

MARTIN-BAKER PENSION SCHEME
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2020

PENSIONS SCHEMES REGISTRY NO. 10090466

INDEX

Page 1 - 2	Management and advisers
3 - 8	Report of the Trustees
9 - 10	Investment report
11 - 14	Auditors' reports
15 - 16	Statement of accounting policies
17	Fund account
18	Net assets statement
19 - 23	Notes to the financial statements
24 - 28	Implementation Statement
29	Scheme Actuary's Certification of the Calculation of Technical Provisions
30	Schedule of Contributions
31	Scheme Actuary's Certification of Schedule of Contributions

MARTIN-BAKER PENSION SCHEME**MANAGEMENT AND ADVISERS****YEAR ENDED 30 SEPTEMBER 2020**

PRINCIPAL EMPLOYER	Martin-Baker Aircraft Company Limited
TRUSTEES	P W Badman J W Martin G R Ward (Member Nominated) R J Martin P A Carpenter (Member Nominated)
SECRETARY AND ADDRESS FOR GENERAL AND BENEFIT ENQUIRIES	P W Badman Martin-Baker Aircraft Company Limited Higher Denham Nr. Uxbridge Middlesex UB9 5AJ
ACTUARY	Ms. V Smart Barnett Waddingham LLP Decimal Place Chiltern Avenue Amersham Bucks HP6 5FG
AUDITORS	Ward Williams Belgrave House 39-43 Monument Hill Weybridge Surrey KT13 8RN
BANKERS	National Westminster Bank PLC Unit 227-228 Intu Shopping Centre The Chimes High Street Uxbridge Middlesex UB8 1LA

MANAGEMENT AND ADVISERS (continued)**INVESTMENT MANAGERS**

M&G Investments
10 Fenchurch Avenue
London EC3M 5AG

Legal & General Investment Management Ltd
One Coleman Street
London EC2R 5AA

Aberdeen Standard Investments
1 George Street
EDINBURGH EH2 2LL

MARTIN-BAKER PENSION SCHEME**REPORT OF THE TRUSTEES****YEAR ENDED 30 SEPTEMBER 2020**

The Trustees present the report and financial statements of the Martin-Baker Pension Scheme for the year ended 30 September 2020. The financial statements have been prepared and audited in accordance with regulations made under sections 41 (1) and (6) of the Pensions Act 1995.

THE SCHEME

The Martin-Baker Pension Scheme provides defined pension and lump sum benefits payable to members on their retirement from Killinchy Aerospace Holdings Limited and Martin-Baker Aircraft Company Limited, or to their dependants on death before or after retirement.

LEGAL STATUS

The Scheme was established by an Interim Trust Deed dated 1 October 1973 and was governed by a Definitive Trust Deed and Rules dated 18 July 1983. A revised Definitive Trust Deed and Rules dated 13 November 1990 was created, being effective from 6 April 1988. A new Definitive Trust Deed and Rules was made on 26 July 2005, effective from that date. A Deed of Amendment dated 19 September 2013 closed the Scheme for future service accrual with effect from midnight at the end of 30 September 2013, although pensions payable to members who remain in service after that date will continue to be linked to final pensionable salary. A Deed of Amendment dated 5 August 2019 discontinued the provision of Life Assurance under the Scheme with effect from midnight at the end of 30 September 2019.

The Scheme has been approved as an exempt approved Scheme under the terms of the Income and Corporation Taxes Act 1988. Since 6 April 2006 the Scheme has been classed as a Registered Scheme by HM Revenue & Customs as defined in Section 283, Part 1 of the Finance Act 2004.

TRUSTEES

Under the Definitive Trust Deed, trustees could be appointed or removed by the Principal Employer. This arrangement is no longer permitted and with effect from November 2006 the Scheme has had Member Nominated Trustees.

PARTICIPATING EMPLOYERS

The participating employers, whose employees are entitled to be members of the Scheme, are:

Killinchy Aerospace Holdings Limited
Martin-Baker Aircraft Company Limited

There have been no employer related investments at any time during the year.

