The Trustee has entered into OTC interest rate swaps during the year that extend the duration of the fixed income portfolio to better match the long term liabilities of the Scheme.
- Forward foreign exchange – in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investors to the targeted level.
- Futures - where cash is held for short-term liquidity, the Trustee has entered into index-based contracts of equivalent economic value to avoid being "out-of-the-market".

			2022			2021
	Assets £000	**Liabilities £000**	**Total £000**	Assets £000	Liabilities £000	Total £000
Swaps	**5,983**	**(427)**	**5,556**	1,616	(1,927)	(311)
Futures	**4,447**	**(4,447)**	**-**	19,649	(19,649)	-
Forward foreign exchange	**340**	**(3,659)**	**(3,319)**	269	(1,285)	(1,016)
	10,770	**8,533**	**2,237**	28,162	(29,489)	(1,327)

Swaps

The Scheme had derivative contracts outstanding at the year-end relating to its LDI fixed interest investment portfolio. These contracts were traded over the counter (OTC). The details are:

Nature	**Number of Contracts**	**Notional Principal £000**	**Duration**	**Asset value at year end £000**	**Liability value at year end £000**
Interest rate swap	58	112,901	2023-2052	5,983	(427)
Total 2022				**5,983**	**(427)**
Total 2021				1,616	(1,927)

At 30 September 2022, collateral of £3.7m (2021: £2.7m) was pledged and collateral of £4.5m (2021: £0.8m) was held in relation to outstanding swap contracts. Collateral pledged consisted of £3.7m (2021: £2.7m) of government bonds. Collateral held consisted of £3.9m (2021: £0.8m) of cash and £0.6m of government bonds (2021: £nil).

Notes to the financial statements for the year ended 30 September 2022 (continued)

12.4 DERIVATIVES (CONTINUED)

Forward Foreign Exchange (FX)

The Scheme had open FX contracts at the year-end relating to its currency hedging strategy as follows:

Nature	Currency Bought 000	Currency Sold 000	Settlement Date	Asset value at year end £000	Liability value at year end £000
Bought GBP sold EURO	£7,127	(€8,269)	Oct - Nov-22	-	(152)
Bought USD sold GBP	$3,053	(£2,722)	Oct - Nov-22	44	(32)
Bought GBP sold USD	£48,814	($58,176)	Oct - Nov-22	-	(3,475)
Other	£295	-	Jan-23	295	-
Total 2022				**339**	**(3,659)**
Total 2021				269	(1,285)

For the year ended 30 September 2022, the balance of Exchange Traded Futures is less than £1.0m (2021: less than £1.0m).

12.5 CONCENTRATION OF INVESTMENTS

The table below provides an overview of the Scheme's pooled investments that represented more than 5% of the total net assets as at 30 September 2022.

	2022 £000	**2022 % of net assets**	2021 £000	2021 % of net assets
Insight High Grade ABS Fund	**8,436**	**3.3**	56,526	14.9
Insight Liquidity Fund (Zero Management fee)	**22,275**	**8.7**	3,665	1.0
M&G - Illiquid Credit Opportunities Fund	**19,102**	**7.5**	19,814	5.2
Ares Secured Income Fund	**17,606**	**6.9**	18,799	5.0

12.6 INVESTMENT TRANSACTION COSTS

Indirect transaction costs are incurred through bid-offer spread on investments within pooled investment vehicles. Direct transaction costs are included in the cost of purchases and deducted from sales proceeds in the reconciliation above. It has not been possible for the Trustee to quantify the direct and indirect costs for the Scheme.

Notes to the financial statements for the year ended 30 September 2022 (continued)

12.7 REPURCHASE AND REVERSE REPURCHASE AGREEMENTS

A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date:

	2022	2021
	£000	£000
Contracts held under reverse repurchase agreements	-	43,314
Contracts held under repurchase agreements	(192,276)	(286,566)
	(192,276)	(243,252)

As disclosed in Note 19, there was significant market volatility at 30 September 2022 and a resultant impact on collateral volumes. As a consequence, the market data available at 30 September 2022 would not have reflected an accurate exposure position so the collateral is disclosed at 5 October 2022. At 5 October 2022, collateral of £60.0m (30 September 2021: £4.8m) was pledged in relation to outstanding repurchase agreements, and collateral of £nil (30 September 2021: £3.3m) was held in relation to outstanding repurchase agreements. All of this collateral was in UK government bonds.

