

**IMI 2014 DEFERRED FUND**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**  
**FUND REGISTRATION NUMBER: 12009946**

# IMI 2014 DEFERRED FUND

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YEAR ENDED 31 MARCH 2024

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**IMI 2014 DEFERRED FUND**  
**TRUSTEE AND ADVISERS**  
**YEAR ENDED 31 MARCH 2024**

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<b>Principal Employer</b>	IMI plc
<b>Trustee</b>	IMI Pensions Trust Limited Lakeside Solihull Parkway Birmingham Business Park Birmingham B37 7XZ
<b>Directors of the Trustee:</b>	<b>Company-appointed</b>  Mr G Croydon Mr J Jones  <b>Member-nominated</b>  Mrs J Cooke Mr C Dunn Mrs K Strath
<b>Investment consultants</b>	Aon Solutions UK Limited
<b>Fund Secretary</b>	Mr A Edwards
<b>Administrators</b>	Towers Watson Limited (trading as WTW)
<b>Fund Actuary</b>	Mr C Smith, Towers Watson Limited (trading as WTW)
<b>Independent auditor</b>	KPMG LLP
<b>Legal advisers</b>	Squire Patton Boggs (UK) LLP
<b>Buy in providers</b>	Pension Insurance Corporation plc (PIC) Legal & General
<b>Investment manager</b>	IMI Common Investment Fund
<b>Custodian bank</b>	Northern Trust
<b>Bankers</b>	Barclays Bank

## **IMI 2014 DEFERRED FUND**

### **TRUSTEE'S REPORT**

**YEAR ENDED 31 MARCH 2024**

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#### **Composition of Trustee Board**

The Trustee of the Fund is IMI Pensions Trust Limited, a wholly owned subsidiary of IMI plc. At 31 March 2024 the Trustee had two company appointed and three member nominated trustee directors (MNTD). The proportion of MNTDs to Company Appointed Directors (CAD) is higher than the 1/3rd requirement of the Pensions Act 2004.

The Trustee Board has eight Director positions. The term of appointment for MNTDs is six years.

#### **Constitution of the Fund**

The Fund was established with effect from 12 September 2014 and operates in accordance with a Definitive Trust Deed and Rules. References to "the Company" are to IMI plc, which is the Principal Employer. The Fund exists to provide benefits for employees of IMI plc and those subsidiaries that participate in the Fund. Its assets are entirely separate from those of the Company.

The Fund is a registered pension scheme by virtue of being an approved scheme (under Chapter 1 Part XIV of the Income and Corporation Taxes Act 1988). It is registered under Chapter 2 of Part 4 of Finance Act 2004.

#### **Changes to Rules**

There were no changes to the Fund rules during the year.

#### **Financial developments and financial statements**

The financial statements included in this annual report are the financial statements required by the Pensions Act 1995. They have been prepared and audited in compliance with regulations made under sections 41(1) and (6) of that Act.

## IMI 2014 DEFERRED FUND

### TRUSTEE'S REPORT *(continued)*

#### YEAR ENDED 31 MARCH 2024

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##### Statement of Trustee's responsibilities for the financial statements

The audited financial statements, which are to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, is the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Fund members, beneficiaries and certain other parties, audited financial statements for each Fund year which:

(i) show a true and fair view of the financial transactions of the Fund during the Fund year and of the amount and disposition at the end of the Fund year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year; and

(ii) contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice *Financial Reports of Pension Schemes*.

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. It is also responsible for:

- assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless it either intends to wind up Fund, or has no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustee's annual report, information about the Fund prescribed by pensions legislation, which it should ensure is fair and impartial.

The Trustee also has certain responsibilities in respect of contributions which are set out in the statement of Trustee's responsibilities accompanying the Trustee's summary of contributions.

The Trustee is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 Fund and to prevent and detect fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the Fund and financial information included on the Fund's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## IMI 2014 DEFERRED FUND

### TRUSTEE'S REPORT *(continued)*

#### YEAR ENDED 31 MARCH 2024

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#### Membership

The changes in membership during the year are as follows:

	<b>Deferred/ Preserved Employed members</b>	<b>Pensioners</b>	<b>Total</b>
At 1 April 2023	2,370	623	<b>2,993</b>
Adjustments to prior period	(26)	22	<b>(4)</b>
New beneficiaries	–	3	<b>3</b>
Retirements	(87)	87	<b>–</b>
Deaths	(7)	(4)	<b>(11)</b>
Transfers out	(6)	–	<b>(6)</b>
<b>At 31 March 2024</b>	<u>2,244</u>	<u>731</u>	<u><b>2,975</b></u>

The adjustments to the prior period relate to late notifications which were processed after the finalisation of the financial statements in the previous period.

## **IMI 2014 DEFERRED FUND**

### **TRUSTEE'S REPORT** *(continued)*

#### **YEAR ENDED 31 MARCH 2024**

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##### **Pension increases**

The pension increases notes that follow do not apply to members who opted for a Pension Increase Exchange in 2012. These members receive no further increases.

##### **Main Section (excluding ex MKR members), Senior Section and IMI Section (excluding former YIM Section members)**

The Fund pays post retirement increases for these members each year on 1 January. The current rules allow for increases to be paid by reference to the movement in the retail prices index (RPI) for the 12 months preceding 30 September, to a maximum of 5% per year (2.5% for service after January 2006). Increases are applied to post-commuted pensions.

The post retirement increase applied on 1 January 2024 to pensions was 5%. Pensions commencing in the 12 months preceding 1 January 2024 receive a pro-rated increase.

The pension increases above do not apply to that element of the pensions in payment representing Guaranteed Minimum Pension (GMP) once GMP Pension Age (65 for men and 60 for women) is attained. The Fund is required to provide GMP as a consequence of contracting out of State pension arrangements. GMP earned after April 1988 will be increased by the Fund in line with inflation, as required by legislation, to a maximum of 3% per year. GMPs relate to service accrued from April 1978 to April 1997, when contracting out arrangements were changed and GMP ceased to apply.

##### **Main Section (former MKR Scheme Members)**

The same conditions apply as those in the IMI section above, except that post retirement increases for these members are applied each 1 April. On 1 April 2023 the pensions for these members were increased by 5% being the increase in the Retail Price Index (RPI) for the 12 months to September 2022.

##### **IMI Section (former YIM Section Members)**

On 1 January 2024 the increase awarded was 5%.

##### **Facsimile section**

Pensions in payment are adjusted in line with the objective to pay pensions as if members had continuous service within the ICI Pension Fund. Increases prior to and after retirement are granted by taking into account the increases made under applicable ICI pension arrangements. Pensions in this category have been bought out and therefore no increase was awarded from the Fund at 1 November 2020.

##### **Transfer values**

Individual transfer values represent the cash equivalent of members' deferred pensions.

## **IMI 2014 DEFERRED FUND**

### **TRUSTEE'S REPORT** *(continued)*

#### **YEAR ENDED 31 MARCH 2024**

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##### **Actuarial liabilities**

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 Fund 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 using the assumptions agreed between the Trustee and the employer and set out in the Statement of Funding Principles, which is available to Fund members on request.

The latest completed actuarial valuation of the Fund was carried out by Towers Watson Limited as at 31 March 2021. The results are summarised as follows. The valuation Report dated 20 December 2021 showed that the present value of promised retirement benefits (the "technical provisions") was £579 million at 31 March 2021, corresponding to a surplus of assets relative to the technical provisions of £6 million and a funding level of 101%. In assessing the surplus, the assets used excluded the value ascribed to the Trustee Payment Plan (TPP, referred to in the 31 March 2021 financial statements as the Special Purpose Vehicle). In light of the continued strengthening of the funding position, in line with the terms of the TPP, the Trustee's interest in the TPP has now come to end.

The Actuary's statutory estimate of the solvency funding level as at 31 March 2021 is 87%.

The results of the 31 March 2023 annual funding update also showed a technical provisions funding level of 101%, which corresponded to a surplus of £5m. The next valuation, due as at 31 March 2024, is in progress.

