

Nor-Cargo Limited Pension And Life Assurance Scheme

Trustee's Report and Financial Statements

for the Year Ended 31 March 2024

Nor-Cargo Limited Pension And Life Assurance Scheme

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Nor-Cargo Limited Pension And Life Assurance Scheme

Trustee and Advisers

Sponsoring employer	Bring Cargo Limited Scandic Terminal North Moss Lane Stallingborough DN41 8DD
Trustee	Align Pensions Ltd
Actuary	York Hadleigh Ltd 1663 London Road Leigh-on-Sea SS9 2SH
Auditor	Forrester Boyd 26 South St Mary's Gate Grimsby DN31 1LW
Investment Managers	LGT Wealth Management UK LLP 14 Cornhill London EC3V 3NR
Administrator	FB Wealth Management (resigned 2 September 2024) 26 South St Mary's Gate Grimsby DN31 1LW
Bankers	Nordea Bank AB 6 Floor 5 Aldermanbury Square London EC2V 7AZ
Contact(s) For Individual Entitlement to Benefits and general enquiries	The Trustees of Nor-Cargo Limited Pension And Life Assurance Scheme Scandic Terminal North Moss Lane Stallingborough DN41 8DD

Nor-Cargo Limited Pension And Life Assurance Scheme

Trustee's Report for the Year Ended 31 March 2024

The Trustee presents their report and accounts on Nor-Cargo Limited Pension And Life Assurance Scheme (the 'Scheme') for the year ended 31 March 2024.

Scheme management

Constitution of the scheme

The Nor-Cargo Limited Pension And Life Assurance Scheme, was established in 1976 and is governed by the trust deed dated 1 October 1976 as amended by subsequent deeds, and revised rules effective from 7 October 2019. Formal tax approval of the Scheme has been obtained from H M Revenue and Customs and the Scheme is registered under Finance Act 2004.

Further information about the scheme is given in the explanatory booklet, which is issued to all members.

The Scheme is a defined benefit scheme.

Management of the Scheme

The Trustee who served during the year is included in the "Trustee and Advisers" information on page 1.

In accordance with the trust deed, the principal employer, Bring Cargo Limited has the power to appoint and remove the trustees of the scheme subject to the Member Nominated Trustee provisions of the Pensions Act 1995.

The principal employer may, by deed, appoint new or additional Trustees or a corporate body as a sole, new or additional Trustee. The principal employer may also remove all or any of the Trustees, including any corporate body.

Financial development of the Scheme

The financial statements of the Scheme for the year ended 31 March 2024, as set out on pages 9 to 18 have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

Actuarial review

The actuarial certificate as to the adequacy of the contributions payable towards the Scheme is on page 20. The Trustees have included the Report of Actuarial Liabilities on page 21, which forms part of the Trustees' Report.

The headlines at the last valuation date of 31 March 2023 were:

- There is a deficit funding of £3,722,000 relative to the Fund's technical provisions.
- The Trustees and the Employer have agreed a new recovery plan dated 24 May 2024 which plans to eliminate the shortfall as noted above.
- With effect from 1 April 2024 the Employer will pay an annual deficit funding contribution of £405,500, the first of which is due on or before 31 March 2025.

The deficit funding contributions receivable in the year were in accordance with the Fund's recovery plan agreed with the employer dated 30 June 2021 and effective 1 April 2020.

Nor-Cargo Limited Pension And Life Assurance Scheme

Trustee's Report for the Year Ended 31 March 2024

Scheme membership

The membership of the Scheme at the beginning and end of the year and changes during the year are set out below:

	Active members	Deferred members	Pensioners	Total
Members at 1 April 2023	3	37	56	96
Adjustments	-	(2)	-	(2)
Members retiring	-	(3)	3	-
Deaths	-	-	(3)	(3)
Spouses and dependants	-	-	3	3
Total membership at 31 March 2024	3	32	59	94

Of the 59 pensioners, 18 have benefits secured through annuities (in the name of the trustee), leaving 41 pensioners whose benefits are paid directly from scheme funds.

Pension increases

Transfers

All transfer values paid and received were calculated and verified in the manner prescribed by regulations made under sections 97 or 101 of the Pension Schemes Act 1993. There are no discretionary benefits included in the calculation of transfer values and no transfers were reduced to less than their cash equivalent value.

