



# Gist Limited Pension Scheme

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Annual Report and Financial Statements

**For the 10 month period ended 31 January 2021**

Scheme Registration No. 12004205

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## Trustee and advisers

<b>Sole Corporate Trustee</b>	Capital Cranfield Pension Trustees Limited represented by H Rai and M Trouard-Riolle
<b>Company Secretary</b>	S K Kelly
<b>Secretarial Services</b>	Capital Cranfield Pension Trustees Limited
<b>Scheme administrator</b>	BOC Pension Services ADP - Pension Payroll (until 6 December 2020)
<b>Principal employer</b>	Gist Limited
<b>Participating employer</b>	The BOC Group Limited
<b>Actuary</b>	R Shackleton FIA Hymans Robertson LLP
<b>Auditor</b>	Ernst & Young LLP
<b>Legal adviser</b>	Mayer Brown International LLP
<b>Fiduciary manager</b>	BlackRock Investment Management (UK) Limited (terminated 1 October 2020)
<b>Investment custodian</b>	The Bank of New York Mellon (International) Ltd "BNYM" (terminated 1 October 2020)
<b>Bankers</b>	HSBC Bank Plc (closed 5 February 2021)
<b>Medical adviser</b>	Medigold Health Consultancy Limited
<b>Enquiries</b>	Director of Pensions Services, RUK BOC Pension Services The Priestley Centre, 10 Priestley Road The Surrey Research Park Guildford, GU2 7XY Email: <a href="mailto:pensions.uk@boc.com">pensions.uk@boc.com</a>

## Trustee Report

The Trustee of the Gist Limited Pension Scheme (the “Scheme”) presents their annual report for the 10 month period ended 31 January 2021.

### *Introduction*

The Scheme is expected to trigger wind up and terminate on 31 March 2021.

Linde Plc, The BOC Group Limited, Gist Limited (the “Company”) and the respective Trustee of the Scheme and the BOC Pension Scheme (“BOCPS”) reached an agreement to merge the Scheme into BOCPS on 29 July 2020. The merger provided the Company with a cost saving and more strategic flexibility for the future. All the deferred pension benefits, benefits in payment and investment assets were merged into BOCPS on 1 October 2020. The Employer and the Trustee issued the Notice of Transfer Without Consent to members in August 2020. The Trustee also issued a newsletter to members in August 2020 to report that they believed the merger was in the best interests of the members due to the increased security of benefits provided to BOCPS by Linde Plc.

The Scheme was closed to new entrants on 1 April 2011 and closed to future accrual on 30 June 2019. Contributing members at this time moved to a deferred status.

The Early Retirement with Company Consent (“ERCC”) programme offered by the Company in the previous year continued into the current period. This programme allowed active members to retire early if they were over the age of 54 on 30 June 2019 (and over 55 at the point of early retirement). Enhanced actuarial terms were used as set out in the Scheme rules. The cost of meeting this enhancement was met by the Company and is shown as augmentations in note 2 on page 18. Those who were not eligible to take early retirement were offered a one off lump sum which could be taken as an ex gratia payment or invested in the BOC Retirement Savings Plan (“BOCRSP”).

The Scheme is a defined benefit pension scheme set up by a trust deed dated 30 March 2011 as updated by a Deed of Variation dated 27 June 2019. It was established for employees of GIST Limited with the signing of the Definitive Trust Deed and Rules on 30 March 2011.

The objective of this Report is to provide a formal and historical record. Less formal publications are used to keep members informed about the progress of the Scheme. Information can also be obtained from the BOC Pension Services internet website [www.gistpensions.co.uk](http://www.gistpensions.co.uk).

### *Enquiries and complaints*

The address for enquiries about the Scheme, matters regarding entitlement of an individual to benefits, complaints regarding Scheme administration and requests for further information is shown on page 2.

### *Management of the Scheme*

The Company has appointed Capital Cranfield Pension Trustees Limited to act as the Sole Corporate Trustee until wind up is complete.

The Trustee met on six occasions during the period to discuss the wind up, review investment activities, administration and any other matters affecting the Scheme and its members. The Trustee has appointed external specialists to advise on legal, investment and actuarial matters. Any changes to the advisers during the period are listed on page 2.

## Trustee Report (continued)

Acting on the advice of the Scheme Actuary, the Trustee did not accept individual transfer payments from members' former pension schemes.

Payments made in respect of deferred pensioners who exercised their option to have a cash equivalent or transfer value paid to another pension arrangement were calculated in accordance with the provisions introduced under Section 97 of Chapter IV of Pension Schemes Act 1993 using tables supplied by the Scheme Actuary. Payments made during the period fully reflected the value of the accrued benefit rights in each case.

The calculation of transfer payments includes allowance for the Trustee's discretion to permit early payment of a deferred pension, without reduction, in circumstances of ill-health. No other discretionary benefits that could be available are included in transfer calculations.

The Trustee has written agreements in place with the Actuaries, the Auditor, the Legal Advisers, the Medical Advisers and the Investment Advisers and, in the form of delegation documents, Pensions Investment Department and the Benefits Administrators.

### *Data protection*

The Scheme is registered under the EU General Data Protection Regulation (GDPR) from 25 May 2018, (previously the Data Protection Act 1998) to process on computer and otherwise, personal information that the Trustee or its delegates may need for Scheme management.

### *Scheme tax and social security status*

The Scheme is a registered scheme with HM Revenue & Customs under Chapter 2 of Part 4 of Finance Act 2004.

### *Committees*

Committees are set up for practical reasons where a number of additional meetings are required and to facilitate additional, targeted, technical training.

#### ***Audit Committee***

The Audit Committee met on four occasions during the period. The Audit Committee is a joint committee consisting of a representative of the Trustees of each of the Scheme, BOC Pension Scheme, BOC Senior Executive Pension Scheme, BOC Retirement Savings Plan and from the Administrator of BOC Pensions Investment Fund (BOC Pensions Limited).

The main objectives of the Committee are to review the plan for the annual audit, review the audit results and discuss them with the Scheme Auditor, consider the letter of representation to the Auditor, review and challenge the Report and Accounts and report to the Trustee Boards on these matters. The Audit Committee formally recommends the approval of the annual report and financial statements to the Trustee.