MARTIN-BAKER PENSION SCHEME**REPORT OF THE TRUSTEES (continued)****YEAR ENDED 30 SEPTEMBER 2020****INCREASE TO PENSIONS IN PAYMENT**

Pensions arising from service after 5 April 1997 are subject to Limited Price Indexation (LPI). Any other increase would be at the discretion of the Trustees. The Trustees have an obligation to review, in association with the Participating Employers, the level of pensions in payment every three years. The level of funding at the end of September 2017 enabled them to exercise their discretion to grant an increase to the pensions not subject to LPI. The increase was implemented with effect from 1 August 2018.

FINAL SALARY PENSION SECTION

This section was closed to new employees with effect from 1 January 2005. This section was originally non-contributory, but with effect from 1 October 2006, members were required to contribute towards the cost of this arrangement. Members of this section could transfer to the Cash Benefit section, which was non-contributory. This section of the Scheme was closed to future service accrual with effect from midnight at the end of 30 September 2013 (as mentioned above).

CASH BENEFIT SECTION

Employees commencing service with the Principal Employer between 1 January 2005 and 30 September 2012 were eligible to join a section of the Scheme which provides a cash benefit on retirement in addition to Life Assurance while in active service. Members of this Cash Benefit section did not start to earn their retirement benefits until they had completed one year of service with the Company. If they did not exercise the option to join this section on completion of one year's service, the option lapsed. This section of the Scheme was closed to future service accrual with effect from midnight at the end of 30 September 2013 (as mentioned above).

DEATH IN SERVICE COVER

Although the Scheme was closed to future service accrual for pension benefits, the Scheme continued to provide Death in Service cover for employees, who opted into the Scheme, while in active service until State Pension Age up to midnight at the end of 30 September 2019. Death in service cover is now provided by a separate trust.

MARTIN-BAKER PENSION SCHEME**REPORT OF THE TRUSTEES (continued)****YEAR ENDED 30 SEPTEMBER 2020**

MEMBERSHIP	<u>NOTES</u>	<u>2020</u>
EMPLOYED MEMBERS		
Final Salary Members		180
Cash Benefit Members		90
Members with both Final Salary & Cash Benefit	1	11
		<u>281</u>
PENSIONER MEMBERS		
Members receiving pension from service with Company	2	536
Members receiving Dependant's pension only		178
		<u>714</u>
DEFERRED PENSIONER MEMBERS		
Final Salary Members		207
Cash Benefit Members		53
Members with both Final Salary & Cash Benefit	1	3
		<u>263</u>
TOTAL		<u>1258</u>

NOTES

1. Some employees chose not to contribute towards the cost of the Final Salary Pension after the Scheme became contributory.
2. Some Pensioners receive pensions from their own service with the Company and a Dependant's pension in addition, if their spouse had also worked for the Company.
3. Some Members have had two periods of service with the Company, which may have different rules applied to each period of service. This, plus the options available following "pensions freedoms", means that they may have entitlements to benefits in more than one of the categories appearing above.

MARTIN-BAKER PENSION SCHEME**REPORT OF THE TRUSTEES (continued)****YEAR ENDED 30 SEPTEMBER 2020**

FINANCIAL HIGHLIGHTS	£000
The financial development of the Scheme during the year can be summarised as follows:	
The total of contributions received from the participating employers, death benefits and transfer values received during the year was	42
Gain realised on sales of investments	5,735
Investment and other income, less expenses, amounted to	1,206
	<hr/>
	6,983
Benefits paid, including transfer values, contribution refunds and term insurance premiums amounted to	(4,210)
	<hr/>
Leaving a surplus to be added to the Accumulated Fund of	2,773
The value of the Fund at the beginning of the year was	122,970
Increase/(Decrease) in unrealised gains on investments	(8,721)
	<hr/>
Making the value of the Fund at 30 September 2020	117,022
	<hr/>

ACTUARIAL POSITION

A copy of the Actuary's Certification of the Calculation of Technical Provisions as at 1 October 2017, signed on 20 November 2018, appears on page 29. The Valuation indicated that the resources of the Scheme are likely in the normal course of events to meet in full the liabilities of the Scheme as they fall due, based on the Scheme's Statement of Funding Principles. The Schedule of Contributions, which appears on page 30, shows that no contributions are required in respect of future accrual. The Schedule also states that no deficit funding contributions are required, as the Scheme was in surplus.

