Scheme Registration Number 100010842

KOENIG & BAUER (UK) PENSION SCHEME
(formerly KBA (UK) PENSION SCHEME)

ANNUAL REPORT
YEAR ENDED 5 APRIL 2024

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TRUSTEES AND ADVISERS

TRUSTEES

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PJ Banks
ML Parker (Member Nominated Trustee)
JP Parkes (Member Nominated Trustee)

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KOENIG & BAUER (UK) PENSION SCHEME
(formerly KBA (UK) PENSION SCHEME)

TRUSTEES' REPORT

The Trustees of the Scheme present their annual report covering the year ended 5 April 2024.

Change of name
On 6 July 2004 the Scheme changed its name from K.S. Paul (Koenig & Bauer) Limited Retirement Benefits Plan (1972) to KBA (UK) Pension Scheme. On 27 September 2018 the Scheme name was further changed to Koenig & Bauer (UK) Pension Scheme.

Management of the Scheme
The Compliance Statement on pages 24 to 26 and the schedule on page 1 set out details of the Trustees, two of whom are Member Nominated Trustees appointed 30 June 2022 for a three year period of office following a nomination and election process.

Sponsoring Employer
The Scheme is provided for all eligible employees of Koenig & Bauer (UK) Limited (change of name from KBA (UK) Limited on 3 August 2018), whose registered address is 5 Century Court, Tolpits Lane, Watford, Herts WD18 9PX.

Entry to the Defined Benefit Section of the Scheme was closed from 5 July 2004 and a new Defined Contribution Section was introduced for newly joined employees on 6 July 2004. Further details are contained in the Compliance Statement. The Defined Contribution Section is used for auto-enrolment of employees from 1 March 2015. The Defined Benefit Section was closed to further accrual of benefit on 30 September 2016.

History
The Scheme initially provided benefits for the employees of K S Paul (Printing Machinery) Limited. Subsequently it was amended such that benefits could be provided for employees of K S Paul Holdings Limited and its subsidiaries, of which the present Principal Employer was one.

On 30 June 1972 the majority of the then members were transferred to the Linotype Group Staff Superannuation Fund and assets were paid over to that Fund to cover the accrued pension liabilities of the transferring members earned to 30 June 1972.

Koenig & Bauer (UK) Limited (previously known up to 31 March 1992 as K S Paul (Koenig & Bauer) Limited, then known from 1 April 1992 to 3 August 2018 as KBA (UK) Limited and from that date as Koenig & Bauer (UK) Limited), undertook the duties of Principal Employer in relation to the Scheme on 30 October 1981 and has continued to do so since.

Membership
The membership at the end of each year was as follows:-

	2024	2023
Defined Benefit Section		
Active	-	-
Pensioners	26	25
Annuitants	2	2
Deferred Pensioners	13	14
Defined Contribution Section		
Active	37	36
Deferred Pensioners	39	43
	117	120

Annuitants are members of the Scheme, now in receipt of a pension secured by the purchase of annuity policies at the time of retirement. Pensioners are members in receipt of pensions currently paid by the Trustees.

Financial Development
The financial statements on pages 31 to 46 have been prepared and audited in accordance with the Regulations made under Sections 41(1) and (6) of the Pensions Act 1995. See also paragraph 2 of the "Basis of preparation" contained in the Notes to the Financial Statements. The financial statements show that the value of the net assets in the Scheme fell to £12,188,301 from £12,230,719 during the year ended 5 April 2024.

KOENIG & BAUER (UK) PENSION SCHEME
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TRUSTEES' REPORT – continued

The value of the Scheme's investments in the Defined Benefit Section fell to £8,035,692 from £8,252,993 during the year. Investments in the Defined Contribution Section rose to £4,152,609 from £3,977,726.

Contributions - Defined Benefit Section
Contributions received during the year have been at the following percentage rates of basic salaries:-

	2024	2023
Employer Deficit Funding contribution	-	£14,960 per month from 1 Apr 2022 to 31 Dec 2022 - thereafter £17,310 per month to 31 Mar 2023

Administration expenses are paid by the Employer within the Deficit Funding Contribution.

Normal contributions to the Defined Benefit Section of the Scheme ceased on 1 October 2016 when the last active member was transferred into the Defined Contribution Section of the Scheme. Given expected improvements in funding, it was agreed at the Trustees' meeting on 9 March 2023 that the Employer's contributions towards deficit reduction would cease with effect from 31 March 2023.

Contributions - Defined Contribution Section

From 5 July 2021 on pensionable earnings and depending on age range

Members	4.0% to 5.0%
Employer	6.5% to 8.0%
	10.5% to 13.0%

Members of both Sections may pay up to a further 2% of their pensionable earnings to provide money purchase benefits. These were matched 100% by the Employer during the year to 31 March 2024.
The Employer is now contributing in accordance with the Schedule of Contributions dated 17 May 2024.

Additional voluntary contributions
There is provision for members of both Sections to pay Additional Voluntary Contributions in order to increase their benefits under the Scheme.

Following advice from an Independent Financial Adviser, the Trustees decided to have the AVC policy endorsed such that future contributions would be paid into funds managed by the Clerical Medical Group (a subsidiary of HBOS plc). Since the change in taxation rules from 6 April 2006, the Trustees have closed the Equitable's AVC scheme to new members but members may pay Additional Voluntary Contributions to the Prudential M&G range of funds, who act as investment managers for the Defined Contribution section of the Scheme. On 1 January 2020, all Equitable Life policies transferred to a new investment manager, Utmost Life and Pensions.

Changes to Scheme Advisers
There were no changes to or other matters relating to Scheme Advisers during the year.

Summary of Contributions

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

	Defined Benefit Section	Defined Contribution Section	Total
	£	£	£
Employer – normal	-	183,370	183,370
- deficit funding	(180)	-	(180)
- life and administration	-	51,989	51,989
Members – normal	-	158,887	158,887
Due under the Schedule of Contributions	(180)	394,246	394,066
Other contributions			
Members – AVCs	-	89,675	89,675
Total due per financial statements	(180)	483,921	483,741

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, 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.

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.

The Trustees are responsible under pension legislation for preparing, maintaining and from time to time reviewing and if necessary revising a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, theTrustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Statement of wish forms

The Trustees would like to remind members that they can nominate the person (who must be a dependant) to whom they wish any lump sum benefits to be paid in the event of their death. Members who are unmarried can also use the facility to nominate a dependant to whom they wish any Death in Service pension to be paid. The Trustees will then be able to take members' wishes into account, although they are not obliged so to do. Members are also urged to review their nomination should their circumstances change. Statement of wish forms are available on request from the Trustees at the address of the Principal Employer. The contents of forms received are treated in strict confidence.

Self-investment

It is the policy of the Trustees not to invest any Scheme monies in the Employer's organisation. We confirm that there is no self-investment, nor have any Scheme assets been used as security or collateral on behalf of the Sponsoring Employer or any connected business or individual.

GMP equalisation
In October 2018 the High Court ruled that pension schemes are required to equalise benefits between men and women for the effect of Guaranteed Minimum Pensions (GMP) which were accrued on or after 17 May 1990.

The High Court has since determined that trustees owed a duty to a transferring member to make a transfer payment which reflected the member's right to equalised benefits. Where the initial transfer payment was inadequate on this basis, the trustee is under an obligation to make a top-up payment to the receiving scheme on behalf of the transferred member.

The Trustees are reviewing, with its advisers, the implications of these rulings in the context of the Scheme rules and the value of any liability. On completion of the review, the Trustees will put together a plan for correcting past benefits as well as inequalities in benefits coming into payment.

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

Data Protection Act 2018 and General Data Protection Regulation
Under the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 regulations, pension scheme trustees are classed as data controllers, with legal responsibility for compliance falling to them. Scheme actuaries are also classed as data controllers (jointly with the Trustees) in accordance with guidance issued by the Actuarial Profession. Verulam Gemmells and Colin Mercer Actuarial Services act as data processers as administrators of the Scheme.

The Trustees have worked with their advisers to receive relevant training, and continue to do so to ensure continued compliance with data protection legislation.

Codes of Practice
The Trustees are aware of and adhere to the Codes of Practice issued by The Pensions Regulator ("TPR"). The objectives of these codes are to protect members' benefits, reduce the risk of calls on the Pension Protection Fund ("PPF") and to promote good administration.

Following the publication of the Pension Regulator's new General Code of Practice on 10 January 2024, the Trustees will be considering the impact of this on the Scheme's governance arrangements to ensure there is an appropriate effective system of governance.

The Pensions Regulator: Record Keeping
TPR issues guidance on all aspects of pension scheme data record keeping to all those responsible for the data (the Trustees) and those who administer pension schemes. The guidance covers both common data and also scheme-specific data (conditional). The guidance sets out good practice in helping trustees to assess risks associated with record keeping. Improved data means that trustees and employers will be able to make a more precise assessment of their financial liabilities. Schemes are expected to keep their data under regular review and set targets for the improvement in the standard of data recorded. More information can be found at:
https://www.thepensionsregulator.gov.uk/en/trustees/contributions-data-and-transfers/record-keeping.aspx

Further information
Members are entitled to inspect copies of documents (e.g. Trust deeds and actuarial valuations) giving information about the Scheme.
Any enquiry about the Scheme, including requests from individuals for information about their benefits, should be sent to the Trustees at the address of the Principal Employer on page 1.
Further disclosures required by legislation are included in the Report on Actuarial Liabilities, the Chair's Statement on DC Governance, the Investment Report and the Compliance Statement.

Signed on behalf of the Trustees on 05-11-2024 | 14:45 GMT

Signed by:
Stephanie Thomson
9492D34A45E7438...
S L THOMSON

KOENIG & BAUER (UK) PENSION SCHEME
(formerly KBA (UK) PENSION SCHEME)

REPORT ON ACTUARIAL LIABILITES

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its Technical Provisions. The Technical Provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustees and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 5 April 2023. This showed that on that date:

The value of the Technical Provisions was: £6,818,000

The value of the assets was: £8,151,000

Therefore the Scheme had a funding surplus of £1,333,000 corresponding to a funding level of 120% at that date.

The method and significant actuarial assumptions used to determine the Technical Provisions are set out below. All assumptions are set out in the Statement of Funding Principles dated 17 May 2024.

Method

The value of the Technical Provisions is determined by calculating all expected future payments from the Scheme in accordance with the assumptions (including allowance for all future increases to pensions before and after retirement), and then discounting the payments back to the valuation date at the relevant discount rate. This is the Defined Accrued Benefit Method. The Scheme's invested assets are taken into account at their market value. This is an accrued benefits funding method, as required by legislation.

Significant actuarial assumptions

	5 April 2023
Discount Rate	
Pre-retirement	3.5%
Post-retirement	3.5%
Retail Price Index inflation (RPI)	3.5%
Consumer Price Index inflation (CPI)	3.0%
Pension in payment increases	
Pre-6 April 1997 (fixed 4%)	4.0%
Post-6 April 1997/pre-5 July 2004 (RPI min4%, max 5%)	4.2%
Pre-6 April 2006 (RPI, max 5%)	3.4%
Post-6 April 2006/pre-6 April 2011 (RPI, max 2.5%)	2.3%
Post-6 April 2011 (CPI, max 2.5%)	2.2%
Pension in deferment revaluation increases	
Pre-6 April 2009 (RPI, max 5%)	3.5%
Post-6 April 2009/pre-6 April 2011 (RPI, max 2.5%)	2.5%
Post-6 April 2011 (CPI, max 2.5%)	2.5%
Mortality	
Base table	S3PMA/S3PFA
Future improvements in longevity	CMI 2022 improvement rates with an annual underpin of 1.5%

A summary of the derivation of these key assumptions is as follows.

Discount rate (pre- and post-retirement):	Yield on the FTSE Actuaries Government Securities 10 Year Fixed Interest Yield index
Future Retail Price Inflation (RPI):	Market implied inflation derived from the Bank of England's implied inflation spot curve at a duration of 13 years in line with liabilities
Future Consumer Price Inflation (CPI):	Retail Price Inflation less 0.5%

The financial statements on pages 31 to 46 do not take into account liabilities which fall due after the year end.

As at 5 April 2023, the Scheme was 120% funded on the agreed ongoing funding basis, with a surplus of £1,333,000. This actuarial valuation was based on asset values and market conditions at the valuation date, with no allowance for how investment markets and underlying yields evolved since that date. Given that there was a surplus at the valuation date, no Recovery Plan was required and no contributions in respect of deficit funding were required on or after 5 April 2023. In relation to expenses, it was agreed that prior to 1 April 2024, the costs and expenses of administering and managing the Scheme will be paid out of the assets of the Scheme, and the Pension Protection Fund levy plus any other costs incurred, would be met by the Employer. From 1 April 2024, the costs and expenses of administering and managing the Scheme including the Pension Protection Fund levy, alongside any costs associated with the buy-out or wind-up of the Scheme, will be paid out of the Scheme assets. The Schedule of Contributions, setting out the approach outlined above, as agreed between the Employer and the Trustees, is included on pages 47 to 49.

