

THE CELSIUS FIRST RETIREMENT BENEFITS SCHEME

ANNUAL REPORT

YEAR ENDED 30 SEPTEMBER 2021

SCHEME REGISTRATION NUMBER: 10129735

CELSIUS FIRST RETIREMENT BENEFITS SCHEME

**ANNUAL REPORT
30 SEPTEMBER 2021**

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CELSIUS FIRST RETIREMENT BENEFITS SCHEME

**TRUSTEES AND PROFESSIONAL ADVISERS
30 SEPTEMBER 2021**

PRINCIPAL EMPLOYER

Celsius First Limited (in administration from 2 March 2006 and dissolved 31 August 2010)

TRUSTEES

E W Hall

A H Murrell

S Markiewicz (deceased 22 October 2021)

R J ffitch

D W Jaeger (appointed 1 October 2020)

SCHEME ACTUARY

C G Mercer

Colin Mercer Actuarial Services

14 Firway

Welwyn

Herts AL6 0RD

SCHEME ADMINISTRATORS

Scottish Widows plc

15 Dalkeith Road,

Edinburgh EH16 5XA

C G Mercer

Colin Mercer Actuarial Services

14 Firway

Welwyn

Herts AL6 0RD

INVESTMENT MANAGERS

Aberdeen Standard Fund Managers Limited

Scottish Widows Limited

Prudential Assurance Company Limited

ANNUITY PROVIDERS

Scottish Widows

Canada Life

INVESTMENT AND OTHER ADVISERS

C G Mercer

Colin Mercer Actuarial Services

14 Firway

Welwyn

Herts AL6 0RD

AUDITOR

Hillier Hopkins LLP

Radius House

51 Clarendon Road

Watford

Herts WD17 1HP

SOLICITORS

Squire Patton Boggs (UK) LLP

7 Devonshire Square

Cutlers Gardens

London EC2M 4YH

BANKERS

Lloyds Bank Plc

Silver Street Branch

South Gate

PO Box 1000 BX1 1LT

CELSIUS FIRST RETIREMENT BENEFITS SCHEME

TRUSTEES' REPORT 30 SEPTEMBER 2021

INTRODUCTION

The Trustees are pleased to present their report on the Scheme for the year ended 30 September 2021.

The Scheme is governed by the Trust Deed and Rules and was approved as an "exempt approved Scheme" under the terms of the Income and Corporation Taxes Act 1988. In accordance with the provisions of Schedule 36 of the Finance Act 2004 the Scheme became a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 with effect from 6 April 2006 and, to the Trustees' knowledge, there is no reason why the Scheme's registered status should be prejudiced or withdrawn. All members of the Scheme were contracted-out of the State Earnings Related Pension Scheme from 6 April 1988.

On 2 March 2006 Celsius First Limited entered into administration. From that date benefits ceased to accrue and the Scheme entered an assessment period under Pension Protection Fund (PPF) regulations, followed by a post assessment period that ended on 28 January 2010, following which the Scheme was authorised to operate on a closed scheme basis from 23 June 2010.

In recent months significant progress has been made in the processes required in order to finalise the winding-up of the Scheme. The Trustees have received encouraging advice on the legal issues remaining to be resolved and although issues involving the reconstruction of insured annuities remain outstanding, the Trustees are hopeful that current financial conditions will allow the resolution of these over the next 12 months. A detailed wind-up plan is in place which the Trustees periodically monitor. The Trustees expect it will be possible to progress the process of the buy-out of uninsured benefit liabilities over forthcoming months so that the Scheme can then move to be finally wound up.

MEMBERSHIP

Details of the membership of the Scheme are given below:-	2021	2020
Preserved members as at 1 October	77	80
Reduced by: Retirements	(4)	(1)
Commutations	(3)	(1)
Transfers out	<u>(-)</u>	<u>(1)</u>
Members with preserved benefits	70	77
Pensioners as at 1 October	206	211
Increased by: Reinstatement	1	-
Retirement of deferred members and new widows	8	5
Reduced by: Deaths	(7)	(10)
Combination of duplicate records	<u>(5)</u>	<u>(-)</u>
Pensioners	203	206
Total members	<u>273</u>	<u>283</u>

TRUSTEES

In accordance with a Deed of Alteration dated 30 November 2007 the Trustees have the power to appoint and dismiss Trustees. During the year the Trustees held five meetings.

FINANCIAL STATEMENTS

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

SUMMARY OF CONTRIBUTIONS PAYABLE IN THE YEAR

Following the Principal Employer entering administration on 2 March 2006 all contributions to the Scheme have ceased.

CELSIUS FIRST RETIREMENT BENEFITS SCHEME

TRUSTEES' REPORT (continued) 30 SEPTEMBER 2021

FINANCIAL DEVELOPMENT

The financial statements on pages 14 to 26 show that the value of the fund has decreased from £41.02 million at 1 October 2020 to £38.11 million at 30 September 2021.

REPORT ON ACTUARIAL LIABILITIES

On 4 October 2018 the Scheme Actuary carried out an actuarial valuation of the Scheme under Section 156 of the Pensions Act 2004 (the "Section 156 valuation") with an effective date of 30 September 2017 which has been agreed and verified by the PPF.

The Section 156 valuation as at 30 September 2017 showed that on that date:

The value of PPF benefits was : £42.35 million

The value of the assets was : £42.84 million

There were therefore, at 30 September 2017, additional assets of £490,000 over those required to support PPF benefits representing a funding level on this basis of 101.2%.

The value of "full Scheme benefits" was £63.19 million representing a solvency level of 67.8%.

The value of "wind-up priority benefits" was £33.71 million representing a solvency level of 127.1%.

Processing of the next Section 156 valuation with an effective date of 30 September 2020, which was due to be finalised by 31 December 2021, has been delayed pending legal advice on certain matters affecting the calculation of benefit liabilities. Following preliminary legal advice, a draft valuation was submitted to the PPF. It is expected this will be finalised over the forthcoming months.

The Section 156 valuation as at 30 September 2020 was carried out in accordance with guidance provided by the PPF as set out in Version C3 of the guidance note issued April 2017 and is based on assumptions prescribed in Version B7 of the guidance note on assumptions to be adopted for Section 143 Valuations issued November 2016.