MARTIN-BAKER PENSION SCHEME**REPORT OF THE TRUSTEES (continued)****YEAR ENDED 30 SEPTEMBER 2020****TRUSTEES' RESPONSIBILITIES STATEMENT**

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS102) are the responsibility of the Trustees. Pension scheme regulations require and the Trustees are responsible for ensuring that those Financial Statements:

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

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

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

MARTIN-BAKER PENSION SCHEME**REPORT OF THE TRUSTEES (continued)****YEAR ENDED 30 SEPTEMBER 2020****TRUSTEES' SUMMARY OF CONTRIBUTIONS**

During the year, no contributions were paid to the Scheme by the Employer. No contributions were required to be paid to the Scheme under the Schedule of Contributions, as Life Cover is no longer provided under the Scheme.

Signed on behalf of the Trustees on 23rd February 2021.



J W Martin
Trustee



G R Ward
Trustee

MARTIN-BAKER PENSION SCHEME**INVESTMENT REPORT****YEAR ENDED 30 SEPTEMBER 2020**

The Trustees aim to divide the Scheme investments between equities and bond-like instruments in order to manage the risk inherent in investment in one class of instrument. The Trustees perform regular reviews of the investment strategy and implemented a revised strategy during the previous year. The revised strategy reduced the exposure to equities from about 50% to about 30%. The aim of the current strategy is to reduce the volatility in the value of the investments held by the Scheme.

The Trustees' investment profile targets as at 30 September 2020 were:-

- 25-35% In the L&G Global Equity 60:40 Index Tracker Fund
- 10-20% In the L&G Over 5 Year Index-Linked Gilts Fund
- 20-30% in the M&G Long-Dated Corporate Bond Fund
- 5-15% in the M&G Property Fund
- 15-25% In the ASI Life Diversified Growth Fund

The L&G and ASI Investments are accumulation units. The M&G units are now distribution units.

The annualised returns on the current investments for periods of one, three and five years ending 30 September 2020 are as follows:-

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
L&G Global Equity 60:40 Index Tracker Fund	- 8.5%	+1.0%	+ 7.5%
L&G Over 5 Year Index-Linked Gilts Fund	+ 0.4%	+7.0%	+ 8.3%
M&G Long Dated Corporate Bond Fund	+ 7.2%	+8.5%	+ 9.9%
M&G Property Fund	- 4.3%	+1.3%	+ 3.0%
ASI Life Diversified Growth Fund	- 1.7%	+0.4%	+ 3.4%

During the year Covid-19 affected the performance of all financial markets. The impact on the Scheme was a significant adverse effect on the performance of the L&G Global Equity Fund, the M&G Property Fund and the ASI Life Diversified Growth Fund. It is likely that there will be volatility in the future value of the Scheme investments.

MARTIN-BAKER PENSION SCHEME**INVESTMENT REPORT (continued)****YEAR ENDED 30 SEPTEMBER 2020**

The distribution of assets at the beginning and end of the year is shown in the table below.

	30 September 2020 %	30 September 2019 %
UK Equities	16.9	17.6
International Equities	14.0	14.6
Miscellaneous	2.7	2.5
Fixed Interest & Cash	50.9	51.2
Gilts and Fixed Interest	48.5	46.0
Cash & Other Liquid Assets (Including Cash at Bank)	2.4	5.2
Property	15.5	14.1
Total	100.0	100.0
Total Market Value of the Fund	£117,079,240	£123,033,535

The securities that are held by the Fund are regarded as readily marketable, with the exception of the M&G property units, where there is currently a moratorium on sales. All of the investments are made in accordance with the Statement of Investment Principles, a copy of which is available on request. It can also be viewed on the Pension Scheme's website www.martinbakerpensions.com.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE MARTIN-BAKER PENSION SCHEME

OPINION

We have audited the financial statements of the Martin-Baker Pension Scheme (the Scheme) for the year ended 30 September 2020, which comprise the Fund Account, the Net Assets Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 30 September 2020, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995.

