

**MARTIN-BAKER PENSION SCHEME
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2023**

PENSIONS SCHEMES REGISTRY NO. 10090466

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MARTIN-BAKER PENSION SCHEME

1.

MANAGEMENT AND ADVISERS

YEAR ENDED 30 SEPTEMBER 2023

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)
M Drygierczyk

**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 Limited
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

abrdn Life & Pensions Limited
(until February 2023)
Bow Bells House
1 Bread Street
LONDON EC4M 9HH

MARTIN-BAKER PENSION SCHEME**REPORT OF THE TRUSTEES****YEAR ENDED 30 SEPTEMBER 2023**

The Trustees present the report and financial statements of the Martin-Baker Pension Scheme for the year ended 30 September 2023. 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 are linked to final pensionable salary up to age 65. 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 2023****INCREASES TO PENSIONS IN PAYMENT**

Pensions arising from service after 5 April 1997 are subject to Limited Price Indexation (LPI). Any other increase is 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 deficit at the end of September 2020 meant that they were not able, at that time, to exercise their discretion to grant an increase to the pensions not subject to LPI. The annual funding updates as at 1 October 2021 and 2022 indicated that the Scheme was in surplus. As subsequent changes in the financial environment were unlikely to have resulted in the Scheme being in deficit, the Trustees sought permission from the Participating Employers to grant a discretionary increase to the element of pensions in payment not subject to LPI increases. The Participating Employers agreed that a discretionary increase should be granted and this was implemented with effect from 1 August 2023.

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

Since 1 October 2019, death in service cover has been provided by a separate trust.

MARTIN-BAKER PENSION SCHEME**REPORT OF THE TRUSTEES (continued)****YEAR ENDED 30 SEPTEMBER 2023**

MEMBERSHIP	<u>NOTES</u>	<u>2023</u>	<u>2022</u>
EMPLOYED MEMBERS WITH SALARY LINKAGE			
Final Salary Members		153	159
Cash Benefit Members		78	80
Members with both Final Salary & Cash Benefit	1	7	7
		<u>238</u>	<u>246</u>
PENSIONER MEMBERS			
Members receiving pension from Company service	2	523	526
Members receiving Dependant's pension only		175	179
		<u>698</u>	<u>705</u>
DEFERRED PENSIONER MEMBERS			
Final Salary Members		164	180
Cash Benefit Members		57	56
Members with both Final Salary & Cash Benefit	1	4	4
		<u>225</u>	<u>240</u>
TOTAL		<u>1161</u>	<u>1191</u>

NOTES

1. Some employees chose not to contribute towards the cost of the Final Salary Pension after the Scheme became contributory and became members of the Cash Benefit section of the Scheme.
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 2023****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	28
Net gain realised on sales of investments	30,890
Investment and other income, less expenses, amounted to	1,518
	<hr/>
	32,436
Benefits paid, including transfer values and contribution refunds amounted to	3,992
	<hr/>
Leaving a surplus to be added to the Accumulated Fund of	28,444
The value of the Fund at the beginning of the year was	101,604
(Decrease)/Increase in unrealised gains on investments	(26,123)
Net unrealised losses on investments	(6,244)
	<hr/>
Making the value of the Fund at 30 September 2023	97,681
	<hr/> <hr/>

ACTUARIAL POSITION

A copy of the Actuary's Certification of the Calculation of Technical Provisions as at 1 October 2020, signed on 11 May 2021, appears on page 27. The Valuation indicated that the resources of the Scheme were insufficient to meet in full the liabilities of the Scheme as they fall due, based on the Scheme's Statement of Funding Principles. The Trustees and the Principal Employer believe that this is a temporary situation. The Principal Employer has placed £15 million in an escrow account which the Trustees may draw upon if an actuarial deficit is shown by the Valuation on 1 October 2023. The Schedule of Contributions, which appears on page 28, shows that no contributions are required in respect of future accrual. The Schedule also states that no deficit funding contributions are required, because of the existence of the escrow account.