##### **Method**

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



## IMI 2014 DEFERRED FUND

### TRUSTEE'S REPORT *(continued)*

#### YEAR ENDED 31 MARCH 2024

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#### Significant actuarial assumptions

The table below summarises the main financial assumptions used to calculate the Fund's technical provisions:

<b>Financial assumptions</b>	<b>31 March 2021 % pa</b>
Discount rate	<b>Nominal gilt curve plus 0.25% pa – equivalent to an average rate of 1.55% pa</b>
Retail price inflation (RPI)	<b>Gilt market breakeven inflation curve – equivalent to an average rate of 3.4% pa</b>
Consumer price inflation (CPI)	<b>RPI less 0.7% pa until February 2030 and in line with RPI thereafter</b>
Pension increases where not fixed	<b>Term-dependant increases as implied by the relevant inflation assumption or the relevant cap/floor if lower/higher</b>

The table below summarises the main demographic assumptions used to calculate the Fund's technical provisions:

<b>Demographic assumptions</b>	<b>31 March 2021</b>
<b>Base mortality tables</b>	<b>Relevant SAPS S3 pensioner (amounts) tables with improvements from 2013 to 2021 in line with the CMI 2020 core projections model with a long term trend of 1.5% pa, 0.25% initial addition, 7.5 smoothing parameter and zero weighting to 2020</b>
<b>Proportion of relevant base mortality rates</b>	
Male pensioners (vary by size of pension)	
Less than £5,000 pa	<b>85.2% of the (male) 'Heavy' table</b>
£5,000 pa to £20,000 pa	<b>94.1% of the (male) 'Middle' table</b>
£20,000 pa to £40,000 pa	<b>90.7% of the (male) 'Light' table</b>
More than £40,000 pa	<b>84.0% of the (male) 'Very light' table</b>
Male Dependants	<b>102.2% of the (male) 'All pensioners' table</b>
Female pensioners (vary by size of pension)	
Less than £1,000 pa	<b>92.7% of the (female) 'Heavy' table</b>
£1,000 pa to £8,000 pa	<b>94.2% of the (female) 'Middle' table</b>
£8,000 pa to £16,000 pa	<b>89.8% of the (female) 'Light' table</b>
More than £16,000 pa	<b>91.6% of the (female) 'Very light' table</b>
Female Dependants	<b>98.3% of the (female) 'All pensioners' table</b>
<b>Future improvements in longevity</b>	<b>From 2021 in line with the CMI 2020 core projections model with a long-term trend of 1.5% pa, 0.25% initial addition, 7.5 smoothing parameter and zero weighting to 2020 population experience</b>

## **IMI 2014 DEFERRED FUND**

### **TRUSTEE'S REPORT** *(continued)*

#### **YEAR ENDED 31 MARCH 2024**

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#### **Administration**

During the Fund year to 31 March 2024 the Fund was administered by Towers Watson Limited, who undertook the day-to-day administration. This included record keeping, accounting and operation of the pensioner payroll.

The Company's specialist in-house pensions team, IMI Group Pensions, provide secretarial services to the Trustee, prepares communications to members and liaises with the Fund's professional advisers. IMI Group Pensions also carries out specific duties, on behalf of the Trustee, which have been formally delegated and documented.

#### **Operational Costs**

The Company pays the operational costs of IMI Group Pensions.

The Trustee approves the fees incurred in the operation of the Fund, which are paid from the Fund's resources and monitored by IMI Group Pensions. They include the following:-

- administration services;
- actuarial and legal advice;
- audit fees;
- investment consultancy;
- bank charges;
- printing costs of all communications and information literature; and fees for medical reports requested by the Trustee.

#### **Participating Companies**

In addition to IMI plc, the Principal Employer, the following companies participated in the Fund as at 31 March 2024 :

IMI Components Ltd	IMI Webber Ltd
IMI Kynoch Ltd	IMI Precision Engineering Ltd
Scott Precision Wire Ltd	IMI Hydronic Engineering Ltd

The Fund is closed to future accrual of benefits.

#### **Investment management**

##### **Investment managers**

The Fund's assets (other than the buy-in policies) are invested in the IMI Common Investment Fund (CIF). The investment managers used by the CIF are included in the non-statutory financial statements of the CIF which are appended to this Annual Report and Financial Statements.

Investment managers and the Fund's investment consultant are appropriately authorised under the Financial Services and Markets Act 2000 in the United Kingdom.

## IMI 2014 DEFERRED FUND

### TRUSTEE'S REPORT *(continued)*

#### YEAR ENDED 31 MARCH 2024

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#### Investment principles

The Trustee has produced a Statement of Investment Principles (SIP) in accordance with Section 35 of the Pensions Act 1995, as well as the requirements under the 2004 Pension Act and the Occupational Pension Schemes (Investment) Regulations 2005, which sets out the Trustee's general approach to risk management.

The Statement summarises how the Trustee:

- sets the investment policy and chooses the most suitable types of investments for the Fund;
- delegates buying and selling investments to the Investment Managers;
- monitors the performance of the investments.

A copy of the statement is available on the following link:

[https://pensiongeeks.com/PensionGeeks/media/imi/writable\\_pdfs/Statement-of-Investment-Principles-March-2024.pdf](https://pensiongeeks.com/PensionGeeks/media/imi/writable_pdfs/Statement-of-Investment-Principles-March-2024.pdf)

The SIP was most recently updated in April 2024 from the previous version dated March 2023.

#### Fund performance

The performance of the Deferred Fund's assets held in the CIF over the year to 31 March 2024 has been included within the CIF Annual Report which is appended to this Annual Report. The table below shows the performance of the assets relative to the appropriate benchmarks.

#### Period to 31 March 2024

	Fund %	Benchmark %
1 Year	-14.2	21.7
3 Years (p.a)	-19.2	-6.0

*Source: Northern Trust*

#### Socially responsible investments

Environmental, social and governance (ESG) factors including climate change could negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers these risks by taking advice from the investment consultant when setting the Fund's asset allocation, when selecting managers and when monitoring their performance.

## **IMI 2014 DEFERRED FUND**

### **TRUSTEE'S REPORT** *(continued)*

#### **YEAR ENDED 31 MARCH 2024**

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##### **Rights attaching to investments**

Within the overall constraint of achieving the best financial return for the Fund's investments, the Trustee has delegated to the managers responsibility for taking social, environmental and ethical considerations into account when assessing the selection, retention and realisation of investments. As part of their delegated responsibilities, the Trustee expects the Fund's investment managers to:

- where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and
- exercise the Trustee's voting rights in relation to the Fund's assets (where applicable).

The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice from the investment consultant with regards to any changes. This advice includes consideration of broader stewardship matters.

##### **Members' views and non-financial factors**

In setting and implementing the Fund's investment strategy the Trustee does not seek the views of Fund members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").

##### **Custody of assets**

Northern Trust has been appointed as global custodian of the CIF's segregated assets. Where the CIF invests in pooled investment vehicles, the investment managers are responsible for appointing a custodian to safeguard the underlying assets of the pooled vehicles.

##### **Employer related investments**

There were no employer related investments during the year or at the year end.

##### **Cash equivalents**

Cash equivalents paid during the Fund 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.

##### **Fund advisers**

There are written agreements in place between the Trustee and each of the Fund advisers listed on page 1 of these financial statements and also with the Principal Employer.

## IMI 2014 DEFERRED FUND

### TRUSTEE'S REPORT *(continued)*

#### YEAR ENDED 31 MARCH 2024

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#### **The Pension Tracing Service, MoneyHelper, the Pensions Ombudsman and The Pensions Regulator**

In accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, members are advised that:

- if they have general requests for information or guidance concerning pension arrangements contact MoneyHelper:  
Address: Bedford Borough Hall, 138 Cauldwell Street, Bedford, MK42 9AP  
Telephone: 0800 011 3797  
Website: [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)
- if they have a complaint or dispute concerning a workplace or personal pension arrangement they have the right to contact The Pensions Ombudsman free of charge:  
Address: 10 South Colonnade, Canary Wharf, E14 4PU  
Telephone: 0800 917 4487  
Website: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)  
Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

In addition to the above The Pensions Regulator may intervene in the running of pension schemes where trustees, managers, employees or professional advisers have failed in their duties:

Address: Telecom House, 125-135 Preston Road, Brighton, BN1 6AF  
Email: [customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk)

It has wide ranging powers which include the power to:

- suspend, disqualify and remove a Trustee, or Director of a Trustee company, for consistently not carrying out their duties;
- wind up schemes where necessary;
- apply for injunctions to prevent the misuse and misappropriation of scheme assets and apply for restitution where necessary.

Information regarding the Fund has been given to the Pension Tracing Service. You can trace your pension by contacting the Pension Tracing Service:

Telephone: 0800 731 0193  
Website: [www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details)

The auditor and actuary have a statutory duty to make an immediate written report to The Pensions Regulator if they believe that legal duties concerned with the running of the Fund are not being carried out.

#### **Internal disputes resolution procedure**

A disputes resolution procedure has been agreed by the Trustee to resolve any queries raised by beneficiaries or potential beneficiaries of the Fund and details of this can be obtained by writing to the contact below.

**IMI 2014 DEFERRED FUND**

**TRUSTEE'S REPORT** *(continued)*

**YEAR ENDED 31 MARCH 2024**

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**Contact for further information**

Any queries or complaints about the Fund, including requests from individuals for information about their benefits or for a copy of Fund documentation, should be sent in the first instance to:

**Alex Ives  
Towers Watson Limited  
Westgate  
120-130 Station Road  
Redhill  
Surrey  
RH1 1WS**

The Trustee's report including the Implementation Statement in Appendix 1 is approved by the Trustee and signed for and on behalf of IMI Pensions Trust Limited

**Trustee Director**

**Date:**

**Trustee Director**

**Date:**

## IMI 2014 DEFERRED FUND

### ACTUARIAL CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS

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#### Actuary's certification of the schedule of contributions

*Name of scheme:* IMI 2014 Deferred Fund

#### Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2021 to continue to be met for the period for which the schedule is to be in force.

#### Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated December 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 their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature: Colin Smith

Date: 21 December 2021

**Colin Smith**  
**Fellow of the Institute and Faculty of Actuaries**

**Towers Watson Limited**  
**Watson House**  
**London Road**  
**Reigate**  
**Surrey**  
**RH2 9PQ**

Towers Watson Limited is authorised and regulated by the Financial Conduct Authority

**IMI 2014 DEFERRED FUND**

**TRUSTEE'S STATEMENT ABOUT CONTRIBUTIONS**

**YEAR ENDED 31 MARCH 2024**

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**Trustee's summary of contributions**

This summary of contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the employer contributions payable to the Fund under the schedule of contributions dated 21 December 2021 in respect of the Fund year ended 31 March 2024. The Fund Auditor reports on contributions payable under the schedule in the Auditor's Statement about Contributions.

**Statement of Trustee's responsibilities in respect of contributions**

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

No contributions were due under the schedule of contributions during the year.

**On behalf of IMI Pensions Trust Limited**

**Trustee Director**

**Trustee Director**

**Date:**

**Date:**



## **IMI 2014 DEFERRED FUND**

### **INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE**

#### **YEAR ENDED 31 MARCH 2024**

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We have examined the summary of contributions payable under the schedule of contributions to the IMI 2014 Deferred Fund in respect of the Fund year ended 31 March 2024 which is set out on page 14.

In our opinion contributions for the Fund year ended 31 March 2024 as reported in the summary of contributions and payable under the schedule of contributions have in all material respects been paid in accordance with the schedule of contributions certified by the actuary on 21 December 2021.

#### **Scope of work on statement about contributions**

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

#### **Respective responsibilities of Trustee and auditor**

As explained more fully in the Statement of Trustee's responsibilities in respect of contributions set out on page 14, the Fund's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates and due dates of certain contributions payable towards the Fund by or on behalf of the employer and the active members of the Fund. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Fund and for monitoring whether contributions are made to the Fund 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 to the Fund and to report our opinion to you.

#### **The purpose of our work and to whom we owe our responsibilities**

This statement is made solely to the Fund's Trustee, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Fund's Trustee those matters we are required to state to it in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's Trustee, for our work, for this statement, or for the opinions we have formed.

**Iryndeeep Kaur-Delay,**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

Date:

## IMI 2014 DEFERRED FUND

### INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE

#### YEAR ENDED 31 MARCH 2024

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#### Opinion

We have audited the financial statements of the IMI 2014 Deferred Fund ("the Fund") for the year ended 31 March 2024, which comprise the Fund Account and the Statement of Net Assets (*available for benefits*) and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Fund during the Fund year ended 31 March 2024 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year;
- have been properly prepared in accordance with UK accounting standards, including FRS 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Fund in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### Going concern

The Trustee has prepared the financial statements on the going concern basis as it does not intend to wind up the Fund, and as it has concluded that the Fund's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Trustee's conclusions, we considered the inherent risks to the Fund and analysed how those risks might affect the Fund's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Trustee's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Fund will continue in operation.

## IMI 2014 DEFERRED FUND

### INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE *(continued)*

#### YEAR ENDED 31 MARCH 2024

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##### **Fraud and breaches of laws and regulations - ability to detect**

###### *Identifying and responding to risks of material misstatement due to fraud.*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustee, as to the Fund's high-level policies and procedures to prevent and detect fraud as well as enquiring whether it has knowledge of any actual, suspected or alleged fraud.
- Reading Trustee Board meeting minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Trustee (or its delegates including Fund Administrator) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as valuation of the annuity policies. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustee; there are no subjective issues or judgements required.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Fund wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the financial statements have been prepared and unusual journals to cash.
- Assessing whether the judgements made in making accounting estimates are indicative of potential bias.

###### *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustee (as required by auditing standards) and discussed with the Trustee the policies and procedures regarding compliance with laws and regulations.

As the Fund is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Fund's procedures for complying with regulatory requirements and reading the minutes of Trustee meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

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## **IMI 2014 DEFERRED FUND**

### **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE *(continued)***

#### **YEAR ENDED 31 MARCH 2024**

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The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Fund is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related pensions legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Fund is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, or the loss of the Fund's registration. We identified the following areas as those most likely to have such an effect: pensions legislation and data protection legislation recognising the financial and regulated nature of the Fund's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustee and their delegates and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on contributions payable under the Schedule of Contributions in our Statement about Contributions on page 15 of the annual report.

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### **Other information**

The Trustee is responsible for the other information, which comprises the Trustee's report (including the report on actuarial liabilities and the summary of contributions), the Implementation Statement and the actuarial certification of the schedule of contributions. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

## **IMI 2014 DEFERRED FUND**

### **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE *(continued)***

**YEAR ENDED 31 MARCH 2024**

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#### **Trustee's responsibilities**

As explained more fully in their statement set out on page 3, the Fund Trustee is responsible for: supervising the preparation of financial statements which show a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Fund'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 they either intend to wind up the Fund, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Fund Trustee in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Fund Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund Trustee, for our audit work, for this report, or for the opinions we have formed.

**Iryndeeep Kaur-Delay,**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

Date:

**IMI 2014 DEFERRED FUND****FUND ACCOUNT****YEAR ENDED 31 MARCH 2024**

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	Note	2024 £000	2023 £000
Benefits payable	4	(7,204)	(5,179)
Transfers out	5	(642)	(3,021)
Administrative expenses	6	(1,447)	(2,868)
Other payments	7	—	(13)
		<u>(9,293)</u>	<u>(11,081)</u>
<b>Net withdrawals from dealings with members</b>		<b>(9,293)</b>	<b>(11,081)</b>
<b>Returns on investments</b>			
Investment income	8	4,938	5,908
Change in market value of investments	9	(41,047)	(245,256)
Investment management expenses	10	(397)	(652)
		<u>(36,506)</u>	<u>(240,000)</u>
<b>Net return on investments</b>		<b>(36,506)</b>	<b>(240,000)</b>
<b>Net decrease in the fund during the year</b>		<b>(45,799)</b>	<b>(251,081)</b>
<b>Net assets of the Fund</b>			
At 1 April		<u>364,650</u>	<u>615,731</u>
<b>At 31 March</b>		<b><u>318,851</u></b>	<b><u>364,650</u></b>

The notes on pages 22 to 31 form part of these financial statements.

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**IMI 2014 DEFERRED FUND****STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)****AS AT 31 MARCH 2024**

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		<b>2024</b>	<b>2023</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>
<b>Investment assets</b>	<b>9</b>		
Pooled investment vehicles	<b>12</b>	<b>33,128</b>	<b>91,486</b>
Buy in policies	<b>13</b>	<b>302,100</b>	<b>335,100</b>
		<b>335,228</b>	<b>426,586</b>
<b>Investment liabilities</b>	<b>9</b>		
Other investment balances	<b>14</b>	<b>(18,400)</b>	<b>(63,500)</b>
		<b>(18,400)</b>	<b>(63,500)</b>
<b>Total investments</b>		<b>316,828</b>	<b>363,086</b>
<b>Current assets</b>	<b>19</b>	<b>2,498</b>	<b>3,538</b>
<b>Current liabilities</b>	<b>20</b>	<b>(475)</b>	<b>(1,974)</b>
<b>Net assets of the Fund at 31 March</b>		<b>318,851</b>	<b>364,650</b>

The notes to the financial statements form part of these financial statements.

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position of the Fund, which takes into account such obligations, is dealt with in the report on the actuarial liabilities on page 6 of the Annual Report and these financial statements should be read in conjunction with this report.

The financial statements were approved by the Trustee and signed on behalf of the Trustee by:

**Trustee Director****Trustee Director****Date:****Date:**

The notes on pages 22 to 31 form part of these financial statements.

## **IMI 2014 DEFERRED FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **YEAR ENDED 31 MARCH 2024**

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##### **1. General information**

The Fund is established as a trust under English law. The address for enquiries to the Fund is included in the Trustee's Report.

##### **2. Basis of preparation**

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

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate as it believes that the Fund has adequate resources to realise its assets and meet pension payments in the normal course of affairs (continue to operate) for at least twelve months from the date of approval of these financial statements.

On this basis, whilst the impact of the current economic conditions cannot be accurately predicted, given the strong funding position, the Trustee considers that the Fund will nevertheless continue to operate. Following the assessment, the Trustee concluded it was appropriate to prepare the financial statements on a going concern basis.

##### **Identification of the financial statements**

The Fund is established as a trust under English Law. The registered address of the Fund is Lakeside,  
Solihull Parkway,  
Birmingham Business Park,  
Birmingham,  
B37 7XZ

##### **3. Accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements functional and presentational currency is pound sterling.

##### **Transfers to and from other schemes**

Individual transfers in or out are accounted for when received or paid which is normally when member liability is accepted/discharged.



## IMI 2014 DEFERRED FUND

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

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#### 3. Accounting policies *(continued)*

##### **Benefits**

Pensions payable in respect of the Fund year are accounted for by reference to the period to which they relate. Benefits are accounted for on a cash basis if members can exercise a choice in relation to these benefits or, where members have no choice in relation to these benefits, by reference to the date of retirement or leaving the Fund.

##### **Expenses**

Administrative expenses and investment management expenses are accounted for by reference to the period to which they relate.