Copies of the full Scheme Funding Report are available on request. The next full valuation will be carried out as at 5 April 2026.

KOENIG & BAUER (UK) PENSION SCHEME
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CHAIR'S STATEMENT AND MONEY PURCHASE GOVERNANCE REPORT

This statement has been prepared by the Scheme's Trustees and reports on how the Trustees during the reporting period, 6 April 2023 to 5 April 2024, have complied with the governance standards required for defined contribution (or money purchase) pension arrangements.

We describe in this statement how these governance requirements have been met in relation to:

- the investment choices available to members, including the 'default options';
- the requirements for processing financial transactions;
- the charges and transaction costs borne by members;
- an illustration of the cumulative effect of these costs and charges;
- net returns of the investment options and fund choices;
- a 'value for members' assessment'; and
- Trustees knowledge and understanding.

The Scheme's Defined Contribution (DC) Section benefits are those generated from:

- normal contributions based on an age-related percentage of pensionable earnings scale, *plus*
- Additional Matched Contributions (member's contributions up to a maximum of 2% pensionable earnings matched by the employer), *plus*
- additional voluntary contributions paid by members (in excess of normal contributions and additional matched contributions).

The Scheme's contributions are invested under the management of M&G Investments Pooled Pensions in unitised pooled funds – the Long Term Growth Index Fund, Episode Allocation Fund, Long Term Bond Fund, and Cash Fund.

The Scheme is open to new members and is used for the employer's auto-enrolment responsibilities.

Members receive an annual statement as at 5 April each year confirming the amounts held in their account and the movements over the year.

Details of the Trustees' objectives and investment strategy, including that for the default option, are set out in a 'Statement of Investment Principles' (SIP) which is appended to this Statement.

DEFAULT ARRANGEMENT

Members of the Defined Contribution Section of the Scheme who do not make an explicit self-select investment choice regarding the investment of their funds use a "Lifestyle" option. There are two Lifestyle options: "Default Lifestyle" which acts as the default investment option and "Alternative Lifestyle".

The Lifestyle strategy is designed to be appropriate to the age profile of scheme members in three stages through their working lifetimes. During the 'growth phase' which applies for members' investments up to 10 years prior to their normal pension age, 75% of members' personal accounts are invested in the M&G PP Long Term Growth Index Fund (a passively managed global equity fund), the balancing 25% is invested in a diversified growth fund, M&G PP Episode Allocation Fund.

In the period between 10 years and 5 years prior to normal pension age during the 'consolidation phase', the proportion invested in equities (M&G PP Long Term Growth Index Fund) is progressively reduced and re-invested in bonds (M&G PP Long Term Bond Fund) to complement the diversified growth fund investment (M&G PP Episode Allocation Fund) and to provide a balanced investment strategy.

For the Default Lifestyle option, during the 'pre-retirement phase', the period 5 years prior to normal pension age, the equity and diversified growth fund holdings are progressively reduced and reinvested in an increased bond fund holding and cash on deposit so that at normal pension age the Default Lifestyle option is invested 75% M&G PP Long Term Bond Fund and 25% M&G PP Cash Fund to align with the option of purchasing an annuity to provide income during retirement.

For the Alternative Lifestyle option, investment during the 'pre-retirement phase' remains on the basis of the 'consolidation phase' to provide a balanced investment strategy appropriate to securing income during retirement by income drawdown through the purchase at retirement of a personal pension.

The Trustees introduced the Lifestyle option structure in April 2018 with the objective of reducing the volatility of members' invested funds. Following review, it was amended in April 2022. Option forms are available for members to choose between the two Lifestyle bases or to invest on a self-select basis. The Trustees regularly monitor the performance of the fund choices and periodically review the structure of the Lifestyle default option and at least every three years.

PROCESSING SCHEME TRANSACTIONS

The Trustees have a duty to secure that core financial transactions relating to DC benefits (transfers out of the Scheme, investment switches within the Scheme and payments out of the Scheme) are processed promptly and accurately.

These transactions are undertaken on the Trustees' behalf by the Scheme administrator and its investment manager, M&G Investments Pooled Pensions. The Trustees have reviewed the processes and controls implemented by the Scheme administrator and the investment manager, M&G Investments Pooled Pensions and consider them to be suitably designed to achieve those objectives. Given the limited numbers of core financial transactions which take place within the Scheme during any Scheme year the Trustees are able to monitor these on an individual basis.

During the year the Trustees have confirmed that all core financial transactions completed within the Scheme were processed promptly and accurately.

CHARGES AND TRANSACTION COSTS

The ongoing investment charges borne by members are annual fund management charges plus any additional fund expenses, such as custody costs, but exclude transaction costs. These are known as the total expense ratio ("TER"). The TER is paid by the members and is reflected in the unit price of the fund choices.

The Scheme's administration and investment review costs together with premiums for death in service benefits are met by the employer.

Lifestyle options

Under the Lifestyle options, members' assets are automatically moved between different investment funds as they approach their target retirement date. Consequently, the level of charges and transaction costs will vary depending on how close members are to their target retirement date and in which fund they are invested.

For the period covered by this Statement, annualised charges and transaction costs are set out in the table below. The member borne charges for the Scheme's default arrangement (the *Default Lifestyle Option*) complied with the statutory charge cap.

Period to target retirement date	Default Lifestyle Option		Alternative Lifestyle Option	
	Total Expense Ratio (TER) %	***Transaction costs (Bid/Offer spread) %***	***Total Expense Ratio (TER) %***	***Transaction costs (Bid/Offer spread) %***
10 or more years	0.35	0.35	0.35	0.35
5 years	0.35	0.40	0.35	0.40
At retirement	0.20	0.45	0.35	0.40

Self select fund choices

There is a range of 4 funds which may be chosen by members as an alternative to the Lifestyle options. These funds allow members to take a more tailored approach to managing their own pension investments.

For the period covered by this Statement, annualised charges and transaction costs are set out in the table below.

M&G PP Fund	*Total Expense Ratio (TER) %*	*Transaction costs (Bid/Offer spread) %*
Long Term Growth Index	0.29	0.40
Episode Allocation	0.55	0.20
Long Term Bond	0.22	0.60
Cash	0.11	-

COST & CHARGE ILLUSTRATIVE EXAMPLES

Over time the charges and transaction costs that are borne by a member's pension savings can reduce the amount available to the member at retirement. The Trustees have produced illustrations of the impact of charges and transaction costs on the different investment options in the Scheme. The illustrations have been prepared in accordance with the DWP's statutory guidance: "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes" for the projection of an example member's pension savings.

To determine the parameters used in the illustrations, the Trustees have analysed the membership data relevant to the reporting period of this Statement and have based the illustration on the following:

- the approximate duration to normal pension age for a representative scheme member who joined the Scheme at around age 30;
- representative fund (or 'pot') size for such a member;
- normal rates of contribution as a percentage of pensionable earnings applicable to the Scheme;
- increases in pensionable earnings in line with the assumed rate of inflation.

As each member has a different amount of savings within the Scheme and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustees have made a number of assumptions about what these might be. These assumptions are:

1. projected pension fund values are shown in today's terms, and do not need reduction for the effect of future inflation;
2. values shown are estimates and are not guaranteed;
3. for a deferred member no further contributions are assumed to be paid;
4. average age is assumed to be 38 in all illustrations. Normal pension age for that member is 68;
5. starting fund or 'pot' is assumed to be £10,000 for all illustrations;
6. contributions are assumed to be 8.5% of pensionable earnings until age 40 and 11.0% of pensionable earnings thereafter in line with the scale for normal contributions under the Scheme;
7. representative pensionable earnings are assumed to be £40,000 per annum;
8. inflation is assumed to be 2.5% for each year;
9. the projected growth rates and charges currently in force for pension illustrations for the Lifestyle options and for each fund are as follows:

M&G PP Fund	***Assumed growth rate % p.a.***	***Investment charges % p.a.***
Long Term Growth Index	7.0	0.30
Episode Allocation	6.0	0.55
Long Term Bond	4.0	0.25
Cash	2.0	0.10

Lifestyle investment option	***Assumed growth rate % p.a.***	***Investment charges % p.a.***
Default Lifestyle	6.75% p.a. for 20 years, tapering to 5.8% p.a. over a further 5 years and then tapering to 3.5% p.a. at retirement	0.36% p.a. for 25 years tapering to 0.21% p.a. at retirement
Alternative Lifestyle	6.75% p.a. for 20 years, tapering to 5.8% p.a. over a further 5 years and then remaining at that level to retirement	0.36% p.a.

Examples are provided for an active member and a corresponding deferred member of the Scheme.

- The '*before charges'* figures represent the savings projection assuming an investment return with no deduction of member borne fees.
- The *'after all charges'* figures represent the savings projection using the same assumed investment return but after deducting member borne fees.

	Default Lifestyle				**Alternative Lifestyle**			
	Active member Age 38 – Starting fund size: £10,000 Pensionable earnings: £40,000		**Deferred member Age 38 – Starting fund size: £10,000**		**Active member Age 38 – Starting fund size: £10,000 Pensionable earnings: £40,000**		**Deferred member Age 38 – Starting fund size: £10,000**	
Years of membership	**Before charges £**	**After charges £**	**Before charges £**	**After charges £**	**Before charges £**	**After charges £**	**Before charges £**	**After charges £**
1	13,840	13,790	10,410	10,370	13,840	13,790	10,410	10,370
3	23,010	22,830	11,290	11,170	23,010	22,830	11,290	11,170
5	34,020	33,610	12,250	12,030	34,020	33,610	12,250	12,030
10	65,790	64,340	15,020	14,490	65,790	64,340	15,020	14,490
15	104,760	101,380	18,420	17,460	104,760	101,380	18,420	17,460
20	152,570	146,040	22,600	21,060	152,570	146,040	22,600	21,060
25	206,740	195,560	27,080	24,790	206,740	195,560	27,080	24,790
30	252,450	236,770	30,040	27,100	265,790	248,390	31,730	28,520

M&G PP Fund	Long Term Growth Index				Episode Allocation			
	Active member Age 38 – Starting fund size: £10,000 Pensionable earnings: £40,000		Deferred member Age 38 – Starting fund size: £10,000		Active member Age 38 – Starting fund size: £10,000 Pensionable earnings: £40,000		Deferred member Age 38 – Starting fund size: £10,000	
Years of membership	Before charges £	After charges £	Before charges £	After charges £	Before charges £	After charges £	Before charges £	After charges £
1	13,870	13,830	10,430	10,400	13,750	13,690	10,340	10,280
3	23,130	22,980	11,370	11,270	22,660	22,390	11,050	10,870
5	34,280	33,940	12,390	12,210	33,220	32,620	11,820	11,500
10	66,740	65,500	15,360	14,910	62,960	60,870	13,990	13,240
15	106,970	104,050	19,050	18,210	98,120	93,380	16,540	15,240
20	156,850	151,120	23,610	22,240	139,720	130,790	19,570	17,530
25	218,680	208,600	29,270	27,160	188,920	173,850	23,140	20,180
30	295,330	278,800	36,290	33,170	247,120	223,390	27,380	23,220

M&G PP Fund	Long Term Bond				Cash Fund			
	Active member Age 38 – Starting fund size: £10,000 Pensionable earnings: £40,000		Deferred member Age 38 – Starting fund size: £10,000		Active member Age 38 – Starting fund size: £10,000 Pensionable earnings: £40,000		Deferred member Age 38 – Starting fund size: £10,000	
Years of membership	Before charges £	After charges £	Before charges £	After charges £	Before charges £	After charges £	Before charges £	After charges £
1	13,520	13,490	10,140	10,120	13,300	13,280	9,950	9,940
3	21,730	21,620	10,440	10,360	20,840	20,790	9,850	9,820
5	31,190	30,940	10,750	10,620	29,280	29,190	9,750	9,700
10	56,080	55,250	11,560	11,270	50,040	49,750	9,520	9,420
15	82,850	81,080	12,430	11,970	70,300	69,720	9,290	9,150
20	111,630	108,500	13,370	12,720	90,070	89,110	9,060	8,880
25	142,580	137,630	14,370	13,500	109,360	107,940	8,840	8,630
30	175,860	168,560	15,460	14,340	128,180	126,220	8,630	8,380

INVESTMENT RETURNS

This section shows the investment returns over periods to 5 April 2024, after the deduction of member borne charges and transaction costs, for the default option and investment choices in which members' assets were invested during the scheme year.

For the Lifestyle options where returns vary with age, returns are shown for a member aged 30, 45 and 60 at the start of the period the returns are shown over.