Significant actuarial assumptions	30 September 2017 <i>%p.a.</i>	30 September 2013 <i>%p.a.</i>
<i>Market yields</i>		
Medium-dated gilt yield (10 years)	1.39	2.60
Long-dated gilt yield (20 years)	1.95	3.37
Medium/long-dated index-linked gilt yield (over 5 years)	(-)1.51	(-)0.02
<i>Investment return</i>		
For PPF benefit valuation of protected liabilities		
Applicable to deferred pensioners pre-retirement	(-)1.74	0.26
Applicable to deferred pensioners post-retirement		
Pre-6 April 1997 benefits	1.55	3.51
Post-6 April 1997 benefits	(-)0.65	1.01
Applicable to current pensioners post-retirement		
Pre-6 April 1997 benefits	1.69	3.51
Post-6 April 1997 benefits	(-)0.21	1.01
For full scheme benefit valuation		
Applicable to deferred pensioners pre-retirement	(-)1.74	(-)0.26
Applicable to deferred pensioners post-retirement		
Pension in payment increases		
Left pensionable service		
Post-1 April 2004	(-)1.55	0.41
Pre-1 January 1998	(-)2.15	(-)0.19
Post-1 January 1998/pre-1 April 2004	(-)2.25	(-)0.29

CELSIUS FIRST RETIREMENT BENEFITS SCHEME

**TRUSTEES' REPORT (continued)
30 SEPTEMBER 2021**

REPORT ON ACTUARIAL LIABILITIES - continued

Significant actuarial assumptions - continued

	30 September 2017	
Applicable to current pensioners post-retirement		
Pension in payment increases		
Left pensionable service		
Post-1 April 2004	(-)1.41	0.41
Pre-1 January 1998	(-)2.01	(-)0.19
Post-1 January 1998/pre-1 April 2004	(-)2.11	(-)0.29
<i>Mortality</i>		
Base table		S2PA
- Males		
< 10% compensation cap at age 65		S2PMA_H
10% - 50% compensation cap at age 65		S2PMA_M
> 50% compensation cap at age 65		S2PMA_L
- Females		
< 5% compensation cap at age 65		S2PFA_H
5% - 20% compensation cap at age 65		S2PFA
> 20% compensation cap at age 65		S2PFA_L
Future improvements in longevity	CMI_2014_M[1.5%] for males and CMI_2014_F[1.255] for females applying from 2007	
		30 September 2013
<i>Mortality</i>		
Base table		PCA00 (YOB)
Future improvements in longevity	medium cohort improvement rates with an annual underpin of 1.5% for males and 1.0% for females applying from 2000	
Pension size		age rating
< 25% compensation cap at age 65		+ 2 years
25% - 50% compensation cap at age 65		no adjustment
> 50% compensation cap at age 65		- 2 years

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

- show a true and fair view of the financial transactions of the Scheme during the year and of the amount and disposition at the end of the year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year; and
- contain the information specified in Regulation 3A of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustees are 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.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an Annual Report.

CELSIUS FIRST RETIREMENT BENEFITS SCHEME

TRUSTEES' REPORT (continued) 30 SEPTEMBER 2021

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

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

PENSIONS IN PAYMENT

Following a review with the Scheme Actuary, the Trustees approved a 0.5% increase to pensions in payment to all members for both pre- and post-97 service effective from 1 January 2021 and a 2.5% increase to pensions in payment to all members for both pre- and post-97 service effective from 1 January 2022 with a proportionate increase to members retiring during the year.

INVESTMENT REPORT

Implementation Statement

The overall investment policy of the Scheme is determined in consultation with the Scheme's investment advisor and the Scheme's investment managers. The Trustees formulate an investment strategy and delegate the responsibility of executing all investment transactions to their investment managers. The Trustees set out their investment policy in a Statement of Investment Principles.

The Statement of Investment Principles is produced in accordance with Section 35 of the Pensions Act 1995 and subsequent legislation. A copy of the latest Statement of Investment Principles dated 28 April 2021 and detailing the Trustees' considerations in respect of Social, Environmental and Ethically Responsible Investment is available to members on request from the Trustees at the address shown below. The Statement sets out the Trustees' policy concerning:

- their investment objectives;
- the nature of investments which are suitable for the Scheme to hold, having regard to investment risk and their investment objectives;
- the selection of investments and suitable investment managers;
- procedures for regular review of the investment strategy, having regard to the Scheme's benefit liabilities;
- procedures for day to day management of the Scheme's assets by the investment managers;
- objectives for investment manager performance;
- periodic monitoring of the investment managers' performance.

The Trustees will review the Statement of Investment Principles at least every three years (or more frequently, if required) to ensure the principles continue to be appropriate to the Scheme.

The Trustees meet periodically to review investment strategy and to monitor the performance of the funds in which they invest. The Trustees have maintained investment in corporate bond funds taking into account the risk profile of the Scheme's defined benefit liabilities.

The Trustees reviewed their investment strategy following a report from their investment adviser dated 2 October 2020. Subsequently and consequent to the discontinuance of the Aberdeen Sterling Opportunistic Corporate Bond Fund, the units invested in this Fund were liquidated on 6 October 2020 and the proceeds invested 70% in the Aberdeen Sterling Investments Strategic Bond Fund and 30% in the Aberdeen Sterling Investments Corporate Bond Fund. The Trustees considered a further report from their investment adviser dated 16 March 2021 and consequentially on 18 March 2021 the investment in the Aberdeen Sterling Investments Corporate Bond Fund was liquidated and switched into the Aberdeen Sterling Investments Sterling Short Dated Corporate Bond Fund. Additionally, for working capital and liquidity purposes the Trustees maintained a small holding in the Scottish Widows Limited Cash Fund. Additional Voluntary Contributions attributable to members of the Defined Benefits Section were invested in pooled fund insurance policies issued by Prudential Assurance Company Limited, predominantly on a with profit basis.

CELSIUS FIRST RETIREMENT BENEFITS SCHEME

TRUSTEES' REPORT (continued) 30 SEPTEMBER 2021

INVESTMENT REPORT – continued

Certain members have benefits in the Money Purchase Section which comprise less than 0.2% of overall Scheme assets. These benefits are invested in pooled fund insurance policies issued by Prudential Assurance Company Limited and M&G Financial Services Limited, predominantly on a with profit basis.

The deployment of assets of the Defined Benefit Section of the Scheme (excluding annuity policies) over the period is shown in the table below:-

	30 September 2021	1 October 2020
	%	%
UK and overseas corporate bonds	99.11	99.57
Cash	<u>0.89</u>	<u>0.43</u>
	<u>100.00</u>	<u>100.00</u>

Key features of the funds in which the Scheme has invested over the reporting period are as follows:

ASI Strategic Bond Fund

Investment Objective and Performance Target:

To generate income and some growth over the long term (5 years or more) by investing in government and corporate bonds issued anywhere in the world. The fund aims to achieve the return of its benchmark, the IA £ Strategic Bond Sector, average return over 1 year (after charges) and be top quartile over rolling three year periods.

Investment Policy:

The fund will invest at least 80% in bonds issued anywhere in the world by governments, sub-sovereigns and corporations. The fund may invest in investment grade, emerging market, high yield, inflation-linked, convertible, asset backed and mortgage-backed bonds. The fund may also invest in money-market instruments, and cash. At least 80% of the fund's investments will be in Sterling or hedged to Sterling.

ASI Corporate Bond Fund

Investment Objective and Performance Target:

To generate income and some growth over the long term (5 years or more) by investing in Sterling denominated investment grade corporate bonds. The fund aims to achieve the return of its benchmark, the iBoxx Sterling Collateralized & Corporates Index, plus 1% per annum (before charges).

Investment Policy:

The fund will invest at least 60% in Sterling denominated investment grade corporate bonds. The fund may also invest in bonds issued anywhere in the world by governments and corporations, such as sub-sovereigns, sub-investment grade, inflation-linked, convertible, asset backed and mortgage-backed bonds. The fund may also invest in money-market instruments, and cash. The fund will employ techniques to reduce (hedge) risk related to currency movements on non-Sterling bonds.

