

**TDL
RETIREMENT
BENEFITS SCHEME**

**TRUSTEES' ANNUAL REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2023

Pension Scheme Registry Number 10275972

TDL Retirement Benefits Scheme

The Trustees' Annual Report and Financial Statements for the year ended 30 June 2023

Contents	Page
Principal Employer, Trustees and their Advisers	2
Trustees' Report	3 – 8
Statement of Trustees' Responsibilities	9
Independent Auditors' Reports	10 – 12
Fund Account	13
Net Assets Statement	14
Notes to the Financial Statements	15 – 20
Trustees' Summary of Contributions	21
Actuarial Certificates	22 – 27
Contact Information	Appendix I

TDL Retirement Benefits Scheme

Principal Employer, Trustees and their Advisers

Principal Employer

The Doctors' Laboratory Limited

Trustees

David Neep

Nicola Craig

Nita Kargathra (Member Nominated Trustee)

Charles Tilsed (Member Nominated Trustee) (Resigned 30 April 2023)

Scheme Administrator

Mercers (formerly Scottish Widows)

Scheme Actuary

Andy North

Investment Platform

M&G Wealth

Trimbridge House

Trim Street

Bath

BA1 1HB

Investment Manager

Amber River Premier

Swan House

Liston Road

Marlow

SL7 1DP

Auditors

Whitelaw Wells

Chartered Accountants

9 Ainslie Place

Edinburgh

EH3 6AT

Bankers

National Westminster Bank PLC

Great Portland Street Branch

PO Box 2027

125 Great Portland Street

London

W1A 1G

TDL Retirement Benefits Scheme

Trustees' Report for the year ended 30 June 2023

Introduction

The Trustees of the TDL Retirement Benefits Scheme (“the Scheme”) present their report, together with the audited financial statements for the Scheme for the year ended 30 June 2023.

The Principal Employer established the Scheme by Trust Deed dated 1 August 2007, to provide certain benefits for and in respect of employees and former employees of the Principal Employer and employers associated with the Principal Employer. The provisions of the Definitive Trust Deed and Rules commenced with effect from 1 July 2007. The Scheme is a registered scheme under the Finance Act 2004. The Scheme operates as a defined benefit Scheme, benefits being based on members' pensionable salaries at or near retirement. All members of the Scheme are contracted-out of the State Second Pension (S2P) under a certificate issued by the Commissioners for HM Revenue and Customs. Further information about the Scheme is given in the explanatory booklet, which has been issued to all members.

Membership

Details of the membership of the Scheme at 30 June 2023 are given below:

Active members as at 1 July 2022	19
	–
Less:	
Transfer to pensioners	(2)
Transfer to deferred	(2)
Withdrawals	(3)
Active members at 30 June 2023	<u>12</u>
Members with preserved benefits as at 1 July 2022	108
Add:	
Transfer from active	2
Less:	
Transfer to pensioners	(4)
Deaths	–
Deferred members at 30 June 2023	<u>106</u>
Pensioners at 1 July 2022	38
	–
Add:	
Retirements during the year	6
Pensioners at 30 June 2023	<u>44</u>

TDL Retirement Benefits Scheme

Trustees' Report for the year ended 30 June 2023 (continued)

Statement of Investment Principles

The Trustees have produced a Statement of Investment Principles as prescribed by regulations and copies are available on request from the address on page 8.

Trustees

In accordance with the Trust Deed, the Trustees are appointed and may be dismissed by the Principal Employer. The following have served as Trustees during the year:

David Neep
Nicola Craig

Charles Tilsed (resigned 30 April 2023)
Nita Kargathra (member nominated trustee)

Financial Development

The financial statements on pages 13 to 20 have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995. They show that the value of the Scheme was £17,537,273 at 30 June 2023 (2022: £16,618,586).

A valuation was completed at 1 July 2017. The funding level against technical provisions at that date was 96%. A further scheme funding report was completed on 30 June 2020 and signed off on 30 September 2021. The funding level against technical provisions at 30 June 2020 was 83%.

Transfer Values

There were no transfers paid during the period. Transfers to other pension schemes are calculated and verified in accordance with regulations under Section 97 of the Pension Schemes Act 1993.

