

**THE MARKEM PENSION SCHEME**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
**SCHEME REGISTRATION NUMBER: 10017506**

# THE MARKEM PENSION SCHEME

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YEAR ENDED 31 DECEMBER 2024

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# THE MARKEM PENSION SCHEME

## TRUSTEE AND ADVISERS

YEAR ENDED 31 DECEMBER 2024

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|   |  |
|---|--|
| <b>Sole Trustee</b>                         | Vidett Trustee Services Limited<br>(Company number 01050578)<br>Registered office:<br>3rd Floor, Forbury Works<br>37-43 Blagrove Street<br>Reading, RG1 1PZ                                    |
| <b>Trustee Directors</b>                    | N L'Estrange (resigned 1 July 2024)<br>D Willsher<br>A Winchester (resigned 24 October 2024)<br>J Yates<br>A Spann (resigned 23 January 2025)<br>S Graham<br>R Wood                            |
| <b>Principal and Participating Employer</b> | Markem-Imaje Industries Limited<br>Alexander Fleming Building<br>Nottingham Science & Technology Park<br>Nottingham, NG7 2QN   |
| <b>Participating Employer</b>               | Markem-Imaje Limited<br>Centenary House<br>1 Centenary Way<br>Manchester, M50 1RF  |
| <b>Administrators and Consultants</b>       | Towers Watson Limited (trading as WTW)<br>Sunderland<br>SR43 4JU   |
| <b>Scheme Actuary</b>                       | Mike Butterfield FIA (resigned 31 August 2024)<br>Sarah Bane FIA (appointed 1 September 2024)<br>Towers Watson Limited (trading as WTW)<br>Temple Quay<br>Temple back East<br>Bristol, BS1 6DZ |
| <b>Independent Auditor</b>                  | Assure UK<br>107 Cheapside<br>London, EC2V 6DN   |
| <b>Legal Adviser</b>                        | Sacker & Partners LLP<br>20 Gresham Street<br>London, EC2V 7JE   |
| <b>Investment Adviser</b>                   | Towers Watson Limited (trading as WTW)<br>Watson House<br>London Road<br>Reigate<br>Surrey, RH2 9PQ  |
| <b>Investment Managers</b>                  | Towers Watson Investment Management Limited<br>Insight Investment Fund Management Limited  |
| <b>Platform Provider</b>                    | State Street Corporation   |

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## THE MARKEM PENSION SCHEME

### TRUSTEE AND ADVISERS *(continued)*

YEAR ENDED 31 DECEMBER 2024

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**AVC Provider**

Utmost Life and Pensions  
The Blue Leany  
Walton Street  
Aylesbury, HP21 7QW

Aviva Life and Pensions UK Limited  
PO Box 1810  
Bristol, BS99 5SN

**Bankers**

Barclays Bank UK Plc  
90-92 High Street  
Crawley  
West Sussex, RH10 1BP

# **THE MARKEM PENSION SCHEME**

## **TRUSTEE'S REPORT**

### **YEAR ENDED 31 DECEMBER 2024**

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The Trustee has pleasure in presenting their annual report and audited financial statements of The Markem Pension Scheme ("the Scheme") for the year ended 31 December 2024.

#### **Introduction**

The Scheme is a defined benefit scheme, with some life assurance policies for a small number of members, providing retirement and death benefits to its members (and their spouses and dependants). Members were contracted out of the Second State Pension for service up to 5 April 2016.

#### **Management of the Scheme**

The Trustee is listed on page 1.

Vidett Trustee Services Limited (formerly 20-20 Trustee Services Limited) are the Sole Independent Trustee. There were formal statutory director board meetings held regularly throughout the year. In addition, there were a number of key meetings between Vidett Trustee representatives from the Scheme's client service team, advisors to the Scheme and, where appropriate, company representatives held on 26 June 2024 & 14 November 2024.

#### **Change of actuary**

On 31 August 2024, Mike Butterfield FIA of Towers Watson Limited resigned as Scheme Actuary and was replaced by Sarah Bane FIA of Towers Watson Limited on 1 September 2024.

Mike Butterfield confirmed there were no circumstances connected with his resignation that significantly affects the interests of the members and beneficiaries of the Scheme.

#### **Financial Development of the Scheme**

The Fund Account on page 21 shows that there were net deductions arising from dealings with members for the year of £591,480 (2023: £1,235,917) and the net decrease on investments during the year was £1,190,694 (2023: net increase of £1,286,585). The Scheme's assets for the year therefore decreased by £1,782,174 (2023: increased by £50,668) to £32,050,885 (2023: £33,833,059).

The Scheme's financial statements have been prepared and audited in accordance with Section 41 (1) and (6) of the Pensions Act 1995.

#### **Equalisation of Guaranteed Minimum Pensions (GMPs)**

There have been a number of legal cases in connection with other pension schemes which have called into the effectiveness of documentation executed, and procedures operated, in respect of those pension schemes, in order to give effect to equalisation of pension ages for men and women. Should the Trustee have any concerns about equalisation of pension ages then they should seek legal advice.

The High Court Ruling on 26 October 2018 in the "Lloyds Bank" case now confirms that schemes must take action to address GMP equalisation. If a member's benefit would be higher by calculating their benefits accrued since 1990 using the GMP applicable to an individual of the opposite sex, then they must be increased accordingly, including paying arrears to members who have already retired.

For the purpose of the valuation, we have included an allowance for the estimated additional liability arising due to GMP equalisation.

# THE MARKEM PENSION SCHEME

## TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2024

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### Statement of Trustee's Responsibilities

#### Trustee's responsibilities in respect of the financial statements

The Trustee is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. These regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

- 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 the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year;
- are properly prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice); and
- contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the "Financial Reports of Pension Schemes Statement of Recommended Practice (2018)."

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis.

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 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.

#### Statement of Trustee's Responsibilities in respect of Contributions

The Trustee is responsible under pension 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 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.