12.8 CASH AND OTHER NET INVESTMENT BALANCES

	2022	2021
Cash	£000	£000
Cash Deposits – Sterling	619	1,765
Cash Deposits – Overseas	544	71
Cash in transit	21,500	10,744
	22,663	12,580

	2022	2021
Other investment balances	£000	£000
Accrued investment income	1,891	2,596

Notes to the financial statements for the year ended 30 September 2022 (continued)

12.9 INVESTMENTS FAIR VALUE HIERARCHY

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 which the entity can access at the assessment dates.
Level 2	Inputs other than quoted prices included within Level 1 which are observable (i.e. developed for the asset or liability, either directly or indirectly).
Level 3	Inputs which are unobservable (i.e. for which market data is unavailable) for the asset or liability.

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

As at 30 September 2022	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Bonds (net)	**-**	**339,567**	**-**	**339,567**
Pooled investment vehicles	**22,275**	**19,306**	**36,709**	**78,290**
Derivatives (net)	**(3,320)**	**5,557**	**-**	**2,237**
AVC investments	**-**	**184**	**-**	**184**
Cash	**1,162**	**-**	**-**	**1,162**
Cash in transit	**21,500**	**-**	**-**	**21,500**
Other investment balances	**1,891**	**-**	**-**	**1,891**
Repurchase agreements (net)	**-**	**(192,276)**	**-**	**(192,276)**
	43,508	**172,338**	**36,709**	**252,555**

As at 30 September 2021 (reclassified)	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Bonds (net)	-	467,388	-	467,388
Pooled investment vehicles	3,684	97,191	38,612	139,487
Derivatives (net)	(1,016)	(311)	-	(1,327)
AVC investments	-	300	44	344
Cash	1,836	-	-	1,836
Cash in transit	10,744	-	-	10,744
Other investment balances	2,596	-	-	2,596
Repurchase agreements (net)	-	(243,252)	-	(243,252)
	17,844	321,316	38,656	377,816

Repurchase agreements are level 2 based on underlying instruments exchanged.

Notes to the financial statements for the year ended 30 September 2022 (continued)

12.10 INVESTMENT RISKS

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

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

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

- **Currency risk**: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk**: this is the risk that the fair value 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 Scheme has exposure to these risks because of the investments it makes to implement its investment strategy described in the Trustee's Report. 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 portfolios. The investment objectives and processes in place to monitor and manage risks of the Scheme are further detailed in the Statement of Investment Principles ("SIP") and the Investment Implementation Policy Document ("IIPD").

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

Notes to the financial statements for the year ended 30 September 2022 (continued)

12.10 INVESTMENT RISKS (CONTINUED)

Market Risk (continued)

Currency Risk

The Scheme is subject to direct currency risk where assets denominated in overseas currencies are held in segregated mandates. The Trustee has opted to hedge all of the overseas currency exposure in the segregated mandates back to Sterling; direct currency exposure at the year-end was implicitly 0.0% (2021: 0.0%).

Indirect currency risk arises from the Scheme's investment in Sterling priced pooled investment vehicles which hold underlying investments denominated in foreign currencies.

The Scheme also had exposure to indirect currency risk through its holdings in two Secured Finance funds and the High-Grade ABS Fund. The Secured Finance funds consists of underlying investments in debt and debt related securities, loan investments and structured financial instruments which may be issued world-wide, denominated in any currency and may / may not be listed on recognised exchanges and markets. The funds are Sterling priced, however the managers may use underlying currency exposures as part of their investment strategy.