Contributions

During the year ended 30 June 2023, normal employer and employee contributions were calculated as per actuarial recommendations and have been paid over to the Scheme Trustees.

Pension Increases

There were Forty-four pensioners at the year end.

Provisions for future pension increases are made in the Rules.

Changes during the year

There were no changes to the scheme during the year.

TDL Retirement Benefits Scheme Trustees' Report for the year ended 30 June 2023 (continued)

Post Balance Sheet Event

The process for agreeing the terms for those wishing to transfer their benefits back to the NHS Pension Scheme is still being finalised between the Scheme actuary and the Government Actuary.

Good progress has been made on this this year, after lengthy delays caused by the scheme actuary. The trustees have now agreed with the scheme actuary the basis for the calculation, following two separate rounds of advice. The actuary is now drafting the final offer letter that will be sent to GAD, and the trustees expect this within the next few weeks. The trustees have separately been in discussion with GAD and understand that it might well accept the initial offer, based on its usual criteria for such exercises.

Investment Report

Premier Financial Management

Market Comment

A selection of index returns (in GBP) across the period:

Index	Market	Return
FTSE All Share	UK Equities	7.9%
FTSE 100	UK Equities	9.2%
Dow Jones Euro Stoxx 50	European Equities	23.3%
S&P 500	US Equities	11.2%
MSCI Emerging Markets	Emerging Market Equities	-3.2%
Nikkei 225	Japanese Equities	13.0%
MSCI World	Global Equities	9.6%
FTSE British Gov All Stocks	UK Gilts	-15.9%
FE Property Proxy	UK Commercial Property	-13.9%

The first half of the review period included the UK mini-budget and saw portfolio values fall amid the political turmoil and the Bank of England response. Once the Chancellor and Prime Minister were replaced, markets continued their upward trajectory as investors saw the falling inflation expectations as a sign that aggressive Central Bank policy may be coming to an end. Unfortunately, these expectations did not come to pass.

The 'banking crisis' was the significant event in the second half of the review period as Silicon Valley, Signature and Silvergate in the US and Credit Suisse in Europe all collapsed in a short space of time. This saw a sell-off in risk assets in the early part of March, but the falls were quickly made up in the second half of the month as Governments and Central Banks moved to calm investors' nerves with positive action.

Other than mini budgets and bank runs, inflation and interest rates were the key themes across markets, as they have been since early 2022. Core inflation continues to be stickier than Central Bankers would like, and unemployment remains stubbornly low, despite some of the most aggressive rate hikes we have seen in decades. We expect inflation to continue to fall through the rest of 2023, however getting back down to the target rate of c2% may be more difficult without a full-blown global recession. Central Banks have signalled that peak rates have almost been reached, and we may well be due a pause in increases, with potential for rate cuts in 2024.

TDL Retirement Benefits Scheme

Trustees' Report for the year ended 30 June 2023 (continued)

Investment Report (Continued)

Peaking inflation and interest rates should be positive for the growth style Equities, and Fixed Interest assets in the portfolio. We believe that the internet and technology, and particularly AI, will continue to be a deflationary force as it has been over the past 15 to 20 years. More employees working from home, even in a post pandemic world, is one such disinflationary force.

We continue to see the major risks to growth being an escalation in the Ukraine conflict (and the resulting rises in energy and food prices), China invading Taiwan, and Central Bank policy error whereby they increase interest rates by too much and create an excessive slowdown in the world economy. A recession now looks all but inevitable in most of the developed world, but if it is relatively short in duration, it may be the reset that markets require in order to resume their upward trajectory.

How has the TDL RBS Investment Fund performed from 01 July 2022 to 30 June 2023?

The fund stood at £16,000,287 on 01 July 2022. Total payments of £740,000 were received from the Trustee Bank Account over the period.

The fund stood at £17,419,795 on 30 June 2023. The gain as a result of investment performance and net of all fees over the period was £679,508; a net rate of return of 4.2%.

Whilst selected for its long-term performance potential and to satisfy an increasing demand for this style of investing from the Regulator and Scheme members, the preference for Sustainable/ESG funds was a negative factor over the period since this investment style will typically contain more growth type companies. In a rising interest rate environment, the future growth that you are buying in these companies looks less attractive due to the higher discounting factor (interest rates).