ASI (AAM) Sterling Short Dated Corporate Bond Fund

Investment Objective and Performance Target:

To generate income and some growth over the medium term (3 to 5 years) by investing in Sterling denominated investment grade corporate bonds with maturities of up to 5 years. The fund aims to achieve the return of its benchmark, the iBoxx Sterling Corporates (1-5 year) Index, plus 0.25% per annum (before charges).

Investment Policy:

The fund will invest at least 60% in Sterling denominated investment grade corporate bonds with a maturity of up to 5 years. The fund may also invest in bonds of any maturity, issued anywhere in the world by governments and corporations, such as sub-sovereigns, sub-investment grade, inflation-linked, convertible, asset backed and mortgage-backed bonds. The fund may also invest in money-market instruments and cash. The fund will employ techniques to reduce (hedge) risk related to currency movements on non-Sterling bonds.

The funds will routinely use derivatives to reduce risk or reduce cost and/or generate extra income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management"). Derivatives include instruments used to manage expected changes in interest rates, inflation, currencies or creditworthiness of corporations or governments.

CELSIUS FIRST RETIREMENT BENEFITS SCHEME

TRUSTEES' REPORT (continued) 30 SEPTEMBER 2021

INVESTMENT REPORT – continued

Market review

Investment-grade corporate bonds started the period under pressure, faced with the double effect of the coronavirus and weak oil prices. Bond prices fell slightly in September and October 2020 as investors sold out of riskier debt, concerned about the potential for rising defaults amid uncertainty from rising coronavirus cases and the US election. November saw the upward trend resume on positive news flow stemming from vaccine breakthroughs and a likely Biden presidency. This extended into the end of 2020, driven by vaccine optimism, the Brexit trade deal agreement and US stimulus package. Rising Treasury yields at the beginning of 2021 affected markets, however corporate bonds managed to weather the storm somewhat, even as the Federal Reserve said it would begin offloading corporate bonds bought through its pandemic support plan.

During the latter part of the reporting period, corporate bond prices fell. Investors were challenged by rising inflation, major central banks starting to taper their pandemic-era market support and interest rate rises from the Bank of England (BoE). Covid-19 also remained a threat throughout the period. Higher-quality bonds generally underperformed riskier high-yield issues. Short-dated bonds fell less than longer-dated bonds while sterling bonds underperformed global bonds.

Investment manager performance review

For the year to 30 September 2021, the value of the Defined Benefit Section invested funds increased by 5.73% compared to an increase of 1.38% in the portfolio benchmark, the iBoxx Sterling Collateralized & Corporates 1-10 year Index.

CUSTODIANS

Citibank Europe plc are the custodians of the assets backing the Aberdeen Strategic Bond Fund and the Aberdeen Sterling Short Dated Corporate Bond Fund. State Street Bank and Trust Company Ltd are the custodians of the assets backing the Scottish Widows Cash Fund. HSBC Bank plc and BNY Mellon Asset Servicing B.V. are the custodians of the assets backing the Prudential's insurance policy. HSBC Bank plc and ABN AMRO Mellon Global Securities B.V. (London Branch) act as custodians of the assets of the M & G Investment Management Limited funds.

INDEPENDENT ADVICE

Pensions Ombudsman and Money & Pensions Service

Members and beneficiaries with any problem or query should first contact Mr. R J ffitch at the address shown above. If not satisfied with the response to their problem or query, then members are requested to complete an Internal Dispute Resolution Procedure form which is available from Mr. R J ffitch. If there are still matters that cannot be resolved with the Trustees, they should next seek help from the Money & Pensions Service which is an independent voluntary body. It has expert local pensions advisers who are able to help pension scheme members and beneficiaries. The Government has also appointed a Pensions Ombudsman to deal with complaints and disputes about facts or law in respect of pension schemes. The Ombudsman is fully independent and acts as an impartial adjudicator.

The Money & Pensions Service can be contacted at Holborn Centre, 120 Holborn, London EC1N 2TD;
Tel: 0115 965 9570; email: contact@maps.org.uk; website: www.moneyandpensionservice.org.uk.

The Pensions Ombudsman can be contacted at 10 South Colonnade, Canary Wharf, London E14 4PU;
Tel: 0800 917 4487; email: enquiries@pensions-ombudsman.org.uk; website: www.pensions-ombudsman.org.uk.

The Pensions Regulator

The Pensions Regulator can intervene in the running of pension schemes where trustees, employers or professional advisers have failed in their duties and in certain other circumstances. The contact address is: The Pensions Regulator, Napier House, Trafalgar Place, Brighton, Sussex BN1 4DW.

CELSIUS FIRST RETIREMENT BENEFITS SCHEME

TRUSTEES' REPORT (continued) 30 SEPTEMBER 2021

INDEPENDENT ADVICE - continued

The Pension Scheme Registry

The Government has set up a registry of pension schemes. The Scheme Registration Number of the scheme is 10129735. The Registrar has information about the scheme, including the names of and a contact address for the Trustees. The Registry was set up by the government to assist members and others in tracing the people responsible for paying the benefits under Pensions Schemes with which contact has been lost. The contact address is Pension Tracing Service, The Pension Service 9, Mail Handling Site A, Wolverhampton WV98 1LU; Tel: 0800 731 0193; website: www.gov.uk/find-lost-pension

FURTHER INFORMATION

Communication

A Trustees' Report to Members was sent in April 2019 and included a summary of the Scheme Accounts to 30 September 2017 and details of the last actuarial valuation and the wind-up process.

Members are entitled to inspect copies of documents giving information about the Scheme. In some circumstances, copies of the documents can be provided but a charge will be made for copies of the trust documents (deed and rules) and of the actuary's report.

'The Pensions Regulator' guidance to Trustees has been made available to the Trustees at the address below.

The Trustees issued Privacy Notices to all members in May 2018 confirming compliance with the General Data Protection Regulations applicable from 25 May 2018. The use of members data is for the purpose of pension's administration by the Trustees and regulated third party providers only.

Any queries about the Scheme, including requests from individuals for information about their benefits, should be sent to:-

Mr R J ffitch
202 Plomer Avenue
Hoddesdon
Herts EN11 9FS

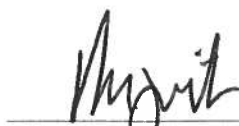
Email: celsiusfirsttrustees@hotmail.co.uk

SIGNED FOR AND ON BEHALF OF THE TRUSTEES



A. H. Murrell

Trustee



R J ffitch

Trustee

Approved by the Trustees on 29 April 2022

CELSIUS FIRST RETIREMENT BENEFITS SCHEME

**CHAIRMAN'S STATEMENT AND MONEY PURCHASE SECTION GOVERNANCE REPORT
30 SEPTEMBER 2021**

The Money Purchase Section of the Scheme accounts for less than 0.2% of the total fund value and is not open to new members.

As Trustees we have reviewed and assessed that our systems, processes and controls across key governance functions are consistent with those set out in The Pension Regulator's:

- Code of Practice 13: Governance and administration of occupational defined contribution trust- based schemes
- Regulatory guidance for defined contribution schemes.