MARTIN-BAKER PENSION SCHEME**REPORT OF THE TRUSTEES (continued)****YEAR ENDED 30 SEPTEMBER 2023****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 2023

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 *22nd February 2024*



R J Martin
Trustee



P A Carpenter
Trustee

MARTIN-BAKER PENSION SCHEME

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INVESTMENT REPORT

YEAR ENDED 30 SEPTEMBER 2023

During the year the Trustees revised their investment objectives in the light of an analysis of the Scheme's liability profile. As a result, the Trustees' main investment objectives are to ensure that the Scheme can meet the members' entitlements under the Trust Deed and Rules as they fall due and to manage the expected volatility of the returns achieved. The revised strategy eliminated the Scheme's exposure to equities.

The Trustees' investment profile targets as at 30 September 2023 were:-

- 10-20% in the LGIM Over 5 Year Index-Linked Gilts Fund
- 5-15% in the LGIM Under 15 Year Index-Linked Gilts Fund
- 5-15% in the LGIM Over 15 Year Gilts Index Fund
- 10-20% in the LGIM Buy & Maintain Credit Fund
- 20-30% in the M&G Long-Dated Corporate Bond Inc Fund
- 10-20% in Cash

The Scheme also has a holding in the M&G UK Property Fund, which is in liquidation, with capital being returned to the Scheme as and when the underlying holdings are sold.

The LGIM investments are accumulation units. The M&G units are distribution units.

The annualised returns on the current investments for periods of one, three and five years ending 30 September 2023 are as follows:-

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
LGIM Over 5 Year Index-Linked Gilts Fund	- 12.79%	- 20.68%	- 8.37%
LGIM Under 15 Year Index-Linked Gilts Fund	+ 3.55%	- 1.88%	+0.53%
LGIM Over 15 Year Gilts Index Fund	- 16.21%	- 15.94%	- 6.41%
LGIM Buy & Maintain Credit Fund	+ 7.66%	- 5.63%	- 1.21%
M&G Long Dated Corporate Bond Inc Fund	+ 2.85%	- 13.62%	- 3.62%
M&G Property Fund (Inc)	+ 0.14%	+ 9.23%	+4.46%

During recent years there has been considerable volatility in all financial markets. The effects of Covid-19 and the mini-Budget of 23 September 2022 have been particularly marked. The effect on gilts and corporate bonds is clearly shown in the table above. The Trustees' current investment strategy aims to minimise the impact of this volatility on the Scheme, so that movements in the valuation of the liabilities should be matched by movements in the value of investments.

MARTIN-BAKER PENSION SCHEME

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INVESTMENT REPORT (continued)**YEAR ENDED 30 SEPTEMBER 2023**

As stated above, the managers of the M&G Property Fund (INC) decided to close the Fund and are proceeding with an orderly disposal of all of the Fund's assets. Some of the underlying holdings were sold soon after the decision to close the Fund had been made and the sale proceeds have been distributed to the unit holders. Several properties are currently under offer, with the remainder of the assets currently being marketed. It is hoped that the liquidation of the Fund should be complete by the end of the next financial year.

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

	30 September 2023 %	30 September 2022 %
UK Equities	0.0	20.4
International Equities	0.0	15.4
Miscellaneous	0.0	2.9
Fixed Interest & Cash	97.4	52.4
Gilts and Fixed Interest	84.4	37.6
Cash & Other Liquid Assets (Including Cash at Bank)	13.0	14.8
Property	2.6	8.9
Total	100.0	100.0
Total Market Value of the Fund	£97,872,790	£101,818,326

The securities that are held by the Fund are regarded as readily marketable, with the exception of the M&G property units. As noted previously, the managers of this Fund have decided to close the Fund and liquidate all of the assets. 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 2023, which comprise the Fund Account, the Net Assets Statement and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 30 September 2023, 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised or issued.

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

OTHER INFORMATION

The other information comprises the information included in the Annual Report, other than the financial statements, and our Auditor's Report thereof. The Trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material mis-statement in the financial statements themselves. 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 wind up the Scheme or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material 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 ISAs (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.