#### ***Pensions Act 1995 and Pensions Act 2004***

The Trustee has a range of procedures to ensure ongoing compliance with the requirements of Pensions Act 1995, the Pensions Act 2004 and other applicable regulatory bodies.

The Pensions Regulator (TPR) is the regulatory body for work-based pension schemes in the UK. TPR has a defined set of statutory objectives and wide powers to investigate schemes and take any action it thinks necessary. As an aid to achieving its objectives, TPR requires the completion and submission of an annual scheme return by the scheme administrator. It also requires reports of 'notifiable events' and 'significant breaches' of pension scheme legislation.

## Trustee Report (continued)

Notifiable events are specific events relating to a scheme or a participating employer that TPR considers could potentially have a major impact on the security of members' benefits. The Company and the Trustee are under an obligation to advise TPR without delay of any notifiable events.

Breaches of pension scheme legislation have to be reported to TPR when they are considered to be breaches likely to be of material significance (known as red breaches). Those with a duty to report include the Trustee, the Company and the Scheme's advisers.

Red breaches are caused by: dishonesty, poor scheme governance, inadequate controls resulting in deficient administration or slow or inappropriate decision-making practices, incomplete or inaccurate advice, acting (or failing to act) in deliberate contravention of the law. An example of a red breach would be persistent failure to pay scheme contributions on time. During the period, there were no red breaches. The Trustee believes that in all respects the Scheme's administration has been in compliance with the requirements of both Acts throughout the period. The Trustee can confirm that all contributions were of the amounts required and were received within the agreed timescales.

### *Record keeping*

As part of its Guidance on Internal Controls, TPR has issued Guidance on record-keeping, which sets up a framework for measuring the presence of data used in the administration of pension schemes. The aim of the Guidance is to educate and enable those responsible for member record-keeping and those who administer pension arrangements to improve the standard of record-keeping across the industry. TPR's Guidance identifies three types of data that should be measured: 'Common data', 'Conditional data' and 'Numerical data'. 'Common data' is the data that TPR considers to be applicable to all schemes and is used to identify a member, e.g. surname, forename(s)/initials, date of birth, Sex, National Insurance Number, address, postcode.

'Conditional data' is the additional data required for administration and will vary and depend on the type of scheme, scheme design, member status, system design etc. Examples of 'Conditional data' are date of leaving, benefit crystallisation event details, salary history, contributions, AVC details, active/deferred/pensioner record, date of retirement.

'Numerical data' is the additional information that will enable the trustee to put the results of the data measurement into context, e.g. status, benefit category, pensioner type.

The 'clean' percentage for 'Common data' was 99.96% and 'Conditional data' was 99.94%. The 'Numerical data' requirement is largely satisfied by the membership statistics/movements reported as required.

Taking account of the Scheme design, the data held was in a robust position to allow the Scheme to be administered efficiently and effectively.

### *Financial development of the Scheme*

The financial statements set out on pages 15 to 28 have been prepared and audited in accordance with the regulations made under sections 41(1) and (6) of the Pensions Act 1995.

During the period, net withdrawals from dealing with members was £163,871,262 (2020: additions of £12,196,597). This included a group transfer out to BOCPS of £163,108,714, which represents the transfer of assets as disclosed on page 3. Net returns on investments decreased to £11,200,031 (2020: £18,244,069).

At 31 January 2021, as part of the wind up of the Scheme net assets are reported as nil (2020: £152,671,231).

## Trustee Report (continued)

### *COVID-19*

The impact of Covid-19 continued from the previous year.

The administration team continued with flexible home working and maintained full operational function. None of the team were furloughed.

Further information on how investment performance was impacted can be found in the Market Review on page 9. The Scheme was not impacted by any investment manager estimations or difficulties obtaining pricing information as at 31 January 2021.

### *Actuarial review*

In accordance with the Trust Deed and Rules, the Scheme's Actuary carried out an actuarial valuation of the Scheme as at 31 March 2017. The valuation was dated 18 December 2018 and reported that the Scheme's assets fell short of its liabilities by £16.3m and the funding level was 84% on a Technical Provisions basis. The next actuarial valuation was due as at 31 March 2020 however this will no longer be required due to the expected wind up of the Scheme as noted on page 3.

Following the transfer of liabilities to the BOC Pension Scheme, a new recovery plan was certified by the Scheme's Actuary on 16 December 2020 which covers the period from 1 April 2017 to 31 July 2021. This showed that no sponsor deficit contributions were payable for the 10 month period to 31 January 2021 and that no further deficit contributions will fall due.

There were three Schedules of contributions applicable during the period which showed deficit contributions due in the year as follows:

- The first Schedule took effect from certification on 18 December 2018 and required £2m to be received prior to 31 July 2020
- This requirement was superseded by another schedule certified on 30 July 2020 which changed the due date of this amount to 31 December with subsequent deficit contributions also due
- A third schedule was certified on 21 December 2020 which removed the requirement for any further deficit contributions as a result of the scheme merger

In addition, PPF levy and augmentation contributions were due as shown in note 2 of the financial statements.

Any Scheme member can obtain a copy of the actuarial valuation report, the recovery plan or the schedule of contributions by contacting BOC Pension Services at the address shown on page 2.

### ***Statement of funding principles ("SoFP")***

Under requirements introduced by Pensions Act 2004, the valuation consists of a SoFP, actuarial valuation, schedule of contributions and, if the Scheme's assets do not cover the technical provisions (the amount required to pay for the Scheme's built up pension benefits), a recovery plan. Under the SoFP, the Trustee, with advice from the Scheme Actuary and the agreement of the Company, selects the key assumptions to use in the valuation.

### ***Method***

The actuarial method used in the calculation of technical provisions is the Projected Unit Method.

### ***Actuarial assumptions***

**Discount rate:** Pre retirement: market implied gilt yield curve plus 1.8% p.a; Post retirement: market implied gilt yield curve plus 0.4% p.a.