BASIS FOR OPINION

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

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE MARTIN-BAKER PENSION SCHEME (Continued)

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement set out on page 7, the Scheme's Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material mis-statement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE MARTIN-BAKER PENSION SCHEME (Continued)

In preparing the financial statements, the Trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.


AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material mis-statement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with IASs (UK) will always detect a material mis-statement when it exists. Mis-statements 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 these financial statements.

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

USE OF OUR REPORT

This report is made solely to the Scheme's Trustees, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustees as a body for our audit work, for this report, or for the opinions we have formed.



Belgrave House, 39-43 Monument Hill
Weybridge, Surrey
KT13 8RN

WARD WILLIAMS
Chartered Accountants
Registered Auditors

10th March 2021.

INDEPENDENT AUDITORS' STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEES OF THE MARTIN-BAKER PENSION SCHEME

We have examined the summary of contributions to the Martin-Baker Pension Scheme for the scheme year ended 30 September 2020, which is set out in the Trustees' Report on page 8.

STATEMENT ABOUT CONTRIBUTIONS PAYABLE UNDER THE SCHEDULE OF CONTRIBUTIONS

In our opinion contributions for the Scheme year ended 30 September 2020 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 20 November 2018.

SCOPE OF WORK ON STATEMENT ABOUT CONTRIBUTIONS

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND THE AUDITOR

As described more fully in the Statement of Trustees' Responsibilities, the Scheme's Trustees are responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

USE OF OUR REPORT

This report is made solely to the Trustees, as a body, in accordance with Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996. Our work has been undertaken so that we might state to the Trustees those matters we are required to state to them 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 Scheme's Trustees as a body, for our work, for this report, or for the opinions we have formed.

Ward Williams

Belgrave House, 39-43 Monument Hill
Weybridge, Surrey
KT13 8RN

WARD WILLIAMS
Chartered Accountants
Registered Auditors

10th March 2021

MARTIN-BAKER PENSION SCHEME**STATEMENT OF ACCOUNTING POLICIES****YEAR ENDED 30 SEPTEMBER 2020****Basis of Preparation**

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to Obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with the guidance set out in the Statement of Recommended Practice (SORP) (revised June 2018), with the exception of the treatment of Additional Voluntary Contributions which are dealt with as explained in Note 9.

The financial statements are presented in Sterling, which is the functional currency of the Scheme and rounded to the nearest £.

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

Listed Investments

Listed investments are stated at fair value based on the quoted bid price for the relevant units at the year end.

Investment Income

Investment income is accounted for when received, except that when an investment is valued ex dividend that dividend is included in the revenue account.

Contributions

Following the closure of the Scheme to future service accrual, no ordinary contributions are required from either the participating employers or the members. If special contributions are required from the participating employers in future, these will be accounted for when received. The participating employers also meet the costs of administration of the Scheme. Since April 2014, the payments for these costs have been made directly to the providers, but before that date the relevant contributions were accounted for when due.

Expenditure

All expenses and benefits are accounted for on an accruals basis, except that no account is taken of the long term liabilities to pay benefits. Members who leave the plan are assumed to have taken a preserved pension until the Trustees are advised otherwise.

MARTIN-BAKER PENSION SCHEME**STATEMENT OF ACCOUNTING POLICIES****YEAR ENDED 30 SEPTEMBER 2020 (continued)****Going Concern**

Covid-19 has impacted the value of the investments during the year. This may have resulted in the Scheme being in a deficit position as at 30 September 2020. The Principal Employer has proved to be resilient to the effects of Covid-19. In order to protect the Scheme against what might prove to be a temporary deficit position, the Principal Employer has funded an escrow account valued at £15 million. This escrow account may be used to fund a deficit if one is revealed by the triennial valuation due in 2023, otherwise the funds will be released to the Principal Employer.

MARTIN-BAKER PENSION SCHEME

17.