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 mis-statements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Scheme. We determined that the following were most significant: the Pension SORP 2018, the UK Pensions Regulator (TPR).
- We obtained an understanding of how the Scheme complies with those legal and regulatory frameworks by making enquiries of the Trustees of the Scheme. We corroborated our enquiries through our review of correspondence during our audit work.
- We assessed the susceptibility of the Scheme's financial statements to material mis-statements, including how fraud might occur. Audit procedures performed included:
 - Identifying and assessing the design effectiveness of controls the Trustees have in place to prevent and detect fraud.
 - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process.
 - Challenging assumptions and judgements made by the Trustees in significant accounting estimates.

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


- Identifying and testing journal entries, in particular any journal entry posted with unusual account combinations; and
- Assessing the extent of compliance with the relevant laws and regulations.
- Assessing how the Trustees monitor pensioner existence and thereby ensure pensions are only paid to living pensioners.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material mis-statement in the financial statements or non-compliance with regulations. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of any instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intention concealment, forgery, collusion, omission or misrepresentation.

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

USE OF OUR REPORT

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



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

WARD WILLIAMS LIMITED
Chartered Accountants
and Statutory Auditor

11 March 2024.

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 2023, 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 2023 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 dated 5 December 2022 that was certified by the Scheme Actuary on 19 December 2022.

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.



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

WARD WILLIAMS LIMITED
Chartered Accountants
Registered Auditors

11 March 2024.

MARTIN-BAKER PENSION SCHEME**STATEMENT OF ACCOUNTING POLICIES****YEAR ENDED 30 SEPTEMBER 2023****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 7.

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 and interest are accounted for when received.

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

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STATEMENT OF ACCOUNTING POLICIES

YEAR ENDED 30 SEPTEMBER 2023 (continued)

Going Concern

Covid-19 impacted the value of the investments during the 2020 Scheme year. The investments performed well during the 2021 Scheme year and the Scheme was probably in surplus as at 30 September 2021. The performance of the investments was disappointing during the 2022 Scheme year, particularly following the mini-Budget in September 2022. There was, however, a significant increase in gilt yields, which resulted in a significant reduction in the value of the Scheme liabilities. The Scheme was, therefore, probably in surplus as at 30 September 2022. There has been considerable volatility in the value of the Scheme's investments during the current year, but overall the value at the end of the year is similar to the value at the beginning of the year, after allowing for the value of the pension benefits paid during the year. The Principal Employer continues to be resilient to the effects of Covid-19. In order to protect the Scheme against volatility in the markets the Principal Employer 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 as at 1 October 2023, otherwise the funds will be released to the Principal Employer.

MARTIN-BAKER PENSION SCHEME

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FUND ACCOUNT**YEAR ENDED 30 SEPTEMBER 2023**

		2023 £	2022 £
Contributions and Benefits	Note		
Transfers in	1	28,039	40,418
		<hr/>	<hr/>
Benefits payable	2	3,922,736	3,677,749
Other payments	3	69,309	1,988,020
Administrative expenses	4	237,912	81
		<hr/>	<hr/>
		4,229,957	5,665,850
		<hr/>	<hr/>
Net (withdrawals) from dealings with members and employers		(4,201,918)	(5,625,432)
		<hr/>	<hr/>
Returns on investments			
Investment income	5	1,755,648	1,395,214
Change in market value of investments	6	(1,476,737)	(19,173,770)
		<hr/>	<hr/>
		278,911	(17,778,556)
		<hr/>	<hr/>
Net (decrease)/increase during the year		(3,923,007)	(23,403,988)
		<hr/>	<hr/>
Net assets of the Scheme			
At 1 October 2022		101,603,914	125,007,902
At 30 September 2023		97,680,907	101,603,914

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

19.

NET ASSETS STATEMENT

YEAR ENDED 30 SEPTEMBER 2023

	2023 £	2022 £
Investments		
LGIM	59,695,728	45,106,254
M&G	25,431,088	23,084,565
abrdn LIFE	0	19,224,347
Santander (formerly Abbey National plc)	564,887	613,154
Total investments	<u>85,691,703</u>	<u>88,028,320</u>
Current Assets and Liabilities		
Pre-payments and accrued income	2,757	2,475
Cash at bank	12,181,087	13,790,006
Less sundry creditors	(194,640)	(216,887)
Net current assets	<u>11,989,204</u>	<u>13,575,594</u>
Net assets of the Scheme at 30 September 2023	<u><u>97,680,907</u></u>	<u><u>101,603,914</u></u>

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the 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 *22nd February 2024*.

