

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

FOR

**CROSSROADS COMMERCIALS LIMITED
RETIREMENT BENEFITS SCHEME**

Hollis and Co Limited
Chartered Accountants
Statutory Auditor
35 Wilkinson Street
Sheffield
South Yorkshire
S10 2GB

CROSSROADS COMMERCIALS LIMITED
RETIREMENT BENEFITS SCHEME

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FOR THE YEAR ENDED 30 JUNE 2022

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**CROSSROADS COMMERCIALS LIMITED
RETIREMENT BENEFITS SCHEME**

**TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 30 JUNE 2022**

CHAIR:	D Crowley
OTHER TRUSTEES:	P Harrison Mrs K A Heath
SPONSORING EMPLOYER:	Crossroads Truck & Bus Limited Pheasant Drive Birstall West Yorkshire WF17 9LR
ENQUIRIES:	The Trustees, Crossroads Truck & Bus Limited.
ACTUARY:	G Foster FFA
AUDITORS:	Hollis and Co Limited Chartered Accountants Statutory Auditor 35 Wilkinson Street Sheffield South Yorkshire S10 2GB
INVESTMENT MANAGERS:	Royal London Asset Management 55 Gracechurch Street London EC3V 0RL
ADMINISTRATORS:	Royal London Group PO Box 413 Royal London House Alderley Road Wilmslow SK9 1PF
BANKERS:	HSBC Bank Plc PO Box 105 33 Park Row Leeds LS1 1LD
LEGAL ADVISERS:	Arc Pensions Law LLP Park House Park Square West Leeds LS1 2PW

CROSSROADS COMMERCIALS LIMITED RETIREMENT BENEFITS SCHEME

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2022

The Trustees present their report for the year ended 30 June 2022.

The scheme

The scheme is an occupational pension scheme set up under trust to provide retirement benefits and death benefits for all eligible employees of Crossroads Truck and Bus Limited. It is governed by the Definitive Trust Deed dated 1 February 1980 and subsequent amendments.

The scheme is a Registered Pension Scheme for tax purposes. In accordance with the provisions of Schedule 36 of the Finance Act 2004, the Fund is a registered pension scheme under Chapter 2 of Part 2 of the Finance Act 2004.

The scheme became closed to new entrants with effect from 1 October 2007 and closed for further contributions on 1 February 2017.

Responsibility for setting the strategy and for managing the scheme rests with the Trustees. The Trustees meet three times a year on a four monthly basis.

MANAGEMENT OF THE SCHEME

The Trustees during the year under review were:

D Crowley
P Harrison
Mrs K A Heath

The power of appointing and removing Trustees is exercised by Trust Deed and invested in the employer, other than Member Nominated Trustees.

The Trustee Board is comprised of the following people – Kelly Heath as MNT, Phil Harrison as Employer Nominated Trustee and David Crowley as the Chair of the Trustee Board. This structure satisfies the requirement of the Pensions Act 2004 for at least one third of the Trustees to be MNTs.

FINANCIAL DEVELOPMENT

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

The value of the fund at 30 June 2022 was £17,744,518 (2021: £18,402,866). The net decrease from dealings with members for the period ended 30 June 2022 was £587,071 (2021: increase £43,079) and the net returns on investments were a decrease of £71,277 (2021: increase £2,768,037).

CROSSROADS COMMERCIALS LIMITED RETIREMENT BENEFITS SCHEME

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2022

ACTUARIAL STATUS OF THE SCHEME

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

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, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustee and the employer and set out in the Statement of Funding Principles, a copy of which is available to scheme members on request.

The most recent triennial valuation of the scheme was carried out as at 1 July 2021. The results of the funding valuation at 1 July 2021 are:

Value of technical provisions	£7.990m
Value of assets available to meet technical provisions	£5.542m
Value of assets as a percentage of technical provisions	69%

The next triennial valuation is due as at 1 July 2024. A funding update was provided by XPS Pensions at 1 July 2022 and this indicates a value of assets as a percentage of technical provisions of 99%, which is ahead of plan

Method

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

Significant actuarial assumptions

Discount interest rate: term dependent rates set by reference to the fixed interest gilt curve (as derived from Bank of England data) at the valuation date of 1.8% before retirement and 0.9% after retirement.

Retail Price inflation: term dependent rates derived from the Bank of England fixed interest and index-linked gilt curves at the valuation date. Rate 3.6% p.a.

Consumer Price inflation: term dependent rates derived from the Bank of England fixed interest and index-linked gilt curves at the valuation date. Rate 2.9%

Pension increases: GMP earned before 5/4/88 = 0.0% p.a.

Pension increases: GMP earned on or after 6/4/88 (CPI max 3%) = 2.9% p.a.

Mortality: base tables Males: S3PMA + 3 years and Females: S3PFA + 3 years

Mortality: future improvements Males: CMI_2020_M (2%) and Females: CMI_2020_F (2%)

Retirement age 65 for males, age 60 for females, age next birthday if member has already attained these ages

**CROSSROADS COMMERCIALS LIMITED
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**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 JUNE 2022**

MEMBERSHIP

Details of membership of the scheme during the year are shown below:

	At 1.7.21	Increase	Decrease	At 30.6.22
Active members	-	-	-	-
Pensioners	40	11	-	51
Deferred pensioners	<u>265</u>	<u>-</u>	<u>(20)</u>	<u>245</u>
	<u>305</u>	<u>11</u>	<u>(20)</u>	<u>296</u>

PENSION INCREASES

The scheme rules make provision for increases in pensions in payment. The increases applied depend on when the benefits were accrued.

The rates of increase to pensions in payment for GMP earned before 6 April 1988 is 0.0%.

The rates of increase to pensions in payment for GMP earned after 6 April 1988 is linked to CPI.

No discretionary increases were applied.

TRANSFER VALUES

Cash equivalents paid during the year with respect to transfers have been calculated and verified in the manner prescribed by the Pension Schemes Act 1993 and do not include discretionary benefits.

EXPRESSION OF WISH FORMS

The Trustees would like to remind members that they can indicate to the Trustees the persons whom they wish any lump sum benefits to be paid in the event of their death. The Trustees will then be able to take members' wishes into account, although they are not obliged to do so. Members are also advised to review their expression of wish forms should their circumstances change.

GMP EQUALISATION

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's Defined Benefit Pension Schemes. The judgement concluded the scheme should be amended to equalise pension benefits for men and women in relation to Guaranteed Minimum Pension (GMP) benefits.

The scheme has two different types of benefit – Defined Contribution and Defined Benefit. This issue will impact the Defined Benefit element of the scheme and the Trustees have discussed GMP equalisation several times with Financial, Actuarial and Legal Advisers to the scheme. In February 2022 the Trustees reviewed the first phase of GMP Equalisation work, undertaken by XPS Pensions. Further to this the Trustees have also reviewed a response from the legal advisers to the scheme ARC Pensions Law. The work towards GMP Equalisation continues and is the main priority for the Trustee board. The Trustees will provide updates to members who are impacted by GMP in future communications.

FURTHER INFORMATION

Royal London act as administrators to the scheme however member communications and information are required to pass via the Trustees of the scheme for review. If members require further information in relation to the benefits held within the scheme, they are asked to either email crossroadsrbs@purplewm.com or write to the Trustees at:

Crossroads Commercials Retirement Benefit Scheme
Crossroads Truck & Bus Ltd
Pheasant Drive
Birstall
WF17 9LR

CROSSROADS COMMERCIALS LIMITED RETIREMENT BENEFITS SCHEME

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2022

INVESTMENT MANAGEMENT

The Trustees are responsible for determining the scheme's investment strategy with the assistance of the investment adviser.

A Statement of Investment Principles has been produced by the Trustees for the scheme as required under Section 35 of the Pensions Act 1995. A copy is available at the following weblink:

<https://www.dealer.volvotrucks.co.uk/crossroads/misc/pay.html>

The Trustees have compiled an Implementation Statement for the scheme year ending 30 June 2022 reviewing how they have complied with the policies outlined in their Statement of Investment Principles. The Implementation Statement can be found at the same weblink.

Investment Policy and Management

Investment policies are determined by the Trustees with the assistance of the investment adviser. Investment managers are regulated by the Financial Conduct Authority (FCA) and have the authority for investment policy consistent with their respective mandates. The Investment managers' performance is measured against the fund specific benchmark and this is, in turn, reviewed by the Trustees on a regular basis.

Royal London's fees are primarily based on the market value of the assets under management. The Total Expense Ratio includes the fund's annual management charge plus any audit, custodian, registration or compliance fees paid out of the fund's assets.

The Default investment option for Money Purchase funds is the Royal London Balanced Lifestyle Strategy Target Drawdown. Members also have a choice of alternative funds if they wish to deviate from the default:

RL Balanced Lifestyle Strategy Target Cash
RL Balanced Lifestyle Strategy Target Annuity
RL Governed Portfolios - Risk levels 1 through to 9
RL Deposit Fund
RL Corporate Bond Fund
RL Property Fund
RL Managed Fund
RL Worldwide Fund

The Annual Management Charge for Royal London Funds is discounted by 0.45% for members of the Crossroads Commercials Ltd Retirement Benefits Scheme. In addition, as a mutual company, Royal London operate a Profit Share arrangement which saw a bonus returned to members of 0.15% in April 2022 effectively reducing the fund AMC to 0.40% p.a.

The Trustees invest the member GMP funds and the Contingency Account using the investment management and asset allocation expertise of Royal London via Governed Portfolio 5 and the Royal London Managed Fund. This provided a balanced attitude to investment risk. Trustees benefit from a discount of 0.25% on the investment of GMP funds (60781) and 0.6% on the investment of Contingency Funds (15996).

Custodial arrangements

During the year the scheme's investments were held in Pooled Investment Funds managed by Royal London Asset Management who are the custodians of invested funds. The Trustee bank account is held with HSBC who act as the custodians of Trustee cash. The custodian of the scheme's assets are the Trustees.

CROSSROADS COMMERCIALS LIMITED
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 JUNE 2022

Market Commentary

In quarter three of 2021 most developed equity markets produced positive returns as the ongoing economic revival outweighed concerns about the continued spread of coronavirus and growing supply chain problems. Business confidence remained strong as most regions continued to recover and investor confidence remained robust. However, towards the end of the quarter central banks began to talk about winding-up asset purchase programmes and indicated that rate hikes were closer than expected. This caused government bond yields to rise sharply and equity markets to fall back.