Some of the investment managers may utilise currency hedging as a means of protecting a fund's value against currency movements. In extreme market conditions, the hedge may not be perfect, and the fund may be exposed to currency changes. In instances where returns are not hedged, this may be a deliberate and calculated action taken by the manager as a means of generating additional returns through expected currency movements. The Trustee reviews the strategies employed by the manager as part of their ongoing monitoring of the Scheme.

Interest Rate Risk

The Scheme is subject to direct interest rate risk because some of the Scheme's investments are held in government bonds, repurchase agreements, interest rate and bond derivatives and cash in segregated investments. In the case of the Buy and Maintain Credit funds, the interest rate exposure that these funds introduce is taken by the respective investment managers as part of their investment strategies to add value.

The Trustee has set a benchmark for total investment in liability hedging assets (including High-Grade ABS and cash collateral assets) of 52% of the total investment portfolio (2021: 45.0%), as part of its liability driven investment ("LDI") strategy. Under this strategy, if interest rates fall, all else being equal, the value of these investments should rise to help match the increase in the value placed on the liabilities arising from a fall in the discount rate (which is derived from market interest rates). Similarly, if interest rates rise, all else being equal, these investments should fall in value, as should the value placed on the liabilities because of an increase in the discount rate.

Notes to the financial statements for the year ended 30 September 2022 (continued)

12.10 INVESTMENT RISKS (CONTINUED)

Interest Rate Risk (continued)

At the year end, the liability hedging portfolio (including High Grade ABS and Liquidity), managed by Insight represented c.39.9% of the total investment portfolio (2021: c.46.2%). As at year end, the hedge ratio of the Scheme's inflation-linked liabilities on the Trustee's liability hedging basis (gilts + 0.25% p.a.) was c.95.9% (2021: c.96.6% on gilts +0.5% p.a.) and therefore broadly in line with the Trustee's target of 96.0%. The hedge ratio of the Scheme's fixed liabilities on the Trustee's liability hedging basis (gilts + 0.25% p.a.) was c.95.5% (2021: c.95.9% on gilts +0.5% p.a.) and therefore broadly in line with the Trustee's target of 96.0%. The interest rate sensitivity within the Royal London Asset Management ("RLAM") Buy & Maintain credit portfolio is taken into account by Insight in the liability hedging arrangements.

The Scheme also had indirect exposure to interest rate risk over the year through investments in Secured Finance and High-Grade ABS funds. The Long Lease Property funds, which were held for a short period of time at the start of the reporting period, may have also been subject to indirect interest rate risk where the investment manager uses a discount cashflow methodology for valuing the underlying properties.

Any interest rate sensitivity from these funds is considered immaterial and therefore not allowed for in Insight's liability hedging arrangements. The interest rate sensitivity within the Secured Finance and High-Grade ABS mandates is limited as the underlying investments are predominantly floating rate in nature.

The small cash holding also had exposure to interest rate risk through short-dated money market instruments. Given the length of term of these instruments, the interest rate sensitivity is expected to be minimal and therefore not allowed for in Insight's liability hedging arrangements.

Other Price Risk

Other price risk arises principally in relation to the Scheme's return seeking assets. During the year, the Scheme was exposed to other price risk though its investments in return seeking assets. Whilst the Buy & Maintain Credit and High Grade ABS may be considered as matching assets (where ABS is used for LDI collateral purposes), these assets are still expected to generate returns in excess of the risk free rate.

The Trustee manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets and asset classes. At the year end, the Scheme's return seeking assets represented c.63.4% of total assets (2021: c.68.7%).

The Segregated LDI portfolio may also be considered to be exposed to other price risk where it includes Index Linked Bonds that are sensitivity to changes in long term inflation expectations. At year end, the Scheme's LDI portfolio consisted of £187.5m of Index Linked Bonds (2021: £250.0m).

Credit Risk

The Scheme is subject to direct credit risk because the Scheme invests in bonds, over the counter ("OTC") derivatives, has cash balances and enters into repurchase agreements through its segregated investments. The Scheme also invests in pooled investment vehicles which may invest in sovereign government bonds and corporate bonds.