These are underpinned by the DC quality features.

Based on our assessment we believe that we have adopted the standards of practice set out in the DC code and DC regulatory guidance.

Members of the Money Purchase Section of the Scheme (which accounts for less than 0.2% of the total fund value), who did not make an explicit choice of investing in the specified range of directly invested pooled funds, have their funds invested in the Prudential Assurance With Profit Investment Account. The objective of this fund is to provide regular investment growth as the fund provides a guaranteed annual reversionary bonus which once added cannot be taken away. The fund also provides for an additional bonus known as a terminal bonus which is paid on disinvestment, although this is not guaranteed. Given the closed scheme status of the Scheme pending its winding-up, and the historic nature of these investments, the Trustees consider this approach remains in the best interests of members. The performance of these arrangements is reviewed regularly at Trustee meetings. Four members have remaining investments in the Prudential Assurance With Profit Investment Account and these account for in excess of 90% of the value of investments in the Money Purchase Section of the Scheme. One member has remaining investments in directly invested pooled funds managed by Prudential M&G.

The Trustees ensure that financial transactions in respect of members relating to the Money Purchase Section are processed promptly and accurately. These transactions are undertaken on the Trustees' behalf by the Scheme administrator and the investment manager, Prudential Assurance Company. The Trustees consider the processes and controls implemented by those organisations are suitably designed to achieve those objectives.

The regulatory guidance requires the Trustees to make an assessment of charges and transactions costs borne by Money Purchase Section members and the extent to which those charges and costs represent good value for money for members. The Prudential With Profit Investment Account has a management charge of 0.65% of assets which is lower than the maximum allowed of 0.75%. The Prudential M&G directly invested pooled funds have total expense ratios of less than 0.25% p.a. The Trustees consider the management charges are reasonable given the nature of the with profit investment contract.

As the Scheme is in wind up, and due to the minimal value of the Money Purchase Section investments, the Trustees do not consider that the administrative cost of providing an "example fund projection" is justifiable.

Similarly, the Trustees do not consider the costs of making the Annual Report publically available on a website are justifiable. The Trustees already provide all traced members of the Scheme with details of the Annual Report and they are also kept aware of developments on a regular basis.

The Trustees are required to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of fund assets and other matters to enable them to exercise their functions as Trustees properly. Taking account of the professional advice available to them, the Trustees consider that they are enabled properly to exercise their functions as Trustees.

Signed by the Chair on behalf of the Trustees on 29 April 2022



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A. H. Murrell

CELSIUS FIRST RETIREMENT BENEFITS SCHEME

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE CELSIUS FIRST RETIREMENT BENEFITS SCHEME

Opinion

We have audited the financial statements of the Celsius First Retirement Benefits Scheme (the 'Scheme') for the year ended 30 September 2021 which comprise the fund account, statement of net assets and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Fund during the year ended 30 September 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 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 Trustees' 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 Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CELSIUS FIRST RETIREMENT BENEFITS SCHEME

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE CELSIUS FIRST RETIREMENT BENEFITS SCHEME (continued)

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 4 to 5, the Scheme's Trustees are 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 Trustees determine 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 Trustees are 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 Trustees either intend 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.

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:

- the nature of the industry and sector, control environment and investment performance;
- the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Fund and management. We consider the results of our enquiries of management and Trustees about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Scheme's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the Scheme for fraud and identified the greatest potential for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override, including testing journals and evaluating whether there was evidence of bias by the Trustees that represented a risk of material misstatement due to fraud.

We also obtained an understanding of the legal and regulatory frameworks that the Scheme operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Pensions Act 1995, and relevant tax legislation.

CELSIUS FIRST RETIREMENT BENEFITS SCHEME

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE CELSIUS FIRST RETIREMENT BENEFITS SCHEME (continued)

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

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

Use of our report

This report is made solely to the Scheme's Trustees, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Fund's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Hiller Hopkins LLP
Chartered Accountants and Statutory Auditor
Radius House
51 Clarendon Road
Watford
Herts WD17 1HP

Date 9 May 2022

CELSIUS FIRST RETIREMENT BENEFITS SCHEME

INDEPENDENT AUDITORS' STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEES OF THE CELSIUS FIRST RETIREMENT BENEFITS SCHEME

We have examined the summary of contributions to the Celsius First Retirement Benefits Scheme (the 'Scheme') for the year ended 30 September 2021 which is set out in the Trustees' Report on page 2.

Statement about Contributions payable under the Scheme rules and the recommendations of the Scheme Actuary

In our opinion no contributions were payable for the year ended 30 September 2021 as reported in the summary of contributions on page 2 under the Scheme rules and recommendations of the Scheme Actuary.

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 Scheme rules and the recommendations of the Scheme Actuary. 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 Scheme rules and the recommendations of the Scheme Actuary.

Respective responsibilities of Trustees and Auditor

The Trustees have a general responsibility for procuring that contributions are made to the Scheme in accordance with the Scheme rules and the recommendations of the Scheme Actuary.

It is our responsibility to provide a Statement about Contributions payable under the Scheme rules and the recommendations of the Scheme Actuary.

Use of our statement

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

Hillier Hopkins LLP

Hillier Hopkins LLP
Chartered Accountants and Statutory Auditor
Radius House
51 Clarendon Road
Watford
Herts WD17 1HP

Date *9 May 2022*

CELSIUS FIRST RETIREMENT BENEFITS SCHEME

**FUND ACCOUNT
YEAR ENDED 30 SEPTEMBER 2021**

				2021	2020
	Note	Defined Benefit Section £	Money Purchase Section £	Total £	Total £
CONTRIBUTIONS AND BENEFITS					
Benefits paid or payable	5	(1,476,172)	(3,690)	(1,479,862)	(1,466,036)
Payments to leavers	6	(120,840)	-	(120,840)	(393,076)
Administrative expenses	7	(326,235)	-	(326,235)	(363,259)
		(1,923,247)	(3,690)	(1,926,937)	(2,222,371)
NET WITHDRAWALS FROM DEALINGS WITH MEMBERS					
		(1,923,247)	(3,690)	(1,926,937)	(2,222,371)
RETURNS ON INVESTMENTS					
Investment income	8	1,146,980	-	1,146,980	1,219,314
Change in market value of investments	10	(2,143,303)	5,750	(2,137,553)	(948,235)
Investment management expenses	9	(445)	-	(445)	(377)
		(996,768)	5,750	(991,018)	270,702
NET INCREASE/(DECREASE) IN SCHEME DURING THE YEAR					
		(2,920,015)	2,060	(2,917,955)	(1,951,669)
Transfers between Sections		11,070	(11,070)	-	-
NET ASSETS OF THE SCHEME AT 1 OCTOBER 2020					
		40,953,717	71,191	41,024,908	42,976,577
NET ASSETS OF THE SCHEME AT 30 SEPTEMBER 2021					
		38,044,772	62,181	38,106,953	41,024,908


The notes on pages 16 to 26 form part of the financial statements.