## Trustee Report (continued)

**Retail price inflation (“RPI”):** market implied gilt yield curve

**Consumer price inflation (“CPI”):** RPI curve less 0.8% p.a.

**Salary increases:** Fixed rate of 2.5% per annum.

**Pension increases:** Fixed rate of 2.5% per annum.

### Mortality

The post retirement mortality base tables are a suite of bespoke assumptions which reflect the characteristics of the Scheme membership (“Vita Curves”). The Vita Curves adopted was based on the 2017 Club Vita tables. They make allowance for observed variations in mortality according to age, gender, pension amount, salary, postcode based lifestyle group. The assumptions adopted vary according to the characteristics of each individual member.

The pre-retirement mortality of future pensioners was assumed to be the standard PNMA00/PNFA00 tables.

Future improvements in longevity have been assumed to be in line with the 2014 CMI model with a long term rate of improvement of 1.5% p.a.

### Pension increases

The effective date for pension increases is 1 April each year. Pensions in payment will be increased in line with RPI as at the previous 31 December, subject to a maximum of 2.5% on a rolling five year basis. For those pensioners who have been retired for less than 12 months but more than 1 month, a proportionate rate will be applied.

As at 1 April 2020 pensions were increased as follows:

The lesser of the percentage increase in RPI over the calendar year to the previous 31 December or 2.5% on a rolling five year average. The increase in RPI over the calendar year to 31 December 2019 was 2.2%. Therefore, the rolling five year average was not applied. The increase payable from 1 April 2020 on pensions that had been in payment for at least a full year is shown below:

Date pension started	2020 increase
2 March 2011 to 1 March 2012	2.2%
2 March 2012 to 1 March 2013	2.2%
2 March 2013 to 1 March 2014	2.2%
2 March 2014 to 1 March 2015	2.2%
2 March 2015 to 1 March 2016	2.2%
2 March 2016 to 1 March 2017	2.2%
2 March 2017 to 1 March 2018	2.2%
2 March 2018 to 1 March 2019	2.2%
2 March 2019 to 1 March 2020	2.2%

Deferred pensions are broadly increased on each 31 March by the lower of 2.5% per annum compounded and the movement in RPI for the period of complete years to the previous 30 September from the date on which the member left the Scheme.

## Trustee Report (continued)

### Membership

<b>Deferred</b>	<b>Total</b>
At 1 April 2020	849
Late notifications	(1)
Retirements	(61)
Transferred to BOCPS	(787)
<b>At 31 January 2021</b>	<b>-</b>

<b>Pensioners</b>	<b>Former members</b>	<b>Dependants</b>	<b>Children's allowances</b>	<b>Total</b>
At 1 April 2020	389	31	5	425
New pensioners	54		1	55
Deaths	(1)			(1)
Transferred to BOCPS	(442)	(31)	(6)	(479)
<b>At 31 January 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

BOCPS has taken on all rights and obligations for members from 1 October 2020 as disclosed on page 3.

61 members retired during the period. 55 members were set up as new pensioners in the Scheme and 7 were set up as new pensioners directly in BOCPS due to the timing of the retirement.

### Scheme rules

A Merger Deed dated 29 July 2020 was issued and signed by the Sole Corporate Trustee, the Principal Employer, the Participating Employer and BOCPS. The deed allowed the Scheme to be merged with BOCPS with effect on and from 1 October 2020 as specified in the written notice.

A copy of the Scheme rules may be obtained from the contact for enquiries on page 2.

### Custodial arrangements

Custodian services for the period were provided by the Facilitated Custody Model at The Bank of New York Mellon (International) Limited. Their services were terminated on 1 October 2020.

The Trustee believes it was essential that the assets of the Scheme should be recorded by a Custodian with secure, accurate and timely administration systems which ensured that those assets were clearly identifiable and minimised the risk of any loss. The Trustee had to be satisfied that the Custodian had in place systems and procedures that should safeguard the Scheme's assets.

Reports on controls issued by the Custodian and the Fiduciary Manager were reviewed by the Trustee on an annual basis.

### Investment management

In accordance with section 35 of the Pensions Act 1995, a Statement of Investment Principles ("SIP") was prepared by the Trustee which incorporated the investment strategy. The SIP was last reviewed in September 2019. A copy of the SIP may be obtained from the contact for enquiries on page 2.

## Trustee Report (continued)

The Trustee ensured that the Fiduciary Manager should, alongside other investment risks, integrate consideration of financially material (defined to include environmental, social and governance considerations) risks throughout its investment decision making processes and the Trustee ensured that the Fiduciary Manager continued to review these risks for period to 1 October 2020.

The Fiduciary Manager, as part of its ongoing monitoring, reviewed the execution of voting and engagement responsibilities and periodically reported back its findings to the Trustee.

The Trustee did not take into account non-financial matters when selecting, retaining and realising investments. Non-financial matters were defined as the views of members and beneficiaries, including (but not limited to) their ethical views, and their views relating to social and environmental impact and quality of life.

Assets were held in pooled funds across a range of liquid and illiquid strategies which could be liquidated in accordance with the dealing cycle of the pooled funds that were invested in by the Scheme. Any allocation of Scheme assets to illiquid strategies were considered with the Scheme's overall cashflow position in mind and required prior Trustee approval.

### *Market Review*

Over Q2 and Q3 markets were heavily focused on the Coronavirus pandemic. Given the massive fiscal and monetary stimulus by governments and central banks, markets posted strong recoveries across asset classes.

Over the period, The US Federal reserve committed to unlimited government bond purchases and even extended its bond buying program to include investment grade and high yield corporate bonds. The Federal Reserve held rates steady at the June meeting, keeping interest rates between 0-0.25%. In the UK, the Bank of England resisted taking interest rates into negative territory and continued to hold interest rates at a record low of 0.1% over both quarters. Additionally, it added another £100 billion to its quantitative easing program in an attempt to combat the coronavirus slowdown. This included a £10 billion allocation to sterling non-financial corporate bonds. In Q3 they continued with existing UK government bond and sterling non-financial investment grade bond purchases, targeting a total of £745 billion. Emerging Market central banks followed their rate cuts with small-scale government bond purchases to strengthen financial stability by injecting additional liquidity.