Notes to the financial statements for the year ended 30 September 2022 (continued)

12.10 INVESTMENT RISKS (CONTINUED)

Credit Risk (continued)

As at year end, the Scheme had exposure to investment grade bonds, related derivatives and cash which amounted to c.£148.6m (2021: c.£483.0m) and c.£3.4m of non-investment grade corporate bonds (2021: c.£1.2m) in segregated vehicles. The Scheme is directly exposed to credit risk arising from these pooled investment vehicles and is indirectly exposed to credit risks arising on the underlying investments held by these pooled investment vehicles.

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

	2022	2021
	£000	£000
Unit Linked Insurance Contracts	**-**	15,349
Qualifying Investor Alternative Investment Fund	**29,972**	30,672
Authorised Unit Trusts	**-**	14,747
Open Ended Investment Company	**30,711**	59,921
Shares of Limited Liability Partnerships	**17,607**	18,798
	78,290	139,487

The pooled investment arrangements held by the Scheme at year end comprised of OEICs (the Insight High Grade ABS Fund), QIAIFs (M&G Illiquid Credit Opportunities Fund II and Insight Secured Finance Fund) and Shares of Limited Liability Partnerships (Ares Secured Income Fund). The Scheme's holdings in pooled investment vehicles are not rated by credit rating agencies. The Trustee manages and monitor the credit risk arising from the Scheme's pooled investments by considering the nature of the arrangement, the legal structure, and regulatory environment.

Direct credit risk arising from the pooled investments in the OEICs and the QIAIFs is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled managers, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. Cash held by the pooled managers' custodians is ring-fenced where possible. Where this is not possible, the credit risk arising is mitigated by the use of regular cash sweeps (typically daily) and investing cash in liquidity funds.

Direct credit risk arising from pooled investment vehicles structured as unit-linked insurance contracts is mitigated by capital requirements and the Prudential Regulatory Authority's regulatory oversight. In the event of default by the insurer, the Scheme may be protected by the Financial Services Compensation Scheme and may be able to make a claim for up to 100% of its policy value, although noting that compensation is not guaranteed. The Trustee carries out due diligence checks on the appointment of new pooled investment managers, and on an ongoing basis monitors any changes to the operating environment of the pooled managers.

Both the pooled and segregated vehicles may hold units within other pooled arrangements. The Trustee has considered the impact of these arrangements in relation to the Scheme's exposure to failure by the sub-funds or reinsurers who may have different regulatory or insolvency protections compared to the pooled investment made directly by the Scheme.

Notes to the financial statements for the year ended 30 September 2022 (continued)

12.10 INVESTMENT RISKS (CONTINUED)

Credit Risk (continued)

Indirect credit risk also arises in respect of the Scheme's allocation to Secured Finance and High-Grade ABS, as a high proportion of the value of the underlying investments held within the pooled funds relate to debt or contractual obligations.

The total value of pooled investment vehicles at year end exposed to indirect credit risk was c.£56.0m (2021: c.£139.4m).

In addition, the notes below provide more detail on how this risk is managed and mitigated for the different asset classes.

Government bonds

Credit risk arising on government bonds held directly and within pooled funds is mitigated by investing specifically in UK government bonds whereby the credit risk is deemed minimal. Some of the Buy & Maintain Credit, Secured Finance and High-Grade ABS funds may invest in government bonds where credit risk is taken as part of the strategy to add value or for liquidity management purposes.

Corporate bonds

Credit risk arising on corporate bonds held within the underlying pooled funds (Secured Finance and High-Grade ABS funds) and those held directly (in the segregated Buy & Maintain corporate bond mandates) is mitigated by the portfolios being mainly invested in corporate bonds which are rated at least investment grade. The Trustee considers financial instruments or counterparties to be of investment grade if they are rated at BBB- or higher by Standard & Poor's or Fitch or rated at Baa3 or higher by Moody's.

