De La Rue Pension Scheme

Report & Financial Statements for the period 6 April 2023 to 30 September 2023

Scheme Registration number 10226686

Contents

Section 1 – Trustee and its Advisers

The Trustee

The Trustee of the De La Rue Pension Scheme is a company called De La Rue Pension Trustee Limited. A sole professional trustee governance model was adopted at the beginning of 2023 with PAN Trustees UK LLP being selected for the role.

Current trustee directors

M Roberts
PAN Trustees UK LLP (represented by M Roberts and J Walters)

Advisers

The advisers to the Trustee are set out below:

Scheme Actuary	Laura McLaren, FIA Hymans Robertson LLP
Scheme Administrator	Hymans Robertson LLP
Independent Auditors	PricewaterhouseCoopers LLP
AVC Providers	Aegon Aviva Plc Phoenix Life The Prudential Assurance Company Limited Utmost Life and Pensions Limited
Annuity Provider	Scottish Widows Limited
Investment Managers	**Defined Benefit Section** Insight Investment Management (Global) Limited (“Insight”) Legal & General Assurance (Pensions Management) Limited (“LGIM”) Partners Group (“Partners”) **Defined Contribution AVCs** Aviva Plc (“Aviva”) BlackRock Advisors (UK) Limited (“BlackRock”)

Advisers (continued)

Investment Consultant	Hymans Robertson LLP
Secretary to the Trustee Board	G S Howard
Legal Adviser	CMS Cameron McKenna Nabarro Olswang LLP
Custodian	Bank of New York Mellon State Street Custodial Services (Ireland) Limited Citibank N.A. RBC Investor Services Bank S. A. Alter Domus Depositary Services S.à r.l.
Banker	Barclays Bank plc
Covenant Adviser	Cardano Advisory Limited
Sponsoring Employer	De La Rue plc De La Rue House Jays Close Basingstoke RG22 4BS
Participating Employers	De La Rue International Limited De La Rue Holdings Limited
Contact Address	De La Rue Pension Scheme Hymans Robertson LLP 20 Waterloo Street Glasgow G2 6DB Email: delaruepension@hymans.co.uk

Section 2 – Introduction and Statement of Trustee’s Responsibilities

Trustee’s responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”), are the responsibility of the trustee. The financial statements have been prepared as at 30 September 2023, for the purposes of an actuarial valuation being undertaken in accordance with Part 3 of the Pensions Act 2004. The trustee has applied the requirements of the Occupational Pension Schemes (Scheme Funding) Regulations 2005 so that the financial statements:

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

In discharging these responsibilities, the trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the scheme will continue as a going concern.

The trustee has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Approval of the Introduction and Statement of Trustee’s Responsibilities by the Trustee

The Introduction and Statement of Trustee’s Responsibilities is approved by the Trustee and signed on its behalf by:

.... Trustee Director

.... Date

Section 3 – Independent auditors' report to the Trustee of De La Rue Pension Scheme

Report on the audit of the financial statements

Opinion

In our opinion, De La Rue Pension Scheme's financial statements:

- show a true and fair view of the financial transactions of the scheme during the period from 6 April 2023 to 30 September 2023, and of the amount and disposition at 30 September 2023 of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the period.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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.

We have audited the financial statements, included in the Report & Financial Statements, which comprise: the Statement of Net Assets (available for benefits) as at 30 September 2023; the Fund Account for the period 6 April 2023 to 30 September 2023; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the scheme's ability to continue as a going concern.

Our responsibilities and the responsibilities of the trustee with respect to going concern are described in the relevant sections of this report.

Independent Auditors’ Report to the Trustee of De La Rue Pension Scheme (continued)

Reporting on other information

The other information comprises all the information in the Report & Financial Statements other than the financial statements and our auditors’ report thereon. The trustee is responsible for the other information. 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 thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the trustee for the financial statements

As explained more fully in the statement of trustee’s responsibilities, the trustee is responsible for ensuring that relevant financial statements are prepared in accordance with the applicable framework and for being satisfied that they show a true and fair view. The trustee is also 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.

In the preparation of the financial statements, the trustee is responsible for assessing the scheme’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to wind up the scheme, or has no realistic alternative but to do so.

Auditors’ responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Independent Auditors' Report to the Trustee of De La Rue Pension Scheme (continued)

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the scheme and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the scheme in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the trustee and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets and inappropriate adjustments of asset valuations. Audit procedures performed by the engagement team included:

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the period end.
- Testing estimates and judgements made in the preparation of the financial statements for indicators of bias.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.
- Holding discussions with the trustee to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the trustee as a body in accordance with the Occupational Pension Schemes (Scheme Funding) Regulations 2005 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Auditors' Report to the Trustee of De La Rue Pension Scheme (continued)

Other matter

We draw attention to the fact that these financial statements have not been prepared under section 41 of the Pensions Act 1995 and are not the scheme's statutory financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date

Section 4 – Financial Statements

Fund Account for the period from 6 April 2023 to 30 September 2023

	Note	Defined Benefit Section	Defined Contribution Section	Period from 6 April 2023 to 30 September 2023	*Year to 5 April 2023*
	Note	£000	£000	£000	*£000*
Contributions and other income					
Employer contributions	*5*	750	-	**750**	12,771
Transfers in	*7*	76	-	**76**	130
Other income	*8*	2	-	**2**	3
		828	-	**828**	12,904
Benefits paid or payable	*9*	(20,770)	-	**(20,770)**	(40,567)
Transfers out	*10*	(226)	(4)	**(230)**	(11,428)
Administrative expenses	*11*	(729)	-	**(729)**	(1,360)
		(21,725)	(4)	**(21,729)**	(53,355)
Net withdrawals from dealings with members		**(20,897)**	**(4)**	**(20,901)**	**(40,451)**
Returns on Investments					
Investment income	*13*	33,350	2	**33,352**	29,467
Change in market value of investments	*15*	(105,467)	-	**(105,467)**	(279,980)
Investment management expenses	*14*	(1,335)	-	**(1,335)**	(2,045)
Net returns on investments		**(73,452)**	**2**	**(73,450)**	(252,558)
Net (decrease) in the fund		**(94,349)**	**(2)**	**(94,351)**	**(293,009)**
Transfers between sections	6	**(2)**	**2**	**-**	**-**
Net assets of the Scheme at the start of the year		**722,005**	**-**	**722,005**	**1,015,014**
Net assets of the Scheme at the end of the year		**627,654**	**-**	**627,654**	**722,005**

The notes on pages 11 to 36 form part of these financial statements.

