

# Mid Kent Group Pension Scheme

Annual Report and Financial Statements

31 March 2025

Scheme Registration number 10233493

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## Section 1 – Trustee and its Advisers

### Trustee

Water Pension Trustee Limited was appointed as Trustee of the Mid Kent Group Pension Scheme (“MKGPS”) in December 2016. They are also the Trustee of the South East Water Pension Scheme (“SEWPS”).

### The Trustee Directors

#### Company appointed

J Stimpson (Chair)

R Loh

M Hersey

S Jenkins

N A Morton

#### Member nominated

M Giel (appointed by the members of both SEWPS and MKGPS)

D Chung (appointed by the members of both SEWPS and MKGPS)

R J Allison (appointed by the members of both SEWPS and MKGPS)

P Seeley (appointed by the members of both SEWPS and MKGPS)

#### Secretarial Support to the Trustee

Peter Carver FIA C.Act CERA, Hymans Robertson LLP

### Advisers

The advisers to the Trustee are set out below:

#### Actuary

Shireen Anisuddin FIA C.Act CERA, Hymans Robertson LLP

#### Administrator

Hymans Robertson LLP

#### Annuities Provider

Just Group Plc (“Just”)

#### Auditor

Cooper Parry Group Limited

#### Banker

Barclays Bank Plc

#### Investment Consultant

Hymans Robertson LLP

#### Investment Manager

Legal and General Investment Management Limited (“LGIM”)

#### Legal Adviser

Squire Patton Boggs (UK) LLP

#### Life Assurance Company

Legal & General Assurance Society Limited

#### Principal Employer

South East Water Limited

#### Employer’s Contact Address

Reward Manager

South East Water Limited

Rocfort Road

Snodland

Kent ME6 5AH

## Section 2 – Trustee’s Report

The Trustee of the Mid Kent Group Pension Scheme is pleased to present its report together with the audited financial statements and actuarial statements of the Scheme for the year ended 31 March 2025. The purpose of the report is to describe how the Scheme and its investments have been managed during the year.

### Management of the Scheme

#### Legal Status

The Scheme is governed by a Definitive Trust Deed and Rules dated 28 December 2016.

The Scheme is a defined benefit scheme and is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004.

Members of the Scheme were contracted-out of the State Second Pension, prior to the closure of the Scheme to future benefits.

The Scheme was closed from 1 April 2015. The closure means that active members earn no further benefits from 31 March 2015. Any benefits built up in the Scheme prior to this date are protected and all members will still receive them as expected. Ongoing pension benefits are provided through the Company’s Defined Contribution scheme.

On 5 December 2022, the Trustee signed a buy-in contract and completed a transaction with Just Group Plc to cover all uninsured liabilities of the Scheme. The contract covered all members, except for those members whose liabilities are already insured under the existing buy-in policy with Just Group Plc. The premium paid was £84.3m and the approximate valuation of the buy-in policies is £69.6m as at 31 March 2025.

On 18 December 2024, the Trustee formally triggered the winding up procedures for the Scheme.

Subsequent to the end of the year, on 15 July 2025 the Trustee Directors completed a buy-out of the Scheme benefits with Just.

#### Trustee

The Trustee of the Mid Kent Group Pension Scheme is Water Pension Trustee Limited whose Directors are listed on page 1.

In accordance with the trust deed the Principal Employer has the power to appoint and remove Company appointed Trustee Directors.

In accordance with the Occupational Pension Scheme (Member Nominated Trustees and Directors) Regulations 1996, four of the Trustee Directors are nominated by the members of the South East Water Pension Scheme and Mid Kent Group Pension Scheme to serve for a period of up to five years.

The Member Nominated Trustee Directors may be removed before the end of their term only by agreement of all of the remaining Trustee Directors, although their appointment ceases if they cease to be members of the Scheme.

The Trustee met formally for regular Trustee meetings four times (2024: four) during the year. In addition, there were further meetings for other activities including additional meetings in respect of specific projects and a number of meetings of subcommittees. The Trustee of the Mid Kent Group Pension Scheme, Water Pension Trustee Limited, is also the Trustee of the South East Water Pension Scheme, and all Trustee meetings and a number of subcommittee meetings are joint meetings of the two Schemes.

#### Buy-Out and Wind Up

On 18 December 2024, the Trustee formally triggered the winding up of the Scheme.

On 15 July 2025, following consultation with members and the Principal Employer, the Trustee Directors completed a buy-out of the Scheme benefits with Just. This means that the existing buy-in policies are transferred out of the Trustee’s name, assigning the policies into the names of the individual members and discharging the Trustee of the corresponding actuarial liabilities.