We still believe that these growth companies have the potential to continue to dominate the global economy and produce profits that will see their share prices increase over time, and so do not advocate any knee-jerk changes to the strategy.

How does this compare to the benchmarks over the period?



01/07/2022 - 30/06/2023 Data from FE fundinfo2023

TDL Retirement Benefits Scheme

Trustees' Report for the year ended 30 June 2023 (continued)

Investment Report (Continued)

The performance of the Standard Life Managed One fund over the period was 2.5% compared with 6.6% from the RBS portfolio (excluding cash and Gilts) as at 30 June 2023, back tested over the period and not including the non-investment fund related charges.

The actuaries have calculated a current target return of 5.4% per annum. With this in mind it was agreed with the Trustees that we should be using this as a performance benchmark, with a maximum long term Standard Deviation of 2/3rds of the FTSE 100 Index. Over the period, this was 8.7% (full FTSE 100 volatility was 13.0%).

The volatility of the benchmark fund (as measured by the Standard Deviation) over the period was 7.6% whilst the volatility of the back tested 30 June 2023 (excluding cash and Gilts) portfolio was 7.2%. Therefore, we are well within the agreed volatility parameters.

What is the current asset allocation of the fund?

The composition of the portfolio is as follows:

Sector	Current Scheme Weighting	Current Scheme Weighting	Benchmark Weighting*
UK Equity	18.4%	Total Equity = 57.3%	Total Equity = 55.0%
North American Equity	17.8%		
Asia Pacific incl. Japan Equity	3.9%		
European Equity	7.6%		
Global Emerging Market Equity	5.3%		
Fixed Interest Funds	20.6%	Fixed Interest = 20.6%	Fixed Interest = 10.0%
Alternative Investment Strategies	26.5%	Alternatives and Property = 26.5%	Alternatives and Property = 35.0%
Property	0.0%		
Cash	0.0%	Cash = 0.0%	Cash = 0.0%

* The long-term target asset allocation is as agreed with Sonic Healthcare.

We have made the very conscious decision to increase the Fixed Interest holdings in lieu of the Absolute Return funds that invest in Fixed Interest, and that typically look to hedge out some of the risks. We feel that there is a very attractive opportunity in Fixed Interest at present, and as interest rates peak and then begin to fall, the returns on offer from what is considered a lower risk asset class, could be significant.

TDL Retirement Benefits Scheme

Trustees' Report for the year ended 30 June 2023 (continued)

Investment Report (Continued)

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

David Neep
Trustee
The Doctors Laboratory
The Halo Building
1 Mabledon Place
London WC1H 9AX

Signed for and on behalf of the Trustees


.....Trustee

Date: 19 January 2024


.....Trustee

Date: 19 January 2024

TDL Retirement Benefits Scheme

Statement of Trustees' Responsibilities

The audited financial statements are the responsibility of the Trustees. Pension scheme regulations require the Trustees to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including the Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”),
- state whether applicable United Kingdom Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- contain the information specified in the Schedule to The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes' (Revised May 2018).

The Trustees have supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. They are also responsible for making available each year, commonly in the form of a Trustees' annual report, information about the Scheme prescribed by pensions legislation, which it should ensure is consistent with the financial statements it accompanies.

The Trustees also have certain responsibilities in respect of contributions which are set out in the Statement of Trustees' Responsibilities accompanying the Trustees' Summary of Contributions.

The Trustees have 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 appropriate internal controls.

TDL Retirement Benefits Scheme

Independent Auditor's Report to the Trustees of the TDL Retirement Benefits Scheme

Opinion

We have audited the financial statements of the TDL Retirement Benefits Scheme (the 'Scheme') for the year ended 30 June 2023 which comprise the fund account, statement of net assets and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 30 June 2023, 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Scheme's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorized for issue.

Other information

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

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

We have nothing to report in this regard.

TDL Retirement Benefits Scheme

Independent Auditor's Report to the Trustees of the TDL Retirement Benefits Scheme (continued)

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 9, the Scheme's Trustees are responsible for the preparation of the financial statements which 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 have 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 that result from fraud are inherently more difficult to detect than irregularities that result from error. From enquiries of those charged with governance, it was determined that the risk of material misstatement from fraud was low with little scope for fraud to occur. Our audit testing is designed to detect material misstatements from fraud where there is not high level collusion.