Member Age at start of period	***Investment return to 5 April 2024***					
	Default Lifestyle Option			***Alternative Lifestyle Option***		
	1 year (%)	***3 years (%) p.a.***	***5 years (%) p.a.***	***1 year (%)***	***3 years (%) p.a.***	***5 years (%) p.a.***
30	10.8	6.3	6.3	10.8	6.3	6.3
45	10.8	6.3	6.3	10.8	6.3	6.3
60	7.6	1.0	(-)0.6	7.6	1.2	2.7

For the self select funds the investment returns over periods to 5 April 2024 were as follows:

M&G PP Fund	***Investment return to 5 April 2024***		
	1 year (%)	***3 years (%) p.a.***	***5 years (%) p.a.***
Long Term Growth Index Fund	11.1	6.8	7.0
Episode Allocation Fund	9.9	4.9	4.0
Long Term Bond Fund	(-)4.0	(-)12.7	(-)5.5
Cash Fund	5.0	2.4	1.5

VALUE FOR MEMBERS

The Trustees are required to assess the extent to which the charges and transaction costs borne by members of the DC Section of the Scheme represent good value for members. In particular, they assess this when compared to other options available in the market. This section sets out in detail the approach the Trustees have taken to assess value for money and an explanation of how and why they have reached their conclusion.

Considerations and factors involved in assessing members' value for money

There is no legal definition of 'good value' and so the process of determining good value for members is a subjective one. The Trustees consider that the combination of good investment returns, taking into account member borne charges, and the quality of the features of the scheme, in particular in providing members with investment choices to suit their needs, in return for the level of member contributions is a good test for the assessment of value. In making their assessment the Trustees have taken account of the Department for Work and Pensions guidance, 'Completing the annual Value for Members assessment and Reporting of Net Investment Returns - Guidance for trustees of relevant occupational defined contribution pension schemes'.

In order to demonstrably provide good value for money for their DC members' investments, the Trustees have adopted an investment strategy predominantly based on passively invested (index-tracker) funds with comparatively low management charges. Consequently, the funds' net performance should be at, or above, median level assessed against the universe of funds available for DC investment. The Trustees test this assumption by periodic monitoring against appropriate market indices. Investment performance updates of fund choices are communicated to members annually together with detailed descriptions of default fund and investment options available. Feedback is invited from members. Apart from the management charges implicit in fund pricing, all administration costs are met by the employer. Contributions are at above minimum levels and as an incentive to members for additional voluntary investment, 'Additional Matched Contributions' up to 2% salary are made by the employer. The Scheme additionally has the facility for members to make additional voluntary contributions.

The Trustees review all member-borne charges (including transaction costs) periodically, and at least annually, as a factor in ensuring that members are obtaining value for money from the Scheme. The date of this review is 1 November 2024. The Trustees' investment adviser has confirmed that the fund charges are competitive for the funds and investment options available to members.

The Trustees recognise, however, that low cost does not necessarily mean better value and have also considered the performance of the investment funds and other factors relevant to the quality of the features of the Defined Contribution Section of the Scheme. In particular, the Trustees have considered:

- the design of the default arrangement and how this is appropriate to the profile of the membership;
- the range of investment options and strategies;
- the quality of communications delivered to members;
- the efficiency of administration processes;
- the overall level of trustee oversight and governance including addressing any material issues impacting members.

The charges paid by members with DC funds comprise annual fund management charges and transaction costs. The employer meets the cost of provision of:

- administration of the Scheme;
- member communications;
- investment consultancy support;
- management and governance of the Scheme.

The employer also meets the cost of provision of death in service benefits.

The Trustees' preparation for their assessment of member value

The Trustees have approached the task of making their value for money assessment in relation to member contributions according to a staged basis. In *preparation* they have:

- reviewed the background papers covering relevant issues submitted by their advisers;
- discussed the factors and considerations involved with their advisers;
- discussed and reviewed relevant factors amongst the Trustee board;
- researched relevant issues online and reviewed pertinent legislation;
- gathered comparator data.

The processes the Trustees have carried out in their value assessment

As part of the assessment *processes*, they have:

- reviewed tables of performance net of charges of comparator DC funds;
- reviewed member borne investment management charges against comparator DC funds;
- reviewed survey material from a leading consultant setting out investment returns from 18 master trust providers;
- reviewed the charging structure of sample master trusts provided by a leading consultant;
- assessed whether any member queries have indicated any perceived shortcomings in members' value for money;
- reviewed the adequacy of employer contributions to the extent necessary to provide good relative pension provision for members.

The Trustees have also reviewed the adequacy of the 2% pensionable salary employer contribution in providing administration services and reviewed the level of their advisor fees.

As a major part of their assessment, the Trustees have reviewed the performance of the Scheme's investment funds (after all charges) in the context of their investment objectives. The Trustees' Statement of Investment Principles (SIP) dated 8 October 2024 is appended.

In particular, the Trustees have benchmarked the performance of the Scheme's fund choices and default arrangement against 9 large invested funds from leading DC providers. The comparator funds have been selected as the Trustees consider they are likely to be adopted for, or included in, the default arrangements of many DC pension arrangements.

Results of the Trustees' assessment of member value

Following their considerations, the Trustees have concluded that*:*

- the returns on the investment funds members can choose during the period covered by this Statement have been consistent with their stated investment objectives as set out in their Statement of Investment Principles;
- having benchmarked the performance of the Scheme's fund choices and default arrangement against 9 large invested funds and reviewed master trust survey material, the Trustees have concluded that the main funds and default arrangement in which the members invest, *offer above average performance*, net of investment charges and transaction costs, compared with other DC pension arrangements.

  This conclusion reinforces the Trustees' belief that their policy of an investment strategy predominantly based on passively invested funds with comparatively low management charges will produce net investment performance at, or above, median level compared to the universe of funds available for DC investment;
- following assessment of benchmarked DC funds available in the market and master trust survey material, the Trustees have concluded that member borne costs and charges represented by the Scheme's fund choices and default arrangement annual management charges and transaction costs represent good value to members in respect of their contributions. In particular, the Trustees note that the total expense ratio (TER) of the default arrangement of some 0.35% p.a. of fund values, which is markedly lower than the statutory charge cap of 0.75% p.a., represents good value to the members who do not wish to make their own investment strategy fund choices;
- as detailed in the earlier section covering Scheme administration and the processing of scheme transactions, the Trustees have confirmed that all core financial transactions completed within the Scheme in this reporting period were processed promptly and accurately and that communication with members on scheme transactions was carried out efficiently;

- they should continue to ensure that trustee oversight and governance of the Scheme remains abreast of legislation and changing scheme standards and practice;
- there is a need to ensure that member communication is effective and sufficiently clear, frequent and interactive with members.

Overall, the Trustees believe that members of the Scheme are receiving good value for money for the charges and costs they incur. Further, that the 'added value' provided by the Scheme's feature of employer contributory Additional Matched Contributions complements this.

In terms of future actions, the Trustees have concluded they should review the structure of the Scheme's default arrangement to ensure it remains appropriate to the generality of members' investment objectives.

TRUSTEE KNOWLEDGE AND UNDERSTANDING

The Trustees must be conversant with the Scheme's main documents and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of Scheme assets to enable them to properly exercise their functions as Trustees.

The Trustees comprise four Trustees, two of whom were nominated by the Principal Employer and the other two by the members.

The Trustees are conversant with the definitive trust deed and rules and the internal disputes resolution procedure.

The Trustees use the Pensions Regulator's Trustee Toolkit and use self-assessment to identify knowledge gaps. In addition, the Trustees supplement their training with matters such as attending seminars and reading pensions-related articles. The Trustees have also received training on the governance requirements surrounding DC pension arrangements and the increased disclosure requirements, including the requirement to provide cost illustrations, for DC arrangements.

The Trustees consult externally with M&G Investments Pooled Pensions together with their professional advisers as and when required, for example on governance and legal matters.

The Trustees are conversant with, and have a working knowledge of, the current Statement of Investment Principles ('SIP'). The Trustees undertake regular training on investment matters and review the investments held by the Scheme periodically at each trustee meeting. The Trustees update the SIP when they make a material change to the Scheme's investment strategy.

The Trustees have assessed their combined knowledge, skills and understanding and consider it, together with the advice which is available to them from their advisers and investment manager, enables them to properly exercise their trustee functions in relation to the Scheme's DC arrangements.

Signed by the Chair on behalf of the Trustees on: 05-11-2024 | 14:45 GMT

Signed by:
Stephanie Thomson
9492D34A45E7438...

S L THOMSON
(Chair)

KOENIG & BAUER (UK) PENSION SCHEME
(formerly KBA (UK) PENSION SCHEME)

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 26 October 2021 (which was agreed in principle by the Trustees at their meeting on 12 December 2019) and detailing the Trustees' considerations in respect of Social, Environmental and Ethically Responsible Investment is available to members on request from the Trustees by contacting Mrs S L Thomson at Koenig & Bauer (UK) Limited. 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 review the performance and actions of investment managers to ensure it is consistent with the Trustees' objectives for Environmental, Social and Corporate Governance ('ESG') considerations as set out in the Statement of Investment Principles dated 26 October 2021 (which was agreed in principle by the Trustees at their meeting on 12 December 2019). As the Trustees invest in pooled fund vehicles they have given their investment managers full discretion in evaluating ESG factors and in the exercise of stewardship obligations including engagement and exercising voting rights.

The Trustees do not explicitly take into account any non-financial matters (for example the views of members of the Scheme) in the selection, retention and realisation of assets. The Trustees would review this policy in response to significant member demand.

For the Defined Benefit Section of the Scheme, the Trustees invest in pooled investment vehicles across a range of asset classes taking into account the risk profile of the benefit liabilities. The Trustees' primary objectives are:

- to ensure the Scheme's assets accumulate so as to meet the benefit liabilities of members as they become due;
- to pay due regard to Koenig & Bauer (UK) Limited's interests in the amount, stability and incidence of employer contribution payments.

The Trustees try to achieve these aims by seeking to maximise the overall return on the Scheme's assets, whilst maintain a prudent and balanced investment exposure.

For the Defined Contribution Section of the Scheme, the Trustees invest in a range of pooled investment vehicles across asset classes to enable members to accumulate their personal accounts funded by the contributions they and the employer make in order to best provide for benefit income during their retirement. The Trustees recognise that individual members may have different investment needs and that these may change during their working lifetimes. They also recognise that members have differing attitudes to investment risk.

The Trustees provide a default investment strategy for members who do not wish to select their own investment choices. The default Lifestyle investment strategy invests in funds appropriate to the stages of members' working lifetimes from the early part up to about age 50, the middle part up to about age 60 and the pre-retirement period.

Details of the funds in which the Scheme invests are as follows:

Defined Benefit Section

At 5 April 2024 the Scheme's investments (excluding insurance policies and AVC investments) were as follows:

	£	%
M&G Financial Services Ltd:		
M&G PP Long Dated Corporate Bond Fund	7,258,590	99.8
	7,258,590	99.8
Net Current Assets	11,639	0.2
Total assets (excluding insurance policies and AVC investments)	7,270,229	100.0

M&G Financial Services Ltd M&G Pooled Pension funds are provided under an insurance contract issued by Prudential Pensions Limited

All investments are regarded as readily marketable. Investment managers' remuneration is derived from an initial charge on any new money received, and from an annual charge on the total value of the managed funds.

During the year to 5 April 2024, the Trustees have followed their investment strategy as set out in the Statement of Investment Principles dated 8 October 2024 and are satisfied that the performance of the investment managers has been consistent with their investment objectives.

As the Defined Benefit Section is now mature and closed to new entrants, the Trustees need to make withdrawals of funds from time to time to meet pension and retirement lump sum payments. Generally, withdrawals are made taking into account target benchmark allocations as set out in the Statement of Investment Principles.

The performance of the investment managers and market commentary for the period under review is as follows:-

M&G Pooled Pensions

Performance to 5 April 2024

	Annualised Return %		
	1 Year	3 Years	5 Years
Long Dated Corporate Bond Fund	1.4	(-)9.9	(-)3.0
Benchmark – iBoxx Sterling over 15 Years Non-Gilt Index	1.8	(-)10.3	(-)3.6

The **Long Dated Corporate Bond Fund** invests mainly in high quality Sterling corporate bonds with over 15 years to maturity. The fund is actively managed against its performance benchmark of the iBoxx Sterling Over 15 Years Non-Gilts Index. The fund may also hold UK government gilts and limited amounts of high yield and hedged non-sterling corporate bonds. Derivative instruments may be used for efficient portfolio fund management. The fund aims to outperform the iBoxx Sterling Over 15 Years Non-Gilts Index benchmark by 0.80% per annum gross of fees on a rolling three year basis.

Total annual management charges and current dealing charges (i.e. the bid/offer spread - which will vary with the volume of moneys going into, and out of, funds each day) are:

	Total annual management charge	Current bid/offer spread
M&G PP Long Dated Corporate Bond Fund	0.32%	1.03%

Defined Contribution Section

At 5 April 2024 the Scheme's investments were as follows:

	£	%
M&G Financial Services Ltd:		
M&G PP Long Term Growth Index Fund	3,349,236	80.7
M&G PP Episode Allocation Fund	582,243	14.0
M&G PP Long Term Bond Fund	170,657	4.1
M&G PP Cash Fund	18,557	0.4
	4,120,693	99.2
Net Current Assets	31,916	0.8
Total assets	4,152,609	100.0

M&G Financial Services Ltd M&G Pooled Pension funds are provided under an insurance contract issued by Prudential Pensions Limited

All investments are regarded as readily marketable. Investment managers' remuneration is derived from an initial charge on any new money received, and from an annual charge on the total value of the managed funds.