In quarter four rising inflation, ongoing supply chain problems, speculation about central bank interest rates and the emergence of the Omicron variant drove markets. Most developed equity markets produced positive returns; however, there were periods of considerable volatility. The emergence of the more infectious Omicron variant sparked a particularly short and sharp sell-off when it was detected in late November. US equities benefited from positive sentiment for most of the quarter. However, the Fed's indication that it would raise interest rates faster than expected in 2022 caused high-performing tech stocks to fall towards the end of the quarter. European equities fared well but UK equities lagged for most of the period and most equity markets faded in early December due to concerns about further Covid-19 disruption. Gilts produced strong returns as they were boosted by the Bank of England's decision to leave interest rates unchanged in November and then received further support from the flight to safety caused by the spread of the Omicron variant. Property had a very robust quarter as the post-lockdown property boom continues to drive prices up. Oil prices fell as uncertainties around Omicron, and its impact on global growth, eased demand.

Markets had a poor start to 2022. The main concerns at the beginning of the quarter were rising consumer prices and how this would impact central bank monetary policy; but this quickly turned to concerns about the unfolding crisis in Ukraine following the Russian invasion. All equity markets produced negative returns and commodities were the best performing asset class as a result of rising energy prices. UK government bonds were negative as the Bank of England increased interest rates to 0.75% and voted to start the process of passive quantitative tightening. Commodities were extremely volatile, as the hostilities in Ukraine raised concerns about disruption to supplies of everything from oil and gas to industrial metals and wheat and corn, at a time where global economies were still struggling to recover from disruptions caused by the Covid-19 pandemic. Oil and gas prices rose sharply.

In quarter two of 2022, the final quarter for the pension scheme year, the performance of financial markets continued to be driven by rising inflation and rising central bank interest rates, but the rate of both added the fear of recession to the mix. This resulted in almost all financial assets to falling in value. The Consumer Prices Index (CPI) reached 9.1% in the UK and 8.6% in the US. Energy prices were the biggest driver of inflation, and were kept high by Russia's invasion of Ukraine, but there were signs that inflation was starting to broaden out and central banks doubled down on their commitment to bring inflation under control. The Bank of England raised rates for the fifth consecutive month when it announced a 0.25% hike in June, while in the US the Federal Reserve increased rates by 0.75%. Government bond yields rose sharply and, as a result, government bonds sold off and corporate bonds also fell. Financial markets saw very high levels of volatility. UK equities fell but outperformed other developed markets due to the contribution of energy and mining companies, as well as utilities and banks.

**CROSSROADS COMMERCIALS LIMITED
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**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 JUNE 2022**

INVESTMENT MANAGEMENT - continued

Review of Investment Performance

The compound annual returns over 1, 3 and 5 years for all funds are shown below.

Performance Funds	1 Year	3 Years	5 Years
RLP Deposit	0.11	-1.37	-1.92
RLP Corporate Bond	-15.29	-9.03	-2.18
RLP Property	0.05	7.65	16.76
RLP Managed	-4.62	10.69	19.64
RLP Worldwide	-6.95	29.43	49.17
Royal London Governed Portfolio 1	-5.69	9.19	19.02
Royal London Governed Portfolio 2	-6.03	6.85	15.13
Royal London Governed Portfolio 3	-4.84	2.03	6.78
Royal London Governed Portfolio 4	-3.55	14.19	24.47
Royal London Governed Portfolio 5	-4.57	10.62	19.98
Royal London Governed Portfolio 6	-3.69	6.47	12.92
Royal London Governed Portfolio 7	-3.36	16.70	26.98
Royal London Governed Portfolio 8	-3.34	14.61	24.72
Royal London Governed Portfolio 9	-3.35	9.62	17.08
Sectors			
PN Money Market	0.47	0.75	1.46
PN Sterling Corporate Bond	-16.56	-11.40	-4.93
PN UK Direct Property	0.76	5.17	12.90
PN Mixed Investment 20-60% Shares	-10.18	0.84	7.32
PN Mixed Investment 40-85% Shares	-9.07	7.59	16.17
PN Global Equities	-7.49	23.02	38.53

With Profit Bonus Rate 2021 2.5%

Royal London Profit Share for 2022 0.15%

There are scheme assets held in the With Profits fund but it is closed to new monies.

It is understood that the annual bonus of the With Profits Fund was 2.5% in January 2022. Terminal bonuses are payable in addition whenever With Profits units are cancelled. The rate of terminal bonus depends on the period of time over which units have been held.

Employer Related Investments

The scheme does not hold investments related to the employer Crossroads Truck & Bus Limited.

Signed on behalf of the Trustees:

D Crowley

31 January 2023

**CROSSROADS COMMERCIALS LIMITED
RETIREMENT BENEFITS SCHEME**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 30 JUNE 2022**

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', 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 scheme year and of the amount and disposition at the end of the scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme 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 a statement as to whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements 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 are also responsible under pensions legislation 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 scheme rules and with the recommendations of the actuary.

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.

CROSSROADS COMMERCIALS LIMITED RETIREMENT BENEFITS SCHEME

CHAIR'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

1. Introduction

As the Chair of the Trustee Board ('the Trustee'), I provide you with a yearly statement which explains the steps taken by the Trustee, with help from our professional advisers, to meet the required governance standards. The law sets out what information has to be included in my Statement and this is designed to help members achieve a good outcome from their pension savings.

The Scheme is a trust based occupational pension scheme which commenced on 1st February 1980. It is a hybrid arrangement containing Defined Benefit ("DB") and Defined Contribution ("DC") benefits. It was contracted out on a GMP basis from 1 June 1988 until April 1997 and then subsequently on a Protected Rights basis until June 2001 after which it contracted in.

The Scheme has a default investment option, and this is explained further in Section 2.

If you have any questions about anything that is set out below, suggestions about what can be improved, or queries about your Scheme's benefits, please do contact Royal London using the details below:

The Trustees of Crossroads Commercials Ltd Retirement Benefits Scheme
Pheasant Drive
Birstall
WF17 9LR

2. Default Investment Strategy

A copy of the Statement of Investment Principles (SIP), which sets out the objectives for the Plan's investment strategy, can be found in Appendix A.

2.1. The Default Investment Arrangement

If members do not make their own investment choices in the Scheme, their funds are invested in the default investment strategy.

The current default investment strategy is the Royal London Balanced Lifestyle Strategy which targets income drawdown at retirement and uses the Royal London Governed Portfolio Range of investment funds.

The default strategy invests in a range of largely growth focused investments, when a member is 15 years or more away from retirement. This higher exposure to equities and other return seeking assets allows for a greater opportunity to grow the savings, while having enough time left before retirement to make up for any falls in value. Members' savings are then gradually (and automatically) moved over the last 15 years before their chosen retirement date into more diverse and lower-risk assets such as bonds and cash, in order to protect the value of the pot.

This is shown in the graph below.



Source: Royal London. XPS calculations

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**CHAIR'S STATEMENT
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Members can opt out of the default investment option and invest in any other funds offered by the Trustee, however any requests to self-select or switch funds must be approved by the Trustee.

2.2. Reviewing The Default Investment Arrangement

The Trustee is required to review the default strategy and performance at least every three years, or immediately following any significant change in investment policy or in the Scheme's member profile.

The Trustee considered the default investment strategy on 3 November 2021. During this review, the Trustee, working with their investment consultant, decided to change the default investment strategy from Royal London Balanced Lifestyle Strategy Target Cash, to target Drawdown. In making this decision, the Trustee considered the member profile, approach to investment risk and return, and the manner in which members are likely to take their benefits at retirement. The key aim for the change was to improve member outcomes rather than members being invested in a cash fund for a number of years prior to retirement. This change was implemented in February 2022.

Members were contacted over a 3-month period prior this change to allow them to opt out of the proposed changes to the default if they wished.

2.3. Investment Performance

Changes to legislation introduced in October 2021 require trustees of relevant occupational pension schemes to report on the net investment returns for the default arrangement and for each fund which scheme members have been able to select, and in which scheme members are invested during the scheme year.

Net investment returns refer to the returns on funds after the deduction of all transaction costs and charges and including them in this Statement is intended to help members understand how their investments are performing.

2.4. Fund Performance

Royal London provides the Trustee with regular investment performance information to monitor the Default strategy, which it reviews in Trustee meetings.

This table shows how the Default strategy has performed for members at three different ages, over the last one and five years with a normal retirement age of 65.

	1 year (01/07/2021 – 30/06/2022)	5 years annualised (01/07/2017 – 30/06/2022)
Current default strategy (targeting Drawdown)	% p.a.	% p.a.
Age 25	0.89	4.93
Age 45	0.89	4.93
Age 55	-1.05	4.13
Legacy default strategy (targeting Cash)	% p.a.	% p.a.
Age 25	0.89	4.93
Age 45	0.89	4.93
Age 55	-0.42	4.16

Source: Royal London. Figures are as at 30/06/2022 and are net of fees.

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CHAIR'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

The table above discloses returns at different ages in accordance with the Pension Regulator's guidance for lifestyle strategies. It is worth noting that the change in strategy from the Default strategy targeting Cash to the Default strategy targeting Drawdown provides members with the opportunity for greater growth in the last 5 years to retirement. Following this change in strategy, as more return information and member experience in the new strategy becomes available, returns for periods closer to retirement could be provided.

2.5. Self-Select Funds

For self-select funds performance is shown for 5-years (annualised) and for the last Scheme year:

	1 year (01/07/2021 – 30/06/2022)	5 years annualised (01/07/2017 – 30/06/2022)
Self-select funds	% p.a.	% p.a.
Royal London Managed	-0.40	4.17
Royal London Property	16.38	5.54
Royal London Deposit	-0.64	-0.53
Royal London Worldwide	-4.60	7.92
Royal London Corporate Bond	-11.25	0.61

Source: Royal London. Figures are net of fees. Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and members may get back less than they invest.

2.6. Royal London Profit Share

In addition to any investment returns, members also benefit from the Royal London Profit Share Award, where a bonus is applied annually to members' plans to reflect a level of mutual profits that Royal London wish to share with members. For 2022, this was announced to be 0.15% of the value of member plans.

The historic profit share rates are as follows:

2021	2020	2019	2018	2017
0.15%	0.15%	0.18%	0.18%	0.18%

Source: Royal London

**CROSSROADS COMMERCIALS LIMITED
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**CHAIR'S STATEMENT
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3. Charges And Transaction Costs

3.1 Investment Manager Charges

The Trustee has selected a range of funds which it believes to be appropriate for members of the Plan. Each of these funds is provided by Royal London. Members may self-select their investment strategy, investing in any of these funds in whatever proportions they choose, or select the default investment option. Alternatively, if they do not make a choice, their funds will be invested in the default investment option.