Non-Investment Grade Bonds

Credit risk arising on non-investment grade bonds held directly is mitigated through diversification of the underlying securities to minimise the potential impact of default by any one issuer. Should more than 10% of the Insight Buy & Maintain Credit portfolio be invested in non-investment grade corporate bonds, the manager will discuss possible corrective action with the Trustee. The RLAM portfolio has a hard limit of 15% of the total portfolio being invested in non-investment grade bonds. The pooled Secured Finance and High-Grade ABS funds may also invest in non-investment grade bonds as part of their strategies to add value.

Cash Balances

Credit risk arising on cash held within financial institutions is mitigated by ensuring cash is held with a diversified range of institutions which are at least investment grade credit rated.

Notes to the financial statements for the year ended 30 September 2022 (continued)

12.10 INVESTMENT RISKS (CONTINUED)

Derivatives

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter ("OTC"). Exchange traded instruments have minimal credit risk as they are arranged via a central counterparty.

OTC derivative contracts are not guaranteed by any regulated exchange and therefore the pooled funds and segregated mandates holding these contracts are subject to risk of failure of the counterparty. The credit risk for OTC derivatives is reduced by collateral arrangements at the discretion of the appointed investment manager.

The Trustee has agreed restrictions with Insight in their investment guidelines set out in the IMA for the LDI portfolio. These set out limits for transacting with particular counterparties, prevents excessive exposure to an individual counterparty and requires a minimum level of credit quality for the approved counterparties.

The information about exposures to and mitigation of credit risks as detailed above applied at both the current and previous year end.

Repurchase agreements

Credit risk on repurchase agreements is mitigated through collateral arrangements at the discretion of the appointed investment manager. The Trustee has also set out certain limits with respect to repurchase agreements within Insight's LDI portfolio guidelines.

Notes to the financial statements for the year ended 30 September 2022 (continued)

13 CURRENT ASSETS

	Total 2022	Total 2021
	£000	£000
Balance at bank	**3,180**	1,254
Accrued contributions	**58**	58
Due from employer in respect of VAT	**40**	18
Payroll paid in advance	**529**	493
Bank Interest accrued	**9**	-
	3,816	1,823

14 CURRENT LIABILITIES

	Total 2022	Total 2021
	£000	£000
Administrative expenses	**328**	253
Benefits payable	**96**	121
	424	374

15 RELATED PARTY TRANSACTIONS

During the year, one of the Trustee Directors receives a pension from the Scheme (2021: one).

During the year Trustees were paid £94,858 (2021: £94,789) for their services of this balance £8.804 (2021: £nil) was outstanding at the year-end.

There are no other related party transactions other than as disclosed elsewhere within the financial statements.

16 CONTINGENCIES AND COMMITMENTS

In the opinion of the Trustee, the Scheme had no contingent liabilities at 30 September 2022 (2021: nil), except as disclosed in Note 18.

Notes to the financial statements for the year ended 30 September 2022 (continued)

17 EMPLOYER RELATED INVESTMENTS

Under the Pensions Act 1995 particular types of investment are classed as “employer-related investments” (“ERI”). Under laws governing ERI not more than 5% of the current value of Scheme assets may be invested in ERI (subject to certain specific exceptions). In addition, some ERI is absolutely prohibited, including an employer-related loan or guarantee. In September 2010 the prohibition of ERI was extended to cover pooled funds. It should be noted that this prohibition does not cover pooled funds held in life wrappers, i.e. funds which are packaged in an insurance policy.

The Trustee reviews the Scheme’s allocation to ERI on an on-going basis and is satisfied that the proportion of the Scheme’s assets in ERI did not exceed 5% of the market value of the Scheme’s assets as at 30 September 2022, and the Scheme therefore complies with legislative requirements. This will continue to be monitored annually. Furthermore, the Trustee has agreed with the relevant investment managers with whom segregated mandates are held to restrict ERI to zero.

18 GMP EQUALISATION

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group’s defined benefit pension schemes. The judgment concluded that schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits.