### Trustee's Report (continued)

#### Buy-Out and Wind Up (continued)

As it is anticipated that the Scheme will be wound up within the 12 months following the end of the financial year, these financial statements have not been produced on a going concern basis.

#### Virgin Media Ltd v NTL Pension Trustees II

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023 considered the implications of section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect to benefits, to be altered where certain requirements were met. The court decision was subject to appeal which was subsequently heard on 25 July 2024 and the original decision upheld. However, on 5 June 2025, the Department of Work and Pensions announced that the UK Government would be introducing legislation to allow relevant benefit changes to be retroactively certified.

The Trustee has investigated the possible implications with their advisers and it has concluded that any relevant deeds held include a document dated on or before the date of the deed which appear to give the necessary confirmation by the Scheme's actuary for the purpose of section 37.

#### Financial Development of the Scheme

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

The fund account shows that the net assets of the Scheme decreased from £77,637k at 31 March 2024 to £71,871k at 31 March 2025. The decrease in net assets is accounted for by:

	31 March 2025 £'000	31 March 2024 £'000
Benefits paid to members and payments in respect of leavers	(5,223)	(5,151)
Administrative expenses	(964)	(413)
<b>Net withdrawals from dealings with members</b>	<b>(6,187)</b>	<b>(5,564)</b>
Net return on investments	436	1,680
Investment manager expenses	(15)	(11)
<b>Total decrease in net assets for the year</b>	<b>(5,766)</b>	<b>(3,895)</b>
Net assets at the start of the year	77,637	81,532
<b>Net assets at the end of the year</b>	<b>71,871</b>	<b>77,637</b>

#### Pension Increases

During the Scheme year, pension increases were applied in accordance with the Scheme Rules as follows:

- Effective date – 1 April 2024
- Pensions in payment:
  - Guaranteed Minimum Pension ("GMP"s) accrued pre 6 April 1988 = Nil% (increases in line with the annual rise in Consumer Price Index ("CPI") may be payable by the State)
  - GMPs accrued post 5 April 1988 = 3% (in accordance with the statutory revaluation orders)
  - non GMP benefits accrued pre 6 April 1997 for Category A members = 5%
  - benefits accrued post 5 April 1997 for Category A members = 5%
  - non GMP benefits accrued pre 6 April 1997 for Category B members = 6.7%
  - benefits accrued post 5 April 1997 for Category B members = 6.7%

**Trustee's Report (continued)****Pension Increases (continued)**

Deferred pensions are increased in accordance with statutory requirements

From 1 April 2021 the pension increases in the Scheme are awarded in line with CPI. The Index was reviewed in 2023 and it was agreed to continue awarding pension increases in line with CPI.

**Transfer Values**

All transfer values paid during the year were calculated and verified as required under Section 97 of the Pension Schemes Act 1993.

Transfer values paid represented the full value of members' guaranteed benefits. There were no transfers paid at less than the cash equivalent.

No allowance is made for any discretionary benefits when assessing transfer values.

**Schedule of Contributions**

Following the actuarial valuation on 31 March 2023, a Schedule of Contributions was agreed and certified by the Scheme Actuary on 18 December 2023. No deficit reduction contributions are due to be paid to the Scheme under this schedule.

The Schedule of Contributions is reproduced on pages 26 and 27 and a copy is available on request from the Trustee.

**Report on Actuarial Liabilities**

Under Section 222 of the Pensions Act 2004, the Scheme has adopted a Statutory Funding Objective which is to have sufficient and appropriate assets to cover its Technical Provisions. The Technical Provisions represent the present value of the benefits members are entitled to at the valuation date (also known as the liabilities). This value is assessed using the assumptions agreed between the Trustee and the Employer as set out in the latest Statement of Funding Principles dated 18 December 2023, which is available on request.

The most recent signed actuarial valuation of the Scheme was carried out as at 31 March 2023. This showed that on that date:

The value of the Technical Provisions was: £80.4 million

The value of the Scheme's assets was: £81.5 million

On this basis the Scheme had a funding surplus of £1.1 million at 31 March 2023 corresponding to a funding level of 101%.

Between triennial actuarial valuations, trustees of defined benefit schemes with more than 100 members must commission an annual funding report called an "Actuarial Report". The Actuarial Report must have an effective date of no later than one year from the date of the previous actuarial valuation or Actuarial Report, and must be completed within one year of the report's effective date. An Actuarial Report for the Scheme has been prepared as at 31 March 2024, the results of which are summarised overleaf along with the results from the 31 March 2023 valuation.