##### **Annuity policies**

The Trustee does not hold annuity policies in the name of the Trustee, other than the buy-in policies referred to in note 13.

##### **Investment income**

Investment income arising from the underlying investments of the Pooled investment vehicles is reinvested within the Pooled investment vehicles and reflected in the unit price. It is reported within 'Change in Market Value'.

Interest is accrued on a daily basis.

##### **Investments**

Investments are included at fair value.

Investment holdings in the IMI Common Investment Fund are stated at bid price for funds with bid / offer spreads, or single price where there are no bid/offer spreads as provided by the custodian.

##### **Buy-in policies**

The buy-in policies held with PIC and Legal & General have been valued at the values calculated by the Fund Actuary. The actuarial assumptions used to value the annuity policies at 31 March 2024 are in line with those adopted for the 31 March 2021 technical provisions updated to reflect gilt yields and gilt-implied breakeven inflation at 31 March 2024. The valuation of the annuity policies allows for the assumption that non-pensioners will, on average, commute 20% of pension at retirement for a cash lump sum, but with reference to the insured commutation terms (rather than the commutation terms assumed for the 2021 valuation).

**IMI 2014 DEFERRED FUND****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MARCH 2024**

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**4. Benefits payable**

	<b>2024</b>	2023
	<b>£000</b>	£000
Pensions	<b>3,649</b>	2,877
Commutations and retirement lump sums	<b>3,511</b>	2,116
Lump sum death benefits	<b>44</b>	186
	<b><u>7,204</u></b>	<u>5,179</u>

**5. Transfers out**

	<b>2024</b>	2023
	<b>£000</b>	£000
Individual transfers out	<b>642</b>	3,021

**6. Administrative expenses**

	<b>2024</b>	2023
	<b>£000</b>	£000
Administration fees	<b>469</b>	360
Legal fees	<b>78</b>	106
Regulatory levies	<b>24</b>	33
Actuarial fees	<b>643</b>	740
Audit fee	<b>75</b>	63
Communications fees	<b>52</b>	135
Other fees	<b>106</b>	1,431
	<b><u>1,447</u></b>	<u>2,868</u>

**7. Other payments**

	<b>2024</b>	2023
	<b>£000</b>	£000
Premiums on term assurance policies	<b>–</b>	13

**8. Investment income**

	<b>2024</b>	2023
	<b>£000</b>	£000
Annuity income	<b>4,861</b>	5,863
Interest on cash deposits	<b>77</b>	45
	<b><u>4,938</u></b>	<u>5,908</u>

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**IMI 2014 DEFERRED FUND****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MARCH 2024**

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**9. Investments**

	<b>Value at 01/04/23</b>	<b>Purchases at cost</b>	<b>Sales proceeds</b>	<b>Change in market value</b>	<b>Value at 31/03/24</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Pooled investment vehicles	91,486	–	(50,211)	(8,147)	<b>33,128</b>
Insurance policies	335,100	–	–	(33,000)	<b>302,100</b>
	426,586	–	(50,211)	(41,147)	<b>335,228</b>
Other investment balances	(63,500)			100	<b>(18,400)</b>
	<u>363,086</u>			<u>(41,047)</u>	<u><b>316,828</b></u>

The pooled investment vehicles are held with IMI Common Investment Fund (CIF).

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

Costs are borne by the Fund in relation to transactions in pooled investment vehicles. However, such costs are taken into account in calculating the unit price of these investments and are not therefore separately identifiable.

**10. Investment management expenses**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Administration, management and custody	<b>397</b>	<b>652</b>

**11. Taxation**

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

## IMI 2014 DEFERRED FUND

### NOTES TO THE FINANCIAL STATEMENTS

#### YEAR ENDED 31 MARCH 2024

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#### 12. Common investment fund

	<b>2024</b>	2023
	<b>£000</b>	£000
IMI Common Investment Fund	<b><u>33,128</u></b>	<u>91,486</u>

The funds held by Investment manager in the IMI Common Investment Fund are as follows:

	<b>2023</b>	2024
	<b>£000</b>	£000
Cash	<b>5,143</b>	1,635
Commercial Real Estate Debt	<b>25</b>	4,591
Gilts	<b>–</b>	4,794
Private Equity Fund	<b>27,940</b>	80,445
Property Fund	<b>20</b>	21
	<b><u>33,128</u></b>	<u>91,486</u>

#### 13. Insurance policies (annuity buy in policies)

	<b>2024</b>	2023
	<b>£000</b>	£000
Buy in policies	<b><u>302,100</u></b>	<u>335,100</u>

In December 2022, the Trustee transferred £110.7m into a new buy-in policy with Pension Insurance Corporation ("PIC") to annuitize some of the pensioners of the Fund. The value of the insurance policy also includes the deferred premium of £63.5m (including interest) payable in two instalments i.e. £40m to be paid by 31 May 2023 and £20m to be paid by 31 December 2027. The first premium was paid in April 2023 along with interest. A further £5m (plus interest) was paid in July 2023. The remaining value of the deferred premium as calculated by the Fund Actuary, is £18.4m assuming that the premium is paid on 31 December 2027.

At the year end there were exercises in progress to determine back payments from PIC in respect of retirements during the year under the PIC 2021 and PIC 2022 policies, and to review membership data underlying the bulk annuity policies. This led to additional amounts received of £1.206m in April 2024. No allowance has been included in the policy valuations for these, but accrual has been made for this amount in investment income (note 8).

#### 14. Other investment balances

	<b>2024</b>	2023
	<b>£000</b>	£000
<b>Other investment balances liabilities</b>		
Deferred premium payable to PIC	<b><u>(18,400)</u></b>	<u>(63,500)</u>

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## IMI 2014 DEFERRED FUND

### NOTES TO THE FINANCIAL STATEMENTS

#### YEAR ENDED 31 MARCH 2024

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#### 15. Fair value determination

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

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) 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 Fund's investment assets and liabilities have been fair valued using the above hierarchy levels as follows:

	<b>At 31 March 2024</b>			<b>Total</b>
	Level 1 £000	Level 2 £000	Level 3 £000	<b>£000</b>
Pooled investment vehicles	–	–	33,128	33,128
Insurance policies	–	–	302,100	302,100
Other investment balances	(18,400)	–	–	(18,400)
	<u>(18,400)</u>	<u>–</u>	<u>335,228</u>	<u>316,828</u>

  

	<b>At 31 March 2023</b>			<b>Total</b>
	Level 1 £000	Level 2 £000	Level 3 £000	<b>£000</b>
Pooled investment vehicles	–	–	91,486	91,486
Insurance policies	–	–	335,100	335,100
Other investment balances	(63,500)	–	–	(63,500)
	<u>(63,500)</u>	<u>–</u>	<u>426,586</u>	<u>363,086</u>

## IMI 2014 DEFERRED FUND

### NOTES TO THE FINANCIAL STATEMENTS

#### YEAR ENDED 31 MARCH 2024

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#### 16. Investment risk disclosures

##### Investment policy and objectives

The Trustee aims to invest the assets of the Fund prudently with the aim of ensuring that the benefits promised to members are provided as they fall due. In setting the Fund's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Fund and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk.

The asset allocation of the CIF at 31 March 2024 is set out in the table below:

##### Asset allocation

<b>Asset Class</b>	<b>31 March 2024 Allocation (%)</b>
<b>Alternatives</b>	<b>84.5</b>
Multi-manager Private Equity	84.5
<b>Cash</b>	<b>15.5</b>
Cash	15.5
<b>Total Assets</b>	<b>100.0</b>

*Source: Northern Trust. Figures subject to rounding.*

*The assets listed in the table above are invested in the IMI Common Investment Fund ("CIF").*

*In addition to the assets invested through the CIF, the Fund holds buy-in policies with Pension Insurance Corporation ("PIC") and Legal and General Assurance Society ("LGAS").*

##### Custody of assets

Northern Trust has been appointed as global custodian of the CIF's segregated assets. Where the CIF invests in pooled investment vehicles, the investment managers are responsible for appointing a custodian to safeguard the underlying assets of the pooled vehicles.

##### Risk management structure and risk mitigation

The Trustee is responsible for identifying and managing risks, including risks arising from the investment activities.

The Trustee monitors the Fund's risks periodically, measuring and reviewing investment risks in addition to other risks in relation to employer covenant and funding.

An investment consultant has been appointed to assist the Trustee in determining and implementing the investment strategy for the Fund.

## IMI 2014 DEFERRED FUND

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

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#### 16. Investment risk disclosures *(continued)*

##### Investment risks

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

- **Credit risk:** This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- **Market risk:** This is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables.

Market risk 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 - primarily bonds, interest rate swaps and pooled investment vehicles held mainly in bonds - 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 - primarily equity prices), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to these risks through its investment in the CIF and buy-in policies. For detailed risk disclosures relating to the Fund's investments within the CIF, please refer to the separate CIF disclosures in the CIF financial statements appended to this report.

## IMI 2014 DEFERRED FUND

### NOTES TO THE FINANCIAL STATEMENTS

#### YEAR ENDED 31 MARCH 2024

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#### 16. Investment risk disclosures *(continued)*

##### Buy-in policies

At 31 March 2024, the policies, including the additional PIC buy-in purchased in December 2022 were estimated to be valued at £302.1m combined, before allowing for the deferred premium of £18.4m described in note 13.