Our audit testing was designed to detect material misstatements from other irregularities that result from error where there is not high level concealment of the error. In this regard the following audit work was undertaken: applicable laws and regulations were reviewed and discussed with management; senior management meeting minutes were reviewed; internal controls were reviewed; and journals were reviewed. From this audit testing it was determined that the risk of material misstatement in this regard was low.

We tested a sample of income and expenditure transactions designed to identify any irregularities as a result of simple mistakes or human error. From this audit testing it was determined that the risk of material misstatement in this regard was low.

A further description of our responsibilities for the audit of the financial statements is located 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 Scheme'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.



Whitelaw Wells

Date 19 January 2024

**Chartered Accountants and Statutory Auditor
9 Ainslie Place
Edinburgh
EH3 6AT**

TDL Retirement Benefits Scheme

Independent Auditor's Statement about Contributions to the Trustees of The TDL Retirement Benefits Scheme

We have examined the summary of contributions to the TDL Retirement benefits Scheme (the 'Scheme') for the year ended 30 June 2023 which is set out on page 21.

Statement about contributions payable under the schedule of contributions

In our opinion contributions for the year ended 30 June 2023 as reported in the summary of contributions and payable under the schedules of contributions have from 1 July 2022 to 30 June 2023 in all material respects been paid at least in accordance with the schedule of contributions certified by the Scheme actuary on 23 October 2018 and 30 September 2021.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the schedule of contributions. This includes an examination on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the schedule of contributions.

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 9, the Scheme's trustees are responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions.

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

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.



Whitelaw Wells
Chartered Accountants and Statutory Auditor
9 Ainslie Place
Edinburgh
EH3 6AT

Date 19 January 2024

TDL Retirement Benefits Scheme

Fund Account

For the year ended 30 June 2023

	Notes	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Contributions and Benefits			
Contributions	3	517,639	555,309
Other income	4	-	-
		<u>517,639</u>	<u>555,309</u>
Benefits	5	(278,246)	(204,115)
Administrative expenses	6	(80,457)	(109,954)
		<u>(358,703)</u>	<u>(314,069)</u>
Net additions from dealings with members		<u>158,936</u>	<u>241,240</u>
Returns on investments			
Investment income	7	322,839	308,043
Change in market value of investments	8	436,912	(1,858,477)
		<u>759,751</u>	<u>(1,550,434)</u>
Net increase/(decrease) in fund during the year		918,687	(1,309,194)
Net assets of the scheme			
At 1 July		16,618,586	17,927,780
At 30 June		<u>17,537,273</u>	<u>16,618,586</u>

The notes on pages 15 to 20 form part of these financial statements.

TDL Retirement Benefits Scheme

Net Assets Statement


At 30 June 2023

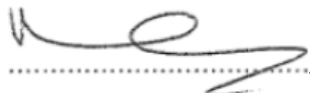
	Notes	2023 £	2022 £
Investment Assets	8		
Pooled investments vehicles		17,227,320	15,890,403
Investment cash		192,474	109,883
		<u>17,419,794</u>	<u>16,000,286</u>
Current assets	10	134,089	654,891
Current liabilities	11	(16,610)	(36,591)
Net assets of the Scheme at 30 June		<u>17,537,273</u>	<u>16,618,586</u>

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 scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Summary Funding Statement and actuarial certificate included in the Annual Report and these financial statements should be read in conjunction with them.

The notes on pages 15 to 20 form part of these financial statements.

These financial statements were approved by the Trustees on 19 January 2024.


.....Trustee


.....Trustee

TDL Retirement Benefits Scheme

Notes to the Financial Statements

For the year ended 30 June 2023

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 (2018) – Financial Reports of Pension Schemes

2. Accounting Policies

The principal accounting policies are:

- a) Contributions and benefits are accounted for on an accruals basis. Employer deficit funding contributions are accounted for on the due date on which they are payable in accordance with the schedule of contributions and recovery plan under which they are being paid.
- b) Transfer values from and to other pension arrangements are accounted for when received or paid.
- c) Investments are valued on a bid price basis as advised by the investment managers.