# THE MARKEM PENSION SCHEME

## TRUSTEE'S REPORT *(continued)*

### YEAR ENDED 31 DECEMBER 2024

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#### Membership and benefits

The changes in membership during the year are as follows:

|                             | Deferred<br>members | Pensioners | Dependants | Total             |
|-----------------------------|---------------------|------------|------------|-------------------|
| At 1 January 2024           | 137                 | 192        | 36         | <b>365</b>        |
| Adjustments to prior period | –                   | –          | 1          | <b>1</b>          |
| New beneficiaries           | –                   | –          | 2          | <b>2</b>          |
| Members retiring            | (15)                | 15         | –          | <b>–</b>          |
| Deaths                      | –                   | (3)        | (4)        | <b>(7)</b>        |
| <b>At 31 December 2024</b>  | <u>122</u>          | <u>204</u> | <u>35</u>  | <u><b>361</b></u> |

#### Pension Increases

Pensions in payment will be increased by the lesser of 5% compound or RPI per annum for guaranteed minimum pensions. The Scheme includes provision for a pension of up to one half of a member's pension to be paid to the spouse or other dependant on the death of the member, increasing by the lesser of 5% compound and RPI per annum thereafter.

In respect of employees included in the Scheme prior to 6 April 1997, pensions in payment will be increased by 5% or 3% in the executive scheme and 3% for staff members. The same increases will apply to pensions paid to the spouse or other dependant of a deceased member.

Deferred pensions are revalued on retirement in accordance with legislation and, once in payment, are increased in line with the above.

The pension increase for 2024 was based on RPI, capped at 5%.

## THE MARKEM PENSION SCHEME

### TRUSTEE'S REPORT *(continued)*

#### YEAR ENDED 31 DECEMBER 2024

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#### Actuarial Liabilities

As required by Financial Reporting Standard FRBS 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland", the Financial Statements do not include liabilities in respect of promised retirement benefits.

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. This is assessed using 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.

#### Actuarial Valuation

The Scheme is subject to an Actuarial Valuation every three years which is prepared by an independent actuary. The last formal valuation was prepared as at 31 December 2023 in which the actuary assessed the Scheme's ability to meet its funding obligations.

The most recent full actuarial valuation of the Scheme was carried out as at 31 December 2023.

|   | <b>2023</b> |
|---|-------------|
|   | <b>£000</b> |
| Value of the Technical Provisions             | 38,530      |
| Value of the assets at that date              | 33,413      |
| Past service deficit                          | (5,117)     |
| Funding level (assets / technical provisions) | 86.7%       |

The actuarial valuation indicated that, at the valuation date, there was a funding shortfall of £5,117,000, i.e. at the valuation date, the market value of the assets was insufficient to cover the past services liabilities.

To eliminate this shortfall, a Recovery Plan has been agreed and the Employers will make annual contributions of £1,500,000 payable on each 15 January 2024 and 15 January 2025, together with a final payment of £1,700,000 on 15 January 2026.

In addition the Employers will pay the following contributions in relation to ongoing Scheme expenses:

- £200,000 on 15 January 2024 and 15 January 2025
- £400,000 by 31 March 2025; and
- £400,000 on each 15 January from 2026 onwards

Markem-Image Holding (France) provides a Guarantee which is worth up to £11,000,000 and can only be released on specific terms including the earlier of: (i) 30 November 2032; or (ii) following a formal actuarial valuation, the date on which the Scheme Actuary certifies that the Long Term Funding Target is met.

The next actuarial valuation is due as at 31 December 2026.

#### Method and significant actuarial assumptions

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Statement of Funding Principles):

# THE MARKEM PENSION SCHEME

## TRUSTEE'S REPORT *(continued)*

### YEAR ENDED 31 DECEMBER 2024

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#### Method

The Actuarial method to be used in the calculation of the technical provisions is the "Defined Accrued Benefit" funding method.

#### Significant actuarial assumptions

**Fixed Interest Gilt Yield** - based on the full term-dependent curve of fixed interest Government bond yields at the valuation date.

**Implied Inflation** - based on the full term-dependent inflation curve, implied by the yield gap between the fixed-interest and index-linked Government bonds at the valuation date.

**Discount Rate** - The discount rate is based on the fixed-interest gilt yields plus a prudent allowance to reflect the rate of return above Government bonds that is expected to be achieved by the Scheme's investments. This prudent allowance for returns in excess of Government bond yields has been derived using the best estimate returns from the Scheme's investments less an appropriate prudent margin.

The assumptions for best estimate returns above gilt yields used at 31 December 2023 was set as 1.8% per annum, which is based on the Scheme's target investment return at the valuation date and supported by a financial model used by the Scheme Actuary which looks at the long-term rate of return that is expected to be earned by the Scheme according to market conditions on the valuation date.

The prudent margin used as at 31 December 2023 was 0.8% per annum, which is consistent with the 31 December 2020 valuation, resulting in a discount rate at 31 December 2023 of gilts plus 1% per annum.

**Price Inflation** - An allowance for future Retail Prices Index ("RPI") increases is included at an assumed rate equal to the Implied Inflation rate. An allowance for future Consumer Prices Index ("CPI") increases is included at an assumed rate equal to the assumption for future RPI increases, less 1.0% per annum for the period up to 31 January 2030.

**Pension Increases in payment** - Where pensions in payment are increased in line with prices, subject to either a maximum or minimum level of increase, allowance is made in the valuation for the derived rate of increase that would apply using a Black-Scholes approach based upon the inflation assumption adopted for the valuation and assuming inflation volatility of 1.95%.

**Pension Increases in Deferment** - Where pensions in deferment are increased in line with the CPI, subject to a maximum, allowance is made in the valuation for the rate of increase that would apply based upon the CPI assumption adopted for the valuation.

**Mortality** - Pre-retirement mortality has been ignored.

Post-retirement mortality has been assumed in accordance with the table known as S3NxA year of birth table, with CMI\_2023 future improvement factors (standard smoothing factor  $S_k = 7.0$ ), a long term annual rates of improvement of 1.5% per annum and no allowance for any initial additional mortality improvement ( $A=0\%$ ).