CELSIUS FIRST RETIREMENT BENEFITS SCHEME


**STATEMENT OF NET ASSETS (available for benefits)
AS AT 30 SEPTEMBER 2021**

				2021	2020
	Note	Defined Benefit Section £	Money Purchase Section £	Total £	Total £
Investment assets					
Pooled investment vehicles	12	23,624,303	5,977	23,630,280	22,823,397
Insurance policies	13	14,460,587	56,204	14,516,791	17,956,933
AVC investments	14	167,085	-	167,085	170,890
Total net investments	11	38,251,975	62,181	38,314,156	40,951,220
Current assets	18	22,054	-	22,054	333,309
Current liabilities	19	(229,257)	-	(229,257)	(259,621)
NET ASSETS OF THE SCHEME AT 30 SEPTEMBER 2021		38,044,772	62,181	38,106,953	41,024,908

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the 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 3 to 4 of the Annual Report and these financial statements should be read in conjunction with this report.



A. H. Murrell
Trustee



R J ffitch
Trustee

Approved by the Trustees on 29 April 2022

The notes on pages 16 to 26 form part of the financial statements.

CELSIUS FIRST RETIREMENT BENEFITS SCHEME

**NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2021**

1. BASIS OF PREPARATION

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

A detailed wind up plan is in place but as it is most unlikely that the Scheme will be wound up within the next 12 months, the financial statements have been prepared on the going concern basis which the Trustees believe to be appropriate based on their expectations for a 12 month period from the date of approval of these financial statements. These indicate that sufficient funds should be available to enable the Scheme to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due.

2. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustees’ Report.

3. COMPARATIVE DISCLOSURES FOR THE FUND ACCOUNT AND STATEMENT OF NET ASSETS

FUND ACCOUNT	Note	Defined Benefit Section £	Money Purchase Section £	2020 Total £
CONTRIBUTIONS AND BENEFITS				
Benefits paid or payable	5	(1,466,036)	-	(1,466,036)
Payments to leavers	6	(383,769)	(9,307)	(393,076)
Administrative expenses	7	(363,259)	-	(363,259)
		(2,213,064)	(9,307)	(2,222,371)
NET WITHDRAWALS FROM DEALINGS WITH MEMBERS		(2,213,064)	(9,307)	(2,222,371)
RETURNS ON INVESTMENTS				
Investment income	8	1,219,314	-	1,219,314
Change in market value of investments		(950,513)	2,278	(948,235)
Investment management expenses	9	(377)	-	(377)
		268,424	2,278	270,702
NET DECREASE IN SCHEME DURING THE YEAR		(1,944,640)	(7,029)	(1,951,669)
Transfers between Sections		-	-	-
NET ASSETS OF THE SCHEME AT 1 OCTOBER 2019		42,898,357	78,220	42,976,577
NET ASSETS OF THE SCHEME AT 30 SEPTEMBER 2020		40,953,717	71,191	41,024,908

CELSIUS FIRST RETIREMENT BENEFITS SCHEME

**NOTES TO THE FINANCIAL STATEMENTS (continued)
30 SEPTEMBER 2021**

**3. COMPARATIVE DISCLOSURES FOR THE FUND ACCOUNT AND STATEMENT OF NET ASSETS
- continued**

STATEMENT OF NET ASSETS (available for benefits)	Note	Defined Benefit Section £	Money Purchase Section £	2020 Total £
Investment assets				
Pooled investment vehicles	12	22,818,134	5,263	22,823,397
Insurance policies	13	17,891,005	65,928	17,956,933
AVC investments	14	170,890	-	170,890
Total net investments	11	40,880,029	71,191	40,951,220
Current assets	18	333,309	-	333,309
Current liabilities	19	(259,621)	-	(259,621)
NET ASSETS OF THE SCHEME AT 30 SEPTEMBER 2020		40,953,717	71,191	41,024,908

4. ACCOUNTING POLICIES

The principal accounting policies of the Scheme are as follows:

Payments to members

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

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

Individual transfers out of the Scheme are accounted for when member liability is discharged which is normally when the transfer amount is paid.

Expenses

Expenses are accounted for on an accruals basis.

Investment income

Receipts from annuity policies are accounted for as investment income on an accruals basis.

Change in market value

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

CELSIUS FIRST RETIREMENT BENEFITS SCHEME
NOTES TO THE FINANCIAL STATEMENTS (continued)
30 SEPTEMBER 2021

4. ACCOUNTING POLICIES- -continued

Investments

Investments are included at fair value as described below:

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager.

With profit insurance policies are reported at the policy value provided by the insurance company based on the cumulative reversionary bonuses declared and the current terminal bonus.

The annuity policies have been valued on a basis assessed by the Scheme Actuary as appropriate for the valuation of equivalent benefit liabilities secured by buy-out of annuities with insurance companies as at the valuation dates.

The annuities have been valued based on a discount rate equivalent to the yield on 10 year UK Government securities plus 0.3% p.a., i.e. 1.33% p.a. and the S3PA mortality tables with CMI 2019 future projections subject to long-term mortality improvement rates of 1.5% p.a. (males), 1.25% p.a. (females) (10 year UK Government securities plus 0.3% p.a., i.e. 0.57% p.a. and the S2PA mortality tables with CMI 2014 future projections subject to long-term mortality improvement rates of 1.5% p.a. (males), 1.25% (females)).

5. BENEFITS PAID OR PAYABLE

	Defined Benefit Section	Money Purchase Section	2021 Total
	£	£	£
Pensions	1,349,799	-	1,349,799
Commutations and retirement lump sums	126,373	3,690	130,063
	<u>1,476,172</u>	<u>3,690</u>	<u>1,479,862</u>

	Defined Benefit Section	Money Purchase Section	2020 Total
	£	£	£
Pensions	1,403,607	-	1,403,607
Commutations and retirement lump sums	62,429	-	62,429
	<u>1,466,036</u>	<u>-</u>	<u>1,466,036</u>

6. PAYMENTS TO AND ON BEHALF OF LEAVERS

	Defined Benefit Section	Money Purchase Section	2021 Total
	£	£	£
Individual transfers out	<u>120,840</u>	<u>-</u>	<u>120,840</u>

CELSIUS FIRST RETIREMENT BENEFITS SCHEME
NOTES TO THE FINANCIAL STATEMENTS (continued)
30 SEPTEMBER 2020

6. PAYMENTS TO AND ON BEHALF OF LEAVERS - continued

	Defined Benefit Section	Money Purchase Section	2020 Total
	£	£	£
Individual transfers out	383,769	9,307	393,076

7. ADMINISTRATIVE EXPENSES

	Defined Benefit Section	Money Purchase Section	2021 Total
	£	£	£
Administration and processing	27,847	-	27,847
Auditors' remuneration	8,880	-	8,880
Trustees' fees	85,112	-	85,112
Other professional fees	203,356	-	203,356
Levies	1,040	-	1,040
	<u>326,235</u>	<u>-</u>	<u>326,235</u>

	Defined Benefit Section	Money Purchase Section	2020 Total
	£	£	£
Administration and processing	38,956	-	38,956
Auditors' remuneration	8,760	-	8,760
Trustees' fees	76,738	-	76,738
Other professional fees	237,737	-	237,737
Levies	1,068	-	1,068
	<u>363,259</u>	<u>-</u>	<u>363,259</u>

8. INVESTMENT INCOME

	Defined Benefit Section	Money Purchase Section	2021 Total
	£	£	£
Annuity income	1,146,980	-	1,146,980

	Defined Benefit Section	Money Purchase Section	2020 Total
	£	£	£
Annuity income	1,219,314	-	1,219,314

CELSIUS FIRST RETIREMENT BENEFITS SCHEME
NOTES TO THE FINANCIAL STATEMENTS (continued)
30 SEPTEMBER 2021

9. INVESTMENT MANAGEMENT EXPENSES

	Defined Benefit Section £	Money Purchase Section £	2021 Total £
Administration, management and custody	445	-	445
	Defined Benefit Section £	Money Purchase Section £	2020 Total £
Administration, management and custody	377	-	377

The investment managers are remunerated on a fee basis which is reviewed annually by the Trustees.