FUND ACCOUNT**YEAR ENDED 30 SEPTEMBER 2020**

	Note	2020 £	2019 £
Contributions and Benefits			
Contributions receivable	1	0	299,405
Transfers In	2	42,238	53,482
Other income	3	0	143,746
		<u>42,238</u>	<u>496,633</u>
Benefits payable	4	3,885,127	4,179,192
Other payments	5	324,874	1,276,135
Administrative expenses	6	52	153
		<u>4,210,053</u>	<u>5,455,480</u>
Net (withdrawals) from dealings with members and employers		<u>(4,167,815)</u>	<u>(4,958,847)</u>
Returns on investments			
Investment income	7	1,206,418	378,221
Change in market value of investments	8	(2,985,748)	6,901,963
		<u>(1,779,330)</u>	<u>7,280,184</u>
Net (decrease)/increase during the year		<u>(5,947,145)</u>	<u>2,321,337</u>
Net assets of the Scheme			
At 1 October 2019		<u>122,969,602</u>	<u>120,648,265</u>
At 30 September 2020		<u>117,022,457</u>	<u>122,969,602</u>

The fund has no recognised gains and losses other than those reflected above and therefore no separate statement of total recognised gains and losses has been presented.

MARTIN-BAKER PENSION SCHEME**NET ASSETS STATEMENT****YEAR ENDED 30 SEPTEMBER 2020**

	2020 £	2019 £
Investments		
Legal & General	48,134,864	51,097,131
M&G	46,435,812	46,114,607
Aberdeen Standard Investments	20,330,081	20,674,767
Santander (formerly Abbey National plc)	728,130	789,416
Total investments	115,628,887	118,675,921
Current Assets and Liabilities		
Pre-payments and accrued Income	771	600
Cash at bank	1,450,353	4,357,614
Less sundry creditors	(57,554)	(64,533)
Net current assets	1,393,570	4,293,681
Net assets of the Scheme at 30 September 2020	117,022,457	122,969,602

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Trustees' Report and Actuarial Certificates/Statements included in the annual Report and these financial statements should be read in conjunction with them.

These financial statements were approved by the Trustees on 23rd February 2021

J W Martin

J.W. Martin

Trustee

G R Ward

G.R. Ward

Trustee

MARTIN-BAKER PENSION SCHEME**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 SEPTEMBER 2020****1 CONTRIBUTIONS**

	2020 £	2019 £
Contributions from participating employers:		
Regular	0	299,405
	<hr/>	<hr/>
	0	299,405
	<hr/> <hr/>	<hr/> <hr/>

Regular contributions received in the previous Scheme year related to the cost of Life Assurance.

2 TRANSFERS IN

	2020 £	2019 £
Receipt of AVC funds to purchase pensions benefits	42,238	53,482
	<hr/>	<hr/>

MARTIN-BAKER PENSION SCHEME**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 30 SEPTEMBER 2020****3 OTHER INCOME**

	2020 £	2019 £
Claims on term insurance policies	0	143,746
	<hr/> <hr/>	<hr/> <hr/>

4 BENEFITS

	2020 £	2019 £
Pensions	3,167,940	3,241,889
Lump sum in part commutation of benefits	689,421	725,379
Death benefits	27,766	211,824
	<hr/> <hr/>	<hr/> <hr/>
	3,885,127	4,179,192

5 OTHER PAYMENTS

	2020 £	2019 £
Premiums on term insurance policies to cover death benefits	0	299,405
Individual transfers and refunds	324,874	976,730
	<hr/> <hr/>	<hr/> <hr/>
	324,874	1,276,135

Transfers out of the Scheme include no allowance for any discretionary benefits.

MARTIN-BAKER PENSION SCHEME**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 30 SEPTEMBER 2020****6 EXPENSES**

	2020 £	2019 £
Miscellaneous	52	153
	<hr/>	<hr/>
	52	153
	<hr/> <hr/>	<hr/> <hr/>

With effect from April 2014, the participating employers are paying most of the expenses directly to the providers. This includes the cost of the annual audit, which will not be recharged to the Scheme.