The Trustees' investment objectives set out in the Statement of Investment Principles dated 8 October 2024 is to provide a suitable range of funds for members to accumulate their personal accounts with a good level of investment return in making provision for retirement benefits and to enable members to control the level of risk they feel comfortable with.

For members who do not wish to make their own investment fund choices, the Trustees provide a default Lifestyle investment strategy. The Lifestyle investment strategy invests in funds appropriate to the differing stages of members' working lifetimes.

During the year to 5 April 2024 the Trustees have monitored the performance of the Defined Contribution Section funds to ensure that their investment objectives continue to be met. They periodically review the Defined Contribution Section fund choices and the Lifestyle default strategy to ensure they remain appropriate to members' needs.

Extracts from investment reports produced by the investment managers for the Trustees are as follows:

M&G Pooled Pensions
Performance to 5 April 2024

	Annualised Return %		
	1 Year	3 Years	5 Years
Long Term Growth Index Fund	11.1	6.8	7.0
Benchmark – Mix of FTSE All Share / MSCI Regional Indices	10.6	6.5	7.2

	Annualised Return %		
	1 Year	3 Years	5 Years
Episode Allocation Fund	9.8	4.9	3.9
Benchmark – 1 week SONIA + 5.0% p.a.	10.0	7.5	6.6

	Annualised Return %		
	1 Year	3 Years	5 Years
Long Term Bond Fund	(-)4.0	(-)12.7	(-)5.5
Benchmark – 50% iBoxx Sterling over 15 Years Gilt Index / 50% iBoxx Sterling over 15 Years Non-Gilt Index	(-)3.9	(-)13.0	(-)5.9

	Annualised Return %		
	1 Year	3 Years	5 Years
Cash Fund	5.0	2.4	1.5
Benchmark – Overnight Index Average (SONIA) 1 week	5.0	2.4	1.6

The **Long-Term Growth Index Fund** invests, via other M&G PP funds, in the shares of companies around the world against a benchmark of 35% FTSE UK and 65% MSCI regional overseas indices (in fixed proportions reflecting each region's economic importance). It is a 'fund of funds' and both the proportions invested in each region and investments in each region are passively managed except for emerging markets which are actively managed. The split between the UK and overseas regions may be reviewed from time to time. Derivative instruments may be used for efficient portfolio management.

The **Episode Allocation Fund** seeks to manage risk by investing globally across multiple asset classes, sectors, currencies and countries. The Fund will typically invest 20-60% of its assets in equities and convertibles, 30-75% in fixed income securities or cash, and up to 20% in other assets. The Fund will typically take investment positions at index or sector level, but it may also take positions in individual shares or bonds. The Fund's investment strategy may involve the use of derivatives to take long or short positions. The Fund aims to deliver a total return (the combination of capital growth and income) of at least 5% per annum above the 3-month GBP LIBOR rate, before any charges are taken, over any five-year period.

The **Long Term Bond Fund** invests, via other M&G PP funds, in long-dated bonds split equally between UK Government gilts and corporate bonds. It is a 'fund of funds' with the gilts component passively managed. The actively managed corporate bonds are mainly high quality sterling issues, but may include limited amounts of high yield and hedged non-sterling bonds. The split between government and corporate bonds may be reviewed from time to time. Derivative instruments may be used for efficient portfolio management.

The **Cash Fund** invests in both secured (reverse repurchase agreements) and unsecured interest bearing deposits, as well as short-term UK government bonds and Certificates of Deposit. It is actively managed against its benchmark, the London Interbank LIBID 7-Day Deposit Rate.

Total annual management charges and current dealing charges (i.e. the bid/offer spread - which will vary with the volume of moneys going into, and out of, funds each day) are:

M&G PP	Total annual management charge	Current bid/offer spread
Long Term Growth Index Fund	0.29%	0.40%
Episode Allocation Fund	0.55%	0.20%
Long Term Bond Fund	0.22%	0.60%
Cash Fund	0.11%	0.00%

Market review

There were strong gains for global shares in the first half of 2023 with the advance led by developed markets, notably the US, while emerging market stocks lagged behind. Enthusiasm over AI (Artificial Intelligence) boosted technology stocks. Government bond yields rose over this period with commodities beginning to perform strongly. Central banks continued to raise interest rates.

The advance in global shares halted in the third quarter of 2023, but resumed toward the calendar year-end as markets anticipated central bank interest rate cuts. Developed markets outperformed emerging markets amid ongoing worries over China’s real estate sector. Crude oil prices fell despite some output cuts. Central banks left base rates largely unaltered following the increases earlier in the year.

In the first part of 2024, global stock markets registered strong gains amid a resilient US economy and ongoing enthusiasm around Artificial Intelligence. Bond markets were again weak and expectations of interest rate cuts continued although the market predicted the pace of cuts would be slower than previously hoped.

US

US shares registered robust gains over the year to 31 March 2024, albeit with some weakness in the third quarter of 2023. Annual inflation fell from 4% to 2.5% over the year spurring hopes for Fed interest rate cuts. Overall, the US labour market remained strong over the period with the economy generally remaining quite strong and resilient to the higher level of interest rates. Annualised GDP growth registered some 3.4% by end-2023. The information technology (IT) sector led by “Magnificent Seven” companies provided a firm boost to equities over the reporting period.

UK

Having increased base rate markedly during the first half of 2023, the Bank of England maintained it at 5.25% throughout the remainder of the reporting period. CPI inflation fell from 11.1% in October 2022 to 3.4% in February but remained sticky in the services sector and wage growth remained around 5% - 6% p.a. The UK economy proved rather more resilient than forecast, although GDP growth remained very constrained and entered a technical recession in the second half of 2023.. Toward the end of the period, UK equities rose with financials, industrials and the energy sector outperforming, along with some other economically sensitive areas of the market. Market expectations moved to price in a sooner-than-expected first UK interest rate cut as inflation undershot Bank of England's (BoE) forecasts.

Eurozone

The European Central Bank (ECB) raised interest rates twice in Q2/2023, taking the main refinancing rate to 4.0%. Headline inflation declined during this period to 5.5% in June. Growth data showed that the eurozone experienced a mild recession over end-2022 and first quarter 2023. Eurozone share markets were weak during the first part of the period, but picked up toward the year-end with the stronger trend continuing into 2024, supported by softer inflation figures. Euro area annual inflation fell to 2.4% in November from 2.9% in October. A year previously, the annual inflation rate was 10.1%. Toward the period end there were signs of improving business activity in the eurozone.

Japan

Strong momentum for Japanese shares accelerated in Q2/2023 and the TOIPX Total Return index rose by 14.4% in local terms. The Japanese yen weakness also continued pulling down foreign currency denominated returns from the Japanese equity market. The gains came amid ongoing expectations of corporate governance reforms and structural shifts in the Japanese macro economy. There was a correction in equity markets toward the end of 2023 with concerns that interest rates may remain higher for longer, but they picked up strongly in the first part of 2024. The market's performance was driven by large-cap stocks, particularly value stocks in sectors such as automotive and financials. Additionally, the global boom in artificial intelligence (AI) and semiconductors contributed to the rise in stock prices of semiconductor-related companies.

Asia (ex Japan)

Asia ex Japan equities recorded a negative performance in the second and third quarters of 2023. China, Malaysia, and Thailand were the worst-performing index markets, although share prices in India, South Korea and Taiwan gained. Factory output in China slowed due to lacklustre consumer spending and weak demand for exports following interest rate rises in the US and Europe. Shares in India achieved strong gains, driven by foreign inflows and steady earnings, and as encouraging economic data boosted sentiment towards the country. Equities in Taiwan and South Korea advanced, driven by gains in technology stocks as investors rushed to buy AI-related stocks. Toward the end of 2023, Asia ex Japan equities, except China, produced some gains with hopes that US interest rates may have peaked led to renewed investor appetite for risk assets across the region and this trend continued modestly in the first part of 2024. Indian stocks also continued to perform well.

Emerging markets

Emerging market (EM) equity performance lagged developed markets for most of the reporting period. Concerns about China's anaemic economic recovery, led to significant underperformance in that market. South Africa was among the worst performers as the country's power situation continued to deteriorate, with severe consequences for economic growth. Index heavyweight Taiwan outperformed strongly on the back of continued investor enthusiasm about artificial intelligence (AI) and the tech sector.

Global bonds

The second quarter of 2023 saw a significant drop in market volatility. With the exception of the BoJ, all major central banks kept raising interest rates over the quarter. However, the Fed was the first to pause in June, leaving rates at 5% to 5.25% after more than a year of consecutive rate increases. Corporate balance sheets remained relatively strong. Global high yield outperformed global investment grade as immediate recessionary concerns were pared back. US growth surprised to the upside, with a 'soft landing' scenario now being the market consensus. The ECB continued to hike interest rates, however, headline inflation had fallen significantly from the peak. Inflation in the UK prompted the BoE to act more forcefully, raising interest rates by a larger than expected 50 basis points in June. The UK 10-year yield jumped from 3.49% to 4.39%. Led by the US, global government bond yields peaked in September before slightly retreating at the quarter's end. The US 10-year yield rose from 3.81% to 4.57%, and the two-year yield increased from 4.87% to 5.05%. In Europe, Germany's 10-year yield increased from 2.39% to 2.84%. The final quarter of the year was positive for fixed income markets. The major driver was a perceived shift in monetary policy direction, from a "higher-for-longer" stance to prospective rate cuts. Government bond yields fell sharply, and credit markets rallied, outperforming government bonds. The first quarter of 2024 saw a significant shift in the landscape of inflation and interest rate expectations. Initially, the market anticipated faster central bank action to lower interest rates. However, expectations were scaled back, the European Central Bank, the Bank of England, and the Federal Reserve (Fed) all proceeded with caution, avoiding premature declarations of victory over inflation. As the quarter progressed, governmental bond yields adjusted in response to shifting market sentiments and economic indicators. 10-year government bond yields increased across the board. The US 10-year Treasury jumped from 3.87% at the end of Q4 2023 to 4.21% at the end of Q1 2024. The UK 10-year gilt yield rose from 3.54% to 3.94%, while the German 10-year Bund yield steadied at 2.03%.

Investment manager performance review

Defined Benefit Section

The **M&G PP Long Dated Corporate Bond Fund** rose by 1.4% over the 12 months under review rather less than its benchmark which returned 1.8%. Corporate bond performance stabilised following the 2022 substantial rise in interest rates but remained weak as interest rates edged further up as a reaction to the threat of high inflation.

Defined Contribution Section

The M&G PP Long Term Growth Index Fund rose by 11.1% over the 12 months under review. Equities were buoyant over the 12-month period with US equities contributing strongly buoyed by the performance of the 'Magnificent Seven' companies and the AI influenced IT sector.

The M&G PP Episode Allocation Fund rose by 9.8% over the 12 months under review. The fund's equity exposure was the main driver of its positive return which was somewhat detracted by bond performance.

The M&G PP Long Term Bond Fund decreased by 4.0% over the 12 months under review. Government bond yields rose as a reaction to high inflation, albeit having stabilised somewhat following the sharp rise during 2022.

The M&G PP Cash Fund returned 5.0% over the 12 months under review, reflecting the rise central bank rates and short term interest rates generally.

Investment manager ESG principles, engagement and voting

Extracts from the investment managers' statements on their environmental, social and governance (ESG) principles and their engagement and voting policies are as follows:-

M&G Financial Services Ltd

For all investments, we take into consideration environmental, social and governance (ESG) factors that have the potential to have a material financial impact.

We believe consideration of the implications for society and the environment to be part of investment stewardship and in line with our fiduciary duty to our customers.

We take a long-term approach, keeping in mind funds' time horizons, the urgency of individual ESG issues and delivery of the firm's ESG priorities and commitments.

We exercise engagement and voting over exclusion and we seek to support companies transitioning towards the creation of a more sustainable economy.

Safe-keeping of investments

Any insurance policies are held by the Trustees in a fireproof safe on the Employer's premises. Documents of title in relation to the investments made by the investment managers are held by custodians, as follows:

Prudential Pensions Ltd
– custodian, HSBC Bank plc, London

KOENIG & BAUER (UK) PENSION SCHEME
(formerly KBA (UK) PENSION SCHEME)

COMPLIANCE STATEMENT

Constitution and Taxation Status
The Scheme was established by an Interim Trust Deed dated 30 September 1959 and is governed by a Definitive Trust Deed dated 10 September 2024 which was executed following the end of this reporting period. It has been approved by the Inland Revenue and was contracted out of the State Earnings Related Pension Scheme and its successor, the State Second Pension. Members joining the Defined Contribution Section after 6 July 2004 are contracted in to the said State Scheme (see below for further details).