Irrespective of the funds they are invested in, members will pay two annual charges in respect of their DC pension benefits. These are as follows:

Ongoing Charges Figure

Members meet what is known as the Ongoing Charges Figure ('OCF') in respect of their individual pension pots. This is comprised of a Fund Management Charge ('FMC') and other indirect fees which are incurred, and for administration services of Royal London. The OCF is calculated as a percentage of all applicable assets under management.

The OCF does not include other costs of running the Scheme including governance, professional advisor costs and some communication costs - these charges are met by the Employer.

Transaction Costs

Transaction costs are costs associated with the buying and selling of investments and include for example stamp duty and brokerage fees. Transaction costs may be incurred both within the investment funds and when contributions are invested, on switching between funds and when selling investments to take benefits.

The OCF and transaction costs are detailed below for the year to 30 June 2022.

The default investment strategy consists of 4 funds. When members are 15 or more years away from retirement, they are 100% invested within the Royal London Governed Portfolio 4. As members move to 10 years to retirement, their benefits are automatically moved to the Royal London Governed Portfolio 5, followed by Royal London Governed Portfolio 6 at 5 years to retirement. Once a member reaches their normal retirement date, their benefits will be wholly invested within the Royal London Governed Retirement Income Portfolio 3.

	OCF (% p.a.)	Transaction Costs* (%)
Default Strategy		
Royal London Governed Portfolio 4	0.55	0.084
Royal London Governed Portfolio 5	0.55	0.069
Royal London Governed Portfolio 6	0.55	0.059
Royal London Governed Retirement Income Portfolio 3	0.55	0.027

The total expense ratio ('TER') of the default option is 0.55%. This has been discounted by 0.45%, via negotiation with the Administrator and Investment Manager Royal London, from a normal OCF for the same strategy of 1%. As all funds used within the Default strategy are single priced, changes to the underlying funds within the Default strategies as members move closer to retirement does not change the OCF levied.

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FOR THE YEAR ENDED 30 JUNE 2022**

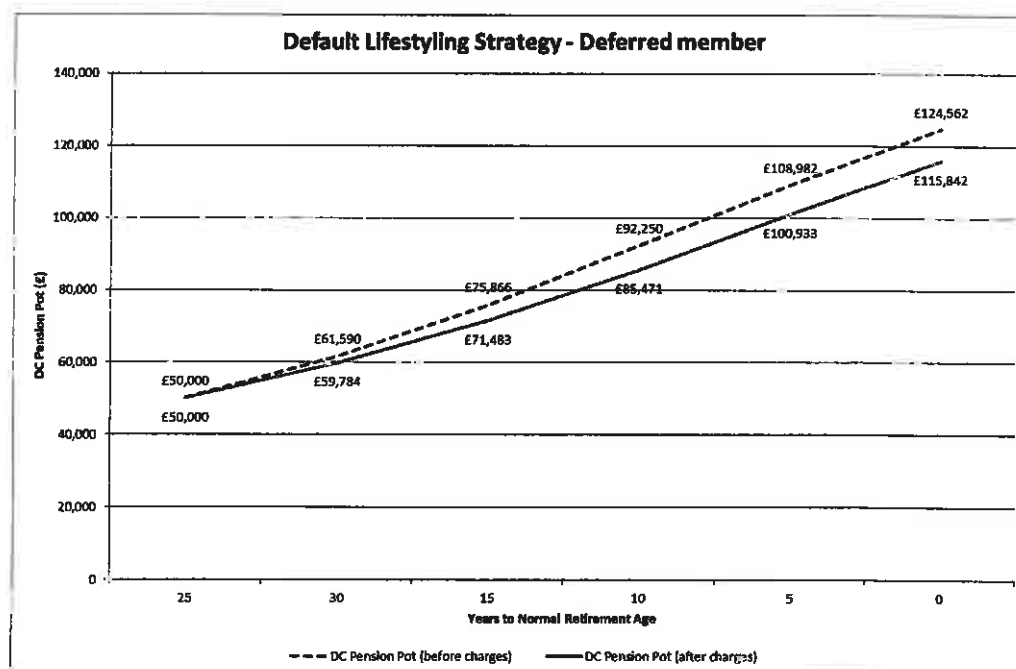
	OCF (% p.a.)	Transaction Costs* (%)
Self-select funds		
Royal London Managed	0.55	0.069
Royal London Property	0.55	0.154
Royal London Deposit	0.55	0.023
Royal London Worldwide	0.55	0.000
Royal London Corporate Bond	0.55	0.000

Source: Royal London

*The zeros shown are due to the impact of an anti-dilution offset applied by the manager. This is an adjustment made by the manager so that the cost of buying and selling fund units is met by those transacting. Where the anti-dilution offset meets or outweighs the other sources of transaction costs resulting in a gain, this has been reported as a zero (i.e. no gain) as transactions typically result in a cost, rather than a gain.

3.2 An Illustration Of The Charges Levied On Members

Below you can find an illustration of the effect of the OCF and transaction costs met by active members on an example pension pot in the default investment option over time.



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**CHAIR'S STATEMENT
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This is for illustration purposes only. The actual returns received are likely to differ over time as will individual members' pension pot sizes. This illustration is based on:

- > The Scheme's default investment option
- > Member is 25 years from retirement
- > An initial pension pot of £50,000

Net (after charges and inflation) returns estimated as 6.23% p.a. for the Governed Portfolio 4, 5.9% p.a. for the Governed Portfolio 5, 5.23% p.a. for the Governed Portfolio 6 and 5.13% p.a. for the Governed Retirement Income Portfolio 3. These estimated returns have been prepared by XPS using internally calculated assumptions.

- > Inflation of 2.5% p.a.
- > Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- > Projections are estimated values only and are not guaranteed.

Comparison figures if members were invested in the lowest or highest charging funds are shown in Appendix B.

3.3 What Are The Assumptions Based On?

In preparing these illustrations, the Trustee has had regard to:

- > The Department for Work and Pensions 'Reporting of costs, charges, and other information: guidance for trustees and managers of relevant occupational schemes' – effective from 1 October 2021;
- > Actuarial Standards Technical Memorandum 1 (AS TM1 v4.2) issued by the Financial Reporting Council;
- > The Financial Conduct Authority (FCA) Transaction cost disclosure in workplace pensions Policy Statement PS17/20; and
- > The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018.

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**CHAIR'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022**

4. Core Financial Transactions

4.1 Assessing Core Transactions

During the year the Trustee ensured the requirements of Regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 were met and that the Scheme's core financial transactions were processed promptly and accurately by:

- > Having an agreement in place with Royal London as Scheme administrator, committing them to defined service level agreements ('SLAs'). This covers, amongst other matters, the accuracy of:
 - Investment switches;
 - Processing retirements;
 - Processing transfers out of the Scheme; and
 - Processing death claims

Under the current SLA, Royal London aims to accurately complete all financial transactions generally within 5 working days.

- > Monitoring Royal London performance and reviewing that performance and querying variances at the Trustee's meetings.
- > Holding regular meetings (in the normal course of events) three times a year to review financial transactions (with ad hoc meetings as needed).

Royal London do not prepare administration management information on a scheme level. Administration reports are however available across all Royal London clients. This is fairly common for small legacy arrangements like this Scheme. The Royal London service is however monitored by the Secretary to the Trustee who reports to the Trustee at regular meetings.

4.2 Administration

The Trustee recognises that good administration often correlates with positive member outcomes. Administration is a standing agenda item for each Trustee meeting and the Trustee reviews the following:

- > Performance against the documented SLA. The Trustee and Adviser monitor performance against SLA agreements at Trustee governance meetings, although it is noted that due to the limited Royal London reporting on performance, this is reliant on the general oversight of performance by the Adviser and Trustee.
- > Membership compliments and complaints during the period of review. If a complaint is received, then the Trustee is provided with the background to the case and what has been done to resolve the issue with the member. The Trustee will also take this opportunity to discuss whether a member complaint is the result of an underlying issue regarding the Scheme's design.
- > Whether there have been any data breaches that would be reportable to the Information Commissioner Office ("ICO") under the General Data Protection Regulation ("GDPR").
- > Any cases that require trustee discretion. Such examples would include the payment of discretionary benefits to a partner or dependant on the death of a member, or where a formal complaint has been made under the Scheme's dispute resolution process.
- > Any forthcoming legislation or guidance that will have an impact on the administration of the Trust.

As advisor to the Scheme, Purple Wealth has confirmed that it has no reasonable reason to believe that the core financial transactions have not been actioned promptly and accurately.

The Trustee has concluded that core financial transactions were processed promptly and accurately in the period covered by this Statement.

CROSSROADS COMMERCIALS LIMITED
RETIREMENT BENEFITS SCHEME

CHAIR'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

5.1 Assessment Of Value

The Trustee has reviewed 'Value for Members' considering the latest guidance from the Pensions Regulator and Department for Work & Pensions for Relevant Schemes such as the Scheme. The Trustee has also taken advice from XPS Pensions on the VfM requirements and received a report from XPS Pensions in January 2023 considering whether the Scheme provides good value, which the Trustee reviewed in January 2023. The Trustee's assessment has included the consideration of the member borne costs and charges and the net returns for the Scheme's investment options (net of all costs and charges) against three alternative arrangements and undertaken discussions with one comparator on accepting the benefits of the Scheme should it be wound-up (as required by regulation). The Trustee has concluded that the Scheme provides good value for members, for reasons including:

- > Net returns and charges provide good value when compared against three other 'Comparator' arrangements as set out in regulations;
- > Administration and Governance provide good value when compared against the regulations as shown by:
 - The processes that are in place to ensure the efficient administration and governance of the Scheme (which include those explained in the 'Core financial transactions' and the 'Knowledge and understanding of the Trustee' sections of this Statement);
 - The quality of communications and other services, such as administrative support, delivered to members on both an annual and ad-hoc basis provide members with clear and coherent information on their benefits and the options available to them.
- > The direct cost to members relates to the Royal London investment and administration charges. As explained throughout this Statement, the Trustee feels that these costs are reasonable for schemes of this size.
- > There is a clear, documented investment strategy which is reviewed regularly. The recent change to the default investment strategy is evidence of this.

**CROSSROADS COMMERCIALS LIMITED
RETIREMENT BENEFITS SCHEME**

**CHAIR'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022**

6.0 Trustee Knowledge And Understanding

6.1 Knowledge And Understanding Of The Trustee

The Trustee is required to have appropriate levels of knowledge and understanding. This includes a working knowledge of the Scheme's Trust Deed and Rules, Statement of Investment Principles and documents setting out the Trustee's current policies. Further, they must have sufficient knowledge and understanding of the law relating to pensions and trusts; and the principles relating to the funding and investment of occupational schemes.