Investment management

The investment managers are detailed on page 1. The trustees have delegated the day to day management of the schemes investments to the investment managers, subject to the schemes rules.

A statement of investment principles has been produced by the trustees under s35 Pensions Act 1995, a copy of which is available on request.

Tax status

The scheme is a registered scheme as defined in Schedule 36 Section 283, Part 1 of the Finance Act 2004. The Scheme has been approved by the Occupational Pension Board and members are contracted out of the additional component of the State Second Pension (formerly the State Earnings Related Pension Scheme).

Review of investment performance

Employer-related investments

At the period end the fund had no employer related investments as defined in the Pensions Act 1995.

Investment risks

Details of investment risks are included in note 14.

Change to Fund rules

There have been no changes to the Fund rules during the year.

Nor-Cargo Limited Pension And Life Assurance Scheme

Trustee's Report for the Year Ended 31 March 2024

GMP equalisation

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to many other defined benefit pension schemes. The Trustees of the Scheme are aware that the issue will affect the Scheme and will be considering this at a future meeting and decisions will be made as to the next steps. Under the ruling schemes are required to backdate benefits adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an initial assessment of the likely backdated interest amounts and related interest the trustees does not expect these to be material to the financial statement and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

Further information

Members are entitled to inspect copies of documents giving information about the fund.

Any complaints or enquiries about the fund, including requests from individuals for information about their benefits, should be addressed to the Trustees at the address noted on page 1 of the accounts.

Nor-Cargo Limited Pension And Life Assurance Scheme

Statement of Trustee's Responsibilities for the Year Ended 31 March 2024

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), 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:

- give a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in 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 judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

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

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

Defined benefit schemes

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

Nor-Cargo Limited Pension And Life Assurance Scheme

Independent Auditor's Report to the Trustee of the Nor-Cargo Limited Pension And Life Assurance Scheme

Opinion

We have audited the financial statements of Nor-Cargo Limited Pension And Life Assurance Scheme for the year ended 31 March 2024 which comprise the Fund Account, the Net Assets Statement and notes to the financial statements set out on pages 9 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Nor-Cargo Limited Pension And Life Assurance Scheme

Independent Auditor's Report to the Trustee of the Nor-Cargo Limited Pension And Life Assurance Scheme

Responsibilities of a Trustee

As explained more fully in the Trustee's responsibilities statement, 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 going concern, disclosing, as applicable, matters related to going concern and using the going concern basis for accounting unless the Trustee either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor Responsibilities for the audit of the financial statements

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

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

- Discussions with management, including consideration of known or suspected instances of non-compliance, held.
- Challenging assumptions and judgements made within significant accounting estimates and judgements.
- Identification of key laws and regulations central to the Scheme's operations and review of compliance with such laws.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statement or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

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.

Nor-Cargo Limited Pension And Life Assurance Scheme

Independent Auditor's Report to the Trustee of the Nor-Cargo Limited Pension And Life Assurance Scheme

Nor-Cargo Limited Pension And Life Assurance Scheme

Fund Account for the Year Ended 31 March 2024

	Note	2024 £	2023 £
Contributions and benefits			
Employer contributions	3	440,859	439,513
Employee contributions	3	16,236	16,977
Total contributions		<u>457,095</u>	<u>456,490</u>
Other income	4	9,676	2,987
		<u>466,771</u>	<u>459,477</u>
Benefits paid or payable	5	(495,457)	(862,378)
Administrative expenses	6	(6,698)	(28,297)
		<u>(502,155)</u>	<u>(890,675)</u>
Net withdrawals from dealings with members		<u>(35,384)</u>	<u>(431,198)</u>
Returns on investments			
Investment income	7	159,842	156,453
Change in market value of investments		455,407	(905,354)
Investment management expenses	9	(73,625)	(73,161)
Net returns on investments		541,624	(822,062)
Net increase/(decrease) in the fund during the year		506,240	(1,253,260)
Net assets/(liabilities) of the Scheme			
At 1 April 2023		10,375,760	11,629,020
At 31 March 2024		<u>10,882,000</u>	<u>10,375,760</u>

The notes on pages 11 to 18 form an integral part of these financial statements.