In November 2020 a further High Court judgement was made in respect of GMP equalisation and historic transfer values. The judge ruled that historic transfer values would fall under the scope of GMP equalisation and that trustees of pensions schemes remain liable to members where transfer value payments reflected unequalised 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 may affect the Scheme and will be considering this as at future meetings and decisions will be made as to the next steps. Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts.

Once the judgements on further related cases have been published (including the ruling on de minimis) and further issues, for example, the tax treatment of any additional benefits granted have been resolved, then the Trustee (and their advisers) and the Employer (and their advisers) will be able to agree on a way forward in terms of the implementation of the agreed approach which will include the assessment of the impact of the approach on the Scheme which will be reflected in future years’ accounts. It is not possible to reliably estimate the value of any such adjustments at this point in time.

19 SUBSEQUENT EVENTS

In September 2022, following the announcement of the mini-Budget from the Chancellor of the Exchequer and the UK Government, the fiscal statement caused significant volatility in the UK Bond market subsequent to the Scheme year-end and at December 2022, the investment assets of the Scheme were valued at c. £246m. The Trustee, with the help of the Investment Consultant, will continue to monitor the impact on the Scheme’s investment portfolio.

Other than noted above, there were no subsequent events requiring disclosure in the financial statements.

Section 6 – Independent Auditor's Statement about Contributions

We have examined the summary of contributions to The BSS Group Pension Scheme for the Scheme year ended 30 September 2022 which is set out on the following page.

Opinion

In our opinion, contributions for the Scheme year ended 30 September 2021, as reported in the Summary of Contributions, and payable under the Schedule of Contributions, have in all material respects been paid in accordance with the Schedule of Contributions certified by the Scheme Actuary on 4 May 2021.

Scope of work on statement about contributions

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

Respective responsibilities of Trustee and the auditor

As explained more fully in the Statement of Trustee's 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 Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our report

This statement is made solely to the Trustee, as a body, in accordance with Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body for our work, for this statement, or for the opinion we have formed.

Deloitte LLP
Statutory Auditor
Birmingham
United Kingdom
Date

Section 7 – Trustee's Summary of Contributions

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the employer and member contributions payable to the Scheme under the Schedule of Contributions certified by the Scheme Actuary on 4 May 2021 in respect of the Scheme year ended 30 September 2022. The Scheme auditor reports on these contributions payable under the Schedule in the Auditors' Statement about Contributions.

Summary of Contributions payable in the year

During the year, the contributions payable to the Scheme were as follows:

	£000
Required by the schedule of contributions	
Employer additional contributions re expenses	**696**
Total contributions payable under the Schedule of Contributions (as reported on by the Scheme Auditor) and reported in the financial statements	**696**

The summary was approved by the Trustee of The BSS Group Pension Scheme and signed for and on their behalf by:

____________________________ Trustee Director

____________________________ Date

Section 8 – Actuarial Statement & Certificate

BSS Group Pension Scheme

Schedule of Contributions – Actuarial Certificate

Adequacy of contributions

In my opinion, the contributions shown in this schedule are such that the statutory funding objective on 30 September 2020 can be expected to be met by the end of the period specified in the recovery plan dated May 2021.

Consistency with statement of funding principles

In my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated May 2021.

Please note that the adequacy of contributions statement in this certificate relates to the Scheme's statutory funding objective. For the avoidance of doubt this certificate does not mean that the contributions shown in this schedule would be enough to secure the Scheme's full liabilities with annuities if the Scheme were to wind up.

Signature	
Date	May 2021
Name	Richard Shackleton
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of Employer	Hymans Robertson LLP
Address	One London Wall, London, EC2Y 5EA

This certificate is provided to meet the requirements of regulation 10(6) of The Occupational Pension Schemes (Scheme Funding) Regulations 2005.

9 Implementation Statement

Statement of Compliance with the Stewardship Policy of The BSS Group Pension Scheme for the year ending 30 September 2022

Purpose

This Implementation statement provides information on how, and the extent to which, the Trustee of the BSS Group Pension Scheme ("the Scheme") has followed their policy in relation to the exercising of rights (including voting rights) attached to the Scheme's investments, and engagement activities have been followed during the year ended 30 September 2022 ("the reporting year"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Latest review of the Statement of Investment Principles

The latest version of the Scheme's SIP came into effect in July 2020 and was applicable during the reporting year.

