

# Deloitte.

## Valuation Documents

1 June 2021

Dewhurst PLC Pension Fund and Life Assurance Scheme

March 2022



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# Statement of Funding Principles

As part of the actuarial valuation of the Dewhurst PLC Pension Fund and Life Assurance Scheme (the “Scheme”) as at 1 June 2021, the Trustees have reviewed the Statement of Funding Principles. The statement has been updated to reflect:

- changes in financial market conditions; and
- recent demographic publications since the last actuarial valuation as at 1 June 2018.

This statement has been agreed by the Trustees of the Scheme and Dewhurst PLC (“the Employer”) as required by section 223 of the Pensions Act 2004.

The actuarial valuation of the Scheme as at 1 June 2021 will be carried out on the basis of these principles.

The Trustees took advice from the Scheme Actuary, Gregor Law FFA, before drafting this statement.

## The statutory funding objective

This statement sets out the Trustees’ policy for ensuring that the Statutory Funding Objective is met.

The Trustees will carry out their obligations under the Pensions Act 2004 and this Statement of Funding Principles. They will hold discussions with the Employer to obtain agreement to this statement and any changes to it. Assumptions will be selected to be sufficiently prudent to ensure that both pensions and benefits already in payment to beneficiaries will continue to be paid, and to reflect the commitments which arise out of all members’ accrued rights.

The assumptions selected will provide an appropriate margin for adverse deviation, taking into account any expected changes in the relevant risks, in particular the risks that, for whatever reasons, the Employer may not be able to pay contributions or make good deficits on time. This may be related but not restricted to the following risks:

- the investments increase at a slower rate than assumed;
- inflation rates are higher than expected; and
- members live longer than anticipated.

## Additional funding objectives

The Scheme has no funding objectives other than the Statutory Funding Objective described above.

## Method and assumptions used to calculate the Technical Provisions

The Scheme's Technical Provisions will be calculated using the actuarial method known as the Defined Accrued Benefit funding method.

The principal assumptions used to calculate the Technical Provisions will be determined using the methodologies outlined below. The financial assumptions have been derived from market rates at the valuation date.

Financial Assumptions	Derivation	Assumption at 1 June 2021 (per annum)
Pre-retirement Discount rate	Based on the annualised yield available on the FTSE Actuaries Government Securities 20 year Index plus a margin of 2.00% per annum, rounded to the nearest 0.1% per annum.	3.30%
Post-retirement Discount rate	Based on the annualised yield available on the FTSE Actuaries Government Securities 20 year Index plus a margin of 0.50% per annum, rounded to the nearest 0.1% per annum.	1.80%
Retail Prices Index (RPI) inflation	Based on the difference between the gross annualised redemption yield on the FTSE Actuaries UK Government Securities 20 year Index and the annualised yield on the FTSE Actuaries Government Securities Index-linked Over 15 year (0% and 5% inflation) Index, less an inflation risk premium of 0.25% per annum, rounded to the nearest 0.1% per annum.	3.20%
Pension increases in deferment	RPI inflation assumption subject to a cap of 5.00% per annum or 2.50% per annum.	3.20% / 2.50%
Inflation-linked pension increases in payment	Black model with inflation volatility of 1.50% per annum.	RPI(0,5): 3.10% RPI(0,2.5): 2.20%

Demographic Assumptions	Derivation
Post-retirement mortality	100% of the SAPS "S3" Normal tables CMI 2020 projections with a long-term trend of 1.50% p.a. and an 'A' factor of 0.50% (other parameters: default)
Pre-retirement mortality	Same as post-retirement mortality
Retirement	Members retire at the earliest benefits can be taken unreduced or valuation date if later
Proportion married	90% of males and 80% of females at retirement or earlier death
Age difference	Males 3 years older than females
Cash commutation	80% of maximum allowable tax free cash at retirement within HMRC limits exchanged at a rate of 13:1 at age 65
GMP equalisation	1.9% of the Technical Provisions
Expenses	Administrative expenses are paid directly from the Scheme assets, apart from Pension Protection Fund ("PPF") levies payable in respect of the Scheme which are paid directly by the Employer

## Meeting the funding shortfall

The Trustees and the Employer have agreed that any funding shortfall identified at an actuarial valuation should be eliminated by the payment of additional contributions. The level and period over which these additional contributions are to be paid will be agreed between the Trustees and the Employer. In determining the actual recovery period at any particular valuation, the Trustees will take into account the following factors:

- the size of the funding shortfall;
- the Trustees' assessment of the financial covenant of the Employer (and in making this assessment the Trustees may make use of appropriate credit assessment providers or financial advisors);
- the business plan of the Employer;
- any contingent security offered by the Employer; and
- the Rules of the Scheme.