Statement of Net Assets (available for benefits) as at 30 September 2023

	Note	30 September 2023 £000	*5 April 2023 £000*
Defined Benefit Section			
Investment assets			
Bonds	*15*	**468,186**	474,676
Pooled investment vehicles	*15*	**176,410**	213,844
Derivatives	*15*	**66,468**	52,168
Insurance policies	*15*	**224,800**	251,400
AVC investments	*15*	**380**	424
Cash	*15*	**1,126**	4,682
Amounts due on reverse repurchase agreements	*15*	**10,213**	1,545
Accrued investment income	*15*	**43**	3,581
Unsettled transactions	*15*	**454**	22,563
		948,080	1,024,883
Investment liabilities			
Derivatives	*15*	**(47,321)**	(53,026)
Amounts payable on repurchase agreements	*15*	**(281,194)**	(255,167)
		(328,515)	(308,193)
Total net investments		**619,565**	716,690
Current assets	*16*	**10,111**	7,460
Current liabilities	*17*	**(2,022)**	(2,145)
		627,654	722,005

Statement of Net Assets (available for benefits) as at 30 September 2023 (continued)

	Note	30 September 2023 £000	5 April 2023 £000
Defined Contribution Section			
Current assets	16	**93**	117
Current liabilities	17	**(93)**	(117)
		-	-
Total Net Assets of the Scheme at period end		**627,654**	722,005

The financial statements summarise the transactions of the Scheme 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 Scheme period.

The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities for the Defined Benefit section in section 6 of this report and should be read in conjunction therewith.

The notes on pages 11 to 36 form part of these financial statements.

These financial statements on pages 8 to 36 were approved by the Trustee of the De La Rue Pension Scheme, and signed for and on its behalf by:

.... Trustee Director

.... Date

Section 5 – Notes to the Financial Statements

Notes to the financial statements for the period 6 April 2023 to 30 September 2023

1 BASIS OF PREPARATION

The financial statements of the De La Rue Pension Scheme (the "Scheme") have been prepared as at 30 September 2023 as "relevant accounts" for the purpose of a valuation under Part 3 of the Pensions Act 2004, in accordance with the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS 102) – The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice, "Financial Reports of Pension Schemes" (Revised 2018) ("the SORP"). These are not the statutory annual financial statements of the Scheme, the most recent of which were prepared for the Scheme year ended 5 April 2023.

2 IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is: De La Rue Pension Scheme, Hymans Robertson LLP, 20 Waterloo Street, Glasgow, G2 6DB.

The Scheme is an occupational hybrid pension scheme which has historically incorporated two sections:

- a defined benefit section which provides benefits based on a member's salary and length of service;

  and
- a defined contribution section which provided benefits based on a member's accumulated fund.

Both sections of the Scheme closed to new members on 31 March 2013 with the defined benefit section closing to future accrual at the same time, with the exception of the Classic section which closed to future accrual on 29 March 2020. The defined contribution section (excluding AVCs) was transferred to the LifeSight Master Trust with effect from December 2021. The defined contribution section of the Scheme (excluding AVCs which were transferred to the defined benefit section in April 2022) was wound up on 4 November 2022.

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

3 COMPARATIVE DISCLOSURES FOR THE FUND ACCOUNT

	Note	Defined Benefit Section £000	Defined Contribution Section £000	Year to 5 April 2023 £000
Contributions and other income				
Employer contributions	5	12,771	-	12,771
Transfers in	7	130	-	130
Other income	8	3	-	3
		12,904	-	12,904
Benefits paid or payable	9	(40,567)	-	(40,567)
Transfers out	10	(11,428)	-	(11,428)
Administrative expenses	11	(1,360)	-	(1,360)
		(53,355)	-	(53,355)
Net withdrawals from dealings with members		**(40,451)**	**-**	**(40,451)**
Returns on Investments				
Investment income	13	29,463	4	29,467
Change in market value of investments	15	(279,980)	-	(279,980)
Investment management expenses	14	(2,045)	-	(2,045)
Net returns on investments		**(252,562)**	**4**	**(252,558)**
Net (decrease) in the fund		**(293,013)**	**4**	**(293,009)**
Transfers between sections	6	4	(4)	**-**
Net assets of the Scheme at the start of the year		**1,015,014**	**-**	**1,015,014**
Net assets of the Scheme at the end of the year		**722,005**	**-**	**722,005**

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

4 ACCOUNTING POLICIES

The following principal accounting policies have been adopted in the preparation of the financial statements, and have been applied consistently with prior year.

4.1 Accruals concept

The financial statements have been prepared on an accruals basis.

4.2 Contributions

Employer deficit funding contributions are accounted for in accordance with the agreement under which they are being paid or, if paid earlier, when received, with the agreement of the Employer and Trustee.

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

4.3 Benefits and payments to members

Benefits are accounted for on an accruals basis on the later of the date of retirement or the date the members signed the option form or the date of leaving the Scheme as appropriate.

Pensions in payment, including those paid under annuity insurance contracts, are accounted for in the period to which they relate.

4.4 Transfers to and from other schemes

Individual transfers to and from other schemes are accounted for when funds are paid or received, or where the Trustee has agreed to accept the liability in advance of receipt of funds, on an accruals basis from the date of the agreement.

4.5 Administrative and investment expenses

Expenses and part of the costs of the Employer's Group Pensions Department relating to the Scheme are accounted for on an accruals basis. The balance of the Group Pensions Department costs relating to the Employer are met by the Employer.

4.6 Investment income

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

Income arising from annuity insurance policies is included in investment income on an accruals basis.

Income from bonds is accounted for on the date stocks are quoted ex dividend or when declared and includes income bought and sold on purchases and sales of bonds. Other interest on cash and short-term deposits and income from other investments are accounted for on an accruals basis.

Pooled investment vehicles which are accumulation funds include their underlying income within the unit price which is reported within the change in market value of investments. Income from pooled investment vehicles which distribute income, is accounted for on an accruals basis on the date declared.

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

The Scheme pays to and receives interest from the Repurchase Agreements ("Repos") and Reverse Repurchase Agreements ("Reverse Repos") counterparties, respectively, and this is accounted for on an accruals basis in line with the terms of the respective contracts.

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

4.7 Valuation of investments

Pooled investment vehicles are valued at the period end bid price or, if single priced, the closing single price provided by the investment manager.

Bonds are quoted “clean” (without accrued interest).

Accrued interest is accounted for within investment income receivable.

AVCs are included at the latest available market value advised by the provider as at 5 April 2023 and adjusted for any cash movements during the period to 30 September 2023.

Derivative contracts are included in the net asset statement at fair value. For Over The Counter (“OTC”) derivatives, where a market price is not readily available, the fair value is determined by the investment manager using generally accepted pricing models where inputs are based on market data at the period end.

Forward foreign exchange contracts are stated at fair value, which is determined as the gain or loss that would arise from closing out the contract at the reporting date. Changes in the fair value of the forward contracts are reported within change in market value in the Fund Account.

Swaps are valued taking the current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date.

Repurchase agreements (where the Scheme has sold assets with the agreement to repurchase at a fixed date and price) are included at the fair value of the repurchase price (as a liability). The assets sold are reported in the appropriate asset class in the investments note at their fair value reflecting that the Scheme retains the risk and rewards of ownership of those assets.

Reverse repurchase agreements (where the Scheme has bought assets with the agreement to sell at a fixed date and price) are included at the fair value of the repurchase price (as an asset). Cash delivered under reverse repurchase contracts is recognised as an investment receivable in the financial statements. Securities received in exchange are disclosed as collateral supporting this receivable but not included as Scheme assets.

4.8 Foreign currencies

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the period end.

Foreign currency transactions are translated into sterling at the exchange rate at the date of the transaction.

Gain or losses arising on conversion or translation are dealt with as part of the change in market value of investments.

The Scheme’s functional and presentational currency is pounds sterling (GBP).