Investment-related activity during the reporting year

Significant changes

During the reporting year, Ross Trustees Services Limited replaced BSS GPS Trustee limited as Trustee to the BSS Group Pension Scheme. At the year end, the Trustee, together with the Investment Adviser, continued to explore potential changes of the Scheme.

Asset allocation / fund reviews

In understanding that asset allocation plays an important role in achieving investment objectives, the Trustee regularly monitors the asset allocation of the Scheme to ensure that this is in line with their current investment objectives.

During the reporting period, the Trustee disinvested from the property allocation (LGIM LPI Income Property Fund and M&G Secured Property Income Fund).

Trustee training

Over the course of the reporting year, the Trustee received training on the following investment topics:

- Environmental, Social and Governance ("ESG") and sustainability considerations.
- Taskforce for Climate Related Financial Disclosures (TCFD) Framework and recommendations.

Manager Presentations

During the reporting year, the following managers attended the Trustee meetings to provide fund updates:

- Insight Investments
- Royal London Asset Management.

CMA Objectives / Order

During the reporting year, the Trustee reviewed their investment consultant objectives in line with the 10 June 2019 CMA Order.

How the SIP has been followed during the year

The Trustee has various investment policies for the Scheme on the topics listed in the tables below; the tables also provide commentary on how and the extent to which the various policies were followed during the reporting year

Implementation Statement (continued)

Policy	How the policy was followed
Scheme governance The Trustee's policy is to be accountable for the investment of the Scheme's assets and has the responsibility to manage the Scheme's affairs effectively. The Trustee decides what to delegate after considering whether they have the necessary skills, knowledge, and professional support to make informed and effective decisions. The Trustee delegates some aspects of the Scheme's investment arrangements to third party service providers, in order to manage the Scheme's affairs effectively. The Trustee retains overall responsibility and decision-making power over investment objectives, implementing the investment strategy, the target level of risk and return, investment strategy (the allocation between the main asset classes) and whether to invest in new asset classes.	The Trustee continues to work closely to ensure their policies are met. This includes obtaining written advice from their investment advisors where required. The investment managers are responsible for the day-to-day management of the Scheme's assets in accordance with the mandates agreed with the Trustee. The Trustee is satisfied that they are following this policy in full.
Investment Objectives The Trustee's primary investment objective is to invest the Scheme's assets, within an agreed risk profile, in such a manner that members' benefit entitlements can be paid as and when they fall due.	The Trustee regards the funds held in the Scheme to be appropriate by incorporating assets of appropriate income and liquidity to meet the Trustee's overall investment objectives and to aim to ensure members' benefits can be paid as they fall due. The Trustee is satisfied that they are following this policy in full.
Risk and Return The Trustee's targets a return consistent with the assumptions made in determining the Scheme's Technical Provisions. The Trustee's policy is to invest in a diversified portfolio of return seeking assets and liability matching assets to meet that level of return at controlled levels of risk.	The funds held by the DB Section incorporated both return seeking assets (e.g. buy and maintain credit, secured finance) and liability matching assets (Liability Driven Investments). The Scheme maintains a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarise existing mitigations and additional actions. The Trustee is satisfied that they are following this policy in full.

Implementation Statement (continued)