3. Contributions

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Employer		
Normal	113,949	137,904
Deficit	360,000	360,000
Members		
Normal	43,690	57,405
	<u>517,639</u>	<u>555,309</u>

During the year the employer paid monthly deficit contributions which over the course of the financial year totalled £360,000. This is as per the schedule of contributions dated 13 September 2021 and signed off on 30 September 2021. The employer is to pay deficit contributions of £30,000 per month to 31 July 2029.

4. Other income

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Payments from HMRC	-	-
	<u>-</u>	<u>-</u>

TDL Retirement Benefits Scheme
Notes to the Financial Statements (continued)

For the year ended 30 June 2023

5. Benefits	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Commutations and lump sum retirement benefits	168,871	82,349
Lump sum on death	-	38,974
Pensions	109,375	82,792
	<u>278,246</u>	<u>204,115</u>

6. Administrative expenses	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Administrative and processing	80,243	109,758
Bank charges	214	196
	<u>80,457</u>	<u>109,954</u>

The majority of expenses are paid directly by the principal employer.

7. Investment income	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Dividends receivable	23,569	50,777
Interest receivable	7,174	123
Income distribution receivable	292,096	257,143
	<u>322,839</u>	<u>308,043</u>

TDL Retirement Benefits Scheme

Notes to the Financial Statements (continued)

For the year ended 30 June 2023

8. Investments

	Value at 1 July 2022 £	Purchases at cost £	Sales Proceeds £	Change in Market Value £	Value at 30 June 2023 £
Pooled investment vehicles	15,890,403	4,963,152	(4,063,147)	436,912	17,227,320
Investment cash	109,883				192,474
	<u>16,000,286</u>				<u>17,419,794</u>

The change in market value of investments during the year comprises 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.

Pooled investment vehicles are managed by companies registered in the UK.

Where the investments are held in pooled investment vehicles the change in market value also includes expenses both implicit and explicit to the Plan and any reinvested income, where the income is not distributed.

There are indirect transaction charges incurred through the bid-offer spread on pooled investments vehicles and charges made within these vehicles. It has not been possible for the Trustees to quantify such indirect transaction costs.

9. Investment risk disclosures

Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

- Currency risk: 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.

TDL Retirement Benefits Scheme

Notes to the Financial Statements (continued)

For the year ended 30 June 2023

9. Investment risk disclosures (continued)

The Trustees determine their investment strategy after taking advice from a professional investment adviser. 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, credit and market risk is set out below. This does not include the legacy insurance policies nor AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

(i) Investment strategy

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

The Trustees set the investment strategy taking into account considerations such as the strength of the employer covenant, the long term liabilities of the Scheme and the funding agreed with the Employer. The investment strategy is set out in its Statement of Investment Principles (SIP).

(ii) Credit risk

The Scheme invests solely in pooled investment vehicles. Through these, it is indirectly exposed to credit risks from the underlying assets held within the relevant pooled funds.

Indirect credit risk arises primarily through the bond assets held within the diversified growth funds held and is mitigated by the use of suitably diversified pooled funds and by the majority of these investments being held in investment-grade bonds. The extent of such credit risk will fluctuate over time as, for example, the asset allocation changes. The return expected from these assets is believed to be sufficient to compensate for the level of credit risk involved.

(iii) Currency risk

The pooled funds used by the Scheme invest predominantly in sterling denominated assets. Currency risk is limited to any indirect unhedged exposure held within the pooled funds used. This type of exposure is most likely to occur within the diversified growth funds held. The extent of such currency exposure will fluctuate over time.

iv) Interest rate risk

The Scheme is subject to interest rate risk from the bond assets which it holds through pooled investment vehicles. These vehicles use gilts to obtain interest rate exposure.

TDL Retirement Benefits Scheme

Notes to the Financial Statements (continued)

For the year ended 30 June 2023

9. Investment risk disclosures (continued)

The assets which are exposed to interest rate risk are primarily being held in order to offset the interest rate risks to which the Scheme would otherwise be exposed through its liabilities. As such, these assets are viewed as risk-reducing for the Scheme overall.