4.9 Insurance policy

Annuity (buy in insurance policy) purchased in the name of the Trustee which fully provides the pension benefits for certain members are included in the financial statements at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions and methodology updated for market conditions at the period end.

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

4.10 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Scheme, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period are related to the valuation of the Scheme investments and, in particular, those classified in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included above and note 15.

5 EMPLOYER CONTRIBUTIONS

	Defined Benefit Section	**Defined Contribution Section**	**Period to 30 September 2023**
	£000	**£000**	**£000**
Deficit funding	**-**	**-**	**-**
Other contributions	**750**	**-**	**750**
	750	**-**	**750**

	Defined Benefit Section	*Defined Contribution Section*	*Year to 5 April 2023*
	£000	*£000*	*£000*
Deficit funding	*11,250*	*-*	*11,250*
Other contributions	*1,521*	*-*	*1,521*
	12,771	*-*	*12,771*

Deficit contributions
Following the 5 April 2021 actuarial valuation, the Trustee and the Company agreed a new Schedule of Contributions which was signed on 2 March 2022 whereby deficit contributions of £15m per annum (5 April 2023: £15m) were required to be paid quarterly in the period to 5 April 2029.

This was then replaced by a Schedule of Contributions signed on 3 April 2023, which deferred the £3.75m payment originally due by 5 April 2023 to 26 May 2023. Further Schedules were signed on 25 May 2023 and 23 June 2023, which deferred this £3.75m to 26 June 2023 and 30 June 2023 respectively.

Subsequently, following agreement between the Trustee and the Company, a Schedule of Contributions was signed on 28 June 2023 so as to defer the five quarterly contributions due to be paid under the previous Schedule over the period to 5 April 2024.

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

5 EMPLOYER CONTRIBUTIONS (continued)

Under the revised schedule the Company is required to pay annual deficit contributions as follows:

Period to:	Annual contribution (£m)	Cumulative contributions (£m) to have been paid by relevant date:
5 April 2023	11.25	26.25
5 April 2024	-	26.25
5 April 2025	15.0	41.25
5 April 2026	20.0	61.25
5 April 2027	20.0	81.25
5 April 2028	20.0	101.25
5 April 2029	20.1	121.35

In addition, as per an agreement between the Trustee and the Company dated 28 June 2023, an additional amount will be paid as follows:

- In the event that a refinancing of the Company's Principal Bank Facilities in full occurs on or prior to 31 December 2023 £1.25m will be paid or, alternatively, £2.5m will be paid.
- Such payment will be due by 5 April 2024 or, in the event that the Lender Fees have not become payable on or prior to 5 April 2024, at the same time as the Lender Fees are paid to the Lenders.
- If £2.5m becomes payable, this will act to reduce the cumulative contributions payable by 5 April 2029 to £120.1m.

A separate actuarial valuation has previously been prepared for the Classic Section of the Scheme, with the most recent valuation for this section taking place as at 31 December 2019. The associated Schedule of Contributions for the Classic Section was signed on 12 April 2021. Under this schedule, the Company was required to pay future annual deficit contributions in respect of the Classic Section as follows: by 12 May 2023: £34,507. However, the Classic Section was fully funded on a Technical Provision basis as at 31 March 2023 and, as a result, the Trustee and the Company put in place a revised Schedule of Contributions (dated 12 May 2023) which specifies no further deficit reduction contributions are required in respect of the Classic Section.

The Trustee, with the consent of the Company, has also transferred all remaining members of the Classic Section of the Scheme to the Main Section of the Scheme on 12 May 2023. As a result, there are no assets or liabilities remaining in the Classic Section of the Scheme. The Classic Section is terminated and, as such, is no longer a separate section of the Scheme.

Employers other Contributions

Monthly contributions of £125k will be paid to provide for the administrative expenses in the Scheme which are included in other contributions. The Company will also reimburse the Trustee for the Pension Protection Fund scheme-based and risk-based levy for levy years up until financial year 2028/2029.

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

6 TRANSFERS BETWEEN SECTIONS

	Defined Benefit Section	**Defined Contribution Section**	**Period to 30 September 2023**
	£000	**£000**	**£000**
Transfers between sections	**(2)**	**2**	**-**

	Defined Benefit Section	*Defined Contribution Section*	*Year to 5 April 2023*
	£000	*£000*	*£000*
Transfers between sections	*4*	*(4)*	*-*

7 TRANSFERS IN

	Defined Benefit Section	**Defined Contribution Section**	**Period to 30 September 2023**
	£000	**£000**	**£000**
Transfers in	**76**	**-**	**76**

	Defined Benefit Section	*Defined Contribution Section*	*Year to 5 April 2023*
	£000	*£000*	*£000*
Transfers in	*130*	*-*	*130*

Any member of the Defined Benefit section benefits that were included as part of the bulk transfer from Aegon to LifeSight is allowed to transfer their defined contribution fund into the Defined Benefit section to maximise their tax-free lump sum. Members who opted to transfer their funds into the Defined Benefit section are recorded under transfers into the Scheme as noted above.

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

8 OTHER INCOME

	Defined Benefit Section £000	**Defined Contribution Section £000**	**Period to 30 September 2023 £000**
Other income	**2**	**-**	**2**

	Defined Benefit Section £000	*Defined Contribution Section £000*	*Year to 5 April 2023 £000*
Other income	*3*	*-*	*3*

9 BENEFITS PAID OR PAYABLE

	Defined Benefit Section £000	**Defined Contribution Section £000**	**Period to 30 September 2023 £000**
Pensions	**18,825**	**-**	**18,825**
Commutations and lump sum retirement benefits	**1,945**	**-**	**1,945**
Death benefits	**-**	**-**	**-**
	20,770	**-**	**20,770**

	Defined Benefit Section £000	*Defined Contribution Section £000*	*Year to 5 April 2023 £000*
Pensions	*36,481*	*-*	*36,481*
Commutations and lump sum retirements benefits	*3,940*	*-*	*3,940*
Death benefits	*146*	*-*	*146*
	40,567	*-*	*40,567*

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

10 TRANSFER OUT

	Defined Benefit Section	**Defined Contribution Section**	**Period to 30 September 2023**
	£000	**£000**	**£000**
Transfers out – individual	**226**	**4**	**230**

	Defined Benefit Section	*Defined Contribution Section*	*Year to 5 April 2023*
	£000	*£000*	*£000*
Transfers out – individual	*11,428*	*-*	*11,428*

11 ADMINISTRATIVE EXPENSES

	Defined Benefit Section	**Defined Contribution Section**	**Period to 30 September 2023**
	£000	**£000**	**£000**
Administration and processing	**241**	**-**	**241**
Actuarial fees	**113**	**-**	**113**
Audit fees	**45**	**-**	**45**
Legal fees	**150**	**-**	**150**
PPF Levy	**46**	**-**	**46**
Trustee fees	**87**	**-**	**87**
Other professional fees	**40**	**-**	**40**
Bank charges	**2**	**-**	**2**
Consultancy fees	**-**	**-**	**-**
Sundry expenses	**5**	**-**	**5**
	729	**-**	**729**

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

11 ADMINISTRATIVE EXPENSES (CONTINUED)

	Defined Benefit Section	*Defined Contribution Section*	*Year to 5 April 2023*
	£000	*£000*	*£000*
Administration and processing	*310*	-	*310*
Actuarial fees	*268*	-	*268*
Audit fees	*43*	-	*43*
Legal fees	*376*	-	*376*
PPF levy	*(27)*	-	*(27)*
Trustee fees	*300*	-	*300*
Other professional fees	*99*	-	*99*
Bank charges	*2*	-	*2*
Consultancy fees	*(22)*	-	*(22)*
Sundry expenses	*11*	-	*11*
	1,360	-	*1,360*

Negative figures above represent reversal of accruals for expenses which now are paid by the Employer under the new Schedule of Contributions.