Diversification of risks The Trustee seeks to spread risks across a range of different sources. They consider the following risks, which they consider as financially material to the Scheme over its anticipated lifetime. - Interest rate risk - Inflation risk - Credit risk - Currency risk - Other price risk - Environmental, Social and Governance (ESG) risk and climate change risk.	The Trustee receives strategic investment advice from the Investment Adviser that includes risk modelling and quantification (e.g. Value at Risk) whenever strategic changes are considered. The Trustee considers both quantitative and qualitative measures for these risks when deciding on strategic asset allocation, deciding on investment policies and the choice of funds, fund managers and asset classes. The Trustee employs liability hedging to explicitly limit interest rate and inflation risk within the Scheme. The Investment Manager's role and approach to managing risk is part of the ongoing monitoring of such managers, particularly when selecting a new Investment Manager during any investment strategy review actions. The Trustee is satisfied that they are following this policy in full.
Investment Manager Appointment, Engagement and Monitoring The Trustee policy is in relation to: - Aligning manager appointments with investment strategy - Evaluating investment manager performance	The Trustee receives quarterly reporting from their Investment Adviser, which includes the asset allocation and compares this with the desired long term strategic allocation. The quarterly report also includes an update on the markets over the period and any market risks on the horizon are highlighted as part of XPS' presentation at the Trustee meeting when appropriate. This quarterly monitoring provided by XPS furnishes the Trustee with the underlying asset class/sector exposures to monitor any unintended risk being taken. The Trustee is satisfied that they are following this policy in full.
Portfolio Turnover Costs The Trustee does not actively monitor the portfolio turnover costs of the assets. The Trustee will continue to monitor industry improvements concerning the reporting of portfolio turnover costs.	Investment manager performance is reported net of transaction costs and therefore managers are incentivised to keep portfolio turnover costs to a minimum. Manager's remuneration is taken into consideration during manager selection exercises, to ensure the Scheme is not paying excessive fees that would detract from the Scheme's return. The Trustee has commissioned a review of the ongoing costs borne by the Scheme (cost transparency initiative). The Trustee is satisfied that they are following this policy in full.

Implementation Statement (continued)

Manager Turnover The Trustee is a long term investor and do not look to change investment arrangements on a frequent basis. The Trustee will retain an investment manager unless: – There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager; – The manager appointment has been reviewed and the Trustee is no longer comfortable that the manager can deliver the mandate.	During the reporting year, the Scheme's investments in LGIM LPI Income Property Fund and M&G Secured property Income Fund were divested from as a de-risking step to reduce both the risk and the expected return to a more prudent level. As at the end of the reporting year, the Trustee remained comfortable that the respective investment managers can deliver their mandates. The Trustee is satisfied that they are following this policy in full.
Responsible Investment and Corporate Governance The Trustee's policy is for the Trustees to consider how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers.	When implementing a new manager, the Trustee considers the ESG rating of the manager. There were no new manager appointments over the year. In any future investment strategy reviews, the Trustee will take into consideration manager ESG ratings. The Trustee is reviewing the Buy & Maintain Credit mandates from an ESG and sustainability perspective. The Trustee is satisfied that they are following this policy in full.

Implementation Statement (continued)

Non-financial matters The Trustee's policy is to act in the best interests of the beneficiaries of the Scheme when selecting, retaining or realising investments. It has neither sought nor taken into account the beneficiaries' views on risks including (but not limited to) ethical, social and environmental issues.	the Trustee delegates the management of scheme assets to the investment managers. The investment managers are expected to take account of non-financial considerations within the decision-making process. The Trustee is satisfied that they are following this policy in full.
Voting rights The Trustee has delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers.	The investment managers are expected to vote in accordance with their internal voting policies. The Trustee is satisfied that they are following this policy in full.

Voting activity

The Trustee has delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers and encourages them to engage with investee companies and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes. The Trustee requires the investment managers to report on significant votes made on behalf of the Trustee.

The voting activity of the Scheme over the reporting year is in relation to the funds the Scheme was invested into throughout the period. The main asset class where the investment managers will have voting rights is equities, as it represents the equity ownership and shareholder's stake within the underlying business. There are likely to be no voting rights for credit-based assets or funds that invest into them, such as the underlying securities held within the segregated accounts. The allocation to Secured finance will also not have voting rights due to the nature of the underlying holdings.

Therefore, due to the nature of the holdings of the Scheme, there is no voting activity to report for the Scheme.

Signed: [redacted]

On behalf of Ross Trustees Services Limited as Trustee of the BSS Group Pension Scheme.

Date: 14 March 2023