Source of interest rate risk	Exposure (£) as at year end	% of pooled fund assets
Fixed interest investments	803,382	4.66

In addition to the above, some interest rate risk will also exist within some of the assets held within the diversified growth funds; the amount of which is likely to vary as the asset allocation varies.

(v) Other price risk

The Scheme is subject to other price risks (indirectly) in relation to the equities and other assets held through its pooled funds. This risk is managed through the Scheme's chosen investment strategy, by giving appropriate consideration to the size of the allocations to make to these types of investments. It is also managed through using pooled funds which invest in a suitably diversified manner, or which, when combined into the overall portfolio, provide this suitable level of diversification.

Source of other price risk	Exposure (£) as at year end	% of pooled fund assets
Diversified growth fund pooled fund investments	16,423,938	94.23

Concentration of investments

The following investments comprise more than 5% of the Scheme:

	2023 £	2023 %
BNY Mellon Sustainable Global Equity Income Fund F Inc	1,648,833	9.57
CT Responsible Global Equity Fund 2 Inc	1,074,597	6.24
JPM Unconstrained Bond Fund Gross Inc	1,273,072	7.39
Legal & Strategic Bond Fund I Inc	938,722	5.45
Rathbone Ethical Bond Fund I	927,046	5.38
Royal London Diversified Asset-Backed Securities Fund	1,286,370	7.47
Royal London Sustainable Lenders Trust D Inc Hedged	1,398,094	8.12
Royal London Sustainable Managed Income Trust D Inc Hedged	917,226	5.32
Stewart Investors Worldwide Sustainability Fund B	1,096,802	6.37
	10,560,762	61.30
Pooled investment vehicles	2023 £	2022 £
Managed funds – other	17,277,320	15,890,403

TDL Retirement Benefits Scheme
Statement of Trustees' Responsibilities in respect of Contributions

The Scheme's Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employers and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Scheme's Trustees are also responsible for keeping records of contributions received in respect of any active member of the Scheme and for procuring that contributions are made to the Scheme in accordance with the schedule.

Trustees' Summary of Contributions payable under the schedule in respect of the Scheme year ended 30 June 2023

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustees. It sets out the employer and member contributions payable to the Scheme in respect of the Scheme year ended 30 June 2023. The Scheme auditor reports on contributions payable under the schedule in the Auditors' Statement about Contributions.

Contributions payable under the schedule in respect of the Scheme year ended 30 June 2023

Employer:	£
Normal contributions	113,949
Deficit contributions	360,000

Member:	
Normal contributions	44,763

Contributions payable under the Schedule	<u><u>518,712</u></u>
---	-----------------------


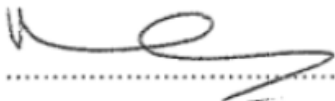
Contributions payable reported in the accounts

Employer:	£
Normal contributions	113,949
Deficit contributions	360,000

Member:	
Normal contributions	44,763

Contributions payable reported in the accounts	<u><u>518,712</u></u>
---	-----------------------

Signed on behalf of the trustees on 19 January 2024.

.....Trustee

Trustee


TDL Retirement Benefits Scheme

Certification of the Schedule of contributions

Name of scheme: TDL
RETIREMENT BENEFITS SCHEME

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of the contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected to be met by the end of the period for which the schedule is in force.

Adherence to the statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 13 September 2021.

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

Signature: **Shona Bennett**

Date: **30 September 2021**

Name: Shona Bennett

Qualification: Fellow of the Institute
and Faculty of Actuaries

Address: JLT Employee Benefits
7 Lochside Avenue
Edinburgh
EH12 9DJ

Employer: JLT Benefits Solutions Ltd

TDL Retirement Benefits Scheme

CERTIFICATION OF THE CALCULATION OF TECHNICAL PROVISIONS

Name of scheme: TDL RETIREMENT BENEFITS SCHEME

Calculation of technical provisions

I certify that, in my opinion, the calculation of the scheme's technical provisions as at 1 July 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 trustees of the scheme and set out in the Statement of Funding Principles dated 13 September 2021.