At 31 March 2023, the policies were estimated to be valued at £335.1m combined before allowing for the deferred premium of £63.5m described in note 13.

The buy-in policies contribute to the management of funding risks, by insuring a proportion of the Fund's liabilities.

The principal risk to the Fund in relation to buy-in policies is that an insurer will fail to meet its obligations under the terms of the buy-in contract. This credit risk is limited:

- By the strict regulatory environment in which insurers operate. PIC and LGAS are regulated by both the Financial Conduct Authority and the Prudential Regulation Authority. The Prudential Regulation Authority sets rules to ensure that insurers have sufficient capital and reserves to meet their obligations.
- Because the buy-in policies are covered by the Financial Services Compensation Scheme should the insurers become insolvent.

The value of the buy-ins relates to the value of the insured liabilities. The indirect risks to the Fund therefore include:

- **Interest rate risk** - a rise in yields will reduce the value of the buy-ins;
- **Other price risk** - the value of the buy-ins may fall if there is a decrease in expected inflation or pensioner longevity.

#### 17. Concentration of investments

The following investments amounted to more than 5% of the total net assets of the Fund:

	2024		2023	
	£000	%	£000	%
IMI Buy In -PIC 2022	136,900	42.94	152,800	41.90
IMI CIF Private Equity Fund	27,940	8.76	80,445	22.06
IMI Buy In - PIC 2021	125,200	39.27	139,200	38.17
IMI Buy In - LGAS	30,100	9.44	32,500	8.91

#### 18. Employer related investments

There were no employer related investments during the year or at the year end.



## IMI 2014 DEFERRED FUND

### NOTES TO THE FINANCIAL STATEMENTS

#### YEAR ENDED 31 MARCH 2024

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#### 19. Current assets

	<b>2024</b>	2023
	<b>£000</b>	£000
Other debtors	<b>1,206</b>	814
Pensions prepayment	<b>288</b>	275
Cash balances	<b>1,004</b>	2,449
	<b><u>2,498</u></b>	<u>3,538</u>

#### 20. Current liabilities

	<b>2024</b>	2023
	<b>£000</b>	£000
Unpaid benefits	<b>82</b>	41
Accrued expenses	<b>393</b>	1,933
	<b><u>475</u></b>	<u>1,974</u>

#### 21. Related party transactions

One Trustee Director, who is a pensioner of the Fund, received pension payments during the year in accordance with the Trust Deed and Rules.

One of the Trustee Directors is also a Director of IMI CIF Trustee Limited.

IMI plc is the sponsoring employer for IMI 2014 Deferred Fund and IMI Common Investment Fund.

The Trustee is not aware of any additional material related party transactions that require disclosure in the financial statements.

#### 22. GMP equalisation

Following High Court rulings in October 2018 and November 2020, in common with many other UK pension schemes, the Fund is in process of removing gender inequalities caused by unequal male and female Guaranteed Minimum Pensions accrued between May 1990 and April 1997. The implication of these rulings on the Fund and the equalisation of guaranteed minimum pensions between men and women, in the context of the rules of the Fund and the value of any liability, is estimated not to be material to the figures presented in these financial statements.

The Trustee is in the process of reviewing the impact of GMP equalisation on both current members of the Fund and those that have previously transferred out, once this review is finalised and any liability quantified, then members will be contacted.

# Engagement Policy Implementation Statement (“EPIS”)

## IMI 2014 Deferred Fund (the “Fund”)

### Fund Year End – 31 March 2024

This EPIS documents the actions we have taken as Trustee of the IMI 2014 Deferred Fund during the year ending 31 March 2024 to achieve certain policies and objectives outlined in our Statement of Investment Principles (“SIP”)\*. It includes:

1. How our policies in the SIP on asset stewardship (including both voting and engagement activity) in relation to the Fund’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

#### Our conclusion

**Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.**

The Trustee has secured a majority of the Fund’s liabilities with bulk annuity providers. The residual assets of the Fund are invested in private equity, property and cash.

This EPIS does not disclose significant stewardship information due to the limited materiality of stewardship to these residual assets, the nature of the asset classes and given the relatively small value of the investments.

During the reporting year, the Fund did not hold any significant investments in which there was an opportunity to enact stewardship, including voting rights, in a meaningful capacity.

## How voting and engagement policies have been followed

During the reporting period, most of the Fund's assets were invested in Bulk Purchase Annuity agreements (the "Annuities") with Legal & General Assurance Society ("LGAS") and Pension Insurance Corporation ("PIC"). The aim of the Annuities is to cover the majority of benefits to members of the Fund. The remaining material assets of the Fund were invested in two Venture Capital funds managed by High Vista.

We reviewed at a high level the stewardship activity carried out over the Fund year by the two bulk annuity providers and High Vista. More information on this stewardship activity can be found in the following sections of this report.

Over the reporting year, we monitored the performance of the Fund's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon").

Each year, the Trustee reviews the voting and engagement of the Fund's investment managers to ensure they align with our own policies for the Fund.

The Fund's stewardship policy can be found in the SIP: <https://www.imipensions.co.uk/other-information/imi-2014-deferred-fund>. During the year, the SIP and stewardship policy were reviewed by the Trustee.

## Our manager's engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

High Vista were unable to share a stewardship report for the period; however, they provided their firm's ESG policy which sufficiently explained their approach to voting and engagement.

Note that:

- Engagement information is not included for immaterial assets (investments valued at less than £1.5m at 31 March 2024).
- This report does not include commentary on the Fund's cash owing to the limited materiality of stewardship to this asset class.

## What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

*Source: UN PRI*

# High Vista – Engagement

## Policy

In High Vista’s 2024 ESG policy, the manager states that it employs a bottom-up-framework which evaluates the prospective risk/return of each opportunity. The High Vista Investment Team consider a variety of factors when evaluating a potential investment opportunity, including factors that fall under various definitions of ESG. These can include, but are not limited to, environmental, social, diversity and sustainability considerations, governmental and regulatory policies, as well as corporate governance and alignment of interests between investment managers and limited partners any of which could impact the potential risk/return profile of an investment.

If the Investment Team determines such risks and/or opportunities are material to the risk or potential return associated with a specific investment, these concerns would be addressed in a memorandum which is presented to the firm’s Investment Committee for final approval. High Vista believe that in most instances restricting investment activity with blanket ESG restrictions or other restrictions or prohibitions may lead to undesirable outcomes. High Vista prefers a pragmatic approach by way of constructive engagement with their investment partners.

On a periodic basis, underlying fund managers and partners are asked to complete various diligence questionnaires. The responses are reviewed to understand how the underlying partners consider different risks as part of their overall investment processes.

## Examples

High Vista were unable to provide engagement examples at a fund-level, stating: “HighVista Venture Capital Fund VIII is a 2011 fund and HighVista Venture Capital Fund X is a 2016 vintage year fund. At the time that those funds were committed, we did not incorporate ESG related topics as part of our due diligence process”.

At the firm level, the manager explained “HighVista does inquire about our managers’ ESG policies and their stance on ESG when considering new investments. In addition, HighVista conducts activities that are focused on giving back to the community including charitable donations and volunteering opportunities for employees at local nonprofits.” More information is available on the manager’s website: [HighVista Strategies - Responsibility](#)

## Our insurers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

Insurer	Commentary
<b>PIC – Bulk Annuity</b>	<p>PIC has implemented active engagement with investee companies across public credit and private debt investments on material sustainability issues. This is an integral part of PIC's ESG strategy to help ensure that long term ESG risks, such as climate and social risks, are accounted for within the issuer's operations which may influence its ability to meet its financial obligations.</p> <p>For direct investments (e.g., housing associations, equity release mortgages and other bilateral investments), PIC will engage where possible directly with organisations both at the point of capital raising and during the tenure of the investment on various ESG-related issues. For indirect holdings, PIC aims to work closely with external managers. The key external managers who help manage the public credit portfolio are also involved in thematic ESG research. This helps identify important emerging or prominent topics and to recognise sector leaders and laggards. These are reported directly to PIC through quarterly engagement meetings. Larger-scale industry engagements with identified laggards are held by the managers. This research, together with findings from engagements, complements PIC's forward-looking analysis and helps ensure the portfolio is correctly positioned for any long-term industry changes.</p> <p>PIC is a member of the Net Zero Asset Owner Alliance and a signatory to the United Nations' Principles of Responsible Investment ('UNPRI'), as are all their key external asset managers. PIC are also signatories to the UK Stewardship Code and the Sustainability Principles Charter for the BPA process. PIC publicly support the Task Force on Climate Related Financial Disclosures. PIC are members of the Association of British Insurers (ABI) and founding members of the ABI's Climate Change Working Group.</p>
<b>LGAS – Bulk Annuity</b>	<p>LGAS uses its in-house investment manager LGIM to manage its annuity portfolio. As the annuity book does not contain equity holdings, it has limited capabilities to exhibit stewardship.</p> <p>We have limited ability to incentivise LGAS to align its investment strategy and decisions with our policies in relation to stewardship, corporate governance, and responsible investment. However, given the nature of buy-in policies, such as the Annuity purchased by the Fund, we believe that LGAS is appropriately incentivised to make decisions relating to the medium and long-term financial and non-financial factors which may influence performance.</p> <p>LGAS is also a member/signatory of the following initiatives, which it models its engagement and stewardship policies and actions on: Principles for Responsible Investment (PRI), Aldersgate Group, Sustainable Markets Initiative, Science Based Targets initiative (SBTi), Net Zero Asset Managers (NZAMi), the UN Global Compact and the Institutional Investors Group on Climate Change. Additionally LGAS participates in various ESG indices such as ISS ESG Corporate Ratings.</p> <p>In terms of specific engagements, LGIM have overall conducted 335 engagements across 177 companies within their UK annuity book holdings, with 332 of these 335 including ESG topics. Of these engagements, 177 included environmental topics, with 117 including the specific environmental topic of climate change.</p>