Exempt approval has been granted by the Inland Revenue under Chapter 1, Part XIV 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 Pensions Act 2004 with effect from 6 April 2006. The Trustees know of no reason why this approval may be prejudiced or withdrawn.

The Trustees are appointed and may be dismissed by the Principal Employer in accordance with the Trust Deed and with the Pensions Act 2004. On 8 June 2011, Mrs S L Thomson (nee Nicklin) was appointed. On 27 September 2018, the Employer appointed Mr PJ Banks. In accordance with the Occupational Pensions Scheme (Member Nominated Trustees and Directors) Regulations 1996, two of the Trustees are nominated by the contributing members under rules set out in the Regulations. Such Trustees may be removed before the end of their term of office only by agreement of all the remaining Trustees, although their appointment ceases if they cease to be members of the Scheme. On 30 June 2022, following an election process, the Employer appointed Ms ML Parker and Mr JP Parkes as Member Nominated Trustees.

Further information about the Scheme is given in the explanatory booklet issued to members.

Pension Increases
Pensions in payment paid in the year have been increased in accordance with the rules. The rates of annual increase in pensions already in payment or in deferment (when paid) for members leaving before 6 July 2004 are not affected by changes in Scheme rules effective 6 July 2004 or since.

Pension increases are all applied on 1 April in each year, pro-rata increases being applied for any new pensioners joining in the year. Pensioners receiving increases based on RPI/CPI only do not suffer a reduction in pension if the relative index turns negative.

Further information on pension increases is to be found on page 25.

Changes in Scheme Contributions, Rules or Basic information:

From 6 July 2004 the Employer decided, with the Trustees' agreement, that major changes to the Scheme were necessary in view of the continuing actuarial deficiency in the Scheme's assets as compared with its pension liabilities.

The following changes were made (inter alia):-

.1. The Defined Benefit Section of the Scheme was closed to new entrants from 5 July 2004, and new entrants are offered membership of a Defined Contribution Section. Existing members of the Defined Benefit Section of the Scheme are able to secure additional money purchase benefits by payment of additional contributions based on gross pensionable earnings. The Employer supports such additional money purchase contributions made by the member up to a maximum of 2% of those earnings.

2. For benefits earned after 5 July 2004 Pensionable Salary is defined as basic salary only. Final Pensionable Salary is likewise defined as the average of the last three years basic salary at each 5 April before retirement or leaving service. The previous definition of Pensionable Salary whereby an addition to basic salary was made of 50% of the average commission and overtime earnings in the three years preceding each 5 April, will continue to apply to the calculation of benefits earned to 5 July 2004.

3. The rate of increase to pensions when in payment (whether earned before or after 6 July 2004) was reduced from 4% p.a. to Retail Price Index only, subject to a maximum of 5% p.a. (pensions already in payment and existing deferred benefits are not affected by this change). To compensate for the loss of the 4% increase in past service benefits, existing members were granted a service credit of one month per year of membership (and pro rata). See also the later changes to indexation introduced as from 6 April 2006, 6 April 2009 and 6 April 2011 for members who were active on those dates.

4. Members' contributions to the Scheme increased from 5% to 7% p.a. (but based on basic salary only) as from 6 July 2004. See also the later change in members' contributions introduced from 6 April 2009.

5. On 30 September 2016, the Defined Benefit section of the scheme was closed to further accrual of benefit and the sole remaining active member was transferred to the Defined Contribution section of the scheme, on mutually agreed terms. New members of the Scheme joining on 6 July 2004 and thereafter are offered Defined Contribution benefits. Employee contributions range from 3% to 5% of gross pensionable earnings (dependent on age). The Employer contributes 5% to 8% on the same basis. Where an employee pays extra contributions (up to 2% of gross pensionable earnings) the Employer contributes an identical amount. The employee may pay further voluntary contributions (subject to Inland Revenue limits) but these will not be augmented by the Employer.

The invested contributions (i.e. the member's personal account) will be redeemed at pensionable age to provide a pension and lump sum benefits dependent on the member's choice (subject to Inland Revenue limits). Members wishing to take advantage of the freedoms contained within the Finance Act 2015 will have to take a transfer to another scheme allowing such benefits.

Death in Service benefits take the form of a lump sum insured benefit of six times the member's pensionable salary, to be paid, together with the value of the member's personal account, to the member's dependants in the form of a lump sum, and/or pension (subject to Inland Revenue limits).

Although no changes to the Defined Benefit Section benefits occurred between 6 July 2004 and 5 April 2009, the Employer decided, with the Trustees' agreement, that thereafter the following alterations would be made to the Defined Benefit Section:-

i) The rate of contribution payable by members should increase from 7% to 10% of pensionable (i.e. basic) salaries as from 6 April 2009.

ii) The rate of indexation applicable to deferred pensions for members leaving after 5 April 2009 should be Retail Price Index (RPI) with a maximum of 2.5% pa (previously 5%).

iii) Further, with the agreement of active members, that the rate of indexation applicable to pensions earned by active members from 6 April 2006 should be RPI with a maximum of 2.5% p.a. This would not apply to any member leaving service before 5 April 2009.

On 5 April 2011 the Employer decided, following the Government announcement that the Consumer Price Index (CPI) would be the future index for State pension schemes and occupational pension schemes (where adopted), that the following should apply to all active members after 5 April 2011.

a) Pensions in payment increases:
   - for benefits earned prior to 6 April 2006, indexation in line with RPI, subject to a maximum of 5% pa.
   - for benefits earned between 6 April 2006 and 5 April 2011, indexation in line with RPI subject to a maximum of 2.5% pa.
   - for benefits earned after 5 April 2011, indexation in line with CPI, subject to a maximum of 2.5% pa.

b) Pensions in deferment increases (revaluation):
   - for benefits earned prior to 6 April 2009, indexation (on the excess over GMP) in line with RPI, subject to a cumulative maximum of 5% pa over the period of deferment.
   - for benefits earned between 6 April 2009 and 5 April 2011, indexation in line with RPI subject to a cumulative maximum of 2.5% pa over the period of deferment.
   - for benefits earned after 5 April 2011, indexation in line with CPI, subject to a cumulative maximum of 2.5% pa over the period of deferment.

Also on 5 April 2011 the Trustees resolved (having given 3 months' notice to scheme members of their intention) to pass a resolution under Section 251 of the Pensions Act 2004, whereby the original rules contained in the Trust Deed dated 12 December 1985 relating to payments to the Employer would continue to apply, despite any possible restriction contained in Section 251 of the Pension Act 2004.

COMPLIANCE STATEMENT – continued

As from 1 March 2015, the regulations incorporating Workplace Pensions applied to the Employer, and the existing Defined Contribution Section was deemed satisfactory obviating any need to set up a new defined contribution scheme. Changes to contribution rates payable may be necessary in the future to comply with government regulations.

Employer Related Investment

There was no Employer related investment at any time during the year, nor has there been any payment out of Scheme funds to any Employer since the Scheme's inception, except where necessary to meet obligations due to the Employer since pensions currently payable through the Employer's payroll system exceed the contributions due from the Employer.

Summary Funding Statement

A statement showing the current funding and contribution details for the Scheme was issued to all active members and pensioners in October 2010. A further statement was issued in July 2013 and a further statement was issued in October 2015 following finalisation of the Actuarial Report as at 5 April 2014. A further statement was issued following finalisation of the Actuarial Report as at 5 April 2017. A further statement was issued following finalisation of the Actuarial Report as at 5 April 2020. A further statement was issued following finalisation of the Actuarial Report as at 5 April 2023.

Transfer Values

No transfer value for any Defined Benefit member has been paid during the year, but the Actuary would include in any calculation an allowance for guaranteed increases to pensions in payment or in deferment.

No allowance will be made for any benefits which may be paid as a result of the Principal Employer and/or the Trustees exercising their discretion, as there is no recent history of granting such benefits.

Transfer values for five Defined Contribution Section members have been paid in the year, and such transfers are made at the market value of their accumulated investment units.

The Pension Tracing Service

The Pension Tracing Service's main purpose is to provide a tracing service for members (and their dependants) of previous employers' schemes, where they have lost touch with earlier employers and trustees. To trace a benefit entitlement under a former employer's scheme, enquiries should be addressed to:

The Pension Service
Post Handling Site A
Wolverhampton
WV98 1AF

The information provided includes details of the address at which the trustees of a pension scheme may be contacted. This Scheme has been registered with the Pension Tracing Service under No 100010842.

The Money and Pensions Service, the Pensions Ombudsman and the Pensions Regulator

Any problem connected with the Scheme should be referred to Mrs S L Thomson, Koenig & Bauer (UK) Limited, who will try to resolve the problem as quickly as possible.

Members and beneficiaries of occupational pension schemes who have problems concerning their scheme which are not satisfied by the information or explanation given by the administrators or the trustees can consult with The Money and Pensions Service (which has brought together The Pensions Advisory Service, the Money Advice Service and Pension Wise). The Money and Pensions Service can be contacted at:

Money Helper
Money and Pensions Service
Bedford Borough Hall
133 Cauldwell Street
Bedford MK42 9AP

In cases where a complaint or dispute cannot be resolved, normally after the intervention of TPAS, an application can be made to the Pensions Ombudsman for him to investigate and determine any complaint or dispute of fact or law involving occupational pension schemes.

The address for the Pensions Ombudsman is:

1st Floor
10 South Colonnade
Canary Wharf
London E14 4PU

The Pensions Regulator can intervene if he considers that a scheme's trustees, advisers or employer are not carrying out their duties correctly. The address for the Pensions Regulator is:

Telecom House
125-135 Preston Road
Brighton BN1 6AF

KOENIG & BAUER (UK) PENSION SCHEME
(formerly KBA (UK) PENSION SCHEME)

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE KOENIG & BAUER (UK) PENSION SCHEME

Opinion

We have audited the financial statements of the Koenig & Bauer (UK) Pension Scheme (formerly KBA (UK) Pension Scheme) (the 'Scheme') for the year ended 5 April 2024 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 Scheme during the year ended 5 April 2024, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

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

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE KOENIG & BAUER (UK) PENSION SCHEME continued

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities which is set out on page 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 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, 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 Scheme 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE KOENIG & BAUER (UK) PENSION 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

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 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

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

KOENIG & BAUER (UK) PENSION SCHEME
(formerly KBA (UK) PENSION SCHEME)

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEES OF THE KOENIG & BAUER (UK) PENSION SCHEME

Statement about Contributions payable under the Schedule of Contributions

We have examined the Summary of Contributions to the Koenig & Bauer (UK) Pension Scheme (formerly KBA (UK) Pension Scheme) (the 'Scheme') for the year ended 5 April 2024 which is set out in the Trustees' Report on page 5.

In our opinion, contributions for the year ended 5 April 2024 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 5 July 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 5, 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.

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05-11-2024 | 14:55 GMT
……………………………..
Date

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

KOENIG & BAUER (UK) PENSION SCHEME
(formerly KBA (UK) PENSION SCHEME)

FUND ACCOUNT

	Note	Defined Benefit Section £	Defined Contribution Section £	2024 Total £	2023 Total £
Contributions and benefits					
Employer contributions		(180)	235,359	235,179	395,885
Employee contributions		-	248,562	248,562	255,538
Total contributions	6	(180)	483,921	483,741	651,423
Benefits paid or payable	7	(348,511)	-	(348,511)	(316,083)
Payments to and on account of leavers	8	-	(656,708)	(656,708)	(278,072)
Administrative expenses	9	(28,695)	(12,453)	(41,148)	(25,754)
Other payments	10	-	(31,065)	(31,065)	(27,626)
		(377,206)	(700,226)	(1,077,432)	(647,535)
Net additions/(withdrawals) from dealings with members		(377,386)	(216,305)	(593,691)	3,888
Returns on investments					
Investment income	11	93,025	-	93,025	89,418
Change in market value of investments	12	67,060	391,188	458,248	(734,494)
Net returns on investments		160,085	391,188	551,273	(645,076)
Net increase/(decrease) in the fund during the year		(217,301)	174,883	(42,418)	(641,188)
Net assets of the Fund At 6 April 2023		8,252,993	3,977,726	12,230,719	12,871,907
Net assets of the Fund At 5 April 2024		8,035,692	4,152,609	12,188,301	12,230,719

The notes on pages 33 to 46 form part of the financial statements.

KOENIG & BAUER (UK) PENSION SCHEME
(formerly KBA (UK) PENSION SCHEME)

STATEMENT OF NET ASSETS (available for benefits)

	Note	Defined Benefit Section £	Defined Contribution Section £	2024 Total £	2023 Total £
Investment assets:	12				
Pooled investment vehicles	13	7,258,590	4,120,693	11,379,283	11,292,689
Insurance policies	14	671,445	-	671,445	702,609
AVC investments	15	94,018	-	94,018	86,612
Total net investments		8,024,053	4,120,693	12,144,746	12,081,910
Current assets	20	24,442	42,258	66,700	166,777
Current liabilities	21	(12,803)	(10,342)	(23,145)	(17,968)
Net assets of the Fund At 5 April 2024		8,035,692	4,152,609	12,188,301	12,230,719

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 takes into account such obligations for the Defined Benefit Section, is dealt with in the Report on Actuarial Liabilities on pages 7 and 8 of the Annual Report, and these financial statements should be read in conjunction with this report.