10. TAXATION

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

11. RECONCILIATION OF INVESTMENTS

	Value at 01.10.20 £	Purchases £	Sales proceeds £	Movement in market value £	Value at 30.09.21 £
Defined Benefit Section					
Pooled investment vehicles	22,818,134	31,018,812	(31,505,605)	1,292,962	23,624,303
Insurance policies	17,891,005	14,760	-	(3,445,178)	14,460,587
AVC investments	170,890	-	(12,718)	8,913	167,085
	<u>40,880,029</u>	<u>31,033,572</u>	<u>(31,518,323)</u>	<u>(2,143,303)</u>	<u>38,251,975</u>
Money Purchase Section					
Pooled investment vehicles	5,263	-	-	714	5,977
Insurance policies	65,928	-	(14,760)	5,036	56,204
	<u>71,191</u>	<u>-</u>	<u>(14,760)</u>	<u>5,750</u>	<u>62,181</u>

Indirect costs 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.

CELSIUS FIRST RETIREMENT BENEFITS SCHEME
NOTES TO THE FINANCIAL STATEMENTS (continued)
30 SEPTEMBER 2021

12. POOLED INVESTMENT VEHICLES

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

	2021 £	2020 £
Defined Benefit Section		
Scottish Widows Limited		
Cash Fund	211,425	98,840
Aberdeen Standard Fund Managers Limited		
Aberdeen Sterling Opportunistic Corporate Bond Fund	-	22,719,294
Aberdeen Strategic Bond Fund	16,715,710	-
Aberdeen Sterling Short Dated Corporate Bond Fund	6,697,168	-
	<u>23,624,303</u>	<u>22,818,134</u>

The underlying assets of these funds comprise bonds, cash and other types of investment.

	2021 £	2020 £
Money Purchase Section		
Prudential M & G Financial Services		
Long Term Growth Passive Fund	4,227	3,387
Long Term Bond Fund	1,750	1,876
	<u>5,977</u>	<u>5,263</u>

The underlying assets of these funds comprise equities, bonds, property and other types of investment.

13. INSURANCE POLICIES

The Scheme's held insurance policies at the year end as follows:

Defined Benefit Section

The Trustees hold annuity policies backing Defined Benefit Section liabilities with Scottish Widows and Canada Life in respect of specified pensioner beneficiaries. These policies remain assets of the Trustees. The values of the annuity policies have been assessed by the Scheme Actuary as follows:

	Annuity Amount at 30.09.21 £ p.a.	Value at 30.09.21 £	Annuity Amount at 30.09.20 £ p.a.	Value at 30.09.20 £
Scottish Widows	670,307	5,513,968	738,970	7,281,911
Canada Life	418,356	8,920,610	398,965	10,600,308
Total	<u>1,088,663</u>	<u>14,434,578</u>	<u>1,137,935</u>	<u>17,882,219</u>

CELSIUS FIRST RETIREMENT BENEFITS SCHEME
NOTES TO THE FINANCIAL STATEMENTS (continued)
30 SEPTEMBER 2021

13. INSURANCE POLICIES - continued

Defined Benefit Section and Money Purchase Section

The Trustees hold an insurance policy with Prudential which is invested in the Prudential With Profits Fund. Investments attributable to the Trustees' and members' interests are allocated:

	2021	2020
	£	£
Prudential With Profits Fund		
Trustees (Defined Benefit Section)	26,009	8,786
Members (Money Purchase Section)	56,204	65,928
Total	82,213	74,714

The unit price at which units may be bought or cancelled is changed on a daily basis by way of reversionary bonus additions as determined by the Prudential. The sum realised on cancellation of units may be increased by a terminal bonus and/or reduced by a market value reduction applied at the discretion of the Prudential.

Money Purchase Section investments purchased by the Scheme are allocated to provide benefits to the individuals on whose behalf corresponding contributions were paid. The investment manager holds the investments on a pooled basis for the Trustees. The Scheme administrator allocates investment units to members. Members receive a statement confirming the value of their money purchase rights on request.

14. DEFINED BENEFIT SECTION AVC INVESTMENTS

The Trustees hold assets invested separately from the main fund securing additional benefits for those members who paid additional voluntary contributions. Members participating in these arrangements each receive an annual statement confirming the amounts held to their account and the movements in the year.

AVC funds (which are stated as at 30 November) were as follows:	2021	2020
	£	£
Prudential		
With Profits Cash Accumulation Fund	106,377	117,429
Discretionary Fund	30,987	27,595
Global Equity Fund	29,721	25,866
	167,085	170,890

AVC investments purchased by the Scheme are allocated to provide benefits to the individuals on whose behalf corresponding contributions were paid. The investment managers hold the investments on a pooled basis for the Trustees. The Scheme administrator allocates investment units to members.

15. CONCENTRATION OF INVESTMENTS

The following investments exceed 5% of the total value of the net assets of the Scheme:

	2021		2020
	£	%	£
			%
Aberdeen Sterling Opportunistic Corporate Bond Fund	-	-	22,719,294
Aberdeen Strategic Bond Fund	16,715,710	43.87	-
Aberdeen Sterling Short Dated Corporate Bond Fund	6,697,168	17.57	-
Scottish Widows group annuity policy	3,625,147	9.51	4,985,023
Canada Life individual annuity policy	2,670,782	7.01	3,203,233
Canada Life individual annuity policy	2,401,424	6.30	2,835,911

CELSIUS FIRST RETIREMENT BENEFITS SCHEME
NOTES TO THE FINANCIAL STATEMENTS (continued)
30 SEPTEMBER 2021

16. 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	When quoted prices are unavailable, use direct or indirect observable market data.
Level 3	Where a quoted price or direct or indirect observable market data is not available, the fair value is determined using unobservable data (i.e. for which market data is unavailable) for the asset or liability.