**IMI COMMON INVESTMENT FUND**  
**ANNUAL REPORT AND NON-STATUTORY FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

# IMI COMMON INVESTMENT FUND

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YEAR ENDED 31 MARCH 2024

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# IMI COMMON INVESTMENT FUND

## TRUSTEE & ADVISERS

YEAR ENDED 31 MARCH 2024

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<b>Trustee</b>	IMI CIF Trustee Limited  Lakeside Solihull Parkway Birmingham Business Park Birmingham B37 7XZ
<b>Directors of the Trustee</b>	Mr A Edwards Mr C Raw (resigned 24 July 2023) Mr G Croydon Mr J Jones (appointed 24 July 2023)
<b>Fund Secretary</b>	Mr C Raw (resigned 24 July 2023) Mr J Jones (appointed 24 July 2023)
<b>Administrators</b>	Northern Trust
<b>Independent auditor</b>	KPMG LLP
<b>Legal advisers</b>	Squire Patton Boggs (UK) LLP
<b>Investment adviser</b>	Aon Solutions UK Limited
<b>Investment managers</b>	The Fund's investment managers are listed in the Investment Report on page 4.
<b>Investment custodians</b>	Northern Trust
<b>Bankers</b>	Northern Trust



# IMI COMMON INVESTMENT FUND

## TRUSTEE'S REPORT *(continued)*

### YEAR ENDED 31 MARCH 2024

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#### Introduction

The IMI Common Investment Fund ("the CIF") is a bare trust and operates under the terms of the rules effective from 1 October 2014 drawn up between the participating schemes' Trustees, and the CIF Trustee. On 1 December 2014, the IMI Pension Fund closed and members were transferred to either the IMI 2014 Deferred Fund or the IMI 2014 Pensioner Fund. These two schemes were the two participants in the CIF. The power to appoint and remove the Trustee and the Trustee Directors is vested in IMI plc, having first consulted with the Participants. The Trustee Directors who served during the period are shown on page 1. The Trustee Directors met four times during the year.

The assets of the CIF are held separately from those of the sponsoring employer and are in the care of the Trustee, who is legally independent of the sponsoring employers. The role of the Trustee is to ensure that the CIF is administered in accordance with the instructions of the participating scheme and to safeguard the assets in the best interests of all members of the participating scheme.

The IMI 2014 Deferred Fund holds all of the units in CIF (following the wind up of the IMI 2014 Pensioner Fund in September 2019). The IMI Retirement Savings Plan was also a participating scheme prior to its wind up in March 2021 but held no units in the CIF.

#### Statement of Trustee's responsibilities for the non-statutory financial statements

The non-statutory financial statements, which are to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland are the responsibility of the Trustee. These non-statutory financial statements have been prepared at the request of the Trustee. In preparing those non-statutory financial statements, the Trustee intends that the non-statutory financial statements should:

- show a true and fair view of the financial transactions of the Fund during the Fund year and of the amount and disposition at the end of the Fund year of the assets and liabilities; and
- contain the information specified in the Statement of Recommended Practice, 'Financial Reports of Pension Schemes'.

The Trustee has supervised the preparation of the non-statutory financial statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. They have also accepted responsibility for:

- assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to wind up the Fund, or have no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustee's annual report, information about the Fund, which they should ensure is fair and impartial.

The Trustee is responsible for such internal control as it determines is necessary to enable the preparation of non-statutory financial statements that are free from material misstatement, whether due to fraud or error, and has 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 Fund and to prevent and detect fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the Fund and financial information included on the Fund's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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# IMI COMMON INVESTMENT FUND

## TRUSTEE'S REPORT *(continued)*

### YEAR ENDED 31 MARCH 2024

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#### **CIF Investment Management**

The Investment Policy Statement sets out the investment arrangements of the CIF. The CIF offers the participating scheme unitised funds in which to invest. The asset mix of the CIF is determined by the decisions made by the participating scheme but the CIF Trustee decides the manager mix and the allocation between active and passive strategies.

Further information on the CIF's investments can be found in the Investment Report on pages 4 to 6.

#### **CIF Management costs**

The costs of managing the CIF assets are summarised in note 7 to the non-statutory financial statements and for the year ended 31 March 2024 amounted to £1,500,000 (2023: £2,047,000).

Investment managers' fees are mainly calculated on the average market value of each manager's portfolio.

#### **Financial performance**

The market value of the CIF at 31 March 2024 was £33,128,000. Market and fund performance are discussed in more detail in the investment report. The non-statutory financial statements have been prepared and audited in compliance with the regulations made under sections 41(1) and 41(6) of the Pensions Act 1995 (insofar as they apply).

#### **Investment management**

The CIF's private equity partnerships are as follows:

<b>General Partner</b>	<b>Mandate</b>
New Mountain	US buyout fund
Paul Capital	Secondary fund of funds
HighVista (formerly Aberdeen Venture Partners)	US fund of venture funds

Investment managers and the CIF's investment consultant are appropriately authorised under the Financial Services and Markets Act 2000 in the United Kingdom.

## **IMI COMMON INVESTMENT FUND**

### **TRUSTEE'S REPORT** *(continued)*

#### **YEAR ENDED 31 MARCH 2024**

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##### **Investment principles**

The Trustee has produced a Statement of Investment Principles (SIP) for the participating scheme in accordance with the Pensions Acts 1995 and 2004 and the Occupational Pension Schemes (Investment) Regulations 2005. The Trustee consulted with the company and sought advice from its investment consultants before adopting the statement. A copy of the statement is available here: [https://pensiongeeks.com/PensionGeeks/media/imi/writable\\_pdfs/Statement-of-Investment-Principles-March-2024.pdf](https://pensiongeeks.com/PensionGeeks/media/imi/writable_pdfs/Statement-of-Investment-Principles-March-2024.pdf)

The SIP was updated in April 2024 from the previous version dated March 2023.

##### **Investment costs**

The costs associated with investment transactions and all fees relating to the management and performance measurement are borne by the CIF.

##### **Security of assets**

All CIF assets are held totally separate from IMI plc ("the Company") and related parties. The Trustee has appointed The Northern Trust Company to act as its global custodian and to have guardianship of the CIF's securities and cash. The custodian is also responsible for dealing with the settlement of transactions.

The investment managers' fees are related to the value of the portfolio which they manage.

##### **Socially responsible investments**

The Trustee has delegated responsibility for the selection, retention and realisation of investments to the investment managers (within certain guidelines and restrictions). As part of their delegated responsibilities, the Trustee expects the CIF's investment managers to, where appropriate, engage with investee companies with the aim to protect and enhance the value of assets.

# IMI COMMON INVESTMENT FUND

## TRUSTEE'S REPORT *(continued)*

### YEAR ENDED 31 MARCH 2024

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#### Rights attaching to investments

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting right, where applicable, noting that the CIF does not invest in public equities) attaching to investments to the investment managers. The Trustee accepts responsibility for how the managers steward assets on its behalf.

#### Assets

The value of the CIF's investment assets at 31 March 2024 was £33.1 million. This has decreased from £91.5 million at 31 March 2023, largely due to a transfer of £45.7 million to a new buy-in policy for the IMI 2014 Deferred Fund and a decrease in market value of investments by £8.1 million.

#### Asset allocation

The CIF's actual asset allocation based on the managers' mandates is shown below.

<b>Asset class</b>	<b>Index</b>	<b>Asset value at 31 March 2024 £'000</b>	<b>Actual allocation at 31 March 2024 %</b>
<b>Alternatives</b>			
Private equity	FT World	27,940	84.6
Property	UK RPI	45	–
<b>Total alternatives</b>		<b>27,985</b>	<b>84.6</b>
<b>Other assets</b>			
Cash	n/a	5,143	15.4
<b>Total other assets</b>		<b>5,143</b>	<b>15.4</b>
<b>Total assets</b>		<b>33,128</b>	<b>100.0</b>

#### Investment performance

The performance of the CIF is independently measured by its custodian. The table below shows the performance of the assets over various periods relative to the appropriate benchmarks.