Nor-Cargo Limited Pension And Life Assurance Scheme

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

	Note	2024 £	2023 £
Investment assets			
Pooled investment vehicles		10,354,169	9,831,436
AVC investments		<u>217,521</u>	<u>217,520</u>
	8	<u>10,571,690</u>	<u>10,048,956</u>
Liabilities			
Current assets	15	318,001	333,996
Current liabilities	16	<u>(7,691)</u>	<u>(7,192)</u>
Net assets of the Scheme at 31 March 2024		<u><u>10,882,000</u></u>	<u><u>10,375,760</u></u>

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 21 and these financial statements should be read in conjunction with this report.

Nor-Cargo Limited Pension And Life Assurance Scheme

Notes to the Financial Statements for the Year Ended 31 March 2024

1 Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (Revised 2018).

The financial statements cover the individual entity, are presented in sterling which is the functional currency of the pension scheme and rounded to the nearest pound. The scheme is that of a defined benefit scheme, under English jurisdiction and the principle place of business is that of the sponsoring employer.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The actuarial position of the fund, which does take account of such obligations, is dealt with in the statement by the actuary which is available on request.

2 Accounting policies

Contributions

Employee contributions, including AVC's are accounted for by the Trustees when they are deducted from pay by the Employer.

Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as the employees' contributions, in accordance with the Schedule of Contributions in force during the year.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the employer and Trustees.

Payments to members

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

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

Change in market value of investments

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

Investment Income

Income generated by the management fund units is not distributable, but accumulated within the fund and reflected in the price of the units.

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

Nor-Cargo Limited Pension And Life Assurance Scheme

Notes to the Financial Statements for the Year Ended 31 March 2024

Investments

The statement of net assets includes investments at valuation - details of the valuation techniques involved in estimating fair values of certain investments are included in the notes to the financial statements.

Fair value measurement

The Fund measures its investments in properties, as well as its investments in financial instruments, such as equities, fixed interest securities, other interest bearing investments, units in pooled investment vehicles and derivatives, at fair value at each reporting date.

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. FRS 102 and the SORP requires the use of a three-level hierarchy to estimate the fair value of investments (refer to the notes of the financial statements).

Listed securities

The fair value for listed equity securities, pooled investment vehicles and derivatives traded in active markets at the reporting date is based on the quoted bid price at the reporting date. Securities defined in these accounts as 'listed' are traded in an active market. Transaction costs arising on all investment purchases and sales are charged to the Fund Account within change in market value by adding to purchase costs and netting against sale proceeds, as appropriate, for all investment types.

Other securities

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances.

Bonds are stated at a value which excludes the value of interest accruing from the previous interest payment date to the valuation date, the clean price. Accrued income is accounted for within investment income.

Private equity investments are valued in accordance with the valuation guidelines of the International Private Equity and Venture Capital Valuation Guidelines. Bonds are valued by valuation techniques that use observable market data

The assets of the fund are invested in managed utilised funds. At the balance sheet date, these investments are stated at their market value. The market value of the managed funds is taken as the mid-price at the accounting date as advised by the investment manager.

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

Nor-Cargo Limited Pension And Life Assurance Scheme

Notes to the Financial Statements for the Year Ended 31 March 2024

Annuity valuation

Annuity policies are valued annually by the scheme actuary detailed on page 1 of the financial statements.

Annuity policies held by the Trustees which exactly match the amount and timing of some or all of the benefits payable for certain pensioners of the Fund are valued at the present value of the related obligation. This has been determined to be the scheme funding valuation basis.

They have been valued by the Fund actuary at the amount of the related obligation using the most recent scheme funding valuation assumptions, updated for market conditions at the reporting date.

Transfer values

Transfer values from and to other pension arrangements are accounted for when received or paid.

Additional voluntary contributions

Additional voluntary contributions (AVC's) are invested in insurance policies held with Aviva and are valued at surrender value or premium value and consistent with the valuation principles detailed in the Statement of Recommended Practice.

Expenses

All administrative expenses of the Fund, except for fund charges, are borne by the principal employer.

Long term pension liabilities

Long term pension liabilities are not reflected in the financial statements and instead are reflected in the actuarial position of the fund.