A loading of 103.6%/105.2% for males/females has been applied to these tables, as set out in the postcode longevity analysis report dated 25 February 2021.

# THE MARKEM PENSION SCHEME

## TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2024

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### Investment Report

As at 31 December 2024, the Trustee's investment objective is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits payable under the trust deed and rules as they fall due.

The investment of the assets of the Scheme aims to be consistent with funding the defined level of benefits promised to members within an acceptable level of risk. The investment strategy is set out in its Statement of Investment Principles.

Over the year the Scheme's fiduciary portfolio was invested in funds managed by Towers Watson Investment Management and Insight Investment. The investment strategy makes use of three key types of investments:

- a range of instruments that provide a broad match to changes in liability values;
- a range of instruments that provide downside protection against extreme market events; and,
- a diversified portfolio of return-seeking assets.

The Trustee, with advice from Towers Watson Limited, as they Fiduciary Manager, determine the overall investment strategy for the Scheme and implement the policy to be adopted by the appointed fund managers. The assets of the Scheme are entirely separate from those of the Employer and none of the Trustee, individually or collectively, are able to direct or hold any of the investments of the Scheme in their own names nor are the Trustee actively involved in the management of the Scheme's investments on a day-to-day basis. The Trustee will be reviewing the Scheme's investment strategy in light of the 2023 Actuarial Valuation and will aim to sign off on the revised strategy in 2025.

### Statement of Investment Principles

The Trustee must set out and maintain a written Statement of Investment Principles covering their policy for meeting new investment rules and other matters contained in the Pensions Act. The Trustee confirms that they have produced a Statement of Investment Principles in accordance with Section 35 of the Pensions Act 1995, a copy of which is available at website:

<https://schemes.vidett.com/wp-content/uploads/Markem-Pension-Scheme-SIP-December-2023.pdf>

# THE MARKEM PENSION SCHEME

## TRUSTEE'S REPORT *(continued)*

### YEAR ENDED 31 DECEMBER 2024

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#### Investment performance

##### Performance Objectives

| Name of Fund                           | Benchmark        | Objective  |
|--|------------------|--|
| Towers Watson Core Diversified Fund    | SONIA + 3.5%pa   | Focus on cost effective diversification aiming to generate a return of cash plus 3-4% pa with around half of the risk of equities. |
| Towers Watson Global Equity Focus Fund | MSCI World Index | To outperform developed equity markets over the long term, across a wide range of market conditions.                               |
| Insight Liability Hedging              | SONIA            | Aims to match the movements in liability value as a result of interest rate and inflation changes.                                 |

##### Investment Performance to 31 December 2024 (before fees)

|  | 1 Year (%)   |              | 3 Years (% p.a.) |            | 5 Years (% p.a.) |            |
|--|--------------|--------------|------------------|------------|------------------|------------|
|  | Fund         | Benchmark    | Fund             | Benchmark  | Fund             | Benchmark  |
| Towers Watson Global Equity Focus Fund | 16.0         | 21.4         | n/a              | n/a        | n/a              | n/a        |
| Towers Watson core Diversified Fund    | 10.7         | 5.1          | n/a              | n/a        | n/a              | n/a        |
| Insight LDI Solutions                  | (19.4)       | (19.4)       | n/a              | n/a        | n/a              | n/a        |
| <b>Overall Weighted-Average Return</b> | <b>(3.3)</b> | <b>(5.5)</b> | <b>n/a</b>       | <b>n/a</b> | <b>n/a</b>       | <b>n/a</b> |

The performance data for 3 and 5 years is not available for Towers Watson Diversified Fund, Towers Watson Global Equity Focus Fund, Insight Funds as they were introduced in the month of September 2023.

##### Asset Allocation

|                                | 31 December 2024 | 31 December 2023 |
|--------------------------------|------------------|------------------|
|                                | %                | %                |
| Core Diversified Funds         | 50.3             | 48.4             |
| Equities                       | 6.3              | 5.2              |
| Downside Protection Strategies | –                | 1.0              |
| Liability Driven Investments   | 43.4             | 45.4             |
| <b>Total</b>                   | <b>100.0</b>     | <b>100.0</b>     |

- *The overall weighted-average return shown above is calculated based on the before fees performance weighted by the Scheme asset allocation as at 31 December 2024 and does not take into account Scheme cashflow*

## THE MARKEM PENSION SCHEME

### TRUSTEE'S REPORT *(continued)*

#### YEAR ENDED 31 DECEMBER 2024

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#### Asset Value

On 31 December 2024, the Scheme's invested assets had a total realisable value of £31,374,907 (2023: £32,847,346) split as follows:

|  | <b>2024</b>              | <b>2023</b>              |
|--|--------------------------|--------------------------|
| Towers Watson Core Diversified Fund                      | 15,792,250               | 15,898,428               |
| Towers Watson Global Equity Focus Fund                   | 1,973,742                | 1,702,127                |
| Insight Liquidity Fund                                   | 2,934,786                | 1,425,616                |
| Insight LDI GBP Liquidity Holding Fund                   | 2,123,600                | 2,178,379                |
| WTW Fiduciary Leverage Allocation Fund                   | –                        | 330,670                  |
| WTW Fiduciary Leverage Long Fixed Fund                   | 1,240,105                | 1,726,529                |
| WTW Fiduciary Leverage Long Real Fund                    | 800,606                  | 903,307                  |
| WTW Fiduciary Leverage Short Fixed Fund                  | 1,536,617                | 2,099,417                |
| WTW Fiduciary Leverage Short Real Fund                   | 113,522                  | 156,496                  |
| Insight LDI S+ Part-Fund Gilts Fund 2031-40              | 439,764                  | 592,780                  |
| Insight LDI S+ Part-Fund Gilts Fund 2041-50              | 783,126                  | 1,066,374                |
| Insight LDI S+ Part-Fund Gilts Fund 2051-60              | 787,237                  | 1,128,628                |
| Insight LDI S+ Part-Fund Gilts Fund 2061-70              | 211,735                  | –                        |
| Insight LDI S+ Part-Fund Index Linked Gilts Fund 2021-30 | 380,304                  | 795,981                  |
| Insight LDI S+ Part-Fund Index Linked Gilts Fund 2031-40 | 1,388,773                | 1,771,681                |
| Insight LDI S+ Part-Fund Index Linked Gilts Fund 2041-50 | 551,006                  | 713,254                  |
| Insight LDI S+ Part-Fund Index Linked Gilts Fund 2051-60 | 273,448                  | 293,787                  |
| Insight LDI S+ Part-Fund Index Linked Gilts Fund 2061-70 | 44,286                   | 63,892                   |
| <b>Total</b>   | <b><u>31,374,907</u></b> | <b><u>32,847,346</u></b> |