Expenses and part of the costs of the Employer's Group Pensions Department relating to the Scheme are paid by the Scheme and disclosed under the heading of 'Other professional fees'. The balance of the Group Pensions Department costs relating to the Employer are met by the Employer.

12 TAX

The De La Rue Pension Scheme is a registered pension scheme for tax purposes under the Finance Act 2004. The Scheme is therefore exempt from taxation except for certain withholding taxes relating to overseas investment income.

13 INVESTMENT INCOME

	Defined Benefit Section	**Defined Contribution Section**	**Period to 30 September 2023**
	£000	**£000**	**£000**
Income from bonds	**3,099**	**-**	**3,099**
Income from pooled investment vehicles	**26,844**	**-**	**26,844**
Net interest expense on repurchase agreements	**(4,690)**	**-**	**(4,690)**
Interest on cash deposits	**176**	**2**	**178**
Income from annuities	**7,921**	**-**	**7,921**
	33,350	**2**	**33,352**

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

13 INVESTMENT INCOME (CONTINUED)

	Defined Benefit Section	*Defined Contribution Section*	*Year to 5 April 2023*
	£000	*£000*	*£000*
Income from bonds	*8,584*	*-*	*8,584*
Income from pooled investment vehicles	*13,695*	*-*	*13,695*
Net interest expense on repurchase agreement	*(4,717)*	*-*	*(4,717)*
Interest on cash deposits	*208*	*4*	*212*
Income from annuities	*11,693*	*-*	*11,693*
	29,463	*4*	*29,467*

14 INVESTMENT MANAGEMENT EXPENSES

	Defined Benefit Section	**Defined Contribution Section**	**Period to 30 September 2023**
	£000	**£000**	**£000**
Administration, management & custody	**1,335**	**-**	**1,335**

	Defined Benefit Section	*Defined Contribution Section*	*Year to 5 April 2023*
	£000	*£000*	*£000*
Administration, management & custody	*2,045*	*-*	*2,045*

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

15. INVESTMENTS

15.1 INVESTMENT RECONCILIATION

Defined Benefit Section

	Opening Value as at 6 April 2023	*Purchase cost and derivative payments*	*Sales proceeds and derivative receipts*	*Change in market value*	*Closing Value as at 30 September 2023*
	£000	**£000**	**£000**	**£000**	**£000**
Bonds	**474,676**	68,461	(19,749)	(55,202)	**468,186**
Pooled investment vehicles	**213,844**	74,106	(86,545)	(24,995)	**176,410**
Derivatives (net)	**(858)**	22,672	(3,997)	1,330	**19,147**
Insurance policy	**251,400**	-	-	(26,600)	**224,800**
AVC investments	**424**	-	(44)	-	**380**
	939,486	165,239	(110,335)	(105,467)	**888,923**
Cash	**4,682**				**1,126**
Repurchase agreements (net)	**(253,622)**				**(270,981)**
Accrued investment income	**3,581**				**43**
Unsettled transactions	**22,563**				**454**
	716,690				**619,565**

Transaction Costs

Indirect transaction costs are incurred through bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Scheme.

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

15 INVESTMENTS (CONTINUED)

15.1 INVESTMENT RECONCILIATION (CONTINUED)

Direct Transaction Costs

Direct transaction costs are included in the cost of purchases and deducted from sales proceeds in the reconciliation above and details are contained in the following table.

	Bonds	**PIVs**	**Period to 30 September 2023**	*Year to 5 April 2023*
	£	**£**	**£**	*£*
Explicit costs	107	-	107	*446*
30 September 2023	**107**	**-**	**107**	*446*

Unlike the remainder of the tables within the financial statements, this table has not been rounded to the nearest £1,000.

15.2 POOLED INVESTMENT VEHICLES ("PIV")

Defined Benefit Section

The defined benefits section holdings of PIVs are analysed below:

	30 September 2023	5 April 2023
	£000	£000
Equities	**6,240**	*6,158*
Bonds	**941**	*955*
Liquidity	**3,705**	*9,467*
Secured Credit Fund (see breakdown on the next page)	**109,203**	*136,740*
Cash	**194**	*192*
Multi-Asset Credit	**56,127**	*60,332*
	176,410	*213,844*

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

15 INVESTMENTS (CONTINUED)

15.2 POOLED INVESTMENT VEHICLES (CONTINUED)

The Scheme is the sole investor in the Secured Credit Fund. The assets underlying this PIV are:

	30 September 2023 £000	*5 April 2023 £000*
Bonds	**104,070**	*115,484*
Forward foreign exchange contracts - net	**(1,351)**	*1,276*
Liquidity fund	**7,826**	*15,723*
Futures	**-**	*2,141*
Cash and unsettled transactions - net	**(1,342)**	*2,116*
	109,203	*136,740*

15.3 DERIVATIVES

OBJECTIVES AND POLICIES

A summary of the Scheme's outstanding derivative contracts at the period end is set out below:

	30 September 2023			*5 April 2023*		
	Assets £000	**Liabilities £000**	**Net £000**	*Assets £000*	*Liabilities £000*	*Net £000*
Swaps	**66,463**	**(47,312)**	**19,151**	*52,168*	*(53,014)*	*(846)*
Forward foreign exchange	**5**	**(9)**	**(4)**	*-*	*(12)*	*(12)*
	66,468	**(47,321)**	**19,147**	*52,168*	*(53,026)*	*(858)*

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

15 INVESTMENTS (CONTINUED)

15.3 DERIVATIVES (continued)

The Trustee has authorised the use of derivative contracts by its investment managers for the use of risk management or the efficient execution of the investment strategy.

- Swap contracts are used by Insight to manage the inflation and interest rate risk on the bond portfolio.
- Forward foreign exchange contracts are entered into by Insight on behalf of the Trustee to hedge their currency exposure on overseas holdings.