7 INVESTMENT INCOME

	2020 £	2019 £
Interest on cash deposits	8,367	21,579
Dividends	1,198,051	356,642
	<hr/>	<hr/>
	1,206,418	378,221
	<hr/> <hr/>	<hr/> <hr/>

MARTIN-BAKER PENSION SCHEME**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 30 SEPTEMBER 2020****8. INVESTMENTS**

	Value at 01.10.2019 £	Purchases at Cost £	Sales Proceeds £	Change in market value £	Value at 30.09.2020 £
Legal & General (Equity)	35,553,462	0	0	(3,028,354)	32,525,108
Legal & General (ILG)	15,543,669	0	0	66,087	15,609,756
M & G (Bonds) - Inc	32,599,941	0	0	1,187,056	33,786,997
M & G (Property) - Acc	13,514,666	0	(12,934,879)	(579,787)	0
M&G (Property) - Inc	0	12,934,879		(286,064)	12,648,815
Aberdeen Standard	20,674,767	0	0	(344,666)	20,330,081
Sanlander (Cash)	789,416	957	(62,243)	0	728,130
	118,675,921	12,935,836	(12,997,122)	(2,965,748)	115,628,887

The Scheme's investment assets are stated at fair value based on quoted bid value.

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.

9. ADDITIONAL VOLUNTARY CONTRIBUTIONS

Members were permitted to make Additional Voluntary Contributions which are invested with Utmost Life (formerly Equitable Life Assurance Society), Santander (formerly Abbey National plc) or Clerical Medical, at the contributing member's option. The funds accumulated by these contributions can only be used to provide additional pensions benefits within the overall limits allowed by HM Revenue & Customs.

In these accounts no value is placed on the investment accounts held by the Trustees under these arrangements. The benefits accrued under these arrangements are accounted for to the members concerned when the benefits become payable. The accumulated value of the investment accounts at the last anniversary of each fund amounted to £662,155 (2019: £614,303).

MARTIN-BAKER PENSION SCHEME**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 30 SEPTEMBER 2020**

The funds accrued under these arrangements may be applied in a number of ways laid down by HM Revenue & Customs, at the member's option. The chosen benefits have to be purchased via the Scheme. The receipt of these funds by the Trustees is included in the transfers in for the year (See Note 2). The cost of the various benefits is included in the relevant heading in Note 4.

10. INVESTMENT RISK DISCLOSURES

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

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

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

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

The Trustees determine their investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes to implement its investment strategy described in the Investment Report. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustees by regular reviews of the investment portfolio.

Further information on the Trustees' approach to risk management and the Scheme's exposure to credit and market risks are set out in the Investment Report.

MARTIN-BAKER PENSION SCHEME**IMPLEMENTATION STATEMENT****YEAR ENDED 30 SEPTEMBER 2020****HOW VOTING AND ENGAGEMENT POLICIES HAVE BEEN FOLLOWED**

The Scheme invests entirely in pooled funds and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.

The Trustees undertook an initial review of the stewardship and engagement activities of the current managers at their 5 November 2019 Trustees Meeting and were satisfied that their policies were reasonable and no remedial action was required at that time.

The Trustees reviewed the stewardship and engagement activities of their investment managers on an ongoing basis during the year and were satisfied that the policies followed by the managers were reasonable and in alignment with the Trustees' own policies. No remedial action was required during the period.

From this year the Trustees will receive and review voting information and engagement policies provided by both the asset managers, and our investment advisers as necessary, on an annual basis. The voting and engagement information will be reviewed to ensure it aligns with the Scheme's policies.

The Trustees have appointed the following investment managers to carry out the day-to-day investment of the Scheme assets:

- Legal and General Investment Management ("L&G")
- Aberdeen Standard
- M&G Investments

Set out below is a table of the Scheme's funds:

Asset Class	Fund Name
Equities	L&G Global Equity (60:40) Index Fund
Diversified Growth	Aberdeen Standard Diversified Growth Fund
Property	M&G Investments Property Fund
Corporate Bonds	M&G Investments Long Dated Corporate Bond Fund
Gilts	L&G Over 5 Year Index-Linked Gilts Index Fund

MARTIN-BAKER PENSION SCHEME**IMPLEMENTATION STATEMENT****YEAR ENDED 30 SEPTEMBER 2020 (continued)****VOTING DATA**

Voting only applies to funds that hold equities in their portfolio. The Scheme's equity investments are all held through pooled funds. The investment managers for these funds vote on behalf of the Trustees.