<b>Period to 31 March 2024</b>	<b>Fund Annualised %</b>	<b>Benchmark Annualised %</b>
1 Year	-14.2	21.7
3 Years	-19.2	-6.0

## **IMI COMMON INVESTMENT FUND**

### **TRUSTEE'S REPORT** *(continued)*

**YEAR ENDED 31 MARCH 2024**

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#### **Custody of assets**

The Fund's assets are held by its custodian, The Northern Trust Company, in its nominee name and in the accounts segregated from the bank's own assets except -

- Those assets held by sub-custodian banks who are agents of Northern Trust
- The underlying assets of the Fund's pooled investment vehicles.

The assets managed by each of the Fund's investment managers are held in designated accounts. The custodian bank was directly appointed by the Trustee and is independent of IMI plc. The Trustee believes these arrangements provide an appropriate level of security for the Fund's assets.

#### **Employer-related investments**

There were no employer-related investments during the year.

For and on behalf of the Trustee

**Trustee Director**

**Date:**

**Trustee Director**

**Date:**

## **IMI COMMON INVESTMENT FUND**

### **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE**

**YEAR ENDED 31 MARCH 2024**

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#### **Opinion**

We have audited the non-statutory financial statements of IMI Common Investment Fund ("the Fund") for the year ended 31 March 2024 which comprise the Fund Account, Statement of Net Assets and related notes, including the accounting policies in note 3. The non-statutory financial statements have been prepared for the reasons set out in note 2 to the non-statutory financial statements.

In our opinion the non-statutory financial statements:

- give a true and fair view of the financial position of the Fund as at 31 March 2024 and of the net return on the investments of the Fund for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), and the terms of our engagement letter dated 2 May 2023. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Fund in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### **Going concern**

The Trustee has prepared the non-statutory financial statements on the going concern basis as it does not intend to liquidate the Fund or to cease its operations, and as it has concluded that the Fund's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the non-statutory financial statements ("the going concern period").

In our evaluation of the Trustee's conclusions, we considered the inherent risks to the Fund's business model and analysed how those risks might affect the Fund's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- We consider that the Trustee's use of the going concern basis of accounting in the preparation of the non-statutory financial statements is appropriate; and
- We have not identified, and concur with the Trustee's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Fund will continue in operation.

## IMI COMMON INVESTMENT FUND

### INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE *(continued)*

#### YEAR ENDED 31 MARCH 2024

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#### **Fraud and breaches of laws and regulations - ability to detect**

##### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustee and inspection of policy documentation as to the Trustee's high-level policies and procedures to prevent and detect fraud, as well as enquiring whether it has knowledge of any actual, suspected or alleged fraud.
- Reading Trustee Board meeting minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Trustee (or its delegates including Fund Administrator) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as valuation of Level 3 investments. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a common investment fund relates to investment income receivable as paid by investment managers; there are no subjective issues or judgements required.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included all those posted after the first draft of the non-statutory financial statements have been prepared.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

##### *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the non-statutory financial statements from our general commercial and sector experience, through discussion with the Trustee (as required by auditing standards), and from inspection of the regulatory and legal correspondence and discussed with the Trustee and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the non-statutory financial statements varies considerably.

Firstly, the Fund is subject to laws and regulations that directly affect the non-statutory financial statements including financial reporting legislation (including related pensions legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related non-statutory financial statement items.

## **IMI COMMON INVESTMENT FUND**

### **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE *(continued)***

#### **YEAR ENDED 31 MARCH 2024**

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Secondly, the Fund is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the non-statutory financial statements, for instance through the imposition of fines or litigation.

We identified the following areas as those most likely to have such an effect: data protection laws, anti-bribery, certain aspects of tax legislation and the pensions legislation, recognising the nature of the Fund's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustee and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or is evident from relevant correspondence, an audit will not detect that breach.

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the non-statutory financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the non-statutory financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### **Other information**

The Trustee is responsible for the other information, which comprises the Trustee's Report. Our opinion on the non-statutory financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our non-statutory financial statements audit work, the information therein is materially misstated or inconsistent with the non-statutory financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

#### **Trustee's responsibilities**

As explained more fully in their statement set out on page 2, the Trustee is responsible for: supervising the preparation of non-statutory financial statements which are intended by it to show a true and fair view; such internal control as it determines is necessary to enable the preparation of non-statutory financial statements that are free from material misstatement, whether due to fraud or error; assessing the Fund'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 it either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.



## **IMI COMMON INVESTMENT FUND**

### **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE** *(continued)*

**YEAR ENDED 31 MARCH 2024**

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#### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the non-statutory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the non-statutory financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### **The purpose of our audit work and to whom we owe our responsibilities**

Our report has been prepared for the Trustee solely in accordance with the terms of our engagement. It has been released to the Trustee on the basis that our report shall not be copied, referred to or disclosed, in whole (save for the Trustee's own internal purposes) or in part, without our prior written consent.

Our report was designed to meet the agreed requirements of the Trustee determined by the Trustee's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Trustee for any purpose or in any context. Any party other than the Trustee who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

#### **Use of our report**

This report is made solely to the Fund's members, as a body, in accordance with the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Fund's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Iryndeeep Kaur-Delay**  
**for and on behalf of KPMG LLP**

*Chartered Accountants*  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

Date:

# IMI COMMON INVESTMENT FUND

## FUND ACCOUNT

YEAR ENDED 31 MARCH 2024

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	Note	2024 £'000	2023 £'000
<b>Cash transferred during year from/to:</b>			
IMI 2014 Deferred Fund		<u>(50,211)</u>	<u>(118,153)</u>
Total net cash transferred	4	<u>(50,211)</u>	<u>(118,153)</u>
<b>Returns on investments</b>			
Investment income	5	574	4,101
Change in market value of investments	6	(7,221)	(140,945)
Investment management expenses	7	(1,500)	(2,047)
<b>Net return on investments</b>		<u>(8,147)</u>	<u>(138,891)</u>
<b>Net decrease in the fund during the year</b>		<u>(58,358)</u>	<u>(257,044)</u>
<b>Net assets of the Fund</b>			
At 1 April		<u>91,486</u>	<u>348,530</u>
<b>At 31 March</b>		<u><u>33,128</u></u>	<u><u>91,486</u></u>

The notes on pages 13 to 20 form part of these Annual Report and non-statutory financial statements.

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# IMI COMMON INVESTMENT FUND

## STATEMENT OF NET ASSETS

AS AT 31 MARCH 2024

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		<b>2024</b>	<i>2023</i>
	<b>Note</b>	<b>£'000</b>	<i>£'000</i>
<b>Investment assets</b>	<b>6</b>		
Pooled investment vehicles	<b>8</b>	<b>26,656</b>	<i>45,800</i>
Cash	<b>17</b>	<b>6,446</b>	<i>45,672</i>
Other investment balances	<b>9</b>	<b>26</b>	<i>14</i>
		<u><b>33,128</b></u>	<u><i>91,486</i></u>
<b>Net assets of the Fund at 31 March</b>		<u><b>33,128</b></u>	<u><i>91,486</i></u>

The financial statements were approved by the Trustee by

Trustee Director

Trustee Director

Date

Date

The notes on pages 13 to 20 form part of these Annual Report and non-statutory financial statements.

## IMI COMMON INVESTMENT FUND

### NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

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#### 1. Identification of the financial statements

The Fund is established as a bare trust under English Law. The registered address of the Fund is Lakeside, Solihull Parkway, Birmingham Business Park, Birmingham, B37 7XZ.

#### 2. Basis of preparation

These non-statutory financial statements have been prepared at the request of the Trustee. The Trustee has chosen to prepare them in accordance with UK Generally Accepted Accounting Practice (UK GAAP), the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 to the extent that the requirements are relevant to the Fund and Financial Reporting Standard 102 (FRS 102) - the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council.

The non-statutory financial statements are prepared on a going concern basis, which the Trustee considers to be appropriate as it believes that the Fund has adequate resources to meet obligations as they fall due for at least the next twelve months from the approval of these non-statutory financial statements ('the going concern period'). In reaching this conclusion, the Trustee considered the impact of the current economic environment. This assessment gives the Trustee confidence to prepare the non-statutory financial statements on a going concern basis.

These non-statutory financial statements have been audited at the request of the Trustee.

#### 3. Summary of significant accounting policies

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

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year is set out below.

##### Investment income

Income from listed securities is accounted for on a due date basis. Dividends include recoverable withholding tax, but exclude related UK taxation credits. Interest includes taxation deducted at source but recoverable.

Income from cash and short term deposits is accounted for on an accruals basis.

Income from pooled investment vehicles is accounted for when declared by the fund manager.

##### Expenses

Investment management fees and administrative expenses are accounted for when paid. This is not in accordance with the recommendations of the SORP which states that they should be accounted for on an accruals basis. The Trustee does not believe that it will have a significant impact on the non-statutory financial statements.

Acquisition costs are included within the cost of investments.

## IMI COMMON INVESTMENT FUND

### NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

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#### 3. Summary of significant accounting policies *(continued)*

##### Investments

Investments are included at fair value.

The majority of listed investments are stated at the bid price or the last traded price, depending on the convention of the stock exchange on which they are quoted, at the date of the net assets statement.

Pooled investment vehicles are stated at bid price for funds with bid / offer spreads, or single price where there are no bid / offer spreads as provided by the investment manager.