The Trustee is satisfied that they have complied with the knowledge and understanding requirements set out in section 248 of the Pensions Act 2004, for the following reasons:

- Trustee Directors are required to take personal responsibility for keeping up to date with relevant developments and consider training requirements.
- The Trustee receives advice from professional advisers and the relevant skills and experience of those advisers is key in the selection of advisers to the Scheme. The financial adviser to the Scheme attends all Trustee meetings.
- Training is documented and provided for the Trustee Board at Trustee meetings by the Scheme Secretary.
- New Trustee Directors are required to complete the Pensions Regulator Trustee Toolkit within six months of taking up office. No new trustees were appointed during the period of review.

The Trustee also had investment training as part of their discussions with their adviser in respect of the investment review, and training on new upcoming changes in respect of new regulatory developments introduced as part of the Pension Schemes Act 2021; including but not limited to the Pension Regulator's stronger powers, criminal offences in relation to Scheme Administration, responsibilities around climate change, and pension transfer processes.

Based upon these actions taken individually and as a Trustee Board with professional advice available to them, the Trustee considers that they have the sufficient skills and resources to properly exercise their function as a Trustee and have done so over the Scheme year.

7.0 Conclusion

In conclusion, with the continual monitoring and the reviews detailed here, I am pleased to be able to submit this report in accordance with the Chair's Statement requirements, in the belief that the Scheme was operated and governed appropriately during the reporting period, and the Scheme provided good value to members.

Signed for and on behalf of the Trustee of Crossroads Commercials Ltd Retirement Benefits Scheme

David Crowley
Chair of the Trustee Board

31 January 2023

**CROSSROADS COMMERCIALS LIMITED
RETIREMENT BENEFITS SCHEME**

**SUMMARY OF CONTRIBUTIONS PAYABLE
DURING THE SCHEME YEAR ENDED 30 JUNE 2022**

	£
Contributions payable under the Schedule of Contributions Deficit funding	<u>732,000</u>
Total contributions payable under the Schedule	<u><u>732,000</u></u>

Signed on behalf of the Trustees:

D Crowley

31 January 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF CROSSROADS COMMERCIALS LIMITED RETIREMENT BENEFITS SCHEME

Opinion

We have audited the financial statements of Crossroads Commercials Limited Retirement Benefits Scheme (the 'scheme') for the year ended 30 June 2022 which comprise the Fund Account, the Net Assets Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the scheme during the year ended 30 June 2022, and of the amount and disposition at that date of its assets and liabilities, other than the 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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 Auditors' 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 officers' 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 officers with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the 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 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 liquidate the scheme or to cease operations, or have no realistic alternative but to do so.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
CROSSROADS COMMERCIALS LIMITED
RETIREMENT BENEFITS SCHEME**

Auditors' 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 a Report of the Auditors 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.

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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 further that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Hollis and Co Limited
Chartered Accountants
Statutory Auditor
35 Wilkinson Street
Sheffield
South Yorkshire
S10 2GB

31 January 2023

**INDEPENDENT AUDITORS STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEES OF
CROSSROADS COMMERCIALS LIMITED
RETIREMENT BENEFITS SCHEME**

We have examined the Summary of Contributions to Crossroads Commercials Limited Retirement Benefits Scheme, for the scheme year ended 30 June 2022, to which this statement is attached.

This report is made solely to the scheme's Trustees, as a body, in accordance with 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 a Report of the Auditors 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.

In our opinion contributions for the scheme year ended 30 June 2022 as reported in the Summary of Contributions and payable under the schedule of contributions, the scheme rules and the recommendations of the actuary have in all material respects been paid at least in accordance with the schedule of contributions certified by the scheme actuary on 1 July 2021, the scheme rules and the recommendations of the actuary.

Scope of work on statement about contributions

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

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities 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 paid under the schedule of contributions, the scheme rules and the recommendations of the actuary and to report our opinion to you.

Hollis and Co Limited
Chartered Accountants
Statutory Auditor
35 Wilkinson Street
Sheffield
South Yorkshire
S10 2GB

31 January 2023

**CROSSROADS COMMERCIALS LIMITED
RETIREMENT BENEFITS SCHEME**

**FUND ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	2021 £	2019 £
CONTRIBUTIONS AND BENEFITS			
Employer contributions		499,624	295,481
Employee contributions		<u>-</u>	<u>-</u>
Total contributions	4	499,624	295,481
Other income	5	<u>-</u>	<u>10,134</u>
		<u>499,624</u>	<u>305,615</u>
Benefits paid or payable	6	(200,358)	(161,920)
Payments to and on account of leavers	7	(1,489,847)	(99,372)
Other payments	8	<u>-</u>	<u>(32)</u>
		<u>(1,690,205)</u>	<u>(261,324)</u>
Net (withdrawals)/additions from dealings with members		<u>(1,190,581)</u>	<u>44,291</u>
RETURNS ON INVESTMENTS			
Change in market value of investments	10	<u>(8,017)</u>	<u>693,020</u>
Net returns on investments		<u>(8,017)</u>	<u>693,020</u>
NET (DECREASE)/INCREASE IN THE FUND DURING THE YEAR		(1,198,598)	737,311
NET ASSETS OF THE SCHEME			
AT 1 JULY 2019		<u>16,790,348</u>	<u>16,053,037</u>
AT 30 JUNE 2021		<u>15,591,750</u>	<u>16,790,348</u>

**CROSSROADS COMMERCIALS LIMITED
RETIREMENT BENEFITS SCHEME**

**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
30 JUNE 2021**

	Notes	2021 £	2019 £
INVESTMENT ASSETS	10		
Pooled investment vehicles	12	13,305,516	14,365,228
Insurance policies	13	1,055,000	1,019,000
AVC investments	14	<u>1,131,967</u>	<u>1,353,157</u>
		15,492,483	16,737,385
 Current assets	18	99,266	102,587
 Current liabilities	19	<u>-</u>	<u>(49,624)</u>
 NET ASSETS OF THE SCHEME AT 30 JUNE 2021		<u>15,591,750</u>	<u>16,790,348</u>

The financial statements summarise the transactions of the scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the scheme year. The actuarial position of the scheme, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities on page five and these financial statements should be read in conjunction with that Report.

These financial statements were approved by the Trustees and authorised for issue on 31 January 2023.

Signed on behalf of the Trustees:

D Crowley

**CROSSROADS COMMERCIALS LIMITED
RETIREMENT BENEFITS SCHEME**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

1. GENERAL INFORMATION

The Crossroads Commercials Limited Retirement Benefits Scheme is an occupational pension scheme. The Scheme is a hybrid arrangement holding a mixture of Defined Benefit and Defined Contribution elements. The Defined Benefit element consists only of Guaranteed Minimum Pensions (GMP) accrued up to 5 April 1997.

The scheme is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief, and income and capital gains earned by the scheme receive preferential tax treatment.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

The presentation currency of the financial statements is the Pound Sterling (£).

The figures in the financial statements are rounded to the nearest £.

Contributions

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 the Trustees.

All other contributions are accounted for in accordance with the agreement under which they are payable or in the absence of such an agreement, when they are received.

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, they are accounted for on the date of retirement or leaving.

Opt-outs are accounted for when the Scheme is notified of the opt-out.

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

Expenses

Expenses are accounted for on an accruals basis.

Investment income

Income from pooled investment vehicles is reinvested within the fund and reflected in the unit price. It is reported within the change in market value.

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

Change in market value of 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.

**CROSSROADS COMMERCIALS LIMITED
RETIREMENT BENEFITS SCHEME**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. ACCOUNTING POLICIES - continued

Investments

Investments are included in the financial statements at fair value.

Pooled investment vehicles are valued at closing bid price.

Annuity policies are valued on an actuarial basis at least every three years with adjustments for cash transactions in the intervening years in order to provide a reasonable approximation of the actuarial value of the policies.

3. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The scheme is established as a trust under English law. The address for enquiries to the scheme can be found in the Report of The Trustees.

4. CONTRIBUTIONS

	2022 £	2021 £
Employer contributions		
Deficit funding	<u>732,000</u>	<u>525,326</u>
Employee contributions	<u>-</u>	<u>-</u>
Total contributions	<u>732,000</u>	<u>525,326</u>

Deficit funding is payable by the employer at a rate of £732,000 per annum until 31 December 2024.

5. TRANSFERS IN

	2022 £	2021 £
Individual transfers in	<u>-</u>	<u>5,143</u>

6. BENEFITS PAID OR PAYABLE

	2022 £	2021 £
Pensions	96,368	83,376
Commutation of pensions and lump sum retirement benefits	203,036	55,474
Lump sum death benefits	<u>-</u>	<u>-</u>
	<u>299,404</u>	<u>138,850</u>

7. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2022 £	2021 £
Individual transfers out to other schemes	<u>1,019,667</u>	<u>348,540</u>

**CROSSROADS COMMERCIALS LIMITED
RETIREMENT BENEFITS SCHEME**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

8. TAXATION

2022	2021
<u>£</u>	<u>£</u>

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.

9. RECONCILIATION OF INVESTMENTS

Defined benefit section

	Value at 1/7/21 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 30/6/22 £
Pooled investment vehicles	4,882,297	584,000	(103,912)	26,573	5,388,958
Insurance policies	<u>925,000</u>	<u>-</u>	<u>(65,000)</u>	<u>(82,000)</u>	<u>778,000</u>
	<u>5,807,297</u>	<u>584,000</u>	<u>(168,912)</u>	<u>(55,427)</u>	<u>6,166,958</u>

Defined contribution section

	Value at 1/7/21 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 30/6/22 £
Pooled investment vehicles	11,229,794	-	(1,222,703)	151,359	10,158,450
AVC investments	<u>1,311,404</u>	<u>-</u>	<u>-</u>	<u>(167,094)</u>	<u>1,144,310</u>
	<u>12,541,198</u>	<u>-</u>	<u>(1,222,703)</u>	<u>(15,735)</u>	<u>11,302,760</u>

10. TRANSACTION COSTS

Transaction costs are included in the cost of purchases and deducted from sales proceeds.

11. POOLED INVESTMENT VEHICLES

	2022 £	2021 £
PIVs - Royal London	<u>15,547,408</u>	<u>16,112,091</u>

Pooled investment vehicles are operated by UK registered investment managers and comprise unit linked insurance policies.

12. INSURANCE POLICIES

	2022 £	2021 £
Insurance policies	<u>778,000</u>	<u>925,000</u>

CROSSROADS COMMERCIALS LIMITED
RETIREMENT BENEFITS SCHEME

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

12. INSURANCE POLICIES - continued

The scheme holds insurance policies at the year end and these have been valued by Royal London using a standard valuation technique. The value is calculated on the assumptions of RPI and CPI of 2.69%, no pension increases, 3% fixed pension increase and a base mortality assumption of Males: CMI_2019 (1.5%;S=7.5) Females: CMI_2019 (1.25%;S=7.5) of the S3PA all pensioner tables.