Swaps	Notional Amounts £000	Expires	Asset value £000	Liability value £000
Inflation swaps	22,682	< 5 years	-	(4,392)
Inflation swaps	18,056	< 10 years	3,156	(1,164)
Inflation swaps	10,611	< 15 years	-	(2,039)
Inflation swaps	3,154	< 20 years	560	-
Inflation swaps	3,111	< 30 years	669	-
Inflation swaps	2,479	< 40 years	-	(605)
Inflation swaps	2,545	< 50 years	169	(77)
Interest rate swaps	46,622	< 5 years	1,496	(1,365)
Interest rate swaps	33,925	< 10 years	10,365	(5,639)
Interest rate swaps	42,885	< 15 years	2,959	(2,468)
Interest rate swaps	20,990	< 20 years	3,500	(7,644)
Interest rate swaps	22,138	< 30 years	19,678	(386)
Interest rate swaps	27,444	< 40 years	6,955	(8,844)
Interest rate swaps	30,215	< 50 years	16,906	(11,568)
Credit default swaps	122,030	< 15 years	-	(1,119)
Other swaps	(326)	<5 years	-	(2)
Other swaps	(6,845)	< 10 years	50	-
Total 30 September 2023			**66,463**	**(47,312)**
Total 5 April 2023			*52,168*	*(53,014)*

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

15 INVESTMENTS (CONTINUED)

15.3 DERIVATIVES (continued)

Forward Foreign Exchange (FX)	Settlement Date	Currency Bought (000)	Currency Sold (000)	Asset value £000	Liability value £000
Bought EUR Sold GBP	15/12/2023	653	564	**5**	**-**
Bought GBP Sold USD	15/12/2023	399	499	**-**	**(9)**
Total 30 September 2023				**5**	**(9)**
Total 5 April 2023				*-*	*(12)*

At 30 September 2023, collateral of £32.7m (31 March 2023: £27.5m) was held in relation to outstanding swap contracts. Of this balance £20.6m was held as cash (31 March 2023: £17.4m) and £12.1m (31 March 2023: £10.1m) was held as bonds.

At 30 September 2023, collateral of £12.9m (31 March 2023: £28.4m) was pledged in relation to outstanding swap contracts. Of this balance, £12.7m (31 March 2023: £3.5m) was pledged as cash and £0.2m (31 March 2023: £24.9m) was pledged as bonds.

The collateral relates to swap contracts held within the Insight portfolio.

15.4 REPURCHASE AGREEMENTS

In order to manage the Scheme's economic exposure to interest rates and inflation rates, a liability hedging programme using Repurchase Agreements ("Repos") and Reverse Repurchase Agreements ("Reverse Repos") has been put in place. Repos are instruments comprising the sale of assets with an agreement to repurchase them at a specified later date and at a fixed price. Reverse repos are instruments comprising the purchase of assets with an agreement to resell them at a specified later date and at a fixed price. These help with the efficient hedging of interest and inflation risk by using leverage. Repos and Reverse Repos form part of a liability matching portfolio managed by Insight. The Scheme receives cash consideration from counterparties in return for the transfer of bonds, which it commits to repurchase for the consideration received plus accrued interest.

	30 September 2023	*5 April 2023*
	£000	*£000*
Net Cash consideration received in period	**270,981**	*253,622*
Accrued interest payable to counterparties	**2,028**	*1,241*
Amounts payable to counterparties on expiration of contracts	**273,009**	*254,863*

In total, there are 29 (5 April 2023: 23) repurchase agreements held at 30 September 2023 with a liability market value of £281.2m (5 April 2023: £255.2m) at the period end. In addition there is 1 (5 April 2023: one) reverse repurchase agreement contract with an asset market value of £10.2m (5 April 2023: £1.5m). This gives rise to a net repo liability of £271.0m (5 April 2023: £253.6m). The expiry dates range between October 2023 to March 2024.

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

15 INVESTMENTS (CONTINUED)

15.4 REPURCHASE AGREEMENTS (continued)

Bonds with a fair value of £256.1m (5 April 2023: £254.9m) were pledged as collateral in respect of repurchase agreements. Collateral of £12.8m has also been pledged as bonds (5 April 2023: £2.4m) by the Scheme at 30 September 2023 in relation to these repurchase and reverse repurchase agreements. The collateral relates to repurchase agreements held within the Insight mandate.

15.5 INSURANCE POLICIES

In May 2022, the Trustee completed a buy-in and benefits in respect of the 1,430 pension members were secured with Scottish Widows via an Annuity insurance policy in the Trustee's name. As at 30 September 2023 there were 1,430 members secured with this policy. The value of the annuity with Scottish Widows has been calculated by the Scheme Actuary in a manner consistent with the actuarial liabilities updated for market conditions at the period-end. The value of Insurance policies held by the Scheme at the period end is shown below:

	30 September 2023	5 April 2023
	£000	£000
Scottish Widows	**224,800**	*251,400*

The values placed on the insured policies are calculated using the financial assumptions set out below:

Assumption	**Technical Provisions**
Discount rate	Market implied gilt curve + 0.9% p.a. until 2028 and + 0.25% p.a. thereafter
RPI	Market implied inflation gilt yield curve
CPI	RPI curve less 1% p.a. pre-2030, RPI less 0% post-2030
Longevity	CMI 2020 with Sκ= 7.0 and an initial adjustment parameter A = 0.25 for both males and females, 5% weighting to 2020 data and a long-term rate of improvement of 1.5% (tapers to 0% p.a. over ages 85 to 110)
Family details	A man is assumed to be 3 years older than his wife/partner 85% of males/55% of females are assumed to have a dependant at retirement or earlier death.
GMP equalisation	Reserve of 0.25% of liabilities

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

15 INVESTMENTS (CONTINUED)

15.6 ADDITIONAL VOLUNTARY CONTRIBUTION INVESTMENTS

The Trustee holds assets which are separately invested from the main fund. These secure additional benefits, on a money purchase basis, for those members who have elected to pay additional voluntary contributions.

Members participating in this arrangement receive an annual statement made up to 5 April each year, confirming the amounts held to their account and movements during the year.

The total amount of AVC investments held under the Defined Benefit Section at the period end is shown below:

	30 September 2023	5 April 2023
	£000	£000
Utmost Life and Pensions Limited (with profits and unit linked funds)	**45**	*60*
Phoenix Life (with profits and unit linked funds)	**213**	*213*
Prudential (with profits and unit linked funds)	**122**	*151*
	380	*424*

15.7 CONCENTRATION OF INVESTMENTS

The following investments account for more than 5% of the Scheme's net assets:

	30 September 2023 Market Value		5 April 2023 Market Value	
	£000	**%**	£000	%
Insurance policies	**224,800**	**35.8**	251,400	34.8
Insight Secured Finance Direct Lending	**109,203**	**17.4**	136,740	18.9
Partners Group Multi Asset Credit V RAIF	**46,994**	**7.5**	48,882	6.8

15.8 INVESTMENTS FAIR VALUE HIERARCHY

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

Level 1	The unadjusted quoted price in an active market for identical assets or liabilities which the entity can access at the assessment dates.
Level 2	Inputs other than quoted prices included within Level 1 which are observable (i.e. developed for the asset or liability, either directly or indirectly).
Level 3	Inputs which are unobservable (i.e. for which market data is unavailable) for the asset or liability. Investments reported under Level 3 are included at fair value based on values estimated by the underlying fund managers using accepted valuation methodologies and use of market information in the absence of observable market data.