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

	Level 1 £	Level 2 £	Level 3 £	2021 Total £
Defined Benefit Section				
Pooled investment vehicles	211,425	23,412,878	-	23,624,303
Insurance policies	-	-	14,460,587	14,460,587
AVC investments	-	60,708	106,377	167,085
	<u>211,425</u>	<u>23,473,586</u>	<u>14,566,964</u>	<u>38,251,975</u>
Money Purchase Section				
Pooled investment vehicles	-	5,977	-	5,977
Insurance policies	-	-	56,204	56,204
	<u>-</u>	<u>5,977</u>	<u>56,204</u>	<u>62,181</u>
	<u>211,425</u>	<u>23,479,563</u>	<u>14,623,168</u>	<u>38,314,156</u>
	Level 1 £	Level 2 £	Level 3 £	2020 Total £
Defined Benefit Section				
Pooled investment vehicles	98,840	22,719,294	-	22,818,134
Insurance policies	-	-	17,891,005	17,891,005
AVC investments	-	53,461	117,429	170,890
	<u>98,840</u>	<u>22,772,755</u>	<u>18,008,434</u>	<u>40,880,029</u>
Money Purchase Section				
Pooled investment vehicles	-	5,263	-	5,263
Insurance policies	-	-	65,928	65,928
	<u>-</u>	<u>5,263</u>	<u>65,928</u>	<u>71,191</u>
	<u>98,840</u>	<u>22,778,018</u>	<u>18,074,362</u>	<u>40,951,220</u>

17. INVESTMENT RISK DISCLOSURES

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.

CELSIUS FIRST RETIREMENT BENEFITS SCHEME
NOTES TO THE FINANCIAL STATEMENTS (continued)
30 SEPTEMBER 2021

17. INVESTMENT RISK DISCLOSURES - continued

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

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustees determine their investment strategy after taking advice from a professional investment advisor. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustees by regular reviews of the investment portfolio.

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

Defined Benefit Section

a) Investment strategy

The investment strategy of the Defined Benefit Section is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet the liabilities of the Defined Benefit Section payable under the Trust Deed and Rules as they fall due.

The Trustees set the investment strategy for the Defined Benefit Section taking into account considerations such as the long term liabilities of the Defined Benefit Section. The investment strategy is set out in the Statement of Investment Principles.

The current strategy is to hold 100% in investments that move sympathetically with the long term liabilities of the Scheme. This comprises pooled investment vehicles which invest in UK and overseas government and corporate bonds and interest rate swaps. The Trustees also hold annuity policies.

b) Credit risk

The Scheme is subject to credit risk because it has cash balances. The Scheme also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. The Scheme is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

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

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 and the regulatory environments in which the pooled managers operate. Trustees carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the operating environment of the pooled manager.

Pooled investment arrangements used by the Scheme comprise authorised unit trusts.

CELSIUS FIRST RETIREMENT BENEFITS SCHEME

**NOTES TO THE FINANCIAL STATEMENTS (continued)
30 SEPTEMBER 2021**

17. INVESTMENT RISK DISCLOSURES - continued

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

Direct credit risk arises from the annuity policies held with Scottish Widows and Canada Life. The Trustees have assessed the appropriateness of both of these as insurance providers, before entering into the policies. Scottish Widows and Canada Life are authorised by the Prudential Regulation Authority ('PRA') and regulated by the Financial Conduct Authority ('FCA'), which are responsible for monitoring the solvency and conduct of Scottish Widows and Canada Life.

c) Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets via pooled investment vehicles.

d) Interest rate risk

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in bonds and interest rate swaps, through pooled vehicles, and cash. The Trustees have set a benchmark for total investment in bonds and interest rate swaps of 100% of the total investment portfolio (excluding the legacy insurance policies) as part of their investment strategy. Under this strategy, if interest rates fall, the value of these investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly if interest rates rise, these investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

The annuity policies are subject to indirect interest rate risk. This risk is fully mitigated, however, as the value of the Scheme's liabilities moves sympathetically with the impact of any interest rate movements on the value of the policies.

e) Other price risk

The annuity policies are subject to indirect interest rate risk. This risk is fully mitigated, however, as the value of the Scheme's liabilities moves sympathetically with the impact of any changes in inflation expectations on the value of the policies.

18. CURRENT ASSETS

	Defined Benefit Section	Money Purchase Section	2021 Total
	£	£	£
Balance at bank	13,876	-	13,876
Annuities receivable	6,003	-	6,003
Sundry debtors	992	-	992
Prepaid expenses	1,183	-	1,183
	22,054	-	22,054
	Defined Benefit Section	Money Purchase Section	2020 Total
	£	£	£
Balance at bank	45,490	-	45,490
Annuities receivable	282,023	-	282,023
Sundry debtors	948	-	948
Prepaid expenses	4,848	-	4,848
	333,309	-	333,309

CELSIUS FIRST RETIREMENT BENEFITS SCHEME

**NOTES TO THE FINANCIAL STATEMENTS (continued)
30 SEPTEMBER 2021**

19. CURRENT LIABILITIES

	Defined Benefit Section	Money Purchase Section	2021 Total
	£	£	£
Accrued expenses	161,673	-	161,673
Annuities received in advance	62,879	-	62,879
Amount due to Scottish Widows to reimburse annuities	-	-	-
Unpaid benefits	3,115	-	3,115
Tax payable on commutations	1,590	-	1,590
	<u>229,257</u>	-	<u>229,257</u>

	Defined Benefit Section	Money Purchase Section	2020 Total
	£	£	£
Accrued expenses	78,333	-	78,333
Annuities received in advance	68,219	-	68,219
Amount due to Scottish Widows to reimburse annuities	113,069	-	113,069
Unpaid benefits	-	-	-
Tax payable on commutations	-	-	-
	<u>259,621</u>	-	<u>259,621</u>

20. EMPLOYER RELATED INVESTMENT

The Scheme did not hold any employer-related investment at any time during the year.

21. RELATED PARTY TRANSACTIONS

Fees of £85,112 (2020: £76,738) were payable to the Trustees for services rendered to the Scheme during the year. Two of the Trustees are receiving pension benefits from the Scheme.

Appendix - Certificate for the purposes of section 156 of the Pensions Act 2004

Scheme name: Celsius First Retirement Benefits Scheme

Effective date: 30 September 2017

End of period covered by relevant accounts: 30 September 2017

Version number of section 156 guidance used: G3 issued April 2017

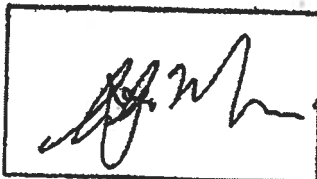
Version number of section 143 assumptions used: B7 issued November 2016

Protected liabilities	£'000
a Liabilities for and in respect of members which corresponds to the compensation that would be payable if they transferred to the PPF, excluding benefit installation/payment expenses and cost of winding-up	40,891
b Liabilities other than for and in respect of members	Nil
c Benefit installation/payment expenses	235
d Estimated cost of winding-up	<u>1,227</u>
Total	<u>42,353</u>
Assets	<u>42,843</u>
Funding level for protected liabilities in accordance with section 156 of the Pensions Act 2004	101.2%
Full scheme liabilities	£'000
a Liabilities under the scheme rules to and in respect of members, excluding benefit installation/payment expenses and cost of winding-up	61,123
b Liabilities other than for and in respect of members	Nil
c Benefit installation/payment expenses	235
d Estimated cost of winding-up	<u>1,834</u>
Total	<u>63,192</u>
Assets	<u>42,843</u>
Funding level for full scheme liabilities in accordance with section 156 of the Pensions Act 2004	67.8%

I certify that the protected liabilities and full scheme liabilities have been determined in accordance with the provisions of the section 156 of the Pensions Act 2004 and regulations made thereunder and the guidance issued by the Board of the Pension Protection Fund.