Despite a wobble in September, risk assets continued on an upward trajectory. From the lows of March, the S&P hit an all-time high during August and ended Q3 up 7.6%. The US was the engine room advancing global equities, driven by the high concentration of large cap tech stocks. Global equities finished Q3 comfortably in the green, delivering 6.8%. Emerging market equities equally performed well with a local currency increase of 16.8% over the quarter. From January-September 2020 Global Equities returned 1.4% which is quite a remarkable feat given the COVID induced backdrop.

But risks remain and September acted as a stark reminder of this, bringing investors to heel. Q3 finished with investor sentiment weakening as global equity markets took a negative turn in September bringing the five month rally to an end. These falls in equity markets were driven by a resurgence of COVID 19 cases in Europe and the UK. Furthermore, there was uncertainty regarding both Brexit and the US election. There is a long way to go yet in navigating through the pandemic and whilst markets have been largely buoyant, bouts of volatility will undoubtedly occur as unanticipated news hits the wires.

## Trustee Report (continued)

### *Fiduciary Management*

Fiduciary management is an approach to asset management that involves the Trustee appointing a third party to manage the total assets of the Scheme on an integrated basis through a combination of advisory and delegated investment services, with a view to achieving the Trustee's overall investment objectives. BlackRock Investment Management (UK) Limited continued as the Fiduciary Manager for the period in review. The agreement was terminated on 1 October 2020.

As required by the Scheme's Rules, the fiduciary management firm was independent of the Company.

IC Select Limited oversaw and reported on the performance of the Fiduciary Manager. IC Select provided reports to the Trustee on a quarterly basis, to enable the Trustee to perform this review.

### *Performance*

Investment performance net of fees is measured by portfolio. Performance for the period until disinvestment was not available, so performance for the first three quarters of the calendar year to 1 October 2020 is shown in the table below:

<b>Total Portfolio</b>	<b>Q3 2020</b>	<b>1 year</b>	<b>Since appt. of Fiduciary Manager *</b>
Actual	-0.81%	7.23%	9.27%

\* appointed August 2017

### *Employer related investments*

Legislation prohibits the trustees of most occupational pension schemes, including the Scheme, from making employer-related investments in excess of 5% of Scheme assets.

The Scheme permitted the Fiduciary Manager to invest in pooled equity funds designed to track the performance of the relevant index, and also to deal in financial futures. Since the pooled funds may invest in Group companies, investment in such funds may result in an indirect exposure to the ultimate parent company, Linde plc. Also, where Group companies form part of a particular index, investment in financial futures would result in an indirect exposure to Linde plc. Having taken legal advice, the Trustee has satisfied itself that such indirect investment was permitted by their Rules. The Trustee was also satisfied that the exposure to Group companies' shares which could result was not material to the Scheme. There were no direct holdings in Employer-related investments at the period end.

Signed on behalf of the Trustee on 26 March 2021

*M Trouard-Riolle*

Trustee

## Statement of Trustee's Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the scheme during the scheme period and of the amount and disposition at the end of the scheme period of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme period; 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 judgments 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. For the reasons stated on page 3 of the Trustee's report and note 1 to the financial statements, the financial statements have been prepared on a cessation 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 such steps as are reasonably open to it to safeguard the assets of the scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is responsible 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.

Date 26 March 2021

*M Trouard-Riolle*

Trustee

## Independent Auditor's Report

### *Opinion*

We have audited the financial statements of The Gist Limited Pension Scheme for the 10 month period ended 31 January 2021 which comprise the Fund Account, the Statement of Net Assets and the related notes 1 to 16, 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 FRS102 '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 period ended 31 January 2021, 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 period;
- 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.

### *Emphasis of matter – financial statements prepared on a cessation basis*

We draw attention to note 1 to the financial statements which explains that the Trustee intends to wind-up the Scheme and therefore does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a cessation basis as described in note 1. Our opinion is not modified in respect of this matter.

### *Other information*

The other information comprises the information included in the annual report, other than the financial statements, 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, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## Independent Auditor's Report (continued)

### *Responsibilities of the Trustee*

As explained more fully in the Trustee's responsibilities statement set out on page 11, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Scheme or to cease operations, or has no realistic alternative but to do so.

### *Auditor's responsibilities for the audit of the financial statements*

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

### *Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with the Trustee.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Scheme and determined that the most significant related to pensions legislation and the financial reporting framework. These are the Pensions Act 1995 and 2004 (and regulations made thereunder), FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice (Financial Reports of Pension Schemes).
- We understood how the Scheme is complying with these legal and regulatory frameworks by making enquiries of the Trustee. We corroborated our enquiries through our review of the Trustee's meeting minutes.
- We assessed the susceptibility of the Scheme's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Scheme has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. In our assessment we considered the risk of management override. Our audit procedures included, testing manual journals, including segregation of duties.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the Trustee for its awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of Trustee's minutes.
- The Scheme is required to comply with UK pensions regulations. As such the Statutory Auditor has considered the experience and expertise of the engagement team to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Scheme with these regulations as part of our audit procedures.

## Independent Auditor's Report (continued)

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 our report*

This report is made solely to the Scheme's Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it 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.

Ernst & Young LLP  
Statutory Auditor  
Reading  
26 March 2021

## Fund Account for the 10 month period ended 31 January 2021

	Notes	10 month period to 31 January 2021 £	12 month period to 31 March 2020 £
<b>Contributions and benefits</b>			
Employer contributions	2	1,180,454	17,869,081
Employee contributions	2	-	37,944
		<b>1,180,454</b>	<b>17,907,025</b>
Benefits paid or payable	3	(1,577,665)	(3,585,147)
Transfer out - Group	4	(163,108,714)	-
Payments to and on account of leavers	4	-	(1,417,134)
Other payments	5	-	(87,843)
Administrative expenses	6	(365,337)	(620,304)
		<b>(165,051,716)</b>	<b>(5,710,428)</b>
<b>Net (withdrawals)/additions from dealing with members</b>		<b>(163,871,262)</b>	<b>12,196,597</b>
<b>Returns on investments</b>			
Investment income	7	87,302	10,016,368
Change in market value of investments	8	11,118,140	8,273,814
Investment management expenses	10	(5,411)	(46,113)
<b>Net returns on investments</b>		<b>11,200,031</b>	<b>18,244,069</b>
<b>Net (decrease)/ increase in fund during the year</b>		<b>(152,671,231)</b>	<b>30,440,666</b>
<b>Net assets of the fund</b>			
<b>At 1 April</b>		<b>152,671,231</b>	<b>122,230,565</b>
<b>At 31 January 2021 / 31 March 2020</b>		<b>-</b>	<b>152,671,231</b>

The notes on pages 17 to 28 form part of these financial statements.