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

15 INVESTMENTS (CONTINUED)

15.8 INVESTMENTS FAIR VALUE HIERARCHY

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement. The Scheme's investment assets and liabilities are classified as follows:

As at 30 September 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	£000	**£000**	**£000**	**£000**
Defined Benefit Section				
Bonds	**-**	**468,186**	**-**	**468,186**
Pooled investment vehicles	**-**	**120,283**	**56,127**	**176,410**
Derivatives (net)	**-**	**19,147**	**-**	**19,147**
Insurance policies	**-**	**-**	**224,800**	**224,800**
AVC investments	**-**	**380**	**-**	**380**
Cash	**1,126**	**-**	**-**	**1,126**
Accrued investment income	**43**	**-**	**-**	**43**
Repurchase agreements (net)	**-**	**(270,981)**	**-**	**(270,981)**
Unsettled transactions	**454**	**-**	**-**	**454**
	1,623	**337,015**	**280,927**	**619,565**

As at 5 April 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	£000	**£000**	**£000**	**£000**
Defined Benefit Section				
Bonds	*-*	*474,676*	*-*	*474,676*
Pooled investment vehicles	*-*	*153,512*	*60,332*	*213,844*
Derivatives (net)	*-*	*(858)*	*-*	*(858)*
Insurance policies	*-*	*-*	*251,400*	*251,400*
AVC investments	*-*	*424*	*-*	*424*
Cash	*4,682*	*-*	*-*	*4,682*
Accrued investment income	*3,581*	*-*	*-*	*3,581*
Repurchase agreements (net)	*-*	*(253,622)*	*-*	*(253,622)*
Unsettled transactions	*22,563*	*-*	*-*	*22,563*
	30,826	*374,132*	*311,732*	*716,690*

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

15 INVESTMENTS (CONTINUED)

15.9 INVESTMENT RISKS

The Scheme's overall investment strategy comprises a diversified mix of assets. The main assets of the Scheme were managed by Insight Investment Management ("Insight"), Legal & General Pension Management ("LGIM"), and Partners Group ("Partners"). Insight manages an active bond portfolio across segregated arrangements and pooled investment vehicles, including a segregated Liability Driven Investments ("LDI") portfolio which includes derivatives and repurchase agreements, to hedge the Scheme's exposure to interest rates and inflation; and an income portfolio which comprises a bespoke buy-to-hold corporate bonds portfolio, a pooled secured credit fund of liquid and illiquid loans and debt securities in which the Scheme is the sole investor, other credit-like assets such as asset-backed securities, and also cash. Partners manages two private debt closed funds in which the Scheme is invested: the MAC III (2016) and MAC V (2019) funds which comprise of illiquid debt – mainly diversified senior-tranche private loans – which returns income to the Scheme in the form of capital and interest. LGIM manages a passive mandate of global and UK equity assets, and approximately 65% of the Scheme's exposure to overseas equities (excluding emerging markets) is hedged back to GBP. The Scheme also holds an annuity insurance policy with Scottish Widows, securing the benefits of pensioner members. Further, the Scheme holds a small legacy section of additional voluntary contributions (AVCs) on behalf of existing DB members.

FRS 102 requires certain disclosures in relation to investment risks arising from financial instruments.

Retirement benefit schemes need to disclose information that enables users of its financial statements to evaluate the nature and extent of the market risk and credit risk arising from the investments at the end of the reporting period.

It defines market risk as:

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risks.

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

It defines credit risk as:

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

Risks associated with the current investment strategy are:

Credit risk

The Scheme is subject to direct credit risk from its holdings in bonds, gilts, derivatives, cash balances and its holdings in pooled funds.

Credit risk arising on bonds held directly is mitigated by investing in corporate bonds which are rated at least investment grade. Credit risk arising on other investments is mitigated by investment mandates requiring all counterparties to be at least investment grade credit rated.

The Trustee considers financial instruments or counterparties to be of investment grade if they are rated at BBB- or higher by Standard & Poor's or Fitch or rated at Baa3 or higher by Moody's.

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

15 INVESTMENTS (CONTINUED)

15.9 INVESTMENT RISKS (CONTINUED)

Credit risk (continued)

Direct credit risk arising from pooled investment vehicles is mitigated by ring-fencing the underlying assets of the pooled arrangements from the pooled manager. This is achieved via the regulatory environments in which the pooled managers operate and the diversification of investments amongst pooled arrangements. The Trustee carries out due diligence checks on the appointment of new managers, and on an ongoing basis monitors any changes to the operating environment of the pooled manager. Pooled fund investment arrangements used by the Scheme are unrated and comprise of unit-linked insurance contracts, open-ended investment companies (“OEIC”) and limited liability partnerships:

Pooled arrangement (Defined Benefit)	30 September 2023 (£000)	5 April 2023 (£000)
Unit linked insurance contracts	7,179	7,117
OEIC	113,104	146,395
Limited liability partnerships	56,127	60,332
Total	**176,410**	**213,844**

There is also a direct credit risk attached to the insurance policy whereby the insurance provider may cause financial loss to the Scheme by failing to discharge their obligation. However, this is mitigated by the Trustee investing in a policy with a regulated insurance provider. Additional comfort is provided by the regulatory system under which the insurance company which provides the policy operates.

Indirect credit risk arising in relation to underlying investments in pooled investment vehicles is mitigated by only investing in funds which hold at least investment grade credit rated investments.

The Scheme also invests in private debt which does not have a credit rating. Credit risk arising from private debt or instruments that are not listed is mitigated by purchasing debt that is securitised by way of physical assets and/or purchasing debt higher up the capital structure for the issuer. The Trustee manages the associated credit risk by requesting that the investment manager diversifies the portfolio to minimise the impact of default by any one issuer.

Where managers use derivatives and repurchase arrangements, these are generally collateralised or centrally cleared to reduce risk.

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

Interest rate risk

The Scheme is subject to interest rate risk – in absolute terms, and via unhedged risk in relation to the liabilities. The value of the Scheme’s bonds, gilts, and certain derivatives (e.g. swaps and repurchase agreements) are subject to interest rate risk. However, these assets offset a proportion (currently approximately 90% of the interest rate risk associated with the liabilities. The Scheme’s hedge ratio of 90% of the interest rates and inflation exposure was implemented in September 2023. If interest rates fall, the value of these investments will rise to help match the increase in the actuarial value of the liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, these assets will fall in value as will the actuarial value of the liabilities because of an increase in the discount rate. The Scheme is also subject to interest rate risk through the valuation of the annuity insurance policy, however this is matched by a movement in the actuarial liability.

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

15 INVESTMENTS (CONTINUED)

15.9 INVESTMENT RISKS (CONTINUED)

Currency risk

The Scheme is subject to currency risk from a proportion of its investments in equities, bonds and other financial instruments.

The Trustee has decided to hedge part of the overseas equities currency exposure and not to hedge the remaining equity currency risk as it provides an additional source of diversification. The Scheme's pooled currency hedged equity funds structure with LGIM hedges approximately 65% of exposure to overseas currency (excluding emerging markets).

Management of currency risks arising in the Scheme's other mandates is generally left to the discretion of the managers, noting that their performance targets are set by reference to Sterling-based markets.

Other price risks

Other price risk arises principally from the Scheme's return-seeking portfolio, which includes equities, other financial instruments and AVCs (which account for less than 1% of the portfolio). A few of the Scheme's managers use derivatives as a way of obtaining efficient exposure to investment markets. Other price risk also arises in relation to the buy in (annuity) insurance policy. The Scheme manages this exposure by investing in an insurance policy with the annuity provider. At the period end, the annuity represented approximately 36% of the total investment portfolio. Actual portfolio value may deviate slightly from target depending on normal market movements.

Use of derivatives

The Trustee holds repurchase agreements, swaps and forward foreign exchange contracts, details of which can be found in note 15.3 and 15.4.