The assumptions to be used in these calculations will be those set out above for calculating the Technical Provisions except that they may also take account of the expected investment out-performance of Scheme assets.



## Other contributors

There are no agreements at present for anyone other than the Employer to make contributions.

## Policy on discretionary increases

No allowance has been included in the assumptions to pay discretionary benefits or increasing benefits that are not guaranteed under the Scheme rules. The Employer may direct the Trustees to increase benefits for individual members or all members.

The Trustees will not agree any benefit increase unless a specific payment is made to the Scheme in respect of such an increase, or the Scheme Actuary advises that such increases can be met by any surplus.

## Refund to the Employer

The Trust Deed permits refunds of surplus monies to the Employer, but only on the winding up of the Scheme as a whole and if then the assets exceed the cost of buying out the benefits of all beneficiaries from an insurance company. Such payments may only be made with agreement of the Employer and if the requirements of section 37 of the Pensions Act 1995 have been met.

## Policy on reducing cash equivalent transfer values (CETVs)

At each valuation, the Trustees will ask the actuary to report on the extent to which assets are sufficient to provide CETVs for all members. If the assets are insufficient to provide 100% of benefits on that basis, so that payment of full CETVs would adversely affect the security of the remaining members' benefits, and the Employer is unable or unwilling to provide additional funds, the Trustees will consider reducing CETVs as permitted under legislation.

If, at any other time, the Trustees are of the opinion that payment of CETVs at a previously agreed level could adversely affect the security of the remaining members' benefits, the Trustees will commission a report from the Scheme Actuary and will use the above criteria to decide whether, and to what extent, CETVs should be reduced.

## Future actuarial valuations


An actuarial valuation is being carried out as at 1 June 2021. All subsequent valuations will be due at three yearly intervals from this date.

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

Commissioning an additional valuation may not be necessary if agreement can be reached with the Employer to revise the Schedule of Contributions in a way considered satisfactory by the Trustees.

This Statement of Funding Principles has been agreed by the Employer and the Trustees of the Scheme after obtaining advice from the Scheme Actuary.

**Signed on behalf of the Employer**


Signature  79FC537DA18D470...

Name Jared C Sinclair

Position Finance Director

Date 18 March 2022 | 09:39:25 GMT

**Signed on behalf of the Trustees of the Scheme**

Signature  048E429EAC33475...

Name Richard Dewhurst

Position Chairman of Trustees

Date 21 March 2022 | 12:06:50 GMT



# Recovery Plan

This Recovery Plan has been prepared by the Trustees of the Dewhurst PLC Pension Fund and Life Assurance Scheme (“the Scheme”) for the purpose of Part 3 of the Pensions Act 2004, after receiving advice from Gregor Law FFA, the Scheme Actuary.

This Recovery Plan has been agreed between the Trustees of the Scheme and Dewhurst PLC (“the Employer”).

## Status

The actuarial valuation of the Scheme at 1 June 2021 disclosed that the value of the assets were less than the Technical Provisions, resulting in a deficit of £5,429,000.

The Trustees and the Employer have agreed that the deficit should be eliminated by 31 October 2025. The Scheme Actuary has calculated that, if the assumptions as outlined below are borne out in practice, then the following actions will be sufficient to achieve this aim:

- between 1 June 2021 and 31 October 2025, the Employer agrees to pay deficit contributions of £117,000 per month.

## Period in which the Statutory Funding Objective should be met

Based on the above contributions the funding shortfall is expected to be eliminated in 4 years and 5 months from the effective date of the most recent actuarial valuation, i.e. by 31 October 2025.