13. AVC INVESTMENTS

The Trustees hold assets invested separately from the main investments to secure additional benefits on a money purchase basis for those members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement made up to 31 May confirming the amounts held in their account and the movements in the year.

	2022 £	2021 £
AVC investments	<u>1,144,310</u>	<u>1,311,404</u>

14. FAIR VALUE HIERARCHY

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

Level 1	The unadjusted quote 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 with Level 1 that are observable (i.e., developed using market data) for the asset or liability, either directly or indirectly.
Level 3	Inputs are unobservable (i.e., for which market data is unavailable) for the asset or liability.

The scheme's investment assets have been fair valued using the above hierarchy levels as follows:

30 June 2022				
	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	15,547,408	-	-	15,547,408
Insurance policies	-	-	778,000	778,000
AVC investments	<u>1,144,310</u>	<u>-</u>	<u>-</u>	<u>1,144,310</u>
	<u>16,691,718</u>	<u>-</u>	<u>778,000</u>	<u>17,469,718</u>
30 June 2021				
	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	16,112,091	-	-	16,112,091
Insurance policies	-	-	925,000	925,000
AVC investments	<u>1,311,404</u>	<u>-</u>	<u>-</u>	<u>1,311,404</u>
	<u>17,423,495</u>	<u>-</u>	<u>925,000</u>	<u>18,348,495</u>

CROSSROADS COMMERCIALS LIMITED
RETIREMENT BENEFITS SCHEME

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

15. INVESTMENT RISK DISCLOSURES

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

Credit risk

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

Market risk

This comprises currency risk, interest rate risk and other price risk.

- **Currency risk**

This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.

- **Interest rate risk**

This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

- **Other price risk**

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

Investment strategy

The Scheme has exposure to the above risks because of the investments it makes to implement its investment strategy. The Trustees manage investment risks, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk are implemented through the mandates in place with the Scheme's investment managers and monitored by the Trustees by regular reviews. The investment objectives and risk limits of the scheme are further detailed in the Statement of Investment Principles (SIP).

Credit risk

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

The Scheme's holdings in pooled investment vehicles are unrated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. Trustees carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the regulatory and operating environment of the pooled manager. Indirect credit risk arises in relation to underlying investments held in the pooled investment vehicles. This risk is mitigated by only investing in pooled funds which invest in at least investment grade rated securities.

Currency risk

The scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets via pooled investments vehicles. The Trustees limit overseas currency exposure through a diverse investment policy.

Interest rate risk

The Scheme is exposed to interest rate risk through pooled investment vehicles and cash.

Other price risk

Other price risk arises as a result of the Scheme's investment in pooled investment vehicles, but this risk is mitigated through a diverse portfolio of investments.

**CROSSROADS COMMERCIALS LIMITED
RETIREMENT BENEFITS SCHEME**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

16. SELF INVESTMENT

There is no self investment by the Scheme in the principal employer.

17. CURRENT ASSETS

	2022	2021
	£	£
Cash balance	275,226	54,806
HM Revenue & Customs debtor	<u>21</u>	<u>21</u>
	<u>275,247</u>	<u>54,827</u>

18. CURRENT LIABILITIES

	2022	2021
	£	£
HM Revenue & Customs creditor	<u>447</u>	<u>456</u>

19. RELATED PARTY DISCLOSURES

Under the scheme rules all costs other than administration fees are payable by the employer, Crossroads Truck & Bus Limited.

There are no contributions in respect of, or payments made to, the Trustees by the scheme.

No remuneration was paid to key management personnel of the scheme by the sponsoring employer (2021 £Nil).

20. CONCENTRATION OF INVESTMENTS

Investments accounting for more than 5% of the net assets of the Scheme at 30 June 2022 were:

RLP Managed Fund £7,672,226 (45.9%) (2021: £7,552,269 (37.9%))

RLP Worldwide £4,989,716 (29.9%) (2021: £5,574,199 (28.7%))

RLP Global Managed Fund £1,482,738 (8.3%) (2021 £1,530,057 (5.5%))

ACTUARY'S CERTIFICATION OF SCHEDULE OF CONTRIBUTIONS

Name of scheme: Crossroads Commercials Limited Retirement Benefits 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 to be 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 1 July 2021.

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 the adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Graeme Foster FFA

29 April 2022

CROSSROADS COMMERCIALS LIMITED RETIREMENT BENEFITS SCHEME

Statement of Investment Principles - Implementation Statement

Scheme year ending 30th June 2022

Introduction

We, the Trustees of the Crossroads Commercials Limited Retirement Benefits Scheme (the 'Scheme'), have prepared this document which should be read in conjunction with our Statement of Investment Principles ('SIP').

Our SIP sets out our policies and what we want to achieve from the investment choices that we make. This document, which is our Implementation Statement, is designed to set out how, and the extent to which, we believe the SIP has been followed during the scheme's year from 1st July 2021 to 30th June 2022. We also explain our approach to Stewardship and the voting behaviour carried out by Investment Managers on the Trustees' behalf.

The Implementation Statement, together with all other scheme documents can be viewed as the following member web page:

<https://www.dealer.volvotrucks.co.uk/crossroads/misc/pay.html>

Background

The purpose of this Implementation Statement is to outline how key activities and decisions across the scheme year have helped the Trustees to achieve their investment objectives and, where not, what steps have been taken to remedy this.

This Implementation Statement focuses solely on investment related activities. If you wish to hear more generally about our activities during the year, please see our Chair's Statement.

The Implementation Statement is primarily backwards looking.

On the Trustee's behalf Royal London Asset Management (RLAM) invest the assets of the Scheme through an investment platform of pooled funds and so the Trustees are constrained in their ability to directly influence the underlying investee firms.

On a periodic basis the Trustees review and monitor RLAM's approach to due diligence, stewardship activity, engagement with investee firms and voting behaviour to ensure they align with the policies that the Trustees have adopted for members of the scheme.

The Scheme is a hybrid arrangement holding a mixture of Defined Benefit and Defined Contribution elements. The Defined Benefit element consists only of Guaranteed Minimum Pensions (GMP) accrued up to 5 April 1997. In preparing the Statement, therefore, the Trustees have taken account of both elements.

Summary of Changes

Defined Benefit Assets

There have been no changes to the Defined Benefit asset investment strategy in the scheme year under review. At the start of the 2019/2020 scheme year the Trustees, in line with advice from their Investment Adviser, adopted use of an actively managed asset allocation using RLAM's Governed Portfolio 5 for investment of the member GMP funds.

The Trustees were also advised that the same approach could be achieved for the Contingency Fund by investing in the RLAM Managed Pension Fund which mirrors the asset allocation and investment decisions of Governed Portfolio 5.

CROSSROADS COMMERCIALS LIMITED RETIREMENT BENEFITS SCHEME

Defined Contributions Assets

In the scheme year under review the Trustees changed the default investment strategy for member Defined Contribution assets from the Royal London Balanced Lifestyle Strategy Target Cash to the Royal London Balanced Lifestyle Strategy Target Drawdown. This change was undertaken to provide members utilising the Default Investment Strategy with the opportunity for growth in line with inflation at the point of attaining their Normal Retirement Date as opposed to transferring assets to cash.

SIP Changes

The Statement of Investment Principles was updated in March 2022 to reflect changes to the Default Investment Strategy as described above.

Performance against the SIP over the scheme year

Investment Objectives

The Trustees' investment objectives are goals that will be measurable over the long term and cannot be reviewed in isolation over the period of one year.

Some decisions to note in terms of performance against these objectives are as follows:

To maximise the return on investments without incurring undue risk

- The Trustees continue to outsource the management of asset allocation and fund selection for Defined Benefit Assets to RLAM. This has improved ongoing returns and has provided an active review process throughout a challenging and unpredictable year for investment returns.
- The Trustees invested 69% of the monthly funding payments from the employer as they were received, to benefit from pound cost averaging throughout the year, whilst maintaining the Trustee cash fund for member disinvestments.

To ensure that we can meet our obligations to all beneficiaries of the Scheme

- Following a review of the 3 yearly funding valuation and the improved funding position of the scheme, the Trustees elected to lift the restriction on the payment of Defined Benefit Cash Equivalent Transfer Values (CETV's) from 65% to 93% of their calculated value. With advice from the scheme Actuary, it was agreed that the Trustees should continue to protect members of the scheme by applying a transfer value restriction.
- In April 2022 the Trustees agreed to suspend regular investment of the employer monthly funding payments to allow a cash fund to build in readiness for payments relating to Guaranteed Minimum Pension (GMP) Equalisation. This decision was taken to ensure funds would not need to be disinvested at a volatile time to make these payments.

With regard to the Defined Contribution section of the Scheme

The Scheme's default option objectives are to generate returns significantly above inflation whilst members are some distance from retirement, but then to switch automatically and gradually to lower risk investments as members near the point at which they access their pot

- During the year under review the Trustees agreed to change the default investment option from the Royal London Balanced Lifestyle Strategy Target Cash to the Royal London Balanced Lifestyle Strategy Target Drawdown. This was to provide members utilising the default option with a greater potential for return above inflation towards the end of the Lifestyle cycle.

CROSSROADS COMMERCIALS LIMITED RETIREMENT BENEFITS SCHEME

Investment Beliefs

We set out within our SIP our core investment beliefs. Our investment decisions have been made in line with these principles:

Belief	Performance/Activity
Understanding the personal profiles and attitudes of the scheme membership is important to providing an appropriate investment strategy for both Defined Benefit and Defined Contribution Assets.	The Trustees have a standing agenda item where member engagement is considered and planned. In November 2021 the Trustees sent their annual communication to members within 5 years of their Normal Retirement Date (NRD), inviting them to consider their retirement options and review their investment strategy in line with their plans.
Working collaboratively with the Scheme Employer and understanding their views on the long term aims of the scheme is crucial to managing the risk to, and investment of, the scheme assets.	The Trustees have an open dialogue with the Employer of Crossroads Truck and Bus Limited. An employer covenant update is provided to the Trustees at every Trustee meeting including a Key Performance Indicator (KPI) Report on company financials. In March 2022 the employer completed an Employer Covenant assessment questionnaire to provide the Trustee board with full disclosure about the financial position of the company.
Investment risk is generally rewarded over the long term.	The Trustees have pursued an investment strategy that takes a Balanced Attitude to risk with assets invested in diverse assets.
Asset Allocation is the key driver behind long term investment returns.	Asset Allocation decisions are outsourced to RLAM via selection of the Governed Portfolio 5 for investment of GMP Funds and RLAM Managed Fund for Investment of Trustee Contingency Funds. Members are provided with a choice of self-select investment funds that offer single asset and multi asset choices.
Active management must be undertaken by skilful managers in specific asset classes.	Investments managed by RLAM.
Investment charges should not be excessive and will impact upon long term returns for member investments.	Investment fees reviewed annually and compared with the wider market for Occupational Pension Investments The Trustees have secured discounted charges in relation to Royal London's published Annual Management Fees and benefit from the Royal London Profit Share arrangement on an annual basis.