## Statement of Net Assets as at 31 January 2021

	Notes	2021 £	2020 £
<b>Investment assets</b>	8		
Pooled investment vehicles		-	149,726,421
Other investment balances		-	1,938,606
Cash and cash equivalents		-	94,520
		-	<b>151,759,547</b>
<b>Investment liabilities</b>			
Other investment balances		-	(1,610,000)
<b>Total net investments</b>		-	<b>150,149,547</b>
Current assets	11	-	3,187,337
Current liabilities	12	-	(665,653)
<b>Net assets of the fund at 31 January 2021 / 31 March 2020</b>		-	<b>152,671,231</b>

The financial statements summarise the transactions and the net assets 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 other benefits that fall due after the end of the Scheme period. The actuarial position of the Scheme, which does take account of such liabilities, is dealt with the report on Actuarial Liabilities on page 6 and these financial statements should be read in conjunction with them.

The notes on pages 17 to 28 form part of these financial statements.

These financial statements were approved by the Trustee on 26 March 2021

Signed on behalf of the Trustee:

*M Trouard-Riolle*

Trustee

## Notes to the financial statements

### 1. Accounting policies

#### ***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 (FRS 102) – The Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council, and with the guidelines set out in the Statement of Recommended Practice (SORP) 2018 – Financial Reports of Pension Schemes. The Scheme is established as a Trust under English Law. The scheme's address is shown in the Trustee's report.

The Scheme is in the process of winding up as described in the Trustee's report on page 3. Therefore the financial statements have been prepared on a Scheme cessation basis. No material adjustments arose as a result of ceasing to apply the going concern basis.

Net assets of the Scheme were nil at the end of the period, therefore the investment policies below should be read in accordance with the prior year values.

#### ***(a) Investments***

- (i) Investments are included at market value.
- (ii) Pooled investment vehicles are valued at bid price where available or closing prevailing price of units concerned at the close of business at the period end.
- (iii) Investment income is recognised on an accruals basis.
- (iv) Investment income arising from the underlying investments of the pooled investment vehicles which is rolled up and reinvested within the funds, is reflected in the unit price and reported within "Change in Market Value". Income from the pooled investment vehicles which distribute income, is accounted for when the dividend is declared.

#### ***(b) Contributions***

Employer and members' contributions are accounted for at the rates agreed between the Trustee and the Employer based on recommendations of the Actuary and the Schedule of Contributions.

- (i) Members' normal contributions are accounted for when deducted from pay in accordance with the Schedule of Contributions.
- (ii) Employers' normal contributions are accounted for in the period in which the corresponding members' contributions are deducted from pay in accordance with the Schedule of Contributions.
- (iii) Employers' contributions under Salary Exchange are accounted for in the period that exchanged employee contributions would have been deducted from earnings.
- (iv) Employers' augmentation contributions are accounted for in accordance with the agreement under which they are paid, or in the absence of such an agreement, when received.

#### ***(c) Benefits***

- (i) Benefits are generally accounted for in the period in which the member notifies the Trustee of his decision on the type of benefit to be taken or, if there is no member choice, on the date of retirement or leaving. For members with whom we have lost contact, benefits are accounted for on the date that we establish a contact with the member or beneficiary or, if later, the date that the relevant benefit has been identified.
- (ii) Individual transfers are accounted for when received or paid which is normally when the liability is accepted/discharged.
- (iii) Group transfers are accounted for in accordance with the terms of the merger deed.

## Notes to the financial statements (continued)

### (d) Expenses

All administration expenses and investment management costs are accounted for on an accruals basis.

### (e) CIMV

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

### (f) Currency

The Scheme's functional currency and presentational currency is pounds sterling (GBP).

Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

## 2. Contributions

	10 month period to 31 January 2021	12 month period to 31 March 2020
	£	£
<i>Employer contributions</i>		
Normal	-	2,439,037
Deficit funding	-	11,275,000
Contributions to cover expenses	-	525,000
Augmentations	1,060,663	3,526,306
Pension Protection Fund Levy	119,791	103,738
<b>Total employer contributions</b>	<b>1,180,454</b>	<b>17,869,081</b>
<i>Employee contributions</i>		
Normal	-	37,944
<b>Total employee contributions</b>	<b>-</b>	<b>37,944</b>
<b>Total contributions</b>	<b>1,180,454</b>	<b>17,907,025</b>

Normal contributions ceased on 30 June 2019 when the Scheme closed to future accrual.

A new schedule of contributions was signed on 21 December 2020 as disclosed on page 6. This showed that no sponsor contributions were payable for the 10 month period to 31 January 2021 and that no further deficit contributions fall due.

Augmentations comprise the Company cost of the ERCC programme as disclosed in the Trustee Report on page 3.

## Notes to the financial statements (continued)

### 3. Benefits

	10 month period to 31 January 2021 £	12 month period to 31 March 2020 £
Pensions	682,501	956,922
Commutations and lump sum retirement benefits	1,560,573	3,819,775
AVC annuitisation	(88,269)	(136,164)
Lump sum death benefits	9,694	-
Disinvestments from BOCRSP AVC Section	(586,834)	(1,055,386)
	<b>1,577,665</b>	<b>3,585,147</b>

The negative values above reflect the AVC amounts transferred to the Scheme to provide funding for all or part of the benefit payment mentioned above. Further explanation of the disinvestments process from BOCRSP-AVC Section can be found in note 8 on page 21.