3 Contributions

	2024 £	2023 £
Employer contributions		
Normal	40,859	39,513
Deficit funding	400,000	400,000
	440,859	439,513
Employee contributions		
Normal	16,236	16,977
	457,095	456,490

The latest triennial review has been completed and deficit funding contributions increased to £405,500 per annum for a period of 9 years. Effective 1 April 2024.

4 Other income

	2024 £	2023 £
Bank interest received	9,676	2,987

Nor-Cargo Limited Pension And Life Assurance Scheme

Notes to the Financial Statements for the Year Ended 31 March 2024

5 Benefits paid or payable

	2024	2023
	£	£
Pensions	472,015	438,503
Commutation of pensions and lump sum retirement benefits	23,442	423,875
	495,457	862,378

6 Administrative expenses

	2024	2023
	£	£
Administrative charges	107	9,131
Pension Protection Fund levy	6,591	19,166
	6,698	28,297

All other costs of administration are borne by the principal employer.

7 Investment income

	2024	2023
	£	£
Dividends and interest received from investments	159,842	156,453

8 Reconciliation of investments

	Value at 1 April 2023	Purchases at cost	Sales proceeds	Change in market value	Value at 31 March 2024
	£	£	£	£	£
Pooled investment vehicles	9,831,436	1,908,166	(1,840,839)	455,406	10,354,169
AVC investments	217,520	-	-	1	217,521
	10,048,956	1,908,166	(1,840,839)	455,407	10,571,690

Transaction costs are included in the cost of purchases and deducted from sales proceeds. Direct transaction costs include costs charged to the Scheme such as fees, commission and stamp duty.

Concentration of investments

More than 5% of the net assets of the Scheme were invested in the following:

	2024		2023	
	£	%	£	%
UK (Government) 4.75 GBP1000	529,100	6	553,888	5
Fundsmith LLP Equity	-	-	698,273	7
Morgan Stanley Investment Funds Global	-	-	561,200	5
UK (Government) 4.25 GBP1000	928,620	9	972,324	9
UK (Government) 1.5% GBP1000	569,282	5	619,622	6
Fidelity Investment Funds	624,832	6	605,592	-

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

Nor-Cargo Limited Pension And Life Assurance Scheme

Notes to the Financial Statements for the Year Ended 31 March 2024

9 Investment management expenses

	2024 £	2023 £
Administration, management and custody	<u>73,625</u>	<u>73,161</u>

10 Taxation

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is, therefore, exempt from income tax and capital gains tax.

11 Pooled investment vehicles

Pooled investment vehicles held by the Scheme at the balance sheet comprised of £3,561,400 of Bonds (2023: £3,689,866) and £6,792,679 of Diversified Growth Funds (2023: £6,141,570).

12 AVC investments

The Trustee holds assets invested separately from the main fund securing 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 made up to 31 March each year confirming the amounts held in their account and the movements in the period. The aggregate amounts of AVC investments are as follows:

	2024 £	2023 £
Fund value at the start of the period	217,520	212,378
Change in value	<u>1</u>	<u>5,142</u>
	<u>217,521</u>	<u>217,520</u>

13 Fair value determination

FRS102 requires for each class of financial instrument an analysis of the level in the following fair value hierarchy into which the fair value measurements are categorised. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Level 1

The quoted price for an identical asset in an active market at the reporting date which the Scheme can access at the period end.

Level 2

Where a quoted price is not available and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is determined by using a valuation technique that uses observable market data.

Level 3

Where a quoted price is not available and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is determined by using a valuation technique that uses non-observable market data.

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

	31 March 2024			
	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	10,354,169	-	10,354,169
AVC investments	-	-	217,521	217,521
Cash	<u>287,665</u>	-	-	<u>287,665</u>
	<u>287,665</u>	<u>10,354,169</u>	<u>217,521</u>	<u>10,859,355</u>

The notes on pages 11 to 18 form an integral part of these financial statements.