The Views of Members and Beneficiaries (Non-Financial Considerations)

The Trustees write to members with Defined Benefit entitlement on an annual basis to provide a Summary Funding Statement with an update on the funding level of the scheme.

In November 2021 the Trustees wrote to members who were within 5 years of their Scheme Retirement Age to indicate that this could be a good time to review retirement options and consider their current investment profile.

There has been very little member engagement with their investment profile.

The Trustees will continue to raise awareness of member investment options on an annual basis.

CROSSROADS COMMERCIALS LIMITED
RETIREMENT BENEFITS SCHEME

Risk Policies

Type of Risk	Measured by	Review Notes
Liquidity	The level of cashflow required for the scheme over a specific period. Failure to meet benefits as they fall due, as a result of inability to realise assets.	All possible payments required from Trustees funds (CETV's and Retirements) were reviewed at each Trustee Meeting. Regular investment of employer funding payments was suspended to allow for increased liquidity.
Diversification	Concentration of assets in any one investment fund or asset class leading to the risk of an adverse influence on investment values arising from poor performance of that fund or asset.	Defined Benefit Assets are invested via RLP Governed Portfolio 5 and RLP Managed Fund to benefit from a more active approach to asset allocation management from RLAM. The Trustees have considered the option of switching members from select selected single asset class funds however it has been agreed that further legal advice on the implications of making a switch without member consent is welcome or allowed within the Trustee powers of the scheme.
Benefit Conversion	Adverse movements in investment values prior to realisation for specific members or at Trustee level.	All members within 5 years of retirement receive an annual communication urging them to consider if their investment profile is still appropriate. Liquidity increased in the Trustee Bank Account to allow for GMP Equalisation payments without the requirement to disinvest scheme assets.
Climate Change	Considered to be a systemic risk .	Annual Review of RLAM 'Responsible Investment Strategy' undertaken in November 2022.

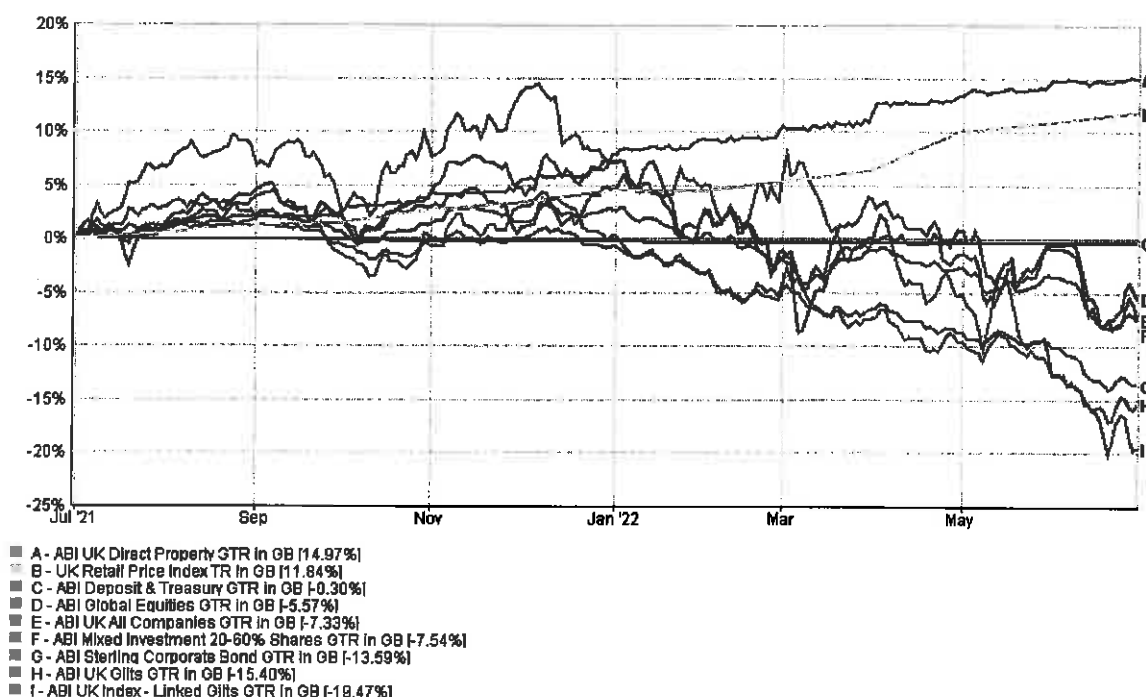
Expected Return on Investments

Asset	Return Characteristics	2022/23 Performance
Equities	Strong positive return relative to inflation over the longer-term but tend to be the most volatile asset class over the shorter term.	Equities significantly underperformed Inflation (measured by the Retail Prices Index RPI) over the year.
Cash	Should achieve a positive return which may not always keep pace with inflation, while normally providing a minimal level of volatility and a high degree of capital security.	Cash provided a negative return and underperformed inflation although outperformed equities and fixed interest stock.

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Corporate Bonds	Should achieve a positive return relative to inflation over the longer term which is lower than that for equities and property but with a lower level of short-term volatility.	Corporate Bonds made a negative return, underperforming equity markets and inflation.
Gilts (Government Bonds)	Should achieve a positive return relative to inflation over the longer term which is lower than that for equities, property and Corporate Bonds but with a lower level of short-term volatility.	Gilts performed poorly in relation to equities, property and Corporate Bonds and significantly underperformed inflation.
Index Linked Gilts	Should achieve a return in line with inflation over the longer-term but with a lower level of short-term volatility than equities, property and corporate bonds.	Index Linked Gilts provided a negative return and were the poorest performing asset over the year. They underperformed inflation by a significant margin.
Cash	Should achieve a positive return which may not always keep pace with inflation, while normally providing a minimal level of volatility and a high degree of capital security.	Cash provided a negative return and underperformed inflation although it outperformed equities and fixed interest stock.
Multi-Asset Funds	Invest in a mix of asset classes with the objective of delivering a positive return relative to inflation over the longer-term, with lower level of volatility than equities.	Mixed Asset Funds provided a negative return. They underperformed pure equity stock, however outperformed fixed interest stock. They underperformed inflation over the year.

CROSSROADS COMMERCIALS LIMITED RETIREMENT BENEFITS SCHEME



01/07/2021 - 30/06/2022 Data from FE fundInfo 2022

Realisation of Investments

Defined Benefit Considerations

No Pension Scheme member elected to accept a Cash Equivalent Transfer Value (CETV) of their Defined Benefit assets in the scheme year under review. The Trustees were not required to make a top up or 'Contingency' Payment.

All GMPs commencing throughout the year were provided via the scheme pensioner payroll function as opposed to the purchase of annuities. In the scheme year 1st July 2021 to 30th June 2022 annuity rates tended to represent poor value however this position is being reconsidered in light of the current market environment. The Trustees have been advised that the purchase of annuities may be prohibited until GMP Equalisation for the scheme is completed.

Monitoring

Asset performance against Benchmark returns was reviewed at formal Trustee Meetings in November 2021, February 2022 and July 2022.

A fixed agenda point at all meetings is the prudence of Trustee investment in light of possible calls on Trustee capital, in the form of member transfers or retirements.

The Scheme Funding Report, providing the 3 yearly valuation of Defined Benefit Assets of the scheme at 1st July 2021, highlighted that the Trustees may wish to consider a more conservative investment approach given the age profile of scheme members. The investment risk profile of the scheme has been of benefit in recent market conditions, however the Trustee Board are duly considering possible changes to investment risk profile.

Environmental, Social and Corporate Governance Factors (ESG)

The Trustees undertake an annual review of the Royal London 'Stewardship and Responsible Investment Activity Report 2022'.

CROSSROADS COMMERCIALS LIMITED RETIREMENT BENEFITS SCHEME

The Guiding Principle behind the Royal London Investment Philosophy is to 'seek to maximise long term risk adjusted investment returns for their customers in a responsible way, recognising that their customers will live in the society we mutually help to create'.

This Principle is partly achieved through ESG Integration. This is the systemic and explicit inclusion of ESG factors into investment analysis and investment decisions.

This means understanding which of these factors may impact future performance of investments, and in turn taking the appropriate steps to minimise any negative impact they may have. Royal London has a robust and repeatable process for integrating ESG factors.

To assess companies, they use quantitative data from a range of sources. This is followed by qualitative analysis by the fund management team. Research is then implemented in stock selection.

The result is an investment decision being made informed by ESG analysis, and this analysis can be used as a tool to inform ongoing stewardship duties through targeted engagements and voting activities.

Exercise of Investment Rights

As assets of the scheme across both Defined Benefit and Defined Contribution sections are invested completely in pooled arrangements the Trustees are not able to directly exercise their voting rights.

While we are not in a position to exercise our voting rights this does not mean that the way these voting rights are used is not important. The Trustees have reviewed the voting practices of Royal London Asset Management (RLAM) to confirm that the company is acting in a Responsible and Sustainable manner.

Royal London will only work with asset managers who are signatories to the United Nations (UN) Principles for Responsible Investment (PRI) and UK Stewardship Code. In 2020 RLAM were awarded A+ by PRI in Strategy and Governance. In 2021 RLAM voted in 44,452 shareholder resolutions at 3765 meetings. This was a record high and an increase of 53% in voting activity on the previous year.

All RLAMs votes are published online as well as their voting policies and are included in the Stewardship and RI activity report reviewed by the Trustees. This report can be reviewed at the following link:

<https://www.rlam.com/globalassets/media/literature/reports/rlam-stewardship--responsible-investment-report-2022.pdf>

The Trustees are comfortable that RLAM has a strong history of engagement and a firm belief in ESG issues.

The Trustees will continue to monitor Royal London's approach to responsible investment and stewardship. It is a standing agenda item in the Trustee Business Plan for Autumn of every scheme year.

Known Departures from SIP

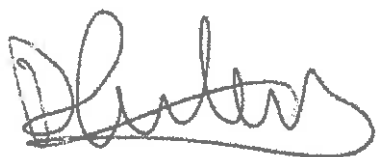
There were no known departures from the SIP in the scheme year under review.

Conclusion

Following our review and analysis, the Trustees believe that the SIP has been followed during the year.