R J Martin *R. J. Martin* Trustee

P A Carpenter *PA. Carpenter* Trustee

MARTIN-BAKER PENSION SCHEME**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 SEPTEMBER 2023****1 TRANSFERS IN**

	2023 £	2022 £
Receipt of AVC funds to purchase pensions benefits	28,039	40,418
	<u>28,039</u>	<u>40,418</u>

2 BENEFITS

	2023 £	2022 £
Pensions	3,328,435	3,244,020
Lump Sums in part commutation of benefits	594,301	393,311
Death benefits	0	40,418
	<u>3,922,736</u>	<u>3,677,749</u>

3 OTHER PAYMENTS

	2023 £	2022 £
Individual transfers and refunds	69,309	1,988,020
	<u>69,309</u>	<u>1,988,020</u>

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

NOTES TO THE FINANCIAL STATEMENTS (continued)**YEAR ENDED 30 SEPTEMBER 2023****4 EXPENSES**

	2023 £	2022 £
Miscellaneous	237,912	81
	<hr/>	<hr/>
	237,912	81
	<hr/> <hr/>	<hr/> <hr/>

In earlier years, the participating employers paid most of the expenses directly to the providers. This included the cost of the annual audit, which was not re-charged to the Scheme. Part-way through this Scheme year it was agreed that these costs would be re-charged to the Scheme.

5 INVESTMENT INCOME

	2023 £	2022 £
Interest on cash deposits	300,535	5,491
Dividends	1,455,113	1,389,723
	<hr/>	<hr/>
	1,755,648	1,395,214
	<hr/> <hr/>	<hr/> <hr/>

MARTIN-BAKER PENSION SCHEME**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 30 SEPTEMBER 2023****6. INVESTMENTS**

	Value at 01.10.2022 £	Purchases at Cost £	Sales Proceeds £	Change in market value £	Value at 30.09.2023 £
LGIM (Equity)	34,040,401	0	38,284,492	4,244,091	0
LGIM (ILG Over 5 Yrs)	11,065,853	16,300,000		(3,450,786)	23,915,067
LGIM (ILG Under 15 Yrs)		11,485,348	0	55,716	11,541,064
LGIM (ILG Over 15 Yrs)		11,485,348	10,816,881	(668,467)	0
LGIM (GI Over 15 Yrs)		10,816,881		(1,320,264)	9,496,617
LGIM (B&M Credit) - Inc		15,313,797	14,999,650	(314,147)	0
LGIM (B&M Credit) - Acc		14,886,394		(143,414)	14,742,980
M&G (Property) - Inc	3,454,055	0	710,399	(204,282)	2,539,374
M&G (Bonds) - Inc	19,630,510	4,300,000	0	(1,038,796)	22,891,714
abrdn Life	19,224,347	0	20,587,959	1,363,612	0
Santander (Cash)	613,154	17,911	66,178	0	564,887
	88,028,320	84,605,679	85,465,559	(1,476,787)	85,691,703

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.

7. 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 £595,308 (2022: £630,563).

MARTIN-BAKER PENSION SCHEME**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 30 SEPTEMBER 2023**

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 1). The cost of the various benefits is included in the relevant heading in Note 2.

8. 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 2023

Purpose of this statement

This implementation statement has been produced by the Trustees of the Martin-Baker Pension Scheme ("the Scheme") to set out the following information over the year to 30 September 2023:

- how the Trustees' policies on exercising rights (including voting rights) and engagement activities have been followed over the year; and
- the voting activity undertaken by the Scheme's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

Stewardship policy

The Trustees' Statement of Investment Principles (SIP) describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities as follows:

"The Trustees expect that the investment managers will use their influence as major institutional investors to exercise the Trustees' rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses."

The SIP was last reviewed in February 2023 and has been made available online here:

<http://www.martinbakerpensions.com/statement-of-investment-principles/>

The Trustees have delegated the exercise of rights attaching to investments, including voting rights and undertaking engagement activities, to the Scheme's investment managers.