The financial statements were approved by the Trustees on 05-11-2024 | 14:45 GMT

Signed by:
Stephanie Thomson
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S L THOMSON

The notes on pages 33 to 46 form part of the financial statements.

KOENIG & BAUER (UK) PENSION SCHEME
(formerly KBA (UK) PENSION SCHEME)

NOTES TO THE FINANCIAL STATEMENTS

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 FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland (Revised 2018) and the guidance set out in the Statement of Recommended Practice.
The financial statements have been prepared on a 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 which 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 and that there are no material uncertainties that lead to significant doubt upon the Scheme's ability to continue as a going concern.

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 on page 2.

3. Comparative disclosures for the Fund Account and Statement of Net Assets

FUND ACCOUNT

	Note	Defined Benefit Section £	Defined Contribution Section £	2023 Total £
Contributions and benefits				
Employer contributions		186,210	209,675	395,885
Employee contributions		-	255,538	255,538
Total contributions	6	186,210	465,213	651,423
Benefits paid or payable	7	(306,758)	(9,325)	(316,083)
Payments to and on account of leavers	8	-	(278,072)	(278,072)
Administrative expenses	9	(13,298)	(12,456)	(25,754)
Other payments	10	-	(27,626)	(27,626)
		(320,056)	(327,479)	(647,535)
Net additions/(withdrawals) from dealings with members		(133,846)	137,734	3,888
Returns on investments				
Investment income	11	89,418	-	89,418
Change in market value of investments		(665,814)	(68,680)	(734,494)
Net returns on investments		(576,396)	(68,680)	(645,076)
Net increase/(decrease) in the fund during the year		(710,242)	69,054	(641,188)
Net assets of the Fund At 6 April 2022		8,963,235	3,908,672	12,871,907
Net assets of the Fund At 5 April 2023		8,252,993	3,977,726	12,230,719

3. Comparative disclosures for the Fund Account and Statement of Net Assets (continued)

STATEMENT OF NET ASSETS (available for benefits)

	Note	Defined Benefit Section £	Defined Contribution Section £	2023 Total £
Investment assets:	12			
Pooled investment vehicles	13	7,409,712	3,882,977	11,292,689
Insurance policies	14	702,609	-	702,609
AVC investments	15	86,612	-	86,612
Total net investments		8,198,933	3,882,977	12,081,910
Current assets	20	66,615	100,162	166,777
Current liabilities	21	(12,555)	(5,413)	(17,968)
Net assets of the Fund At 5 April 2023		8,252,993	3,977,726	12,230,719

4. Accounting policies

The principal accounting policies of the Scheme are set out below

(a) Investments

- 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 together with foreign exchange gains and losses and currency translations.
- Unitised pooled investment vehicles (including AVC funds) have been valued at the latest available bid price or single price provided by the pooled investment manager.
- Annuities have been valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated from market conditions at the reporting date.

(b) Investment income

- Income from cash and short term deposits is accounted for on a receipts basis.
- Receipts from annuity policies are accounted for as investment income on an accruals basis related to the associated benefits payable.
- Investment income arising from the underlying investments of the accumulation fund pooled investment vehicles is reinvested with in the pooled investment vehicles and reflected in the unit price. Thus, it is reported within "Change in market value".

4. Accounting policies (continued)

(c) Foreign currency

- The Scheme functional and presentation currency is pounds sterling.

(d) Contributions

- Employee contributions, including AVCs are accounted for when they are deducted from pay by the employer.
- Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as the employees' contributions, in accordance with the Schedule of Contributions in force during the year.
- Employer deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the Employer and Trustees.
- Employer life insurance and administration contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions.

(e) 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 decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.
- Individual transfers in or out of the Scheme are accounted for when member liability is accepted or discharged which is normally when the transfer amount is received or paid.

(f) Expenses

- Expenses are accounted for on an accruals basis.

5. 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.

6. Contributions receivable

	Defined Benefit Section £	**2024 Defined Contribution Section £**	**Total £**
Employer contributions			
Normal	-	183,370	183,370
Deficit funding	(180)	-	(180)
Life and administration	-	51,989	51,989
	(180)	235,359	235,179
Employee contributions			
Normal	-	158,887	158,887
Additional voluntary contributions	-	89,675	89,675
	-	248,562	248,562
	(180)	483,921	483,741

		2023	
Employer contributions			
Normal	-	163,923	163,923
Deficit funding	186,210	-	186,210
Life and administration	-	45,752	45,752
	186,210	209,675	395,885
Employee contributions			
Normal	-	141,806	141,806
Additional voluntary contributions	-	113,732	113,732
	-	255,538	255,538
	186,210	465,213	651,423

Deficit funding contributions of £179,520 pa were payable from 1 July 2022 increasing annually thereafter at the rate of RPI + 0.5% until 31 March 2028. Given expected improvements in funding, it was agreed at the Trustees' meeting on 9 March 2023 that the Employer's contribution towards deficit funding would cease with effect from 31 March 2023.

The debit of £180 for Employer deficit funding contributions arises due to an overstatement in the comparative figures of that amount.

KOENIG & BAUER (UK) PENSION SCHEME
(formerly KBA (UK) PENSION SCHEME)

NOTES TO THE FINANCIAL STATEMENTS – continued

7. Benefits paid or payable

	2024 Defined Benefit Section £	2024 Defined Contribution Section £	2024 Total £
Pensions	323,092	-	323,092
Retirement lump sums	25,419	-	25,419
	348,511	-	348,511

	2023 £	2023 £	2023 £
Pensions	306,758	-	306,758
Retirement lump sums	-	9,325	9,325
	306,758	9,325	316,083

8. Payments to and on account of leavers

	2024 Defined Benefit Section £	2024 Defined Contribution Section £	2024 Total £
Individual transfers out to other schemes	-	656,708	656,708

	2023		
Individual transfers out to other schemes	-	278,072	278,072

9. Administrative expenses

	Defined Benefit Section £	2024 Defined Contribution Section £	Total £
Administration and processing	7,961	9,955	17,916
Actuarial fees	11,978	-	11,978
Consultancy and investment monitoring fees	6,320	-	6,320
Audit fees	2,425	2,425	4,850
Bank charges	11	73	84
	28,695	12,453	41,148

		2023	
Administration and processing	7,350	10,137	17,487
Actuarial fees	439	-	439
Consultancy and investment monitoring fees	3,200	-	3,200
Audit fees	2,300	2,300	4,600
Bank charges	9	19	28
	13,298	12,456	25,754

10. Other payments

	Defined Benefit Section £	2024 Defined Contribution Section £	Total £
Life insurance premiums	-	31,065	31,065

		2023	
Life insurance premiums	-	27,626	27,626

11. Investment income

	Defined Benefit Section £	2024 Defined Contribution Section £	Total £
Annuity income	92,981	-	92,981
Interest on cash deposits	44	-	44
	93,025	-	93,025
		2023	
Annuity income	89,404	-	89,404
Interest on cash deposits	14	-	14
	89,418	-	89,418

12. Reconciliation of investments

	Value at 6 April 2023 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 5 April 2024 £
Defined Benefit Section					
Pooled investment vehicles	7,409,712	-	(241,940)	90,818	7,258,590
Insurance policies	702,609	-	-	(31,164)	671,445
AVC funds	86,612	322	(322)	7,406	94,018
	8,198,933	322	(242,262)	67,060	8,024,053
Defined Contribution Section					
Pooled investment vehicles	3,882,977	377,102	(530,574)	391,188	4,120,693

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

For the Defined Contribution Section investments purchased by the Scheme are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment manager holds the investment units on a pooled basis for the Trustees. The Scheme administrator allocates investment units to members. The Trustees may hold investment units representing the value of employer contributions that have been retained by the Scheme that relate to members leaving the Scheme prior to vesting. Defined Contribution Section assets are allocated to members and the Trustees as follows:

	2024 £	2023 £
Members	4,140,475	3,910,472
Trustees	(19,782)	(27,495)
	4,120,693	3,882,977

13. Pooled investment vehicles

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

	2024 £	2023 £
Defined Benefit Section		
Bonds	7,258,590	7,409,712
Defined Contribution Section		
Equities	3,349,236	3,094,213
Bonds	170,657	108,574
Multi Asset	582,243	666,999
Cash	18,557	13,191
	4,120,693	3,882,977

14. Defined Benefit Section insurance policies

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

	2024 £	2023 £
Annuities with Prudential and Sun Life of Canada	671,445	702,609

15. Defined Benefit Section AVC investments

The Trustee holds assets invested separately from the main Defined Benefit Section investments to secure additional benefits on a money purchase basis for those Defined Benefit Section members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement made up to 5 April confirming the amounts held in the account allocated to them and the movements in the year. The aggregate amounts of AVC investments are as follows:

	2024 £	2023 £
Utmost Life and Pensions (unit linked funds)	94,018	86,612

16. Defined Contribution Section AVC investments

Included within the Defined Contribution Section holdings in the pooled investment vehicles shown in Notes 12 and 13 are investments relating to Additional Voluntary Contributions by the members. The aggregate amounts of AVC investments are as follows:

	2024 £	2023 £
M&G Financial Services Limited (unit linked funds)	318,860	282,051

17. Fair value hierarchy

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

Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained form sources independent of the reporting entity.

Level 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

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

	At 5 April 2024			
	Level 1 £	**Level 2 £**	**Level 3 £**	**Total £**
Defined Benefit Section				
Pooled investment vehicles	-	7,258,590	-	7,258,590
Insurance policies	-	-	671,445	671,445
AVC funds	-	94,018	-	94,018
	-	7,352,608	671,445	8,024,053
Defined Contribution Section				
Pooled investment vehicles	-	4,120,693	-	4,120,693
	-	11,473,301	671,445	12,144,746

	At 5 April 2023			
	Level 1 £	**Level 2 £**	**Level 3 £**	**Total £**
Defined Benefit Section				
Pooled investment vehicles	-	7,409,712	-	7,409,712
Insurance policies	-	-	702,609	702,609
AVC funds	-	86,612	-	86,612
	-	7,496,324	702,609	8,198,933
Defined Contribution Section				
Pooled investment vehicles	-	3,882,977	-	3,882,977
	-	11,379,301	702,609	12,081,910

18. Investment risk disclosures

(a) 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 meet its obligations.

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 are responsible for determining the Scheme's investment strategy. The Trustees have set the investment strategy for the Scheme after taking appropriate advice. Subject to complying with the agreed strategy, the day-to-day management of the asset portfolio of the Scheme, including the full discretion for stock selection, is the responsibility of the investment managers.

The Scheme has exposure to the above risks because of the investments it makes in following the investment strategy set out below (this does not include the AVC investments as they are not considered significant in relation to the overall investments of the Scheme). 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.

(b) Defined Benefit Section investment risks

(i) Investment strategy

The investment objectives of the Defined Benefit Section (DB Section), as outlined in the Scheme's Statement of Investment Principles ("SIP"), are:

1. To acquire suitable assets of appropriate liquidity that will generate income and capital growth to meet the cost of both current and future benefits.
2. To limit the risk of the assets failing to meet the cost of benefits.
3. To maximise the return on the assets within the context of objective 2.

The performance objective is to out-perform the return of the overall asset allocation benchmark, annualised over rolling three-year periods by margins set out in the SIP. The benchmark return is a composite of indices in line with the benchmark asset allocation.

18. Investment risk disclosures - continued

(ii) Credit risk

The Scheme is subject to credit risk through the Scheme's investment in bonds in a pooled investment vehicle managed by M&G Financial Services Limited, a wholly owned subsidiary of Prudential Pensions Limited and the Scheme's annuity policies. Credit risk arising on bonds is mitigated by investing in bonds in the underlying pooled fund where the majority are high quality corporate bonds and rated at least investment grade. The underlying pooled fund also holds a small proportion of non-investment grade credit rated instruments and financial derivatives with a view to adding value. Indirect credit risk is mitigated through diversification of the underlying securities to minimise the impact of default by any one issuer.

The Scheme's investments are held in pooled investment vehicles comprising unit-linked life insurance contracts managed by M&G Financial Services Limited. The Scheme's holdings in the pooled investment vehicles are not rated by credit rating agencies. The Trustees manage and monitor the credit risk arising from the Scheme's pooled investment vehicles by considering the nature of the arrangement, the legal structure, and regulatory environment. Investments backing unit-linked life insurance contracts are comingled with the insurer's own assets and direct credit risk is mitigated by capital requirements and the Financial Conduct Authority and Prudential Regulatory Authority's regulatory oversight. In the event of default by the insurer, the Scheme may be protected by the Financial Services Compensation Scheme and may be able to make a claim for at least 100% of its policy value, although compensation is not guaranteed.