##### Operation of the Common Investment Fund (CIF)

The CIF was created on 31 July 2014 to enable two participating schemes (at the time the IMI Pension Fund and the IMI Retirement Savings Plan) to participate. On 1 October 2014 the assets of the IMI Pension Fund transferred over to the CIF and on 1 December 2014 these were split into the IMI 2014 Pensioner Fund and IMI 2014 Deferred Fund. The IMI Retirement Savings Plan did not hold any units in the CIF. In September 2019, the IMI 2014 Pensioner Fund disinvested its remaining assets in the CIF as it was in process of winding up. In 2020, the IMI Retirement Savings Plan also wound up leaving the IMI 2014 Deferred Fund as the sole participant in the CIF.

#### 4. Cash transferred during year from/to:

	<b>2024</b>	2023
	<b>£'000</b>	£'000
Cash transferred during year to IMI 2014 Deferred Fund	<b><u>(50,211)</u></b>	<u>(118,153)</u>

#### 5. Investment income

	<b>2024</b>	2023
	<b>£'000</b>	£'000
Income from bonds	<b>(21)</b>	1,069
Income from pooled investment vehicles	<b>154</b>	2,674
Interest on cash deposits	<b>441</b>	358
	<b><u>574</u></b>	<u>4,101</u>

Income from bonds is negative during the year due to adjustments to income on stocks sold in the previous year.

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**6. Reconciliation of investments**

	Value at 01/04/23 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Value at 31/03/24 £'000
Equities	–	–	(4)	4	–
Pooled investment vehicles	45,800	478	(12,786)	(6,836)	<b>26,656</b>
	<u>45,800</u>	<u>478</u>	<u>(12,790)</u>	<u>(6,832)</u>	<u><b>26,656</b></u>
Cash deposits and other investment assets	45,672			(389)	<b>6,446</b>
Other investment balances	14			–	<b>26</b>
	<u>91,486</u>			<u>(7,221)</u>	<u><b>33,128</b></u>

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.

Included within the above purchases and sales figures are transaction costs. Costs are also borne by the CIF in relation to transactions in pooled investment vehicles. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not therefore separately identifiable.

**7. Investment management expenses**

	<b>2024</b> £'000	2023 £'000
Investment management expenses	<b>1,500</b>	<u>2,047</u>

**8. Pooled investment vehicles**

	<b>2024</b> £'000	2023 £'000
Property	4	4,564
Private equity	<b>26,652</b>	36,465
Cash fund	–	4,771
	<u><b>26,656</b></u>	<u>45,800</u>

**9. Other Investment assets**

	<b>2024</b> £'000	2023 £'000
<b>Other investment balances assets</b>		
Accrued income	<b>26</b>	<u>14</u>

## IMI COMMON INVESTMENT FUND

### NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS

#### YEAR ENDED 31 MARCH 2024

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#### 10. Fair value determination

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

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

The Fund's investment assets and liabilities have been included at fair value within these levels as follows:

	<b>At 31 March 2024</b>			<b>Total</b>
	Level 1	Level 2	Level 3	
	£'000	£'000	£'000	£'000
Pooled investment vehicles	–	–	26,656	<b>26,656</b>
Cash deposits and other investment assets	6,472	–	–	<b>6,472</b>
	<u>6,472</u>	<u>–</u>	<u>26,656</u>	<u><b>33,128</b></u>
	<b>At 31 March 2023</b>			<b>Total</b>
	Level 1	Level 2	Level 3	
	£'000	£'000	£'000	£'000
Pooled investment vehicles	4,771	–	41,029	<b>45,800</b>
Cash deposits and other investment assets	45,686	–	–	<b>45,686</b>
	<u>50,457</u>	<u>–</u>	<u>41,029</u>	<u><b>91,486</b></u>

# IMI COMMON INVESTMENT FUND

## NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

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### 11. Investment risk disclosures

#### Investment risks

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

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

**Market risk:** This is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables.

Market risk 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 - primarily bonds, interest rate swaps and pooled investment vehicles held mainly in bonds - 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 - primarily equity prices), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The CIF has exposure to these risks because of the investments it makes in the following asset classes:

<b>Asset class</b>	<b>Allocation at 31 March 2024 (£m)</b>	<b>Allocation at 31 March 2024 (%)</b>
Private equity	26.7	84.6
Cash	6.4	15.4
<b>Total</b>	<b><u>33.1</u></b>	<b><u>100.0</u></b>

Source: Northern Trust. Figures subject to rounding.



## IMI COMMON INVESTMENT FUND

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

	Credit risk	Market risk			2024 £m	2023 £m
		Currency	Interest rate	Other price		
LGIM - Sterling Liquidity Fund	+	-	+	-	-	4.8
Multi-manager - Private equity	-	*	-	*	26.7	80.5
M&G - Real estate debt	*	-	*	*	-	4.6
Northern Trust - cash	+	+	+	-	6.4	1.6
<b>Total</b>					<b>33.1</b>	<b>91.5</b>

#### Key to symbols used above

\*Indicates significant risk

+Indicates some risk

-Indicates no risk

#### **Credit risk**

Little exposure to credit risk now remains in the residual investments. The CIF holds cash in custody at Northern Trust. Within the primary cash account, these assets are swept into a pooled liquidity fund. The CIF is therefore directly exposed to credit risk in relation to the pooled investment vehicle and indirectly exposed to credit risks arising on some of the financial instruments held by the liquidity fund.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager and the regulatory environments in which the pooled managers operate. Some of the managers may hold cash or cash equivalents in their portfolios which may be exposed to credit risk, although these are considered low-risk investments.

At the level of the underlying assets, the following investments result in exposure to credit risk:

#### ***Indirect exposures***

- Some of the managers may hold cash or cash equivalents in their portfolios which may be exposed to credit risk, although these are considered low-risk investments. Cash is also held in custody at Northern Trust.

#### ***Legal structure of pooled investment vehicles***

A summary of the pooled investment vehicles by type of arrangement is as follows:

	<b>31 March 2024</b>
	<b>Market value (£m)</b>
Limited partnerships	26.7

## IMI COMMON INVESTMENT FUND

### NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS

#### YEAR ENDED 31 MARCH 2024

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#### 11. Investment risk disclosures *(continued)*

##### Currency risk

The CIF is subject to currency risk because some of the investments are held in overseas markets. The CIF's mandates in which currency risk may arise due to underlying foreign currency exposures include the private equity portfolio and foreign currency cash holdings within the Northern Trust cash account.

The CIF's private equity portfolio includes funds which invest in global assets. A majority of the private equity funds were sold at the end of March 2023, with the sale process concluding in early April 2023. Of the remaining private equity funds, some are valued in US dollars.

The CIF has euro exposures through its property investments. These holdings are in the process of being liquidated. The primary direct foreign currency exposures (expressed in GBP terms) of the CIF as at 31 March 2024 were:

	<b>31 March 2024</b>
	<b>Market value (£m)</b>
Euro	0.5
USD	28.1
<b>Total</b>	<u>28.6</u>

Values comprise the direct currency exposures within the private equity, property and Northern Trust cash accounts.

##### Interest rate risk

There was a small amount of exposure to interest rates from the CIF's cash holdings.

##### Other price risk

Other price risk arises principally in relation to the CIF's residual growth portfolio which includes private equity and property.

#### 12. Concentration of investments

The following investments amounted to more than 5% of the total net assets of the Fund:

	<b>2024</b>		<b>2023</b>	
	<b>£'000</b>	<b>%</b>	<b>£'000</b>	<b>%</b>
Aberdeen Venture Partners X (offshore) LP	<b>14,492</b>	<b>43.75</b>	17,416	19.04
Aberdeen Venture Partners VIII (offshore) LP	<b>10,268</b>	<b>30.99</b>	13,244	14.48
LGIM Sterling Liquidity Fund	-	-	4,771	5.22

## IMI COMMON INVESTMENT FUND

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#### 13. Allocation to participating schemes

	<b>IMI 2014 Deferred Fund £000</b>
As at 1 April 2023	91,486
Net withdrawal/ addition	(50,211)
Share of investment return	(8,147)
As at 31 March 2024	<u>33,128</u>

#### 14. Employer related investments

There were no employer-related investments during the year.

#### 15. Related parties

IMI Common Investment Fund holds investments for IMI 2014 Deferred Fund. One of the Trustee Directors is also a Director of IMI Pensions Trust Limited.

IMI plc is the sponsoring employer for IMI 2014 Deferred Fund and IMI Common Investment Fund.

The Trustee is not aware of any additional material related party transactions that require disclosure in the non-statutory financial statements.

#### 16. Commitments

The Fund invests in private equity funds and has contractual commitments to pay monies in the future when called by the fund managers. The Fund's commitments at 31 March 2024 totalled £0.8m\* (2023: £0.8m).

In the opinion of the Trustee the CIF had no contingent liabilities and no other contractual commitments as at 31 March 2024.

*\*This figure is based on the Fund's holdings in Aberdeen X, converted from USD to GBP at an exchange rate of 1.263, and excludes any unfunded commitments that may have been due to the other partnerships, because the other holdings were in the process of being sold on the secondary market, or were small residual investments in legacy funds.*