The Trustees decided not to set stewardship priorities for the Scheme. The Scheme solely invests through pooled investment vehicles where the Scheme's asset only represents a small proportion of the capital invested in the funds. The Trustees understand that they are constrained by the policies of the managers.

The Scheme currently does not hold any assets with voting rights attached. Given the Scheme's progress towards buying-out its liabilities with an insurer, the Trustees have decided not to set stewardship priorities. However, the Trustees take the stewardship priorities, climate risk, and ESG factors into account at manager selection. The Trustees also review the stewardship and engagement activities of the investment managers annually.

MARTIN-BAKER PENSION SCHEME**IMPLEMENTATION STATEMENT****YEAR ENDED 30 SEPTEMBER 2023 (Continued)****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 investment managers. Over the year to 30 September 2023, the following investment managers were appointed by the Trustees to carry out the day-to-day investment of the Scheme assets:

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

The Scheme disinvested from the L&G Global Equity (60:40) Index Fund in January 2023 and from the Abrdn Diversified Growth Fund in February 2023.

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	Abrdn 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
	L&G Under 15 Year Index-Linked Gilts Index Fund
	L&G Over 15 Year Gilts Index Fund
	L&G Buy and Maintain Credit Fund

* The Scheme fully disinvested from both funds in early 2023.

Based on the information provided by the Scheme's investment managers, the Trustees believe that its policies on voting and engagement have been met in the following ways:

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

MARTIN-BAKER PENSION SCHEME**IMPLEMENTATION STATEMENT****YEAR ENDED 30 SEPTEMBER 2023 (Continued)****How voting and engagement policies have been followed**

- Annually the Trustees receive and review voting information and engagement policies from the asset managers, which they review to ensure alignment with their own policies. The Trustees believe that the voting and engagement activities undertaken by the asset managers on their behalf have been in the members' best interests. This exercise was undertaken in November 2023.
- The Trustees invested in three new funds with Legal & General over the year. Stewardship was considered as part of the manager selection exercise, alongside all other material factors.

Full implementation statement

The information listed above has been extracted from the full Implementation Statement. An expanded version of the Implementation Statement drafted by our investment consultants appears on the Scheme's website (www.martinbakerpensions.com). The expanded version includes a summary of the voting activities by the managers of the funds from which the Scheme became disinvested during 2023. The expanded version includes links to the investment managers' websites, where they publish their full voting records.

Martin-Baker Pension Scheme

Certification of the Technical Provisions

Calculation of Technical Provisions

I certify that, in my opinion, the calculation of the Scheme's Technical Provisions as at 1 October 2020 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 May 2021.

Signature:

Vanessa Smart

Date:

11 May 2021

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 in respect of the funding shortfall

From 1 October 2020 to 31 December 2027

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

As at 1 October 2020 the Scheme was in deficit on the Technical Provisions basis agreed by the Trustees and Employers, before taking into account the Escrow agreement dated 12 November 2019.

Since there was a deficit at the 1 October 2020 valuation, under the terms of the Escrow agreement, any funding deficit on the Technical Provisions basis at the 1 October 2023 valuation will be paid in full (up to a maximum of £15m). The deficit as at 1 October 2020 was £4,494,000, and so the funds in the Escrow account are expected to eliminate any deficit in the Scheme on the Technical Provisions basis following the 1 October 2023 valuation.

Contributions to be paid by the Employer in respect of expenses associated with administering and operating the Scheme

From 1 October 2020 to 31 December 2022

Martin-Baker Aircraft Company Limited shall separately pay the Pension Protection Fund levy and the expenses associated with administering and operating the Scheme.

From 1 January 2023 to 30 December 2027

There are no contributions payable by the Employer over this period. All expenses and the Pension Protection Fund levy will be paid by 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

5th December 2022
Date

[Signature]

Signed on behalf of Martin-Baker Aircraft Company Limited

5 DEC 2022
Date

[Signature]

Signed on behalf of Killinchy Aerospace Holdings Limited

5/12/2022
Date

Martin-Baker Pension Scheme Certification of the Schedule of Contributions

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in the Schedule of Contributions dated 5 December 2022 are such that the Statutory Funding Objective is expected to be met by the end of the period 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 May 2021.

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

Signature:

Vanessa Smart

Date:

19 December 2022

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