The Trustees carry out due diligence checks on the appointment of new pooled investment managers and, on an ongoing basis, monitors any changes to the operating environment of the pooled manager.

The Scheme's annuity policies have been issued by various insurance companies. Credit risk arising from the annuity policies is managed in the same way as for pooled investment vehicles.

(iii) Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets via an unhedged Sterling priced pooled investment vehicle which holds underlying investments denominated in foreign currencies.

(iv) Interest rate risk

The Scheme is subject to interest rate risk because the value of the Scheme's liabilities is calculated including a reference to the yields on long-term bond assets. The Trustees manage this exposure to the extent that they invest in assets with a similar link to interest rates and duration, through the Scheme's allocation to bonds.

(v) Other price risk

Other price risk arises principally in relation to credit risk in the pooled vehicle held in corporate bonds.

(c) Defined Contribution Section investment risks

(i) Investment strategy

The Trustees recognise that individual members have different investment needs and that these may change during the course of their working lives. They also recognise that members have differing attitudes to risk. The Trustees' investment objective, as outlined in the Scheme's Statement of Investment Principles ("SIP"), is to make available a suitable range of pooled investment vehicles to enable members to make adequate provision for their retirement and to control the risks as they see them.

18. Investment risk disclosures - continued

The pooled investment vehicles are passively managed in index-tracker funds designed to replicate UK and overseas equity and bond market indices. The Scheme offers a Lifestyle Option which progressively switches funds invested by asset class over the 10 years preceding retirement age from 100% in global equities to 75% in long term bonds and 25% in cash on deposit. The Lifestyle Option is designed to smooth out movements in investment markets to protect the purchasing power of the member's fund over the period prior to retirement.

The Trustees' investment strategy is reviewed on an annual basis in conjunction with advice received from the investment consultant.

(ii) Credit risk

The Scheme invests in pooled investment vehicles comprising unit-linked life insurance contracts managed by M&G Financial Services Limited. The Scheme's holdings in the pooled investment vehicles are not rated by credit rating agencies. The Trustees manage and monitor the credit risk arising from the Scheme's pooled investment vehicles by considering the nature of the arrangement, the legal structure, and regulatory environment. Investments backing unit-linked life insurance contracts are comingled with the insurer's own assets and direct credit risk is mitigated by capital requirements and the Financial Conduct Authority and Prudential Regulatory Authority's regulatory oversight. In the event of default by the insurer, the Scheme may be protected by the Financial Services Compensation Scheme and may be able to make a claim for at least 100% of its policy value, although compensation is not guaranteed.

The 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.

(iii) Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets via unhedged Sterling priced pooled investment vehicles which hold underlying investments denominated in foreign currencies.

(iv) Interest rate risk

Interest rate risk arises primarily during the period preceding a member's retirement to the extent that a change in investment market rates might lead to a reduction in anticipated benefit. This risk may be managed by investment according to the Lifestyle Option which the Scheme offers.

(v) Other price risk

Other price risk arises principally in relation to the Scheme's funds in pooled vehicles held in equities. The Trustees manage this exposure to overall price movements by holding a portfolio of investments that is diversified across various markets.

19. Concentration of investments

The following investments each account for more than 5% of the Scheme's net assets at the year-end:

	2024		2023	
	£	%	£	%
M&G PP Long Dated Corporate Bond Fund	7,258,590	59.6	7,409,712	60.6
M&G PP Episode Allocation Fund	n/a	n/a	666,999	5.5
M&G PP Long Term Growth Passive Fund	3,349,236	27.5	3,094,213	25.3

20. Current assets

	2024 **Defined Benefit Section** **£**	**Defined Contribution Section** **£**	**Total** **£**
Cash balances	24,425	30,051	54,476
Amount due from Defined Contribution Section	17	-	17
Amount due from Defined Benefit Section	-	2,548	2,548
Amount due from Employer	-	-	-
Group life premium prepayment	-	9,659	9,659
Contributions due from Employer in respect of:			
Employer	-	-	-
	24,442	42,258	66,700
		2023	
Cash balances	48,216	88,906	137,122
Amount due from Defined Contribution Section	-	-	-
Amount due from Defined Benefit Section	-	-	-
Amount due from Employer	1,089	1,089	2,178
Group life premium prepayment	-	10,167	10,167
Contributions due from Employer in respect of:			
Employer	17,310	-	17,310
	66,615	100,162	166,777

The contributions due from the Employer have been received in accordance with the Schedule of Contributions.

21. Current liabilities

	2024 **Defined Benefit Section** **£**	**Defined Contribution Section** **£**	**Total** **£**
Administration expenses accrued	10,255	10,325	20,580
Amount due to Defined Benefit Section	-	17	17
Amount due to Defined Contribution Section	2,548	-	2,548
	12,803	10,342	23,145
		2023	
Administration expenses accrued	12,555	5,413	17,968
Amount due to Defined Benefit Section	-	-	-
Amount due to Defined Contribution Section	-	-	-
	12,555	5,413	17,968

22. Related party transactions

The Principal Employer provides secretarial and certain administration services to the Trustees and bears these costs. The costs borne by the Principal Employer in relation to the Scheme are not reflected in the financial statements.

Transactions with related parties of the Scheme have been disclosed in the annual report as follows:

Contributions receivable from the Principal Employer are disclosed in Note 6.

Contributions in accordance with the Scheme rules have been paid by the Principal Employer in respect of all of the Trustees.

23. Employer related investments

There were no direct employer related investments at the year end. Any potential indirect employer related investment through pooled investment vehicles is unintentional and would represent less than 0.1% of Scheme net assets.

24. Contingent liabilities

GMP equalisation

As explained on page 6 of the Trustees' Report, in October 2018 the High Court ruled that pension schemes are required to equalise benefits between men and women for the effect of Guaranteed Minimum Pensions (GMP) which were accrued on or after 17 May 1990.

The High Court has since determined that trustees owed a duty to a transferring member to make a transfer payment which reflected the member's right to equalised benefits. Where the initial transfer payment was inadequate on this basis, the trustee is under an obligation to make a top-up payment to the receiving scheme on behalf of the transferred member.

The Trustees are reviewing, with its advisers, the implications of these rulings in the context of the Scheme rules and the value of any liability. On completion of the review, the Trustees will put together a plan for correcting past benefits as well as inequalities in benefits coming into payment.

Ruling on Amendments of Contracted-Out Salary-Related pension schemes

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

KOENIG & BAUER (UK) PENSION SCHEME
(formerly KBA (UK) PENSION SCHEME)

SCHEDULE OF CONTRIBUTIONS INCORPORATING ACTUARIAL CERTIFICATE

Introduction

This Schedule of Contributions has been prepared by the Trustees of the Koenig & Bauer (UK) Pension Scheme (the "Scheme"), to satisfy the requirements of Section 223 of the Pensions Act 2004. It supersedes the previous Schedule of Contributions and takes effect from 5 April 2023. As required by the Pensions Act 2004, the Trustees have received actuarial advice from the Scheme Actuary, Anika Nicholson.

Defined Benefits Section

Contributions to be paid towards the Scheme

As there was no shortfall in funding at the 5 April 2023 triennial valuation date, no contributions will be required on or after 5 April 2023.

The Employer may make contributions in addition to those specified in this Schedule of Contributions at any time.

Expenses

Prior to 1 April 2024, the costs and expenses of administering and managing the Scheme will be paid out of the assets of the Scheme. In respect of the Pension Protection Fund levy and any other costs incurred, these will be met by the Employer.

From 1 April 2024, the costs and expenses of administering and managing the Scheme including the Pension Protection Fund levy, alongside any costs associated with the buy-out or wind-up of the Scheme, will be paid out of the Scheme assets.

Augmentations

The Employer will pay additional amounts to cover the costs of benefit augmentations within one month of the later of the date of granting the augmentation and the date on which the Employer agrees to pay such additional contributions (if any) as the Trustees consider appropriate after obtaining the advice of the Actuary.

Defined Contributions Section

Contributions to be paid to the Scheme until this Schedule is superseded.

Member Contributions

Members shall pay contributions monthly on the following basis:

Age attained at 6 April	Basic Contribution	Additional Matched Contribution
Under 40	4.0%	0.5% - 2.0%
40 and over	5.0%	0.5% - 2.0%

Contributions shall be based on Members' Pensionable Earnings. Additional Matched Contributions are voluntary.

Contributions shall be paid by 19th of the month of deduction from Members' salaries.

Employer contributions

Age attained at 6 April	Basic Contribution	Additional Matched Contribution
Under 40	6.5%	0.5% - 2.0%
40 and over	8.0%	0.5% - 2.0%

Contributions shall be based on Members' Pensionable Earnings and, in the case of Additional Matched Contributions, shall only be payable if the Member pays an equivalent rate of Additional Matched Contributions.

Contributions shall fall due on the last day of each calendar month in respect of that month and shall be paid by the 19th of the subsequent month.

This schedule does not cover the Employer's commitment to pay across to the Trustees Additional Voluntary Contributions made by Members.

This Schedule of Contributions has been agreed by the Trustees of the Scheme and the Principal Employer, Koenig & Bauer (UK) Ltd.

Signed on behalf of Koenig & Bauer (UK) Ltd

C W Scully

Name: Christopher Scully
Position: CEO
Date: 17th May 2024

Signed on behalf of the Trustees of Koenig & Bauer (UK) Pension Scheme

S Thomson

Name: Stephanie Thomson
Position: Trustee
Date: 17th May 2024

Certification of Schedule of Contributions

Name of scheme: **Koenig & Bauer (UK) Pension Scheme**

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective can be expected to continue to be met for the period for which the schedule is in force.

Adherence to Statement of Funding Principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 17 May 2024.

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

Signature: **Date:** 17 May 2024

Name: Anika Nicholson **Qualification:** FIA, Fellow of the Institute and Faculty of Actuaries

Name and address of Employer (if applicable):
Gemmell Financial Services Limited
9 Sandridge Park
Porters Wood
St. Albans
AL3 6PH

Note: This certificate needs to be read in conjunction with the Schedule of Contributions signed by the Trustees and Company.

Koenig & Bauer (UK) Pension Scheme

Statement of Investment Principles by the Trustees

1. Background

This Investment Statement sets down the principles governing decisions about investments for the Koenig & Bauer (UK) Pension Scheme (formerly the KBA (UK) Pension Scheme) to meet the requirements of the Pensions Act 1995 and subsequent legislation. Before preparing it, we have consulted Koenig & Bauer (UK) Ltd, the principal employer, and considered written professional advice from our investment consultants. We will review this Statement at least once every three years, or more frequently, if required. This Statement supersedes all previous versions. Our investment responsibilities are governed by the Scheme's Trust Deed; a copy of which is available for inspection on request to the Trustees.

2. Defined Benefit Section

2.1 Process for Choosing Investments

The process for choosing investments is as follows:

- to identify appropriate investment objectives;
- to agree the approximate level of risk consistent with meeting the objectives set;
- to construct a portfolio of investments that is expected to maximise the return (net of all costs) whilst considering the targeted level of risk.

In considering the appropriate investments for the Scheme the Trustees have obtained and considered the written advice of their investment consultants. The advice received and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

2.2. Investment Policy

The Trustees' objective is to invest the Scheme's assets in the best interest of the members and beneficiaries, and in the case of a potential conflict of interest in the sole interest of the members and beneficiaries. The Trustees' primary objectives are as follows:

- to make sure that the assets can meet the obligations to the beneficiaries of the Scheme; and
- to pay due regard to Koenig & Bauer (UK) Ltd's interests in the amount, stability and incidence of the employer's contribution payments.

The Trustees try to achieve these aims by seeking to maximise the overall return on the Scheme's assets, whilst maintaining a prudent and balanced investment exposure.

2.3. Risk Management and Measurement

There are various risks to which any pension plan is exposed. The Trustees' policy on risk management is as follows:

- the primary risk upon which the Trustees focus is that arising through a mismatch between the Scheme's assets and its liabilities. The Scheme's liabilities are sensitive to changes in interest rates, inflation expectations and credit spreads; as such the assets are invested to reflect these sensitivities, to manage this mismatch risk;
- the Trustees recognise that whilst increasing risk increases potential returns over a long period, it also increases the risk of a shortfall in returns relative to that required to cover the Scheme's accruing liabilities as well as producing more short-term volatility in the Scheme's funding position. Consequently, the Trustees have considered carefully the implications of adopting different levels of risk;
- the Trustees recognise the risks that may arise from a lack of diversification of investments. Based on the principle of managing the risk from a mismatch of assets and liabilities, the Trustees aim to ensure the asset allocation policy results in an adequate diversification. Due to the size of the Scheme's assets and recognising the need to diversify, investment exposure is obtained via pooled vehicles;
- the Trustees recognise the exchange rate risk associated with investments in unhedged overseas investments;
- the Trustees have adopted an investment strategy that makes due allowance for the need for liquidity of the Scheme's assets. We are satisfied that the Scheme's assets are in securities and other investments which are readily marketable should the need arise;
- the Trustees regularly monitor the Scheme's assets to check the continuing suitability of the current investments;
- the safe custody of the Scheme's assets is delegated securely via the use of pooled vehicles;
- the Trustees recognise that Environmental, Social and Governance risks (including but not limited to climate change) are considered to be financially material. Further information is set out in Section 7;
- should there be a material change in the Scheme's circumstances, the Trustees will review whether and to what extent the investment arrangements should be altered; in particular whether the current risk profile remains appropriate.