The table below provides a summary of the voting activity undertaken by each manager over the periods shown, together with information on any key voting priorities and information on the use of proxy voting advisers by the managers. The most up-to-date data available has been used where voting data over the accounting period was not available.

Manager	Aberdeen Standard	Legal and General
Fund Name	Diversified Growth	Global Equity (60:40)
Structure	Pooled	Pooled
Date of data used	Year to 31 March 2020	Year to 30 June 2020
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour	
Number of company meetings the manager was eligible to vote on over the year	Not available	2,970
Number of resolutions the manager was eligible to vote on over the year	Not available	38,048
Percentage of resolutions the manager voted on	97%	99.9%
Percentage of resolutions the manager abstained from	3.0%	0.1%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	85.1%	83.6%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	12.0%	16.3%
Percentage of resolutions voted contrary to the recommendation of the proxy adviser	3.0%	11.5%

The Scheme's allocation to the M&G Corporate Bond Fund and the L&G Gilts Fund do not offer ownership participation in a company through voting rights and therefore the managers cannot vote on behalf of the holdings within their fund.

The M&G Investments Property Fund is solely invested in the M&G Pooled Pensions UK Property Fund (PPLP). The PPLP has been excluded from the table above as M&G has stated that it is not applicable to the requirement to meet voting rights, as investors have access to PPLP via insurance policies issued by Prudential Pensions Limited.

MARTIN-BAKER PENSION SCHEME

IMPLEMENTATION STATEMENT

YEAR ENDED 30 SEPTEMBER 2020 (continued)

SIGNIFICANT VOTES

For the first year of implementation statements we have delegated to the investment manager(s) to define what a "significant vote" is. A summary of the data they have provided is set out below.

Aberdeen Standard has not provided us with significant votes over the period.

Legal and General, Global Equity Fixed Weight (60.40) Index

	VOTE 1	VOTE 2	VOTE 3
Company name	Barclays	Amazon	Exxonmobile
Date of vote	7 May 2020	27 May 2020	27 May 2020
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	Not available	Not available	Not available
Summary of the resolution	1. Resolution 29 – Approve Barclays' Commitment in Tackling Climate Change. 2. Resolution 30 – Approve ShareAction Requisitioned Resolution	Shareholder resolutions 5 to 16	Resolution 1.10 – Elect Director Darren W. Woods
How the manager voted	L&G voted for resolution 29, proposed by Barclays and for resolution 30, proposed by ShareAction	L&G voted to support 10 of 12 resolutions. Each individual proposal was locked into, and there are two main areas which drove their decision making: disclosure to encourage a better understanding of process and performance of material issues and governance structures that benefit long-term shareholders.	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	L&G publicly communicates its vote instructions in monthly regional vote reports, with rationale for all votes against management.		

MARTIN-BAKER PENSION SCHEME**IMPLEMENTATION STATEMENT****YEAR ENDED 30 SEPTEMBER 2020 (continued)**

Rationale for the voting decision	Resolution proposed by Barclays sets out its long-term plans and has the backing of ShareAction and co-filers.	Alongside alleged harsh workplace practices published in 2015, the news of a string of workers catching Covid-19, the company's response, and subsequent details, have all become major news and an important topic for L&G's engagements leading up to the proxy vote.	In June 2019, L&G announced that it will be removing this company from its Future World fund and voting against the chair of the board, as a result of L&G's annual "Climate Impact Pledge" ranking of corporate climate leaders.
Outcome of the vote	<ol style="list-style-type: none"> 1. Resolution 29 – supported by 99.9% of shareholders 2. Resolution 30 – supported by 23.9% of shareholders 	Of the 12 resolutions, seven resolutions received the 30% support from shareholders, the maximum number of support.	93.2% of shareholders supported the re-election of the combined chair and CEO Darren Woods. Approximately 30% of shareholders supported the proposals for independence and lobbying.
Implications of the outcome	Focus will now be to help Barclays on the detail of their plans and targets, to ensure a consistency of messaging and to continue to drive positive change.	Despite low shareholder support, L&G will continue engagement with the company as they push it to disclose more and to ensure it is adequately managing its broader stakeholders and, most importantly, its human capital.	<p>L&G will continue to engage, both individually and in collaboration with other investors, to push for change at the company.</p> <p>Their voting intentions were the subject of over 40 articles in major news outlets across the world, with a number of asset owners in Europe and North America also declaring their intentions to vote against the company.</p>
Criteria on which the vote is considered "significant"	Significant client interest in L&G's voting intentions and engagement activities in relation to the 2020 Barclays AGM.	The market attention was significant leading up to the AGM.	L&G voted against the chair of the board as part of L&G's "Climate Impact Pledge" escalation sanction.