I have no residual concerns regarding the completeness and accuracy of the data used in this valuation. The formal report on the actuarial valuation details my residual concerns where appropriate.

A copy of the formal report on the actuarial valuation for the purposes of section 156 of the Pensions Act 2004 is attached.



Signature:

Date 4 October 2018

Name: **Colin Mercer**

Qualification: **Fellow of the Institute and Faculty of Actuaries**

Employer: **Colin Mercer Actuarial Services
14 Firway
Oaklands
Welwyn
Herts AL6 0RD**

Investment Report

With-Profits Investment Account/Bond
(incorporating the 2021 bonus declaration)

This document gives you information about the current and historic bonus rates for the With-Profits Investment Account/Bond. You can request bonus rates and historical rates for all products by contacting us and we'll be able to answer any questions you may have.

The Prudential Assurance Company Limited With-Profits Fund is the largest and one of the financially strongest with-profits fund in the UK. The Fund consists mainly of with-profits business, but it also contains a significant amount of non-profits business. Further details can be found in our Principles and Practices of Financial Management (PPFM).

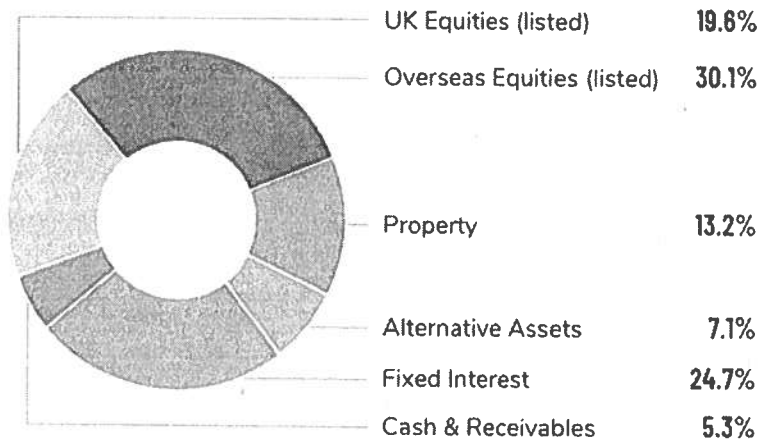
The total level of assets backing the with-profits business in the Fund was £117.9bn at 31 December 2020.

The Fund continues to be managed for the long-term benefit of our customers and shareholders.

Fund Management and Asset Allocation

M&G Treasury & Investment Office (T&IO), are our in-house asset-allocation experts in the UK. They select a wide range of assets to hold in the With-Profits Fund, in line with the Fund's objective. The aim is to maximise long-term investment returns while maintaining the financial security of the Fund.

At 31 December 2020, the main asset pool within The Prudential Assurance Company Limited With-Profits Fund had the following asset allocation:



Source: T&IO.

The "Alternative Assets" category includes non-listed equities, investments in specialist vehicles and private assets which give an exposure similar to those of the listed equity markets.

We regularly review asset allocations and they may vary from time to time, but they will, at all times, be consistent with the Fund's objectives.

Past performance isn't a guide to future performance and the rate of future bonuses can't be guaranteed. Final bonus may vary and isn't guaranteed.

This information is not approved for use with employees.

Converting returns into bonuses

In setting bonuses, our objectives are:

- To give each with-profits policyholder a return on their payments which reflect the earnings of the underlying investments whilst smoothing the peaks and troughs of investment performance; and
- To ensure that with-profits policyholders receive a fair share of the profits distributed from the PAC With-Profits Fund by way of bonus additions to their policies.

The table opposite shows average overall yields which combine previously declared regular bonus and final bonus applicable to funds withdrawn to provide benefits from 6 April 2021 until further notice.

Our Final Bonus rates include, where applicable, additional money we shared with some of our With-Profits customers as part of last year's Bonus Declaration. Your Final Bonus isn't guaranteed. There's also a chance we might have to take back this extra money in future, to protect the interests of all planholders and the financial strength of our With-Profits Fund. Unless something very unusual was to happen, we wouldn't expect to have to do this.

In particular, the yields include the regular bonus of 1.50% per year which will increase the members' investment accounts on a daily basis from 6 April 2021 until further notice.

The average overall yield is based on a scale that varies according to when each contribution was paid and the date each contribution is cashed in. This is shown as a % per year compounded for a range of durations resulting from the 2021 bonus declaration.

Date of Premium Payment	Average overall yield % per year (including final bonus)
6/4/2021 onwards	2.55
6/4/2020 – 5/4/2021	6.35
6/4/2019 – 5/4/2020	2.95
6/4/2018 – 5/4/2019	3.85
6/4/2017 – 5/4/2018	3.40
6/4/2016 – 5/4/2017	4.70
6/4/2015 – 5/4/2016	5.50
6/4/2014 – 5/4/2015	5.50
6/4/2013 – 5/4/2014	5.70
6/4/2012 – 5/4/2013	6.05
6/4/2011 – 5/4/2012	6.10
6/4/2010 – 5/4/2011	6.15
6/4/2009 – 5/4/2010	6.85
6/4/2008 – 5/4/2009	6.80
6/4/2007 – 5/4/2008	5.20
6/4/2006 – 5/4/2007	5.25
6/4/2005 – 5/4/2006	5.75
6/4/2004 – 5/4/2005	6.50
6/4/2003 – 5/4/2004	6.85
6/4/2002 – 5/4/2003	6.95
6/4/2001 – 5/4/2002	6.20
6/4/2000 – 5/4/2001	5.73
6/4/1999 – 5/4/2000	5.83
6/4/1998 – 5/4/1999	6.11
6/4/1997 – 5/4/1998	6.30
6/4/1996 – 5/4/1997	6.78
6/4/1995 – 5/4/1996	7.10
6/4/1994 – 5/4/1995	7.39
6/4/1993 – 5/4/1994	7.38
6/4/1992 – 5/4/1993	7.82
6/4/1991 – 5/4/1992	7.82
6/4/1990 – 5/4/1991	8.00
6/4/1989 – 5/4/1990	7.61
6/4/1988 – 5/4/1989	8.00
6/4/1987 – 5/4/1988	8.04

With-profits investment account/bond are currently subject to a fund charge of 0.65% per year although the charge is not guaranteed to remain at this level and may change in the future.

The fund charge is allowed for in the bonus rates above. The bonus rates also allow for charges taken to cover the cost of any guarantees.

If money invested in the PAC With-Profits Fund is taken out at any time except on death or normal retirement date, the amount paid out may be reduced to reflect the current market value of the underlying assets. This is known as a Market Value Reduction.

If you'd like a copy of the full terms and conditions please write to **Prudential, Lancing BN15 8GB**.

You can also visit: pru.co.uk/existing-customers

pru.co.uk

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