Nor-Cargo Limited Pension And Life Assurance Scheme

Notes to the Financial Statements for the Year Ended 31 March 2024

	31 March 2023			Total £
	Level 1 £	Level 2 £	Level 3 £	
Pooled investment vehicles	-	9,831,436	-	9,831,436
AVC investments	-	-	217,520	217,520
Cash	310,592	-	-	310,592
	<u>310,592</u>	<u>9,831,436</u>	<u>217,520</u>	<u>10,359,548</u>

14 Investment risk

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 Trustees determine their investment strategy after taking advice from a professional investment advisor. The Fund has exposure to the risks noted above because of the investments it makes to implement its investment strategy described in the Trustees' Report. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the

Fund's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Fund's investment managers and monitored by the Trustees by regular reviews of the investment portfolio.

Further information on the Trustees' approach to risk management and the Fund's exposures to credit and market risks are set out below. This does not include legacy insurance policies nor AVC investments as these are not considered significant in relation to the overall investments of the Fund.

Further information on the Trustee's approach to risk management, credit and market risk is set out below:

Nor-Cargo Limited Pension And Life Assurance Scheme

Notes to the Financial Statements for the Year Ended 31 March 2024

Credit risk

The Fund is subject to credit risk as the Fund directly invests in bonds, OTC derivatives, has cash balances, undertakes stock lending activities and enters into repurchase agreements. The Fund also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. The Fund is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

Credit risk arising on bonds held directly is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds which are rated at least investment grade. Credit risk arising on other investments is mitigated by investment mandates requiring counterparties to be at least investment grade credit rated. This is the position at the year end.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter (OTC). OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Fund is subject to risk of failure of the counterparty. The credit risk for OTC swaps is reduced by collateral arrangements. Credit risk also arises on forward foreign currency contracts. There are no collateral arrangements for these contracts but all counterparties are required to be at least investment grade.

Cash is held within financial institutions which are at least investment grade credit rated.

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

Pooled investment arrangements used by the Fund comprise unit linked insurance contracts and authorised unit trusts.

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles. This risk is mitigated by only investing in pooled funds which invest in at least investment grade credit rated securities.

Currency risk

The Fund is subject to currency risk because some of the Fund's investments are held in overseas markets, either as segregated investments or via pooled investment vehicles. The Trustees limit overseas currency exposure to which is achieved through a currency hedging policy.

Other price risk

Other price risk arises principally in relation to the Fund's return seeking portfolio which includes directly held equities, equities held in pooled vehicles.

The Fund manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

15 Current assets

	2024	2023
	£	£
Contributions due from employer	30,336	23,404
Cash balances	287,665	310,592
	<u>318,001</u>	<u>333,996</u>

Nor-Cargo Limited Pension And Life Assurance Scheme

Notes to the Financial Statements for the Year Ended 31 March 2024

16 Current liabilities

	2024	2023
	£	£
Taxation and social security	7,691	7,192

17 GMP equalisation

As explained on page 4, on 26 October 2018, the High Court Handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to many other defined benefit pension schemes. The Trustees of the Scheme is aware that the issue will affect the Scheme and will be considering this at a future meeting and decisions will be made as to the next step. Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the trustees does not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

Nor-Cargo Limited Pension And Life Assurance Scheme

Trustees' Summary of Contributions

During the year ended 31 March 2024 the contributions payable to the Fund under the schedule of contributions were as follows

	2024 £
Contributions payable under the schedule in respect of the scheme year	
Normal contributions at effective rate of 28.3% of pensionable salaries	40,859
Employee contributions	
Normal contributions at 9.4% of pensionable salaries	16,236
Contributions payable under the schedule	57,095

Reconciliation of contributions

	2024 £
Contributions payable under the schedule	
Normal	40,859
Employee contributions	16,236
	57,095
Other contributions payable	
Deficit funding	400,000
Total contributions due under the schedule of contributions	457,095

Nor-Cargo Limited Pension And Life Assurance Scheme

Auditor's Statement about Contributions

Independent Auditor's Statement about Contributions to the Trustee of Nor-Cargo Limited Pension And Life Assurance Scheme

We have examined the summary of contributions to the Nor-Cargo Limited Pension And Life Assurance Scheme for the Scheme year ended 31 March 2024 to which this statement is attached.

In our opinion contributions for the Scheme year ended 31 March 2024 as reported in the summary of contributions and payable under the schedule of contributions have in all material respects been paid at least in accordance with the schedule of contributions certified by the Scheme actuary on 30 June 2021.

Use of our statement

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

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the 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 Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule 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.