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

15 INVESTMENTS (CONTINUED)

15.9 INVESTMENT RISKS (CONTINUED)

The following table illustrates the extent which the Scheme's investments are subject to the above risks:

Manager	Total 30 Sept 2023 (£000)	Total 5 April 2023 (£000)	Credit Risk	Interest Rate Risk	Currency Risk	Other Risk
Bonds						
Insight Buy and Maintain	86,428	90,114	Yes	Yes	No*	No
Insight LDI	381,758	384,562	Yes	Yes	Yes	No
Pooled Funds						
Insight Liquidity Fund Liquidity Plus	3,705	9,467	Yes	Yes	No	No
Insight Secured Finance Lending	109,203	136,740	Yes	Yes	No	Yes
Insight Liquid/Global ABS	196	188	Yes	Yes	No	Yes
Partners Group Multi-Asset Credit**	56,127	60,332	Yes	Yes	No*	Yes
*Insurance Policies****						
Scottish Widows	224,800	251,400	Yes	Yes	No	Yes
LGIM Global Equities	2,800	2,674	No	No	Yes	Yes
LGIM UK Equities	647	666	No	No	No	Yes
Aegon	3,732	3,777	Yes	Yes	Yes	Yes
Cash other net investment assets	1,623	30,826	Yes	No	No	No
Derivatives (net)****	19,147	(858)	Yes	Yes	Yes***	No
Repurchase agreements (net)	(270,981)	(253,622)	Yes	Yes	No	No
AVC investments	380	424	Yes	Yes	Yes	Yes
Total Defined Benefit Section	**619,565**	**716,690**				

*There is scope for small amount of currency risk in these mandates, but it is not the main risk of the investment. **Currency exposures within the Partners Group portfolios are generally hedged back Sterling. Partners Group valuation is as of 30 September 2023 (includes Partners Group Multi-Asset Credit 2016 (III) and Partners Group Multi-Asset Credit 2019 (V)). ***The assessment above reflects the underlying assets of the insurance policies. The Trustee acknowledges that there is some credit risk associated with an insurance policy. ****Whilst the derivative contracts are exposed to currency risk, these are used to offset currency risk taken elsewhere within the Scheme's asset portfolio.

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

15 INVESTMENTS (CONTINUED)

15.10 Other matters

During 2022/2023, geopolitical issues (such as Russia's war in Ukraine) and economic issues (such as increases in the rates of inflation and interest rates and movements in foreign currencies) have had a profound effect on domestic and global economies, with disruption and volatility in the financial markets. The Trustee, in conjunction with its advisers, monitors the situation closely and determines any actions that are considered to be necessary. This includes monitoring the Scheme's investment portfolio, the operational impact on the Scheme and the covenant of the Sponsoring Employer.

The extent of the impact on the Scheme's investment portfolio, including financial performance, will depend on future developments in financial markets and the overall economy, all of which are uncertain and cannot be predicted. Since the year end, the value of the Scheme's investment assets and investment liabilities have been impacted. Whilst the Trustee monitors the overall position, it has not, at this time, quantified the change (being an increase or decrease) in market value of the investment assets and investment liabilities as markets remain fluid and unpredictable and therefore such an estimate cannot be made.

16 CURRENT ASSETS

	Defined Benefit Section	**Defined Contribution Section**	**30 September 2023**
	£000	**£000**	**£000**
Employer contributions due	**125**	**-**	**125**
Prepaid pensions	**2,587**	**-**	**2,587**
Cash balances	**7,306**	**93**	**7,399**
Due from DC Section	**93**	**-**	**93**
	10,111	**93**	**10,204**

	Defined Benefit Section	*Defined Contribution Section*	*5 April 2023*
	£000	*£000*	*£000*
Employer contributions due	*125*	*-*	*125*
Prepaid pensions	*2,660*	*-*	*2,660*
Cash balances	*4,558*	*117*	*4,675*
Due from DC Section	*117*	*-*	*117*
	7,460	*117*	*7,577*

Included in the Defined Contribution cash balances above is £nil (5 April 2023: £nil) which is not allocated to members.

Amounts due from Employer relate to monthly contributions of Scheme expenses.

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

17 CURRENT LIABILITIES

	Defined benefit section	**Defined contribution section**	**30 September 2023**
	£000	**£000**	**£000**
Deferred annuity income	**1,305**	**-**	**1,305**
Unpaid benefits	**254**	**-**	**254**
Accrued expenses	**463**	**-**	**463**
Due to DB Section	**-**	**93**	**93**
	2,022	**93**	**2,115**

	Defined benefit section	*Defined contribution section*	*5 April 2023*
	£000	*£000*	*£000*
Deferred annuity income	*1,315*	*-*	*1,315*
Unpaid benefits	*388*	*-*	*388*
Accrued expenses	*442*	*-*	*442*
Due to DB Section	*-*	*117*	*117*
	2,145	*117*	*2,262*

18 EMPLOYER RELATED INVESTMENTS

There were no direct employer-related investments at 30 September 2023 (5 April 2023: £nil).

19 CONTINGENT LIABILITIES

In October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. Subsequently, in November 2020, the High Court ruled that pension schemes will need to revisit individual transfer payments made since 17 May 1990 to check if any additional value is due as a result of GMP equalisation. The issues determined by the judgements arise in relation to many other defined benefit pension schemes. The Trustee notes that the issues will have an impact on the Scheme and has been considering them in conjunction with its advisers.

Under the rulings schemes are required to backdate benefit adjustments in relation to GMP equalisation, provide interest on the backdated amounts and revisit individual transfer payments made since 17 May 1990, to check if any additional value is due as a result of GMP equalisation. The Trustee is currently working through a GMP rectification exercise. The approach for the equalisation of GMP within future cash equivalent transfer values was considered and implemented effective from September 2021. Since then the Scheme has been quoting transfer values which include an allowance for GMP equalisation.

Notes to the financial statements for the period 6 April 2023 to 30 September 2023 (continued)

19 CONTINGENT LIABILITIES (continued)

The Trustee and Company have not yet agreed the equalisation methodology to be used and therefore the Trustee is not in a position to obtain a reliable estimate of the backdated benefits and related interest or additional transfer values. Therefore, the cost of backdating pension benefits and related interest and additional transfer values have not been recognised in the Financial Statements. They will be recognised once the Trustee is able to reach a reliable estimate. As part of the 2021 actuarial valuation, a 0.25% loading was applied to the overall total liabilities as an approximate allowance for GMP equalisation.

20 RELATED PARTY TRANSACTIONS

Other that those items disclosed below and elsewhere in the financial statements, there were no related party transactions.

Fees paid in respect of Independent Trustee services provided by PAN Trustees UK LLP for the period ended 30 September 2023 were £87k (5 April 2023: £227k), Ross Trustee Services Limited were £nil (5 April 2023: £33k), 20-20 Trustee Services Limited were £nil (5 April 2023: £28k) and adhoc Trustee fees were £nil (5 April 2023: £12k).

21 SUBSEQUENT EVENTS

There were no subsequent events requiring disclosure in the financial statements.