#### Socially Responsible Investment

The Trustee recognises that their primary duty with regard to the investment of the Scheme's assets is to ensure that they are invested in the best interest of the members and other beneficiaries as set out in the statement of investment principles. On a day-to-day basis the management of investments is delegated to the investment managers.

#### ESG (Environmental, Social and Governance policies)

The Trustee and Fiduciary Manager recognise that an investment's long-term financial success is influenced by a range of financially material factors including Environmental, Social and Governance (ESG) issues.

The Fiduciary Manager has dedicated Sustainable Investment resources and a network of subject matter experts. The consideration of ESG issues is fully embedded in the investment manager selection and portfolio management process, with oversight undertaken on a periodic basis. The Trustee expects the Fiduciary Manager to review the investment managers' approach to sustainable investment (including engagement) on a periodic basis and engage with the investment managers to encourage further alignment as appropriate. The Fiduciary Manager considers a range of sustainable investment factors, such as, but not limited to, those arising from ESG considerations, including climate change, in the context of a broader risk management framework. The degree to which these factors are relevant to any given strategy is a function of time horizon, investment style, philosophy and particular exposures which the Fiduciary Manager takes into account in the assessment.

# THE MARKEM PENSION SCHEME

## TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2024

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### **Voting Rights**

Since the Scheme's assets are invested collectively with those of other similar pension schemes, the Trustee understand that it is not practical for the investment managers to consult different groups of Trustee on corporate governance issues.

The investment managers will therefore use their own discretion in exercising corporate governance rights in a manner which supports the investment and performance objectives of their managed funds.

### **Custodians**

As the investments are made in pooled funds, the managers are responsible for appointing the custodian. The appointed custodian is State Street Custodial Services.

### **Employer-related investments**

The Trustee does not hold on behalf of the Scheme any direct investment in the Employer or any other employer-related investments.

### **Going Concern**

The activities of the Scheme, together with the factors likely to affect its future development, performance, risks and uncertainties and financial position are set out below. These have been reviewed by the Trustee in conjunction with the Scheme's financial resources alongside its relationship with the principal and participating employers.

In considering whether it is appropriate to prepare the Scheme's financial statements on the going concern basis the Trustee has considered the following factors:

- The Trustee considers that the Scheme is able to meet the liabilities for at least 12 months from the date of signing the financial statements due to the significant value of assets held, the vast majority of which are readily realisable, compared to the annual cash outflow; and
- There is no intention or need for the Scheme to enter wind up or a Pension Protection Fund assessment period at the date of signing the financial statements.

Taking into account the measures we have taken and will take, the Trustee has a reasonable expectation that the Scheme has adequate resources to continue in operational existence for the foreseeable future. Thus, the Trustee continues to adopt the going concern basis in preparing the Trustee's report and financial statements.

### **Governance statement**

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 require the trustee to include an annual statement regarding governance in the annual report.

## THE MARKEM PENSION SCHEME

### TRUSTEE'S REPORT *(continued)*

#### YEAR ENDED 31 DECEMBER 2024

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#### **The Pension Tracing Service, MoneyHelper, the Pensions Ombudsman and The Pensions Regulator**

In accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, members are advised that:

- if they have general requests for information or guidance concerning pension arrangements contact MoneyHelper:  
Address: Bedford Borough Hall, 138 Cauldwell Street, Bedford, MK42 9AP  
Telephone: 0800 011 3797  
Website: [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)
- if they have a complaint or dispute concerning a workplace or personal pension arrangement they have the right to contact The Pensions Ombudsman free of charge:  
Address: 10 South Colonnade, Canary Wharf, E14 4PU  
Telephone: 0800 917 4487  
Website: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)  
Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)
- In addition to the above The Pensions Regulator regulates occupational pension schemes and enforces the law as it relates to them.  
Address: Telecom House, 125 - 135 Preston Road, Brighton, BN1 6AF  
Email: [customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk)

It has a wide ranging powers which include the power to:

- suspend, disqualify and remove a trustee, or a director of a trustee company, for consistently not carrying out their duties;
- wind up schemes where necessary;
- apply for injunctions to prevent the misuse and misappropriation of scheme assets and apply for restitution where necessary.

The auditors and actuary have a statutory duty to make an immediate written report to The Pensions Regulator if they believe that legal duties concerned with the running of the Scheme are not being carried out.

#### **Internal disputes resolution procedures**

An internal dispute resolution procedure to resolve any queries raised by beneficiaries or potential beneficiaries of the Scheme has been established by the Trustee and more details are available from the contact address on page 13.

## THE MARKEM PENSION SCHEME

### TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2024

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#### Contact for further information

Enquiries about the Scheme generally, or about an individual's entitlement to benefit, should be addressed to:

**Vidett Trustee Services Limited**  
**Attn: Markem Pension Scheme**  
**C/o Shay Owode**  
**3rd Floor, Forbury Works**  
**37-43 Blagrove Street**  
**Reading**  
**RG1 1PZ**

Signed on behalf of the Trustee on 20/06/2025

## THE MARKEM PENSION SCHEME

### ACTUARIAL CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS

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**Name of the Scheme**                      **The Markem Pension Scheme**

This certificate is provided for the purpose of Section 227(5) of the Pensions Act 2004 and Regulation 10(6) of the Occupational Pension Scheme (Scheme Funding) Regulations 2005.