Signature: ***Shona Bennett***

Date: ***30 September 2021***

Name: Shona Bennett

Qualification: Fellow of the Institute
and Faculty of Actuaries

Address: Scottish Widows
15 Dalkeith Road
Edinburgh
EH16 5XA

Employer: Scottish Widows

TDL Retirement Benefits Scheme

Summary Funding Statement

Background

You are a member of the TDL Retirement Benefits Scheme and are entitled to receive pension benefits from the scheme. We, the trustees of the scheme, have a duty to look after the interests of all the members and their beneficiaries. Each year we will send you a statement like this showing updated information about the funding position of the scheme.

In what follows, the sponsoring employer, The Doctors Laboratory, is referred to as ‘the employer’.

Summary of the funding position

The last ongoing funding assessment as at 30 June 2020

The most recent full funding assessment of the pension scheme showed that on 30 June 2020 the funding position was as follows:

	£,000s
Total market value of assets	£15,567
Total technical provisions	<u>(18,783)</u>
Deficit	(3,216)
Funding Level	83%

Technical provisions are our estimate of the assets needed at any particular time to make provision for benefits already earned under the scheme. We are required to be prudent when setting them. For more information, please see ‘How is the amount the scheme needs worked out?’ later in this statement.

Due to the level of the deficit, with effect from 1 July 2021 the employer has agreed to pay a monthly deficit funding contribution of £30,000 per month. The employer is currently contributing 25% of total pensionable salary. There has not been any payment to the employer out of scheme funds since the previous statement was issued.

Change in funding position since last year’s statement

We last wrote to you with a summary of scheme funding at 30 June 2019. The movement in the funding position between two dates is influenced mainly by investment returns, bond yields and inflation expectations. Over the period between 30 June 2019 and 30 June 2020 our investment returns has been lower than assumed. In the same period, long term bond yields have decreased. Expected future inflation has not changed significantly, which when taken together with the movement in bond yields means that the technical provisions for inflation-linked benefits have increased. The overall effect is that the funding level at 30 June 2020 has reduced.

Since 30 June 2020, overall, the funding position is expected to have improved significantly (based on conditions in September 2021). We are unable to say how the funding position will appear at the next funding assessment as this will depend on what happens between now and then and on decisions we make at the time.

TDL Retirement Benefits Scheme Involvement of the Pensions Regulator

The Pensions Regulator has not:-

- issued any direction on the method and assumptions to be used to calculate technical provisions. These have been chosen by the trustees
- imposed a schedule of contributions
- exercised its power to require future benefits to be modified.

How the scheme operates

How is my pension paid for?

The employer pays money (contributions) into the pension scheme so that the scheme can pay pensions to scheme members when they retire. The money to pay for members' pensions is held in a communal fund. It is not held in separate funds for each individual.

How is the amount the scheme needs worked out?

The scheme's technical provisions are valued by the scheme actuary at least every three years to determine whether or not the scheme assets are sufficient to provide the benefits as they fall due (known as a funding assessment). If they are not, action may need to be taken to rectify the situation. The scheme actuary's advice is based on our aims with regard to how the pension scheme is to be funded. Using this information, we come to an agreement with the employer on future contributions to the scheme. The amount of money to be paid into the scheme changes from time to time, depending on the decisions reached following such assessments.

Is my pension guaranteed?

Our aims for the scheme are to have enough money in the scheme to pay pensions now and in the future. However, this plan relies on the employer carrying on in business and continuing to support the scheme because:

- the funding level can fluctuate, and when there is a funding shortfall, the employer will usually need to put in more money;
- the target funding level may turn out not to be enough so that the employer will need to put in more money; and
- the employer will be paying the future expenses of running the scheme on an annual basis.

However, if the scheme winds up, you might not get the full amount of pension you have built up even if the scheme were fully funded on an ongoing basis under our plan. The scheme actuary's latest funding assessment as at 1 July 2017 revealed that there was not enough money in the fund at that time to guarantee that everyone would get their full pension benefits. However, whilst the scheme remains ongoing, even though funding may temporarily be below target, benefits will continue to be paid in full.

If the scheme were to start to wind up, employers are required by law to pay enough into their scheme to be able to fully guarantee members' benefits by securing them with an insurance company. It may be, however, that your employer would not be able to pay this full amount. If an employer became insolvent, the Pension Protection Fund might be able to take over the part of the scheme for that employer and pay compensation to members.