## Assumptions


The major financial assumptions used in the calculation of the required contributions are the same as those used to calculate the Scheme’s Technical Provisions as at 1 June 2021. These are outlined below.

Assumption at 1 June 2021	
Pre-retirement discount rate	3.30% p.a.
Post-retirement discount rate	1.80% p.a.
Retail Prices Index (RPI) inflation	3.20% p.a.


An allowance for administration expenses payable in respect of the Scheme over the recovery period has also been made in the calculation of the required contributions. This excludes PPF levies which are payable separately by the Employer.

This Recovery Plan has been agreed by Employer and the Trustees of the Scheme.

**Signed on behalf of the Employer**

Signature   
Name Jared C Sinclair  
Position Finance Director  
Date 18 March 2022 | 09:39:25 GMT

**Signed on behalf of the Trustees of the Scheme**

Signature   
Name Richard Dewhurst  
Position Chairman of Trustees  
Date 21 March 2022 | 12:06:50 GMT

# Schedule of Contributions

This Schedule of Contributions for the Dewhurst PLC Pension Fund and Life Assurance Scheme (“the Scheme”) has been prepared by the Trustees of the Scheme, after obtaining the advice of Gregor Law FFA, the Scheme Actuary. This Schedule of Contributions, put in place for the Scheme, supersedes the previous schedule dated 30 November 2020.

The contribution rates and payment dates have been agreed between the Trustees and the Employer, Dewhurst PLC.

## Contributions to be paid to the Scheme for the period following date of certification of this Schedule

### Contributions in respect of future service

As benefits are no longer accruing in the Scheme, no contributions for future service are required.

### Contributions in respect of the funding shortfall in accordance with the Recovery Plan dated March 2022

Between the date of certification of this Schedule and 31 October 2025, the Principal Employer agrees to pay deficit contributions of £117,000 per month. All contributions shall fall due on the last day of each calendar month in respect of that month and shall be paid by the 19th of the subsequent month.

After 31 October 2025, no deficit contributions are required.

### Contributions in respect of benefit augmentations

The Employer will pay any contributions required to meet any benefit augmentations granted or benefit improvements, the amounts having been determined by the Scheme Actuary.


### Contributions in respect of administration expenses and other costs

An allowance for administration expenses payable in respect of the Scheme over the recovery period is included in the Employer’s deficit contributions. PPF levies payable in respect of the Scheme will be paid separately by the Employer.


No deficit contributions are required to be paid after 31 October 2025. From this date, all expenses in respect of the Scheme (including PPF levies) will be payable separately by the Employer. This is subject to no new Schedule of Contributions being agreed prior to 31 October 2025.

This Schedule of Contributions has been agreed by the Employer and the Trustees of the Scheme.

**Signed on behalf of the Employer**

Signature   
Name Jared C Sinclair  
Position Finance Director  
Date 18 March 2022 | 09:39:25 GMT

**Signed on behalf of the Trustees of the Scheme**

Signature   
Name Richard Dewhurst  
Position Chairman of Trustees  
Date 21 March 2022 | 12:06:50 GMT



# Actuary's certification of Schedule of Contributions

Name of scheme: Dewhurst PLC Pension Fund and Life Assurance Scheme

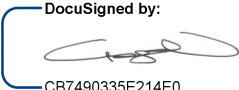
## Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to be met by the end of the period specified in the Recovery Plan dated ~~21 March 2022~~ | 12:06:50 GMT for the Scheme.

## Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated ~~21 March 2022~~ | 12:06:50 GMT

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>   <small>DocuSigned by: CB7490335E214E0...</small>	<b>Date</b>  21 March 2022   12:17:21 GMT
<b>Name</b>  Gregor Law	<b>Qualification</b>  Fellow of the Faculty of Actuaries
<b>Address</b>  Lincoln Building 27 – 45 Great Victoria Street Belfast BT2 7SL	<b>Employer</b>  Deloitte Total Reward and Benefits Limited

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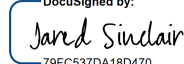
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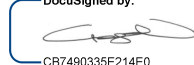
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