MARTIN-BAKER PENSION SCHEME**IMPLEMENTATION STATEMENT****YEAR ENDED 30 SEPTEMBER 2020 (continued)****EXAMPLES OF ENGAGEMENTS UNDERTAKEN**

Manager	
Aberdeen Standard	
Diversified Growth	Not available
Legal and General	
Global Equity (60:40)	L&G's Investment Stewardship team regularly holds meetings with company board directors and executives, where the priority is to have an outcome orientated engagement.
Over 5 Year IL Gilts	Not applicable
M&G Investments	
Long Dated Corporate Bonds	Engagement with issuers is usually initiated by the credit analyst teams. One example: the Team within this fund was involved with the Investment Association's group meeting with the Chairman to address the high pension contribution of the CEO.
Property	M&G engages with the occupiers in its buildings on ESG issues. Engagement with issuers is continuous and proactive. ESG concerns are raised directly with issuers.

Certification of the calculation of Technical Provisions

Martin-Baker Pension Scheme

Calculation of Technical Provisions

I certify that, in my opinion, the calculation of the Scheme's Technical Provisions as at 1 October 2017 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustees of the Scheme and set out in the Statement of Funding Principles dated 20 November 2018.

Signature:

Vanessa Smart

Date:

20 November 2018

Name:

Vanessa Smart, FIA

Qualification:

Fellow of the Institute and Faculty of Actuaries

Address:

Barnett Waddingham LLP
Decimal Place
Chiltern Avenue
Amersham
HP6 5FG

Employer:

Barnett Waddingham LLP

Martin-Baker Pension Scheme Schedule of Contributions

Status

This Schedule of Contributions has been prepared by the Trustees of the Martin-Baker Pension Scheme (the Scheme), after obtaining the advice of the Scheme Actuary appointed by the Trustees.

Contributions to be paid by the Employer from 1 October 2017 to 30 September 2022

The Scheme closed to future accrual on 30 September 2013 so no contributions are required in respect of future accrual.

As at 1 October 2017 the Scheme was in surplus on the Technical Provisions basis agreed by the Trustees and Employers so no Deficit Reduction Contributions are required.

Martin-Baker Aircraft Company Limited shall separately pay the cost of insuring death-in-service benefits (for those pension scheme members who remain in employment with the Employers), the Pension Protection Fund levy and the expenses associated with administering and operating the Scheme.

The Employer may pay contributions in addition to the amounts shown above at any time.

This schedule has been agreed by the Trustees and the Employer

P.W. Baden

.....
Signed on behalf of the Trustees of the Martin-Baker Pension Scheme

29/11/2018

.....
Date

[Signature]

.....
Signed on behalf of Martin-Baker Aircraft Company Limited

20-11-2018

.....
Date

[Signature]

.....
Signed on behalf of Killinchy Aerospace Holdings Limited

20 NOV 2018

.....
Date

Certification of the calculation of Schedule of Contributions

Martin-Baker Pension Scheme

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 can be expected to be met for the period for which the schedule is expected 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 20 November 2018.

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: *Vanessa Smart*

Date: 20 November 2018

Name: Vanessa Smart, FIA

Qualification: Fellow of the Institute and Faculty of Actuaries

Address: Barnett Waddingham LLP
Decimal Place
Chiltern Avenue
Amersham
HP6 5FG

Employer: Barnett Waddingham LLP