I confirm that the above statement has been produced by the Trustees to the best of our knowledge.

Signed for and on behalf of the Trustees of Crossroads Commercials Limited Retirement Benefits Scheme:



David Crowley
Chair of Trustee Board
Date: 30/11/2022

Crossroads Commercials Limited
Retirement Benefits Scheme

Statement of Investment Principles 2022

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1 Introduction

The Trustees of the Crossroads Commercials Ltd Retirement Benefits Scheme ("the Trustees") have drawn up this Statement of Investment Principles ("SIP") to set out their policy on various matters governing decisions about the investments of The Crossroads Commercials Ltd Retirement Benefits Scheme ("the Scheme").

The Scheme is a hybrid arrangement holding a mixture of defined benefit and defined contribution elements. The defined benefit element consists only of Guaranteed Minimum Pensions (GMP) accrued up to 5 April 1997. In preparing the Statement, therefore, the Trustees have taken account of both elements.

This SIP is designed to comply with the requirements of Section 35 (as amended) of the Pensions Act 1995 ("the Act"), the Pensions Act 2004 ("the Act"), the Occupational Pension Schemes (Investment) Regulations 2005 ("the Investment Regulations") and the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

As required under the Act, the Trustees have consulted Crossroads Truck and Bus Limited ("the Employer") and Purple Wealth Ltd (PWM Ltd) ("the Investment Adviser") for advice on preparation of the Statement. PWM LTD are authorised and regulated by the Financial Conduct Authority (FCA).

In preparing this Statement, the Trustees have taken into account current guidance from the Pensions Regulator.

2 Governance

The Trustees have ultimate responsibility for decision making on investment matters. The Trustees' investment powers are set out within the scheme's governing documentation.

In addition to the Trustees there are a number of parties with a level of responsibility in relation to the governance and operation of the scheme. These are as follows:

- The Employer – who makes contributions to the Defined Benefit section of the scheme and pays the associated costs of the Defined Benefit Scheme Management
- Scheme Actuary
- Platform/Pension Provider – provides access to a range of pooled investment funds. Retains records of members funds and calculates benefits
- Fund Managers – undertake the day to day management of the underlying funds' assets
- Investment Adviser – advises the Trustees on the Scheme's investments and preparation of this statement
- Members – should choose the investment option(s) in which their funds are invested

The Trustees and their Investment Advisers do not give advice to individual members on their fund selections. Members are encouraged to take independent financial advice when making and reviewing their individual investment choices.

Having taken advice from the scheme investment adviser, who is authorised by the FCA, the Trustees are satisfied that the selected investment managers have sufficient experience and expertise to carry out their role. The Trustees have delegated all day to day investment management decisions to the Platform Provider/Fund Managers authorised under the Financial Services & Markets Act 2000 (FSMA).

2.1 Fee Structures

Details of the current fees for the Scheme's service providers and funds are set out in Appendix A to this Statement.

3 Investment Objectives

The Trustees have considered their investment objectives after taking into account the various risks to which the Scheme is exposed, and these are;

- To maximise the return on investments without incurring undue risk,
- To ensure that we can meet our obligations to all beneficiaries of the Scheme,
- To pay due regard to the Employer's interests on the size and incidence of Employer's contribution payments,
- To achieve, over the longer term, a return on investments which is consistent with the long-term assumptions we have agreed with the Employer and the Actuary in determining the funding of the Scheme.

With regard to the defined contribution section of the Scheme,

- To provide members with a range of investment options to enable them to tailor an investment strategy to their needs and risk tolerances,
- To provide members with access to a default investment option that the Trustees believe to be reasonable for those members that do not wish to make their own investment decisions
- The Scheme's default option objectives are to generate returns significantly above inflation whilst members are some distance from retirement, but then to switch automatically and gradually to lower risk investments as members near the point at which they access their pot

The Trustees strategy to enable them to achieve these objectives is set out below.

4 Investment Design Considerations

4.1 Trustee Investment Beliefs/Principles

The Trustees have established a set of guiding principles that provides their framework for the delivery of the scheme investment strategy.

The principles are:

- Understanding the personal profiles and attitudes of the scheme membership is important to providing an appropriate investment strategy for both Defined Benefit and Defined Contribution Assets
- Working collaboratively with the Scheme Employer and understanding their views on the long term aims of the scheme is crucial to managing the risk to and investment of the scheme assets
- Investment risk is generally rewarded over the long term
- Asset Allocation is the key driver behind long term investment returns
- Active management must be undertaken by skilful managers in specific asset classes
- Investment charges should not be excessive and will impact upon long term returns for member investments
- Environmental, (including climate change risks), social and governance issues are a material factor for investment decision making

- Active portfolio management, where investment costs are managed, will lead to improved outcomes for members

4.2 The Views of Members and Beneficiaries (Non-Financial Considerations)

Given the size of the scheme the Trustee Board has a long standing, direct knowledge of member views and opinions. The Trustees seeks to continually obtain this knowledge through personal interaction with existing employees.

As employees (or former employees) of a company rooted in the logistics industry the Trustees understand that the risks posed by climate change the requirement for energy transition will be important in the long term for both the Employer and the members of the scheme.

The Trustees look to understand the employer policy in relation to these risks over the long term, particularly in relation to the long-term financial strength and covenant of the employer.

Members are encouraged to express any views in relation to the investment options available to the scheme and these views will be discussed and considered by the Trustees in relation to the cost of implementation and availability within the current administration and investment structure.

4.3 Investment Risks

There are various risks to which any pension scheme is exposed, and the Trustees have set out their policy in Appendix B with regards to dealing with those risks.

4.4 Expected Return on Investments

The Trustees expected return on asset classes within the Scheme are set out in Appendix C.

5 Investment Strategy

In proportion with the size of the Scheme and that fact that is closed to new members and future accrual the Trustees have agreed that the investment of both Defined Benefit and Defined Contribution Assets will be within pooled investment funds offered via the scheme investment Pension Provider. The Trustees have appointed Royal London (Pension Provider) to provide administration and investment services through an insurance policy. Royal London provide an appropriate range of pooled funds and investment strategies in which to invest the scheme's assets. Each fund has a defined benchmark or objective. The underlying managers of the funds are responsible for the choice of individual stocks and are expected to maintain a diversified portfolio within each fund.

These funds may invest in quoted and unquoted securities of UK and overseas markets including equities, fixed interest and index linked bonds, cash, commercial and residential property, infrastructure and commodities through collective investment vehicles and derivatives to help mitigate investment risks or enhance investment returns.

The funds used are provided through an insurance company-based investment platform and so must comply with the FCA's "Permitted Links" rules, which place limits on the degree of leverage which a fund can use.

5.1 Defined Benefit Assets

The defined benefit assets of the scheme comprise of two funds – 1) The Trustee Contingency Fund and 2) the member Guaranteed Minimum Pension (GMP) contributions.

With regard to the liabilities of the scheme, the contributions made by the employer and the profile of the scheme membership the Trustees have adopted a 'Balanced' attitude to risk. The Trustees have reviewed the strategic asset allocation of different Balanced Asset Allocation models and have sought a model portfolio within the pension provider suite of investment that meets with a Balanced asset allocation – Governed Portfolio 5 (GP5). This Model Portfolio is replicated in the Royal London Managed Fund that is utilised for investment of the Trustee Contingency Fund.

The Trustees believe that Royal London Asset Management, have demonstrated an extensive track record of managing diversified portfolios, is best placed to provide an active management solution to meet with the Trustee risk attitude. We also have regard to the risks which may arise through a mismatch between the fund's assets and its liabilities and the risks which may arise from the lack of diversification of investments.

Our current long-term aim is to ensure that the Scheme assets which are used to meet the defined benefit liabilities are invested so that we can take advantage of investment opportunities in the UK and overseas and to allow for temporary anomalies in the investment markets.

The asset allocation of our chosen Model Portfolio for investment of Trustee Funds can be found in Appendix D

5.2 Defined Contribution Assets

Regarding the defined contribution assets, we have sought to provide a default investment arrangement that will meet the needs of members at different stages in their journey to retirement. Our default arrangement is the Royal London Balanced Lifestyle Strategy Target Drawdown. This strategy targets a transfer to the Royal London Governed Retirement Income Portfolio (GRIP) Risk Level 3 at the members' Normal Retirement Age. Members will be invested in a Balanced Model Portfolio which aims to deliver above inflation growth until they reach the point of being within 15 years of their Normal Retirement Age. It then gradually switches into less risky assets with the last 5 years prior to Normal Retirement Age introducing a higher level of the RL GRIP Level 3 Fund to being 100% invested in this fund in the last year of investment. The Trustees urge members to seek Independent Advice in relation to the investment of their pension funds to ensure that their investment strategy is appropriate to their needs and objectives.

In addition, we recognise that members have differing investment needs and that these may change during the course of members working lives. We also recognise that they have different attitudes to risk. We believe that members should have the option to make their own investment decisions based upon their own individual circumstances. For this reason, we have made a range of investment funds available sufficient to enable the members to tailor an investment strategy to meet their own needs. These funds are;

- Royal London Property Fund
- Royal London Deposit Fund
- Royal London Managed Fund
- Royal London Corporate Bond Fund
- Royal London Worldwide Fund

- **Royal London With Profits Fund**

In addition to the above listed funds members are also free to select from all risk profiles of the Royal London Governed Portfolio (GP) range (Risk Profiles 1-9). This suite of portfolios offer a Cautious Profile in Portfolios 1 – 3 with GP 1 for members with a long time horizon, GP 2 with Medium time horizon and GP 3 with a short time horizon. The Balanced Portfolios are GP4 to GP6, with GP4 being targeted at longer term investor. The Adventurous Portfolios are GP7 to GP9, with GP7 being targeted at the longer term, adventurous investors.

In addition members are also free to select the Royal London Balanced Lifestyle Strategy targeting the purchase of an annuity at retirement or 100% Cash at Retirement if they feel this would be more appropriate to their personal circumstances than the default Balanced Lifestyle Strategy Target Drawdown.

The investment managers are regulated by the Financial Conduct Authority, with whom day to day responsibility of the fund assets rests.

The Trustees may from time to time hold insurance policies or other assets which are earmarked for the benefit of certain members. These may include for example;

- Assets secured by Additional Voluntary Contributions (AVCs) or other arrangements made individually with the Trustees,
- Deferred or Immediate Annuity Policies purchased to match part or all of the fund's liabilities.

6 Realisation of Investments

The investment managers have discretion over the timing of realisation of investment of the scheme within the Governed Portfolios that make up the default investment strategy and form the investment strategy for Defined Benefit Assets.