#### **Adequacy of rates of contributions**

I hereby certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2023 to be met by the end of the period specified in the Recovery Plan dated 13 March 2025.

#### **Adherence to statement of funding principles**

I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 13 March 2025.

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

|                  |   |                         |  |
|------------------|---|-------------------------|--|
| <b>Signature</b> | S Bane  | <b>Date:</b>            | 13 March 2025                                    |
| <b>Name</b>      | S Bane  | <b>Qualification:</b>   | Fellow of the Institute and Faculty of Actuaries |
| <b>Address:</b>  | Temple Quay<br>Temple Back East<br>Bristol<br>BS1 6DZ | <b>Name of employer</b> | Towers Watson Limited (trading as WTW)           |

# THE MARKEM PENSION SCHEME

## SUMMARY OF CONTRIBUTIONS

YEAR ENDED 31 DECEMBER 2024

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### Summary of Contributions

During the year, the contributions paid to the Scheme by the Employer under the Schedule of Contributions were as follows:

|  | £                |
|--|------------------|
| <b>Contributions required by the Schedule of Contributions</b> |                  |
| <b>Employers</b>   |                  |
| Expense contributions  | 200,000          |
| Deficit funding contributions                                  | 1,500,000        |
|  | <u>1,700,000</u> |

Signed on behalf of the Trustee on 20/06/2025

## THE MARKEM PENSION SCHEME

### INDEPENDENT AUDITORS' STATEMENT ABOUT CONTRIBUTIONS

YEAR ENDED 31 DECEMBER 2024

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#### Independent Auditors' Statement about Contributions to the Trustee of The Markem Pension Scheme

We have examined the summary of contributions payable to The Markem Pension Scheme in respect of the Scheme year ended 31 December 2024 to which is set out on page 15.

#### Statement about contributions payable under the schedule of contributions

In our opinion contributions for the Scheme year ended 31 December 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 15 March 2022.

#### 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 the Trustee and auditor

As described within 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 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.

#### Use of the audit report

This statement is made solely to the Scheme's Trustee, as a body, in accordance with Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our work on contributions has been undertaken so that we might state to the Scheme's 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 Scheme's Trustee, as a body, for our work on contributions, for this statement, or for the opinion we have formed.

*Assure UK*

**Assure UK, Statutory Auditor**  
London  
EC2V 6DN

**Date:** 20/06/2025

## **THE MARKEM PENSION SCHEME**

### **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF THE MARKEM PENSION SCHEME**

**YEAR ENDED 31 DECEMBER 2024**

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#### **Opinion**

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

In our opinion, The Markem Pension Scheme financial statements:

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

#### **Basis for opinion**

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Trustee'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.

## THE MARKEM PENSION SCHEME

### INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF THE MARKEM PENSION SCHEME *(continued)*

YEAR ENDED 31 DECEMBER 2024

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#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon and our auditor's statement about contributions. 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.

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

We have nothing to report in this regard.

#### Responsibilities of the Trustee

As explained more fully in the Statement of Trustee's Responsibilities set out on page 4, 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 intends to wind up the Scheme, or have no realistic alternative but to do so.

## THE MARKEM PENSION SCHEME

### INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF THE MARKEM PENSION SCHEME *(continued)*

YEAR ENDED 31 DECEMBER 2024

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#### **Auditor's responsibilities for the audit of the Annual Report and 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.

#### *Capability of the audit in detecting irregularities, including fraud irregularities*

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Based on our discussions with the Trustee, we considered the laws and regulations that have a direct impact on the preparation of the financial statements such as 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.

During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity. The engagement team remained alert to non-compliance throughout the audit from planning to completion.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of:

- enquiries of management and the Trustee as to whether the entity complies with such laws and regulations;
- enquiries with the same concerning any actual or potential litigation or claims and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of relevant legal correspondence;
- review of Trustee meeting minutes;
- testing the appropriateness of journal entries; and
- the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

## THE MARKEM PENSION SCHEME

### INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF THE MARKEM PENSION SCHEME *(continued)*

YEAR ENDED 31 DECEMBER 2024

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#### Auditor's responsibilities for the audit of the financial statements (continued)

We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

#### Use of this report

This statement is made solely to the Scheme's Trustee, as a body, in accordance with Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our work on contributions has been undertaken so that we might state to the Scheme's 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 Scheme's Trustee, as a body, for our work on contributions, for this statement, or for the opinion we have formed.

*Assure UK*

**Assure UK, Statutory Auditor**  
London  
EC2V 6DN

**Date:** 20/06/2025

# THE MARKEM PENSION SCHEME

## FUND ACCOUNT

YEAR ENDED 31 DECEMBER 2024

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|  | Note | 2024<br>£                | 2023<br>£                |
|--|------|--------------------------|--------------------------|
| <b>Contributions and benefits</b>                          |      |                          |                          |
| Employer contributions                                     |      | <u>1,700,000</u>         | <u>1,700,000</u>         |
| Total contributions  | 3    | <u>1,700,000</u>         | <u>1,700,000</u>         |
| Benefits paid or payable                                   | 4    | (1,938,490)              | (1,926,715)              |
| Transfers out  | 5    | –                        | (512,605)                |
| Expenses   | 6    | <u>(352,990)</u>         | <u>(496,597)</u>         |
|  |      | <u>(2,291,480)</u>       | <u>(2,935,917)</u>       |
| <b>Net withdrawals from dealings with members</b>          |      | <u>(591,480)</u>         | <u>(1,235,917)</u>       |
| <b>Returns on investments</b>                              |      |                          |                          |
| Investment income  | 7    | 734,418                  | 893,858                  |
| Change in market value of investments                      | 8    | (1,757,315)              | 543,330                  |
| Investment management expenses                             | 9    | <u>(167,797)</u>         | <u>(150,603)</u>         |
| <b>Net returns on investments</b>                          |      | <u>(1,190,694)</u>       | <u>1,286,585</u>         |
| <b>Net (decrease)/increase in the fund during the year</b> |      | <u>(1,782,174)</u>       | <u>50,668</u>            |
| <b>Net assets of the Scheme</b>                            |      |                          |                          |
| At 1 January   |      | <u>33,833,059</u>        | <u>33,782,391</u>        |
| <b>At 31 December</b>                                      |      | <u><u>32,050,885</u></u> | <u><u>33,833,059</u></u> |

The notes on pages 23 to 32 form part of these Annual Report and Financial Statements.