TDL Retirement Benefits Scheme

Further information and guidance is available on the Pension Protection Fund's website at www.pensionprotectionfund.org.uk. Alternatively, you can write to the Pension Protection Fund at Knollys House, 17 Addiscombe Road, Croydon, Surrey, CR0 6SR.

Why does the funding plan not call for full solvency at all times?

The estimated additional funds needed to fully guarantee the benefits for all members if the scheme had been wound up at 1 July 2017 (the full solvency position) was around £4,600,000. Inclusion of this information does not imply that the employer is thinking of winding-up the scheme. The full solvency position assumes that benefits will be secured by buying insurance policies. Insurers are obliged to take a very cautious view of the future and need to build in margins for adverse experience. The cost of securing pensions in this way also incorporates the future expenses involved in administration. By contrast, our funding plan assumes that the employer will continue in business and support the plan.

Where can I get more information?

You do not need to take any action because of this statement. If you have any questions, or would like any more information, please contact us at the address shown on the first page of this statement. A list of more detailed documents which provide further information is shown below. If you would like to inspect or receive a copy of any of these documents (which may be subject to a small charge to cover copying, packing and postage), please let us know.

Please help us to keep in touch with you by telling us if you change address.

Finally, if you are not in receipt of pension and are thinking of leaving the scheme for any reason, you should consult a professional adviser, such as an independent financial adviser, before taking any action.

Yours sincerely

Trustees of the TDL Retirement Benefits Scheme

TDL Retirement Benefits Scheme

Additional documents available on request

The Statement of Funding Principles. This explains how the trustees have set the technical provisions that lead to the contributions to be paid to the scheme.

The Statement of Investment Principles. This explains how the trustees invest the money paid into the scheme.

The Schedule of Contributions. This shows how much money is being paid into the scheme.

The Recovery Plan. This explains the contributions being paid to meet a deficit.

The Annual Report and Accounts of the TDL Retirement Benefits Scheme, which shows the scheme's income and expenditure in the last scheme year for which audited accounts, have been prepared.

The full *Scheme Funding Report* following the actuary's check of the scheme's funding position as at 1 July 2017 and the *Actuarial Report* as at 23 October 2018.

The Pension Scheme Information Booklet (you should have been given a copy when you joined the scheme, but we can let you have another copy).

Appendix I

Contact information – Year ended 30 June 2023

OPAS - The Pensions Advisory Service

This is an independent voluntary organisation with local advisers who are expert in pension matters. It was established to provide free advice at any time to fund members and their dependants who have problems concerning pension rights.

OPAS Limited
11 Belgrave Road
London
SW1V 1RB

(Tel: 0845 6012 923)

Pension Funds Registry

The Fund has been registered with the Registrar of Pension Funds. This will enable members who lose contact with the employing company to trace their benefits through the Registrar whose address is:

Pension Tracing Service
The Pension Service
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA

(Tel: 0845 6002 537)

Pensions Ombudsman

The Pensions Ombudsman investigates complaints of injustice caused by maladministration and disputes of fact or law with the Trustees, managers or employers.

The Pensions Ombudsman
11 Belgrave Road
London SW1V 1RB

(Tel: 020 7834 9144)

The Pensions Regulator

The Pensions Act 2004 introduced a new regulator called the Pensions Regulator to replace the Occupational Pensions Regulatory Authority (OPRA). The Pensions Regulator's main objectives are:

- to protect the benefits of work based pension schemes
- to reduce the risk of calls being made on the Pension Protection Fund
- to promote good administration of pension schemes.

The Pensions Regulator is available to intervene in the running of funds where Trustees, employers or professional advisers have failed in their duties. It can be contacted at:

Napier House
Trafalgar Place
Brighton
BN1 4DW

(Tel: 01273 811800)

Disputes Resolution Procedure

Under the Pensions Act 1995 there is a requirement for the Fund to set up its own formal procedures for resolving any dispute with the Trustees or administrators. It is to be used when a member or potential beneficiary has a dispute which has not been satisfactorily resolved informally. At any stage of the dispute the individual can refer to the Pensions Advisory Service for informal help. Once the disputes resolution procedure is complete, the matter can be pursued through the office of the Pensions Ombudsman or ultimately through the Courts.