The Trustees recognise that the investment managers may at times impose restrictions on the timing of purchases and sales of funds (most notably investing in Property) in some market conditions to protect the interests of all investors in a fund.

6.1 Defined Benefit Considerations

From time to time members may choose to accept a Cash Equivalent Transfer Value of their defined benefit assets or the Trustees may elect to pay GMP's via a pensioner payroll function as opposed to the purchase of annuities at the prevailing rate to secure benefits. For these purposes the Trustees maintain a cash deposit account equivalent to £50,000 plus the deficit value of any CETV's requested in the last three months. This avoids the requirement to access invested funds for these purposes.

6.2 Defined Contribution Considerations

Funds need to be sold to make payments of benefits and to undertake investment switches in line with lifestyle and governed portfolio strategies. The Trustees expect the Pension Provider to be able to realise the Scheme's funds within a reasonable timescale.

7 Monitoring

With the assistance of the investment adviser, the Trustees monitor the performance of the chosen funds and portfolios at Trustee meetings which are held on a four-monthly basis. Fund and Portfolio performance is tracked against its stated objective and benchmark.

8 Environment, Social and Corporate Governance Factors

As the Scheme's assets are invested in a selection of pooled funds, the Trustees accept the assets are subject to the investment manager's own policy on social, environmental or ethical investment and on corporate governance.

The Trustees undertake an annual review of the Platform Provider's policy in relation to these matters by an analysis of their 'Stewardship and Responsible Investment Activity Report'.

9 Exercise of Investment Rights

The Trustees recognise their responsibilities as the owners of significant investment capital and believe that good corporate governance enhances shareholder value over the long term. As Investors in Pooled investment funds the Trustees cannot directly influence the managers' policies on the exercise of investment rights. Having reviewed the Stewardship Policy of Royal London Asset Management, the Trustees understand the investment managers' Corporate Governance policies reflect the recommendations of the UK Stewardship Code issued by the Financial Reporting Council.

Whilst there is no direct influence, if the Trustees felt that the policies of the investment managers were divergent with good Corporate Governance Practices they would implement a review of the Pension Provider in the wider market to ascertain if the assets of the scheme could be put to more effective use.

10 Review and Compliance of the Statement

In compliance with the requirements of Section 35 of the Pensions Act 1995 the Trustees will review this Statement at the very least on a three yearly basis to coincide with the Actuarial Valuation of the scheme and immediately after any significant change in investment policy. Any such review will be taken after receiving advice and will be in consultation with the Company.

It is the Trustees' working practise to monitor compliance of the Statement as part of the investment review at every Trustee meeting.

This Statement of Investment Principles was completed in March 2022.

The Trustees of the Crossroads Commercial Retirement Benefits Scheme



.....Date.....

David Crowley

Chair of Trustees

11 Appendix

11.1 Appendix A: Fee Structures

All professional, advisory fees and trustee expenses are met entirely by the employer.

Investment management fees are paid via an AMC based on the value of funds across all types of investment asset – Defined Contribution Funds, Trustee Managed GMP Funds and the Contingency Fund. In agreeing the fee structure with the Platform Provider, the Trustees have negotiated discounts as follows on the published fund AMC.

Scheme Section	Scheme Code	Agreed Discount	Effective AMC if published AMC is 1%
Defined Contribution	60730	0.45%	0.55%
GMP Funds	60781	0.25%	0.75%
Contingency Fund	15996	0.6%	0.4%

The Trustees are satisfied that the total charges borne by the members over a 12-month period comply with the charge cap of 0.75%.

11.2 Appendix B: The Trustee's policy with regard to risk

The Trustees recognise a number of risks involved in the investment of the Scheme's assets. The following table shows each type of risks along with the Trustees policy on how each risk is to be measured and managed.

Type of risk	Measured by	Managed by
Mismatching	Value of liabilities and assets not moving in line with one another.	The Trustees adopt an investment strategy, which considers investments that 'best' match the Scheme's liabilities. The Trustees consider what extent to match the assets to the liabilities and the risk of mismatching. The Trustees accept that even where they decide to match, perfect matching is not possible and that there will be some residual mismatching risk. The degree of mismatching risk will be monitored periodically and at any time should there be a significant change in the financial strength of the sponsoring employer.
Solvency	Funding position on a solvency buy-out basis changing from one valuation to the next.	The Trustees accept that the assets are invested to match the liabilities on an ongoing basis and not a buyout solvency basis. The Trustees will monitor the buyout position at the Triennial Actuarial valuation

Currency	The level of scheme asset exposure to foreign currencies leading to adverse influence on investment values arising from economic conditions affecting that currency	The Trustees may from time to time decide to hedge currency risks, though their default position is not to hedge such risks.
Liquidity	The level of cashflow required for the scheme over a specific period. Failure to meet benefits as they fall due, as a result of inability to realise assets.	The Trustees examine the projected cash flow of the Scheme and, if there is predicted to be a net outflow in a given year will ensure sufficient assets are held in cash or other liquid assets.
Diversification	Concentration of assets in any one investment fund or asset class leading to the risk of an adverse influence on investment values arising from poor performance of that fund or asset	The Trustee's investment policy is to invest in pooled investment funds, with the objective of achieving diversification. In addition, the Trustees hold no employer related assets.
Fraud	Loss of assets as a result of fraud.	The appointed fund managers provide custody of the majority of the scheme's assets and each fund manager accepts responsibility should fraud be committed by their staff. The Trustees have put in place strict controls on who can authorise the transfer of cash and the accounts to which transfers can be made.
Legislative	Impact of additional legislative requirements affecting either; <ul style="list-style-type: none"> • An increase in the value of the liabilities, or • A fall in asset values or expected future returns. 	The Trustees have no control over this type of risk. If the risk emerges then Trustees will review the investment strategy with the guidance of their appointed advisers.
Political	The level of concentration in any one market leading to the risk of an adverse influence on investment values as a result of political action, such as; <ul style="list-style-type: none"> • Change in government, 	The Trustees have no control over this type of risk however they expect the investment manager to take account of it in both their asset allocation strategy at both fund and portfolio level.

	<ul style="list-style-type: none"> Change in supply of gilts. 	
Funding	The funding level on the Statutory Funding Objective (SFO) falls below an acceptable level.	The Trustees invest the assets such that the risk of deterioration of the SFO funding level to below an acceptable level is balanced against the risk of not achieving the other objectives set out in this Statement and the Statement of Funding Principle.
Employer	The level, ability and willingness of the Employer to support the continuation of the Scheme and make good any current and future deficit	Trustees regularly monitor the Employer Covenant and take account of any changes in determining the asset allocation.
Investment Manager	Is measured by the expected deviation of the prospective risk and return as set out in the Manager objectives relative to investment benchmark.	Monitoring of the actual deviation of returns relative to the objective over the long term.
Inflation	Investment returns for members and Trustees not keeping pace with inflation and not producing adequate retirement benefits	<p>The Trustees have selected a diversified portfolio of assets for both Trustee managed and member selected accounts that are targeted to produce returns in excess of inflation over the longer term.</p> <p>Members are encouraged to review their investment selection with an Independent Financial Adviser</p>
Benefit Conversion	Adverse movements in investment values prior to realisation for specific members or at Trustee level	The Trustees have selected a default investment option that reduces risk in the 15 years running up to a member's normal retirement date
Climate Change	Considered to be a systemic risk	The Trustees review the Investment Managers approach to managing climate change concerns and are confident that they have a positive engagement approach to work with companies/institutions to reduce this risk over the longer term

11.3 Appendix C: Expected Return on Investments

The expected returns on the principal asset classes and fund types within the scheme are:

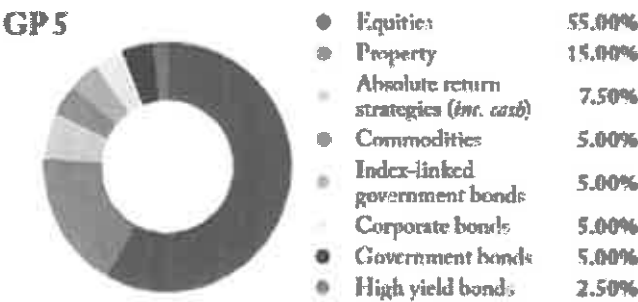
Asset	Return Characteristics
Equities	Strong positive return relative to inflation over the longer-term but tend to be the most volatile asset class over the shorter term
Property	Should achieve a positive return relative to inflation over the longer term which lower than that for equities but with a lower level of short-term volatility
Corporate Bonds	Should achieve a positive return relative to inflation over the longer term which lower than that for equities and property but with a lower level of short-term volatility
Gilts (Government Bonds)	Should achieve a positive return relative to inflation over the longer term which lower than that for equities, property and Corporate Bonds but with a lower level of short-term volatility
Index Linked Gilts	Should achieve a return in line with inflation over the longer-term but with a lower level of short-term volatility than equities, property and corporate bonds
Cash	Should achieve a positive return which may not always keep pace with inflation, while normally providing a minimal level of volatility and a high degree of capital security
Long Dated Bonds	Values should move broadly in line with financial factors influencing annuity rates
Multi-Asset Funds	Invest in a mix of asset classes with the objective of delivering a positive return relative to inflation over the longer-term, with lower level of volatility than equities

11.4 Appendix D: Defined Benefit Funds Asset Allocation

Based upon advice from the Investment Adviser and in proportion of the size of the defined benefit assets of the scheme the Trustees have elected to invest in an 'off the shelf' model portfolio provided by the platform provider.

This portfolio benefits from a monthly review of asset allocation and fund selection with automatic rebalancing to maintain the selected attitude to risk.

The current asset allocation of the Royal London Governed Portfolio 5 is as follows:



APPENDIX B PROJECTIONS

The tables below show the example of the cumulative effect over time of the relevant costs and charges on the value of a member's benefits for the highest and lowest charging funds in which the members are invested.

Royal London Corporate Bond Lowest charging fund		
Investment return		4.66%
Charges (p.a.)		0.550%
Years to Normal Retirement Age	Pension pot, £ (before charges)	Pension pot, £ (after charges)
25	50,000	50,000
20	55,495	54,052
15	61,594	58,433
10	68,363	63,168
5	75,877	68,288
0	84,215	73,822

Royal London Property Highest charging fund		
Investment return		6.02%
Charges (p.a.)		0.704%
Years to Normal Retirement Age	Pension pot, £ (before charges)	Pension pot, £ (after charges)
25	50,000	50,000
20	59,207	57,267
15	70,109	65,590
10	83,018	75,123
5	98,305	86,042
0	116,407	98,547

Assumptions

This illustration is based on:

- An initial pension pot of £50,000
- No further contributions
- Inflation of 2.5%