## THE MARKEM PENSION SCHEME

### NET ASSETS STATEMENT

AS AT 31 DECEMBER 2024

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|  | Note     | 2024<br>£                | 2023<br>£                |
|--|----------|--------------------------|--------------------------|
| <b>Investment assets</b>                       | <b>8</b> |                          |                          |
| Pooled investment vehicles                     | 11       | 31,374,907               | 32,847,346               |
| Insurance policies                             | 12       | 232,000                  | 313,000                  |
| AVC investments                                | 13       | 89,750                   | 106,997                  |
| Cash   |          | 45                       | 153                      |
|  |          | <u>31,696,702</u>        | <u>33,267,496</u>        |
| <b>Current assets</b>                          | 17       | 445,900                  | 699,618                  |
| <b>Current liabilities</b>                     | 18       | (91,717)                 | (134,055)                |
| <b>Net assets of the Scheme at 31 December</b> |          | <u><u>32,050,885</u></u> | <u><u>33,833,059</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 does take account of such obligations, is dealt with in the Report on Actuarial Liabilities included on pages 6 to 7 these financial statements should be read in conjunction with it.

The financial statements on pages 21 to 32 were approved by the Trustee on 20/06/2025

The notes on pages 23 to 32 form part of these Annual Report and Financial Statements.

# THE MARKEM PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

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### 1. Basis of preparation and identification of the financial statements

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 "Financial Reports of Pension Schemes" (revised 2018).

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is:

Vidett Trustee Services Limited  
Attn: Marked Pension Scheme  
C/o Shay Owode  
3rd Floor, Forbury Works  
37-43 Blagrove Street  
Reading  
RG1 1PZ

### 2. Accounting policies

A summary of the main accounting policies, which have been applied consistently, is set out below:

#### Contributions

Contributions are accounted for on an accruals basis, in accordance with the Schedule of Contributions.

#### Transfer values

Transfer values are accounted for when the related member liability transfers between schemes, which equates to when the transfer is received or paid.

#### Benefits

Benefits payable represents all valid benefit claims in respect of the Scheme year. They are accounted for on the date of retiring or leaving, or if later, the date on which the member notifies the Trustee of the decision on the type and amount of benefit to be taken where the member has a choice.

#### Investment income

Income distributed from pooled investment vehicles and on cash deposits is accounted for on an accruals basis.

Income arising from pooled investment vehicles which is rolled up in the investment fund and reflected in the value of the units is not separately reported.

#### Expenses

Expenses and investment management expenses are accounted for on an accruals basis.

## THE MARKEM PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### YEAR ENDED 31 DECEMBER 2024

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#### 2. Accounting policies *(continued)*

##### Investments

Pooled investment vehicles are valued at the bid or single price at the year end date as determined by the investment managers.

Annuities have been valued by the Scheme Actuary at the amount of the related obligation, determined using the method and assumptions adopted by the Trustee for calculating the Scheme's Technical Provisions.

AVC investments are valued at the bid or single price at the year end date as determined by the AVC provider.

#### 3. Contributions

|                               | 2024<br>£        | 2023<br>£        |
|-------------------------------|------------------|------------------|
| <b>Employer contributions</b> |                  |                  |
| Deficit funding               | 1,500,000        | 1,500,000        |
| Expense funding               | 200,000          | 200,000          |
|                               | <u>1,700,000</u> | <u>1,700,000</u> |

A Recovery Plan was signed on 13 March 2025 stating the Employer must make annual deficit contributions of £1,500,000 payable on each 15 January from 15 January 2024 up to and including 15 January 2025, together with a final payment of £1,700,000 on 15 January 2026. In addition, the Employer will pay £200,000 on 15 January 2024 and 2025, £400,000 by 31 March 2025 and £400,000 on each 15 January from 2026 onwards in relation to expense funding.

#### 4. Benefits paid or payable

|  | 2024<br>£        | 2023<br>£        |
|--|------------------|------------------|
| Pensions   | 1,537,361        | 1,447,828        |
| Commutation of pensions and lump sum retirement benefits | 383,085          | 450,960          |
| Lump sum death benefits                                  | 18,044           | 27,927           |
|  | <u>1,938,490</u> | <u>1,926,715</u> |

#### 5. Transfers out

|                          | 2024<br>£ | 2023<br>£ |
|--------------------------|-----------|-----------|
| Individual transfers out | —         | 512,605   |

## THE MARKEM PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

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#### 6. Expenses

|                              | 2024           | 2023           |
|------------------------------|----------------|----------------|
|                              | £              | £              |
| Administration fees          | 142,147        | 131,076        |
| Legal and professional fees  | 10,348         | 42,348         |
| Trustee and secretarial fees | 91,874         | 168,658        |
| Actuarial fees               | 79,200         | 59,144         |
| Audit fees                   | 6,300          | 6,299          |
| Bank charges                 | –              | 355            |
| Consultancy fees             | 23,112         | 88,705         |
| Other admin expenses         | 9              | 12             |
|                              | <u>352,990</u> | <u>496,597</u> |