2.4 Investment Strategy

The Trustees determine investment strategy following consultation with the Company by taking into account the Scheme's liability profile, the funding position, their assessment of the strength of the covenant of the Company and the Trustees' risk/return objectives.

The Scheme Actuary has advised us that the results of the 5 April 2023 triennial actuarial valuation indicated that the assets of the Scheme covered its benefit liabilities by 120% on a valuation basis intended to estimate the cost of securing benefits with an insurance company, albeit that the true cost can only be known by approaching insurers.

Our investment policy is to broadly match the Scheme's benefit liabilities by appropriate asset classes. Following consultation with the Company, we consider that the benefit liabilities should be matched by insured annuities and bond investments. We consider our investment policy will best deliver our aim of seeking to maximise overall return consistent with an appropriate degree of investment risk taking into account the solvency position of the Scheme.

Based on this investment policy we have determined a current target strategic asset allocation of 100% of assets invested in medium and long-dated bonds inclusive of a small cash on deposit holding for liquidity purposes.

The target asset class allocation has been changed from that set out in our previous Statement by switching from the funds invested in return-seeking assets to 100% of assets invested in medium and long-dated bonds. The Trustees will keep their target asset class allocation under review taking into account the development of the Scheme's solvency position.

2.5 Day to Day Management of the Assets

To implement our strategic asset allocation the Trustees delegate day-to-day investment decisions to M&G Investment Management Limited, a wholly owned subsidiary of Prudential Pensions Limited ('M&G Investments Pooled Pensions') who manage the invested assets of the Scheme in pooled fund vehicles which are unitised and invested in quoted securities. All units are redeemable at bid prices calculated from Stock Exchange prices. Prudential Pensions Limited is regulated by the Financial Conduct Authority (FCA) and the Prudential Regulatory Authority (PRA). Our contracts with the manager are evidenced by a policy of assurance.

In addition the Trustees hold cash invested on deposit with a reputable banking institution at a competitive rate of interest for working capital purposes.

Additional Voluntary Contributions are separately invested with insurance companies or approved providers using the appropriate contract for the members concerned, or in the funds available for investment under the Scheme's Defined Contribution Section.

The funds in which we currently invest the assets backing the Defined Benefit Section liabilities with target benchmark allocations and performance objectives are as follows:

Fund	% of invested assets	Benchmark	Performance objective
Long Dated Corporate Bond Fund	99.0	iBoxx Sterling Over 15 Years Non-Gilts Index	Benchmark return plus 0.8% p.a. gross of fees over rolling 3 year periods
Cash on Deposit	1.0	Sterling Overnight Index Average (SONIA) 1 Week	Benchmark return

Defined Contribution Section

3.1 Investment Objectives and Risk

For investment of the Defined Contribution Section of the Scheme the Trustees recognise that individual members have different investment needs and that these may change during the course of their working lives. They also recognise that members have differing attitudes to risk.

3.2 Investment Objective

The Trustees' investment objective is to make available a suitable range of pooled investment vehicles to enable members to make adequate provision for their retirement and to control the risks as they see them.

3.3 Risk

The Trustees have taken into consideration on behalf of the members, the following aspects of risk:

- the risk that investment returns might not, over a member's working life, secure an adequate pension;
- the risk, that during the period preceding retirement, a change in investment market conditions might lead to a reduction in anticipated benefit;
- the risk that the performance of the investment vehicles offered falls short of expectations.

3.4 The Investment Options

The Trustees offer the members a range of investment fund options in unitised pooled funds managed by M&G Investment Management Limited, a wholly owned subsidiary of Prudential Pensions Limited (`M&G Investments Pooled Pensions'). All units of the pooled funds are redeemable at bid prices. Prudential Pensions Limited is regulated by the Financial Conduct Authority (FCA) and the Prudential Regulatory Authority (PRA). Our contracts with the manager are evidenced by policies of assurance.

The fund range includes passively managed funds designed to replicate UK and Overseas equity and bond market indices and an actively managed fund which invests in a broad range of diversified asset classes as described below.

The fund choices from **M&G Investments Pooled Pensions** are as follows:

Long-Term Growth Index Fund

Invests in UK and Overseas equities passively managed with a disposition of approximately 35% UK and 65% Overseas. The Overseas disposition is determined by the economic importance of each region and is currently approximately:

US:	17.0%
Europe:	15.0%
Pacific Basin ex-Japan:	17.0%
Japan:	7.5%
Emerging Markets:	6.0%
China	2.5%

As each portion of the Fund is passively managed, the investment return will reflect that achieved by the local market index.

The Long-Term Growth Index Fund is specifically designed for investment for members for long term investment to benefit from the higher growth opportunities that equity investments offer over the long term. It benefits from a low annual management charge and diversification across and within individual markets and market sectors. Because the Fund invests entirely in equities, its value is likely to go down as well as up over periods which may last a number of years.

Episode Allocation Fund

Invests in a range of asset classes to spread investment risk and reduce the volatility of returns. The fund targets combined income and capital growth of at least 5% a year above a cash on deposit return. The fund has a very flexible investment approach with the freedom to invest in different types of assets. The fund will invest in derivatives.

The fund has typical exposure limits in asset classes as follows:

Developed and Emerging Market equities and convertibles	20% - 60%
Bonds and cash instruments	30% - 75%
Other assets	0%-20%

Long Term Bond Fund

Invests wholly in bonds, 50% in UK Government long dated bonds (gilts) and 50% in high quality long dated corporate bonds. The gilts are passively managed and the corporate bonds are actively managed.

The Long Term Bond Fund is suitable for members nearing retirement. The Fund is designed to protect the value of the member's personal account in the period prior to securing an annuity at retirement.

Cash Fund

Invests in short term cash deposits and instruments, short term UK government bonds and bills and Certificates of Deposit.

The Cash Fund may be suitable in the period immediately prior to retirement, perhaps in conjunction with the Long Term Bond Fund, particularly for members who wish to take part of their personal account as a cash lump sum on retirement.

The fund options apply to basic contributions as well as additional matched contributions and additional voluntary contributions for members of both the Defined Contribution Section and the Defined Benefit Section. The Trustees believe that this range of fund options is suitable for meeting the investment objective and risk considerations outlined in paragraph 3.3.

The fund range has been designed to offer choices to suit members at different stages in their working lifetimes. Switches between funds may be made to suit changing requirements. Up to 2 fund switches are permitted each year.

Lifestyle Options

For members who do not wish to self-select their fund choices, the Lifestyle options operate as the default and apply if members do not make specific fund choices. The Lifestyle options have been designed to be suitable to members' investment requirements and objectives throughout the different stages of their working lifetimes.

There are two Lifestyle options:

- the **Default Lifestyle Option** is designed for members who wish to secure a guaranteed level of pension at retirement by purchasing an annuity from an insurance company;
- the **Alternative Lifestyle Option** is designed for members who are attracted to flexible retirement benefits and who may wish to take cash lump sums and pension income on a variable basis during retirement to suit their financial requirements from time to time.

Both Lifestyle options are invested in the same way in the *Growth and Consolidation* phases, but follow different investment strategies in the Pre-Retirement phase.

- During the *Growth* phase of the working lifetime, the period up to 10 years preceding Selected Retirement Age, the member's personal account is invested in a growth-oriented strategy (*75% Long Term Growth Index Fund/ 25% Episode Allocation Fund*) with an emphasis on global equities and the aim of maximising the value of the member's personal account over this period.
- During the *Consolidation* phase, the period between 10 and 5 years preceding Selected Retirement Age, the member's personal account is progressively switched to be invested according to a balanced profile of equity and bond assets (*40% Long Term Growth Index Fund/ 30% Episode Allocation Fund/ 30% Long Term Bond Fund*).
- During the *Pre-Retirement* phase, in the 5 years preceding Selected Retirement Age:
  - for the *Default Lifestyle Option*, investment is progressively switched to a predominantly bond oriented profile (*75% Long Term Bond Fund/ 25% Cash Fund*) preparatory to the purchase of an annuity to provide a guaranteed income in retirement with the aim of stabilising the member's personal account to protect its pension purchasing power at retirement age;
  - for the *Alternative Lifestyle Option*, investment is maintained on the balanced basis of the Consolidation phase preparatory to the purchase of a personal pension for members who wish to continue to manage their pension fund in retirement and provide flexible cash and pension benefits by income drawdown to suit their circumstances from time to time.

Members may override the Lifestyle option at any time and choose a self-select investment strategy.

Selected Retirement Age

The Lifestyle option operates in conjunction with a Selected Retirement Age which in default is State Pension Age. Members may change their Selected Retirement Age at any 6 April Scheme renewal date.

4. Buying and selling investments

We have delegated the responsibility for buying and selling investments to the respective investment managers. The day-to-day activities which the investment managers carry out are governed by the agreements between us as evidenced by the policies of assurance issued, which are reviewed from time to time to ensure that the operating instructions, guidelines and restrictions remain appropriate.

5. Investment Management Fees

The fees currently applicable to the main investment funds are:

Fund	Ratio Total Expense % p.a.
Defined Benefit Section	
M&G Investments Pooled Pensions Long Dated Corporate Bond Fund	0.32
Defined Contribution Section	
M&G Investments Pooled Pensions	
- Long Term Growth Index Fund	0.29
- Episode Allocation Fund	0.55
- Long Term Bond Fund	0.22
- Cash Fund	0.11

The investment management charges are subject to maxima which in certain cases could increase the current level of fees indicated above.

Additionally contractual maximum bid/offer spreads could apply.

6. Investment Consultant Fees

The fees charged by our investment consultants, Colin Mercer Actuarial Services, are according to a time/cost basis.

7. Financially Material & Non-Financially Material Factors including Social, Environmental and Ethically Responsible Investment

Financially material considerations, including Environmental, Social, and Corporate Governance (`ESG') considerations (including climate change) are considered by the Trustees.

The Trustees believe that ESG factors may have a material impact on investment risk and return outcomes, and seek to integrate ESG into their decision making and reporting processes. The Trustees also recognise that long-term sustainability issues, including climate change, present risks and opportunities that increasingly may require explicit consideration. The Trustees have taken into account the expected time horizon of the Scheme when considering how to integrate these issues into the investment decision making process.

The Trustees have given their investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercise of stewardship obligations attached to the Trustees' investments in accordance with current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

As the Trustees invest in pooled fund arrangements they have not set any investment restrictions on the appointed investment managers in relation to particular products or activities. However, with the assistance of the investment consultant, the Trustees monitor the activities of the investment managers in relation to ESG factors and risks, including engagement with investee firms and the exercise of voting rights.

The Trustees do not explicitly take into account any non-financial matters (for example the views of members of the Scheme) in the selection, retention and realisation of assets.

8. Illiquid Investments

The Trustees do not currently hold or have stated intentions of holding any illiquid investments on behalf of Defined Contribution Section members in the fund choices or default investment options. The funds in which the Trustees invest are pooled funds which are unitised and readily marketable.

9. Monitoring the Investment Managers

For the Defined Benefit Section, the Trustees measure the managers' performance according to the performance objective of each fund.

For the Defined Contribution Section, the funds available for investment are mainly passively managed and accordingly are measured against the appropriate market indices.

The Trustees monitor the managers' performance periodically at Trustee meetings.

The Trustees' investment policy is subject to periodic review at least annually or in the event of a significant change to the balance of liabilities of the Scheme.

Colin Mercer Actuarial Services are retained as investment consultants to assist the Trustees in fulfilling their responsibility for monitoring the investment managers.

10. Compliance with this Statement

We, the Trustees, the investment managers, and our investment consultants, (all of whom have been appointed by the Trustees) each have duties to perform to ensure compliance with this Statement. These are:

The Trustees will review this Statement at least every three years and the investment managers' performance and actions on a regular basis on the advice of our investment consultants and will regularly record compliance with it.

The investment managers will prepare quarterly reports to the Trustees including:

- a valuation of all investments held for the Scheme;
- records of all transactions together with a cash reconciliation;
- a review of recent actions undertaken on behalf of the Scheme together with a summary of their current stated policy.

The investment managers will also notify us in advance of any new investment categories in which they are proposing to invest.

Our investment consultants will provide the advice needed to allow us to review and update this Statement at least every three years (or more frequently if required) and to review the performance and actions of the investment managers on a regular basis.

S L Thomson

P J Banks

On behalf of The Trustees of the Koenig & Bauer (UK) Pension Scheme

Date 8th October 2024