Pension payroll has decreased due to the scheme merger effective from 1 October 2020 although the average amount per pensioner has increased as a result of the ERCC exercise outlined on page 3.

### 4. Payments to and on account of leavers

	10 month period to 31 January 2021 £	12 month period to 31 March 2020 £
Transfer out - Group	163,108,714	-
Individual transfers to other schemes	-	1,417,134
	<b>163,108,714</b>	<b>1,417,134</b>

Transfer out – Group represents the transfer of assets to BOCPS due to the Scheme being wound up as disclosed in page 3 of the Trustee Report.

### 5. Other payments

	10 month period to 31 January 2021 £	12 month period to 31 March 2020 £
Premiums on term insurance policies	-	87,843

No premium was payable in the current period as members ceased active service on 30 June 2019.

## Notes to the financial statements (continued)

### 6. Administrative expenses

	10 month period to 31 January 2021	12 month period to 31 March 2020
	£	£
Administration and processing	171,287	262,725
Actuarial fees	43,084	143,735
Audit fees	1,050	13,382
Pension Protection Fund Levy	119,791	103,738
Legal and other professional fees	30,125	96,724
	<b>365,337</b>	<b>620,304</b>

Costs charged to the Scheme related solely to the administration of the Scheme. Expenses incurred after the merger will be met by BOCPS.

### 7. Investment income

	10 month period to 31 January 2021	12 month period to 31 March 2020
	£	£
Income from pooled investment vehicles	-	9,929,389
Net interest receivable on cash deposits	87,302	86,979
	<b>87,302</b>	<b>10,016,368</b>

Income from pooled investment vehicles in the prior year comprised distributions from re-leveraging on the gilt funds held with the fiduciary manager. There was no such exercise in the current period.

### 8. Investments

#### Investment reconciliation table

	Value at 1 April 2020	Purchases at cost	Sales proceeds	Change in market value	Value at 31 January 2021
	£	£	£	£	£
Pooled investment vehicles	121,012,880	22,121,510	(154,205,692)	11,071,302	-
Cash instruments	28,713,541	32,376,641	(61,137,020)	46,838	-
	<b>149,726,421</b>	<b>54,498,151</b>	<b>(215,342,712)</b>	<b>11,118,140</b>	-
Cash	94,520				-
Other investment balances	328,606				-
<b>Total investments</b>	<b>150,149,547</b>				-

There were no transaction costs during the period in review.

Indirect costs are incurred through the bid and offer spread on investments within pooled investment vehicles.

## Notes to the financial statements (continued)

### 8. Investments (continued)

Assets totalling £161,302,764 were sold and transferred to BOCPS on 1 October 2020 due to the Scheme wind up as disclosed in page 3 of the Trustee Report. This is included within sales proceeds above.

#### Pooled Investment vehicles

	2021	2020
	£	£
Equities	-	28,104,331
Fixed Income	-	31,540,298
LDI	-	61,368,251
<b>Total pooled investment vehicles</b>	<b>-</b>	<b>121,012,880</b>

#### Other investment balances

	2021	2020
	£	£
Outstanding sales	-	1,931,916
Dividends and Interest Receivable	-	6,690
	<b>-</b>	<b>1,938,606</b>

	2021	2020
	£	£
Outstanding purchases	-	(1,610,000)
	<b>£</b>	<b>£</b>
Cash	-	94,520

#### AVC Investments

Members of the Scheme were able to make additional voluntary contributions to a range of investment facilities, which are administered by the Trustee of BOC Retirement Savings Plan (BOCRSP). When a member retired, or died, the funds accumulated within BOCRSP (AVC section) in respect of that member were paid to the Trustee of the Scheme to provide additional benefits for, or in respect of, that member. They were also paid to the Scheme when a member left service for transfer to another approved pension scheme. These amounts are shown in note 3 as negative amounts.

The financial statements of BOCRS Plan are not included in the financial statements of the Scheme, but are separately available. A copy of these statements can be obtained by contacting BOC Pension Services at the address shown on page 2.

## Notes to the financial statements (continued)

### 8. Investments (continued)

#### Investment Fair Value Hierarchy

The fair value of financial statements was determined using the following fair value hierarchy:

- Level 1 – the unadjusted quoted price in an active market for an identical asset or liability 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 Scheme's investment assets and liabilities were fair valued using the hierarchy categories on the previous page as follows:

2021	Level 1	Level 2	Total
	£	£	£
<b>Total investments</b>	-	-	-
2020	Level 1	Level 2	Total
	£	£	£
Pooled investment vehicles	-	121,012,880	121,012,880
Cash instruments	28,713,541	-	28,713,541
Other investment balances	328,606	-	328,606
Cash	94,520	-	94,520
<b>Total investments</b>	<b>29,136,667</b>	<b>121,012,880</b>	<b>150,149,547</b>

#### Valuation techniques

##### *Pooled investment vehicles*

The Scheme invested in pooled investment vehicles which were not quoted in an active market and which may have been subject to restrictions on redemptions such as (monthly) periodic dealing.

The Trustee considered the valuation techniques and inputs used by the Fiduciary Manager in valuing these funds as part of its due diligence prior to investing, to ensure they were reasonable and appropriate and therefore the net asset value (NAV) of these funds was used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds was adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the fund and fund manager. In measuring fair value consideration was also paid to any transactions in the shares of the fund. The published prices reflected the NAV of the Fund at each dealing point, which was on a daily basis. The funds were not subject to any redemption notice periods and could have been redeemed at each dealing point. No gates, holdbacks or dealing suspensions were applied to the funds. The Scheme classified these as Level 2 in the prior year.