#### 7. Investment income

|  | 2024           | 2023           |
|--|----------------|----------------|
|  | £              | £              |
| Income from pooled investment vehicles | 733,188        | 904,307        |
| Foreign exchange loss                  | (6,146)        | (17,197)       |
| Interest on cash deposits              | 7,376          | 6,748          |
|  | <u>734,418</u> | <u>893,858</u> |

**THE MARKEM PENSION SCHEME**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2024**

**8. Investments**

|                            | Value as at<br>31 December<br>2023<br>£ | Purchases<br>£   | Sales<br>proceeds<br>£ | Change in<br>market<br>value<br>£ | Value as at<br>31 December<br>2024<br>£ |
|----------------------------|---|------------------|------------------------|-----------------------------------|---|
| Pooled investment vehicles | 32,847,346                              | 6,325,793        | (6,046,309)            | (1,751,923)                       | <b>31,374,907</b>                       |
| Insurance policies         | 313,000                                 | –                | (70,891)               | (10,109)                          | <b>232,000</b>                          |
| AVC investments            | 106,997                                 | –                | (21,964)               | 4,717                             | <b>89,750</b>                           |
|                            | <u>33,267,343</u>                       | <u>6,325,793</u> | <u>(6,139,164)</u>     | <u>(1,757,315)</u>                | <b><u>31,696,657</u></b>                |
| Cash                       | 153                                     |                  |                        |                                   | <b>45</b>                               |
|                            | <u>33,267,496</u>                       |                  |                        |                                   | <b><u>31,696,702</u></b>                |

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

Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees, and are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Scheme.

The companies managing the pooled investment vehicles are registered in the United Kingdom.

**9. Investment management expenses**

|  | 2024<br>£             | 2023<br>£      |
|--|-----------------------|----------------|
| Administration, management and custody | <b>167,797</b>        | 107,461        |
| Investment consultancy fees            | –                     | 43,142         |
|  | <b><u>167,797</u></b> | <u>150,603</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.

**THE MARKEM PENSION SCHEME**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2024**

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**11. Pooled investment vehicles**

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

|                    | <b>2024</b>              | 2023              |
|--------------------|--------------------------|-------------------|
|                    | £                        | £                 |
| Equity             | <b>1,973,742</b>         | 1,702,127         |
| Diversified growth | <b>15,792,250</b>        | 15,898,428        |
| Cash               | <b>2,934,786</b>         | 1,425,616         |
| LDI                | <b>10,674,129</b>        | 13,821,175        |
|                    | <b><u>31,374,907</u></b> | <u>32,847,346</u> |

**12. Insurance policies**

|              | <b>2024</b>           | 2023           |
|--------------|-----------------------|----------------|
|              | £                     | £              |
| Aviva buy-in | <b><u>232,000</u></b> | <u>313,000</u> |

**13. AVC investments**

|        | <b>2024</b>          | 2023           |
|--------|----------------------|----------------|
|        | £                    | £              |
| Utmost | <b>25,387</b>        | 24,885         |
| Aviva  | <b><u>64,363</u></b> | <u>82,112</u>  |
|        | <b><u>89,750</u></b> | <u>106,997</u> |

The Trustee holds assets invested separately from the main fund to secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions.

**14. Fair value determination**

The fair value of financial instruments has been estimated using the following fair value hierarchy:

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

## THE MARKEM PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

#### YEAR ENDED 31 DECEMBER 2024

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#### 14. Fair value determination *(continued)*

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

|                            | <b>At 31 December 2024</b> |                   |                | <b>Total</b>      |
|----------------------------|----------------------------|-------------------|----------------|-------------------|
|                            | Level 1                    | Level 2           | Level 3        |                   |
|                            | £                          | £                 | £              | £                 |
| Pooled investment vehicles | –                          | 31,374,907        | –              | 31,374,907        |
| Insurance policies         | –                          | –                 | 232,000        | 232,000           |
| AVC investments            | –                          | 25,387            | 64,363         | 89,750            |
| Cash                       | 45                         | –                 | –              | 45                |
|                            | <u>45</u>                  | <u>31,400,294</u> | <u>296,363</u> | <u>31,696,702</u> |

  

|                            | <i>At 31 December 2023</i> |                   |                | <i>Total</i>      |
|----------------------------|----------------------------|-------------------|----------------|-------------------|
|                            | Level 1                    | Level 2           | Level 3        |                   |
|                            | £                          | £                 | £              | £                 |
| Pooled investment vehicles | –                          | 32,847,346        | –              | 32,847,346        |
| Insurance policies         | –                          | –                 | 313,000        | 313,000           |
| AVC investments            | –                          | 24,885            | 82,112         | 106,997           |
| Cash                       | 153                        | –                 | –              | 153               |
|                            | <u>153</u>                 | <u>32,872,231</u> | <u>395,112</u> | <u>33,267,496</u> |

## THE MARKEM PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

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#### 15. Investment risk disclosures

##### 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:** 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:** 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:** 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 investment risks, which the Trustee manages within agreed risk limits, including credit risk and market risk. These risks are taken into account when setting the Scheme's strategic investment objectives. The Trustee determines their investment objectives after taking advice from a professional investment adviser.

The investment objectives, and relevant risk limits, are implemented through investment management agreements that are in place with the Scheme's Fiduciary manager. The investment portfolio is regularly monitored by the Trustee.

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

##### Investment strategy

The investment objective is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits payable under the trust deed and rules as they fall due.

The Trustee is responsible for determining the Scheme's investment strategy. The Trustee sets the investment strategy taking into account considerations such as the strength of the Employer covenant, the long term liabilities of the DB Section and the funding agreed with the Employer.

In accordance with section 35 of the Pensions Act 1995, the Trustee has agreed a Statement of Investment Principles ('SIP'), which is dated December 2023. The SIP is kept under review by the Trustee and members may obtain a copy on request. The investment strategy is set out in the SIP.