Section 6 – Report on Actuarial Liabilities and Actuarial Certificate

Actuarial Valuation

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

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

The most recent full actuarial valuation of the Scheme was carried out as at 5 April 2021. This showed that on that date:

The value of the Technical Provisions was: £1,171 million

The value of the assets was: £1,051 million

The method and significant actuarial assumptions used to determine the technical provisions can be found below (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles dated March 2022).

The 31 December 2022 formal valuation was brought forward to 5 April 2021 at the request of the Company. This was to enable the Company to move ahead with the next stage of the turnaround plan, and also to capture improvements in the Scheme's funding position since the last valuation. These funding improvements meant that contributions could continue to be paid at the rate of £15m p.a. to reach the funding target by March 2029. A revised schedule of contributions has therefore been agreed, alongside improved guarantees from De La Rue that help support the new funding agreement.

Method

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

Significant Actuarial Assumptions

Discount rate before and after retirement	Dependent on term and assumed to be 0.9% p.a. above the yield on fixed interest government bond curve until 31/3/2028 and 0.25% above the yield on fixed interest government bond curve thereafter
Price inflation ("RPI")	Market implied inflation gilt yield curve.
Price inflation ("CPI")	Market implied inflation gilt yield curve less an adjustment of 1.00% p.a. until 2030 and market implied inflation gilt yield curve less an adjustment of 0.00% p.a. post 2030 (broadly market implied inflation gilt yield curve less 0.55% p.a.
Pension increases	Assumed to be in line with price inflation adjusted to take account of any maximum or minimum increase that may apply. Our Limited Price Indexation ("LPI") curves are derived from an option pricing model fitted to LPI swap prices.

Report on Actuarial Liabilities and Actuarial Certificate (continued)

Significant Actuarial Assumptions (continued)

Expenses	Scheme expenses will be allowed for on an ongoing basis.
Mortality - base tables	Member specific longevity Club VITA tables.
Mortality - Future longevity improvements	CMI 2020 model (calibrated to VITA tables) with a smoothing parameter of Sk = 7.0, an initial adjustment parameter of A = 0.25, 5% weighting to 2020 data and a long-term rate of improvement of 1.5% p.a. which tapers to 0% p.a. over ages 85 to 110.

Deficit contributions

Main section

Following the 5 April 2021 formal valuation, the Trustee and the Sponsoring Employer agreed a new Schedule of Contributions which was signed on 2 March 2022 whereby deficit contributions of £15m per annum were required to be paid quarterly in the period to each 5 April through to 2029.

This was then replaced by the Schedule of Contributions signed on 3 April 2023, which deferred the £3.75m payment originally due by 5 April 2023 to 26 May 2023. Further Schedules were signed on 25 May 2023 and 23 June 2023, which deferred this £3.75m to 26 June 2023 and 30 June 2023 respectively.

Subsequently, following agreement between the Trustee and the Sponsoring Employer, a Schedule of Contributions was signed on 28 June 2023 so as to defer the five quarterly contributions due to be paid under the previous schedule over the period to 5 April 2024. Under the revised Schedule, the Sponsoring Employer is required to pay annual deficit contributions as follows:

Period to:	Annual contribution (£m)	Cumulative contributions (£m) to have been paid by relevant date:
5 April 2023	11.25	26.25
5 April 2024	-	26.25
5 April 2025	15.0	41.25
5 April 2026	20.0	61.25
5 April 2027	20.0	81.25
5 April 2028	20.0	101.25
5 April 2029	20.1	121.35

In addition, as per an agreement between the Trustee and the Sponsoring Employer dated 28 June 2023, an additional amount will be paid as follows:

- In the event that a refinancing of the Company's Principal Bank Facilities in full occurs on or prior to 31 December 2023, £1.25m will be paid or, alternatively, £2.5m will be paid.

Report on Actuarial Liabilities and Actuarial Certificate (continued)

Deficit contributions (continued)

Main section (continued)

- Such payment will be due by 5 April 2024 or, in the event that the Lender Fees have not become payable on or prior to 5 April 2024, at the same time as the Lender Fees are paid to the Lenders.

If £2.5m become payable, this will act to reduce the cumulative contributions payable by 5 April 2029 to £120.1m.

The date of the next triennial actuarial valuation is 5 April 2024.

Classic section

A separate actuarial valuation has previously been prepared for the Classic Section of the Scheme, with the most recent valuation for this section taking place as at 31 December 2019. The associated Schedule of Contributions for the Classic Section was signed on 12 April 2021. Under this schedule, the Company was required to pay future annual deficit contributions in respect of the Classic Section as follows: by 12 May 2023: £34,507. However, the Classic Section was fully funded on a Technical Provision basis as at 31 March 2023 and, as a result, the Trustee and the Company put in place a revised Schedule of Contributions (dated 12 May 2023) which specifies no further deficit reduction contributions are required in respect of the Classic Section.

The Trustee, with the consent of the Company, has also transferred all remaining members of the Classic Section of the Scheme to the Main Section of the Scheme on 12 May 2023. As a result, there are no assets or liabilities remaining in the Classic Section of the Scheme. The Classic Section is terminated and, as such, is no longer a separate section of the Scheme.

Employers other Contributions

Monthly contributions of £125,000 will be paid to provide for the administrative expenses which are included in other contributions. The Company will also reimburse the Trustee for the Pension Protection Fund scheme-based and risk-based levy for levy years up until financial year 2028/2029.

De La Rue Pension Scheme

Schedule of Contributions – Actuarial Certificate

Adequacy of contributions

In my opinion, the contributions shown in this schedule are such that at the date of signing the statutory funding objective can be expected to be met by the end of the period specified in the recovery plan dated_28_ June 2023.

Consistency with statement of funding principles

In my opinion, this schedule of contributions is consistent with the statement of funding principles dated 2 March 2022.

Please note that the adequacy of contributions statement in this certificate relates to the scheme's statutory funding objective. For the avoidance of doubt this certificate does not mean that the contributions shown in this schedule would be enough to secure the scheme's full liabilities with annuities if the scheme were to wind up.

Signature	
Date	_28_ June 2023
Name	Laura McLaren
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of Employer	Hymans Robertson LLP
Address	20 Waterloo Street, Glasgow, G2 6DB

This certificate is provided to meet the requirements of regulation 10(6) of The Occupational Pension Schemes (Scheme Funding) Regulations 2005.

De La Rue Pension Scheme

Schedule of Contributions – Actuarial Certificate

Adequacy of contributions

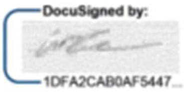
In my opinion, the contributions shown in this schedule are such that the statutory funding objective was met at the date of signing and can be expected to continue to be met for the period for which the schedule is to be in force.

Consistency with statement of funding principles

In my opinion, this schedule of contributions is consistent with the statement of funding principles dated 12 April 2021.

Please note that the adequacy of contributions statement in this certificate relates to the scheme's statutory funding objective. For the avoidance of doubt this certificate does not mean that the contributions shown in this schedule would be enough to secure the scheme's full liabilities with annuities if the scheme were to wind up.

Signature



Date	12 May 2023
Name	Laura McLaren
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of Employer	Hymans Robertson LLP
Address	20 Waterloo Street, Glasgow, G2 6DB

This certificate is provided to meet the requirements of regulation 10(6) of The Occupational Pension Schemes (Scheme Funding) Regulations 2005.