## Notes to the financial statements (continued)

### 8. Investments (continued)

#### Concentration of investments

The following investments, excluding UK Government securities, represented more than 5% of the Scheme's net assets at 31 March 2020 for comparative purposes:

	2021	2020
BlackRock AM UK Aquila Life Currency Hedge	-	8.5%
Liability Matching 2040	-	5.4%
Liability Matching 2060	-	6.9%
Liability Matching 2052	-	10.2%
Liability Matching 2068	-	17.0%
BlackRock Institutional Cash Series	-	18.8%

### 9. Investment objectives, strategy and risk

#### Investment Objectives

The Trustee's objective was to invest the assets in the best interest of the members and beneficiaries. Within this framework the Trustee agreed a number of objectives to help guide it in its strategic management of the assets and control of the various risks to which the Scheme was exposed. These objectives were outlined in the SIP to govern the investment decisions of the Scheme.

#### Investment Strategy

The investment strategy for the Scheme was to:

- Invest in a portfolio of assets to achieve an initial target return of approximately 1.6% above gilts per annum. The Trustee had delegated the management of the Scheme's investment strategy to the Fiduciary Manager, who could use their discretion to deviate from this strategic return target in order to seek to achieve the funding objective
- Invest in a portfolio of assets which aimed to immunise a proportion of the interest rate risk inherent within the Scheme's liabilities (the "matching portfolio"),
- Invest in a diversified portfolio of assets to achieve an efficient risk / reward trade off with the objective of generating sufficient returns to close the Scheme's funding deficit (the "growth portfolio"),
- When the funding level has achieved a predetermined level (as set out in the journey plan table in this appendix), the Scheme would seek to achieve a target level of interest rate hedging, subject to it being with pre-defined tolerances.

As at the date of the SIP, the Trustee had instructed the Fiduciary Manager under the IMA to manage the asset allocation in such a way to aim to achieve the Investment Objective taking into account the restrictions set out in the Asset Allocation Table and Growth Strategy Permitted Ranges Table.

In the event the Manager wished to invest the growth portfolio in an asset class which is not specified in the table, they sought approval from the Trustee.

## Notes to the financial statements (continued)

### 9. Investment objectives, strategy and risk (continued)

The **Journey Plan** defined how the strategy would evolve over time to aim to achieve the investment objective. As part of this process the Fiduciary Manager would rely on certain assumptions to determine the expected return across the portfolio of assets relative to the Scheme's liabilities. The Trustee recognised that this was not an exact science and would constantly evolve, hence assumptions were reviewed from time to time and updates were factored in where appropriate.

The Fiduciary Manager had discretion to alter the levels of hedging so long as the hedge ratio remained within the pre-defined tolerances.

The Funding Ratio Trigger Level calculated the value of liabilities using a gilts flat discount rate which used the Fiduciary Manager's pricing source.

The Fiduciary Manager ceased to monitor a Trigger once it was reached and took no further action when the Funding Level subsequently moved back below the expired Trigger.

#### Risk

FRS 102 requires the disclosure of information in relation to certain investment risks to which the Scheme is exposed to at the end of the reporting period. These risks are set out by FRS 102 as follows:

- 1. Credit risk:** the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- 2. Market risk:** the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.
  - **Currency risk:** the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
  - **Interest rate risk:** the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
  - **Other price risk:** the risk that the fair value of future cash flows of a financial instrument 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 financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Scheme had exposure to the above risks because of the investments it took to implement its investment strategy. The Trustee managed the investment risks through a strategic asset allocation which was set taking into account the strategic investment objectives. The investment objectives and risk limits were implemented through the Fiduciary Management agreement in place with Scheme's Fiduciary Manager and monitored by the Trustee through regular reviews of the investment portfolios.

## Notes to the financial statements (continued)

### 9. Investment objectives, strategy and risk (continued)

The following table summarises the extent to which the various classes of investments were affected by financial risks:

	Credit risk	Market risk			2021	2020
					£ '000	£ '000
		Currency	Interest rate	Other price		
Overseas Equities (Indirect)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	-	26,094
UK Equities (Indirect)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	-	2,010
Corporate Bonds (Indirect)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	-	31,540
Liability Driven Investment ("LDI") (Indirect)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	-	61,368
Cash Instruments (Indirect)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	-	28,714
<b>Total</b>					-	<b>149,726</b>

All risks are indirect as the Scheme invests in pooled funds therefore does not own the underlying securities.

In the above table, the risk noted affects the asset class  significantly,  partially or  hardly/not at all.

Further information on the Trustee's approach to risk management, credit and market risk is set out on the following pages.

#### 1. Credit Risk

The Scheme was indirectly exposed to credit risk arising from the instruments held by the pooled investment vehicles.

Direct credit risk arising from pooled investment vehicles was 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 had indirect exposure to credit risk because it invested in pooled funds that held derivatives, bonds, cash balances and repurchase agreements. Pooled investment arrangements used by the Scheme comprised unit linked insurance contracts and authorised unit trusts.

- The credit risk arising from derivatives was managed by the underling manager and reduced by collateral or margin requirements,
- The credit risk arising from bond holdings was mitigated by the underlying manager by investing in a diversified portfolio of assets,
- Repurchase agreements were held across a diversified panel of counterparties.

## Notes to the financial statements (continued)

### 9. Investment objectives, strategy and risk (continued)

#### 2. Market Risk

Market risk comprises three types of risk:

##### a) Currency Risk

The Scheme was exposed to indirect currency risk through some of the Scheme's investments in overseas markets held in pooled investment vehicles.

The Scheme's approach to currency risk was to remove non-GBP currency exposure wherever possible in the developed markets. All currency hedging was implemented through hedged share classes within the underlying pooled vehicles.

For emerging market equity and local currency debt, the underlying fund holdings were unhedged allowing the investment managers to express any currency views. The unhedged exposure to emerging markets (6.3% of the total portfolio) acted as a diversifier at the total portfolio level.

##### b) Interest Rate Risk

The Scheme had indirect exposure to interest rate risk through its fixed income pooled investments. During the period in review the Scheme had interest rate risk exposure through its investments in Emerging Market Debt, High Yield Credit, Global Investment Grade Credit, Cash and the matching strategy.

The Scheme targeted a minimum level of interest rate and inflation risk to match the sensitivities of its liabilities and thus reducing the risk of the funding deficit increasing as a result of a fall in government yields. This was primarily executed through the matching strategy by holding a combination of physical and synthetic (derivatives) exposure to Gilts and Index Linked Gilts via pooled investment vehicles.