## THE MARKEM PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2024

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#### 15. Investment risk disclosures *(continued)*

##### **Investment strategy** (continued)

The current strategy is to hold 45% of assets in Liability Driven Investments ("LDI"). These assets move broadly in line with the liabilities of the Scheme. The combination of these investments is to provide protection for the Scheme against changes in long-term interest rates/inflation expectations on the funding level. Both of these risks originate from the nature of the Scheme's liabilities. The Trustee aims to fully hedge relative to assets against interest rate and inflation risks. The remainder of the asset portfolio is invested in return-seeking assets including equities, diversified growth funds and downside risk hedging strategies.

##### **Credit risk**

The Scheme invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the investments it holds in the pooled investment vehicles. Units in these vehicles are traded on open markets so the direct credit risk to the Scheme is minimal.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.

The Scheme is also indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles. Indirect credit risk arises in relation to underlying investments held in the diversified growth funds.

##### **Currency risk**

The Scheme invests in overseas markets via pooled investment vehicles. There is no direct currency risk within the Scheme's pooled investment vehicles, as all units are held in a Sterling share class.

The Scheme is subject to indirect currency risk arising from the investments held in overseas markets via the diversified growth pooled investment vehicles which invest in overseas instruments.

The extent of the Trustee's exposure to currency risk is limited to the fair value of the overseas investments held, noting that risks arising due to currency exposure are managed by the diversified growth fund managers.

##### **Interest rate risk**

The Scheme is subject to interest rate risk because some of the Scheme's assets are held in LDI funds and gilts through pooled vehicles, and cash. The diversified growth funds and absolute return bond fund also invest in fixed-income securities, which are exposed to interest rate risk.

The Trustee has delegated the day-to-day management of the underlying pooled investment vehicles to the investment managers, who manage the overall interest rate risk of the underlying investments.

**THE MARKEM PENSION SCHEME**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**15. Investment risk disclosures (continued)**

**Interest rate risk** (continued)

The Trustee invests in a range of LDI funds, as part of their liability matching portfolio. This is designed to protect the Scheme against changes in long-term interest rates/inflation expectations. Under this strategy, if interest rates fall the value of the Scheme's matching investments should rise to partially offset the expected increase in the value placed on the Scheme's liabilities from the fall in interest rates, and vice versa. At the end year end, the Scheme's liability matching portfolio represented 42.9% of the total investment portfolio (2023: 45.4%).

**Other price risk**

Other price risk arises principally in relation to the Scheme's return-seeking portfolio comprising diversified growth assets and absolute return bonds. At the year-end the return seeking portfolio represented 56.0% of the total investment portfolio (2023: 54.6%).

Other price risk also arises in relation to the Scheme's holdings in index-linked gilts and real LDI funds.

The Scheme manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

**16. Concentration of investments**

The following investments amounted to more than 5% of the total net assets of the Scheme:

|  | <b>2024</b>       |             | <b>2023</b> |      |
|--|-------------------|-------------|-------------|------|
|  | £                 | %           | £           | %    |
| Towers Watson Core Diversified Fund                      | <b>15,792,250</b> | <b>49.3</b> | 15,898,427  | 47.0 |
| Insight Liquidity Fund                                   | <b>2,934,786</b>  | <b>9.2</b>  | n/a         | n/a  |
| Insight LDI GBP Liquidity Holding Fund                   | <b>2,123,600</b>  | <b>6.6</b>  | 2,178,378   | 6.4  |
| Towers Watson Global Equity Focus Fund                   | <b>1,973,742</b>  | <b>6.2</b>  | 1,702,127   | 5.0  |
| WTW Fiduciary Leverage Short Fixed                       | <b>n/a</b>        | <b>n/a</b>  | 2,099,417   | 6.2  |
| Insight LDI S+ Part-Fund Index Linked Gilts Fund 2031-40 | <b>n/a</b>        | <b>n/a</b>  | 1,771,681   | 5.2  |
| WTW Fiduciary Leverage Long Fixed Fund                   | <b>n/a</b>        | <b>n/a</b>  | 1,726,529   | 5.1  |

**17. Current Assets**

|                         | <b>2024</b>           | 2023           |
|-------------------------|-----------------------|----------------|
|                         | £                     | £              |
| Pension paid in advance | <b>108,937</b>        | 107,141        |
| Cash balances           | <b>336,963</b>        | 592,477        |
|                         | <b><u>445,900</u></b> | <u>699,618</u> |

## THE MARKEM PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS

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#### 18. Current Liabilities

|                                    | 2024          | 2023           |
|------------------------------------|---------------|----------------|
|                                    | £             | £              |
| Unpaid benefits                    | 9,679         | 27,079         |
| Accrued expenses                   | 76,049        | 106,976        |
| Annuity income received in advance | 5,989         | –              |
|                                    | <u>91,717</u> | <u>134,055</u> |

#### 19. Related party transactions

The Trustee received total fees of £73,899 for their services to the Scheme (2023: £168,658).

#### 20. Equalisation of Guaranteed Minimum Pensions (GMPs)

There have been a number of legal cases in connection with other pension schemes which have called into the effectiveness of documentation executed, and procedures operated, in respect of those pension schemes, in order to give effect to equalisation of pension ages for men and women. Should the Trustee have any concerns about equalisation of pension ages then they should seek legal advice.

The High Court Ruling on 26 October 2018 in the "Lloyds Bank" case now confirms that schemes must take action to address GMP equalisation. If a member's benefit would be higher by calculating their benefits accrued since 1990 using the GMP applicable to an individual of the opposite sex, then they must be increased accordingly, including paying arrears to members who have already retired. However, this estimate makes no explicit allowance for the cost of equalising GMPs for historic transfers out.

For the purpose of the valuation, we have included an allowance of £130,000 for the estimated additional liability arising due to GMP equalisation.

#### Virgin Media Case

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court and the case has the potential to cause significant issues in the pensions industry. The Trustee will investigate the possible implications with its advisers in due course, but it is not possible at present to estimate the potential impact, if any, on the Scheme.