The level of interest rate exposure was monitored on a daily basis. The Scheme's exposure to interest rates gradually increased over time as the Scheme de-risked, ultimately bringing the interest exposure of the assets in-line with the liabilities exposure (adjusted for the funding ratio).

##### c) Other Price Risk

Indirect price risk arose principally from the Scheme's growth strategy, which was designed to generate long term returns. The level of price risk varied for each of the underlying pooled vehicles. The portfolio had been designed to deliver an appropriate risk-return profile by investing across a diverse range of asset classes. The risk attributes of the portfolio were reviewed on a regular basis and rebalanced accordingly.

## Notes to the financial statements (continued)

### 10. Investment management expenses

	10 month period to 31 January 2021	12 month period to 31 March 2020
	£	£
Administration, management and custody	1,411	(4,201)
Other advisory fees	4,000	50,314
	<b>5,411</b>	<b>46,113</b>

Other advisory fees comprise amounts for in-house investment services and IC Select Limited fees for monitoring the performance of the Fiduciary Manager. Expenses incurred after the merger will be met by BOCPS.

### 11. Current assets

	2021	2020
	£	£
Other debtors	-	372,099
Amounts due from other BOC pension arrangements	-	33,351
Cash balances	-	2,781,887
	-	<b>3,187,337</b>

The closing cash balance was transferred to BOCPS on 31 January 2021. The Scheme bank account held with HSBC was closed on 5 February 2021.

### 12. Current liabilities

	2021	2020
	£	£
Benefits payable	-	168,209
Accrued expenses	-	216,188
Tax due to HMRC	-	14,280
Amounts due to other BOC pension arrangements	-	266,976
	-	<b>665,653</b>

The Scheme ceased to be responsible for any liabilities on 1 October 2020 as disclosed in the Trustee Report on page 3.

### 13. Employer related investments

Direct employer-related investment was not permitted under the Scheme Rules.

## Notes to the financial statements (continued)

### 14. Related party transactions

The following related party transactions occurred during the period.

The costs incurred by BOC Group Limited in providing Scheme administration services and in house investment services were rechargeable to the Scheme. Amounts paid during the period were £465,086 (2020: £581,032).

Key management personnel included the professional Trustee who received total remuneration of £45,508 (2020: £53,102) during the period. The fees of the professional Trustee Director were met by the Company. The Trustee provides secretarial services to the Scheme which are included in the administrative expenses in note 6.

Due to the merger as noted on page 3 of the Trustee report, the following amounts were transferred out to BOCPS (a related party):

- £161,302,764 on 1 October 2020
- £45,912 on 27 November 2020
- £4,531 on 1 December 2020
- £1,522,862 on 29 January 2021

In addition, the Scheme met two months of pension payroll for the members transferring into BOCPS following the merger date totalling £232,645. Under the merger deed, this was the responsibility of BOCPS and hence the total bulk transfer to BOCPS is £163,108,714 as shown in note 4.

### 15. Contingent liabilities

The Scheme had no contingent liabilities or commitments at 31 January 2021.

### 16. Subsequent events

A Deed of Termination is expected to be signed by 31 March 2021.

## Actuarial calculation of technical provisions

### Appendix C: Technical Provisions certificate

My certification of the calculation of the Technical Provisions is included below. I am also required to certify the adequacy of the contribution rates set out in the schedule of contributions. That certificate is appended to the contribution schedule.

Actuarial certification of the calculation of Technical Provisions as required by regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: Gist Limited Pension Scheme

Calculation of Technical Provisions

I certify that, in my opinion, the calculation of the Scheme's Technical Provisions as at 31 March 2017 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the statement of funding principles dated 18 December 2018.

Date 18/12/2018  
Name Richard Shackleton  
Qualification Fellow of the Institute and Faculty of Actuaries  
Name of Employer Hymans Robertson LLP  
Address One London Wall  
London  
EC2Y 5EA

## Actuarial Certification of the Schedule of Contributions

### Gist Limited Pension Scheme Schedule of Contributions – Actuarial Certificate

#### Adequacy of contributions

In my opinion, the contributions shown in this schedule are such that, as at 31 March 2017, the statutory funding objective could have been expected to be met by the end of the period specified in the recovery plan dated December 2020.

#### Consistency with statement of funding principles

In my opinion, this schedule of contributions is consistent with the statement of funding principles dated 18 December 2018.

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

Date	21 December 2020
Name	Richard Shackleton
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of Employer	Hymans Robertson LLP
Address	One London Wall, London, EC2Y 5EA

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

## Summary of contributions

During the 10 month period to 31 January 2021 the contributions payable to the Scheme under the schedules of contributions were as follows:

	£
Pension Protection Fund Levy	119,791
Augmentations	1,060,663
<b>Total contributions under schedules of contributions and as per note 2 of the financial statements</b>	<b>1,180,454</b>

All contributions were received by their due date on the Schedules of Contributions.

Signed on behalf of the Trustee on 26 March 2021

*M Trouard-Riolle*

Trustee

## **Independent Auditor's Statement about Contributions to the Trustee of Gist Limited Pension Scheme**

We have examined the summary of contributions to the Gist Limited Pension Scheme for the 10 month period to 31 January 2021 which is set out on page 31.

In our opinion contributions for the scheme 10 month period to 31 January 2021 as reported in the summary of contributions and payable under the schedules of contributions have in all material respects been paid at least in accordance with the schedules of contributions certified by the scheme actuary on 18 December 2018, 30 July 2020 and 21 December 2020.

### ***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 on page 31 have in all material respects been paid at least in accordance with the schedules 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 schedules of contributions.

### ***Respective responsibilities of trustees and auditor***

As explained more fully in the Statement of Trustee's Responsibilities, the scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the scheme by the employer in accordance with the schedules of contributions.

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

### ***Use of our statement***

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 audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it 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 Trustee as a body, for our work, for this statement, or the opinions we have formed.

Ernst & Young LLP

Statutory Auditor

Reading

26 March 2021