**Trustee's Report (continued)****Report on Actuarial Liabilities (continued)**

	Actuarial Valuation as at 31 March 2023 £m	Actuarial Report as at 31 March 2024 £m
Assets	81.5	77.8
Technical Provisions	(80.4)	(76.3)
Surplus	1.1	1.5
Funding level	101%	102%

In December 2022, the Trustee secured all Scheme benefits via an insurance contract with Just. These contracts fully match the Scheme's liabilities (apart from any liabilities in respect of GMP equalisation and expenses). This largely fulfilled the previous Long-Term Objective of being fully funded on a solvency basis.

The liability and asset values relating to the insured benefits for the formal valuation as at 31 March 2023 were set in line with the insurer's valuation of the insurance contract, which we understand was calculated on an accrued benefits method by the insurer. The only assumptions required for the Scheme's valuation as at 31 March 2023 were therefore those underlying the reserves for GMP equalisation and expenses. The method and actuarial assumptions used to determine these are as follows:

- GMP equalisation: An additional reserve equal to 0.1% of total liabilities.
- Expenses: A reserve equal to the expected expenses required to fully wind up the Scheme.

Further details of the method and assumptions adopted are set out in the Statement of Funding Principles dated 18 December 2023.

With the buy-out in July 2025, the Trustee has assigned the buy-in policies individually to members and discharged the above liability. The Trustee is in the process of returning the Scheme's surplus to the Principal Employer following consultation with membership.

**GMP**

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The Trustee is aware that the issue affects the Scheme and implemented changes to equalise the GMP benefits in October 2024.

In November 2020, a further judgement was passed down on the Lloyds Bank GMP equalisation case, requiring pension scheme trustees to investigate historic transfer payments since 17 May 1990 and check whether the payment would have been higher had the member's benefits been equalised for the effects of unequal male and female GMPs. In cases where payments would have been higher, trustees may have an obligation to make "top-up" payments.

The Trustee has taken advice on the matter as part of the larger project of implementing GMP equalisation and equalised benefits have been insured as part of the buyout. The Trustee is also well progressed in equalising historical transfer payments, which will be completed ahead of wind up. The impact on the Scheme is not expected to be material and has therefore not been recognised in the accounts.

## Trustee's Report (continued)

## Scheme Membership

The reconciliation of the Scheme membership during the year ended 31 March 2025 is shown below:

Pensioner Members (including spouses and dependants)	Number
<b>As at 31 March 2024</b>	<b>394</b>
Prior period adjustment	1
<b>Restated as at 31 March 2024</b>	<b>395</b>
Spouses' pensions	3
Deaths	(16)
Retirements	10
Full commutation	(1)
<b>Pensioner members as at 31 March 2025</b>	<b>391</b>

Deferred Pensioner Members	Number
<b>As at 31 March 2024</b>	<b>166</b>
Retirements	(10)
<b>Deferred pensioner members as at 31 March 2025</b>	<b>156</b>

Prior period adjustments relate to member movements that occurred in the prior period but of which the Scheme was not notified or otherwise could not process until the year reported.

## Trustee's Report (continued)

# Investment Policy

### Investment manager

The Scheme's investments are handled by investment managers appointed by the Trustee. The investment strategy is agreed by the Trustee after taking appropriate advice. Subject to the investment strategy set by the Trustee, day to day management of the Scheme's portfolio, which includes full discretion over stock selection, is the responsibility of the investment managers. The investment managers are shown on page 1.

### Investment Strategy

The historical investment strategy was designed to reduce the risk to the development of the Scheme's funding position through investing in assets which generated cash along with the benefits due. In December 2022, the Scheme implemented a full Scheme buy-in with Just. The buy-in policies are held as investments of the Scheme during the year ahead of the buy-out. They remove the Scheme's exposure to longevity risk, key financial risks such as credit risk, and provide protection against interest rate and inflation risk.

A cash holding is retained in the Trustee bank account and the LGIM Sterling Liquidity Fund to cover ongoing expenses and other cashflow needs during the Scheme's endgame journey.

### Asset allocation

The asset allocation of the Scheme at 31 March 2025 is summarised in the table below.

	Valuation £'000	Total Fund %
Just annuity policies	69,620	96.3
Cash	2,659	3.7
<b>Total</b>	<b>72,279</b>	<b>100.0</b>

Notes: 1) Bid prices sourced from investment managers.

2) The cash value excludes monies held in the Trustee bank account.

### Pricing method of manager

Manager	Fund	Pricing point
Legal & General Investment Management Limited	Sterling liquidity fund	Daily

### Statement of Investment Principles ("SIP")

The Trustee has prepared a SIP, which sets out the principles governing how investments are chosen. A copy of the Scheme's SIP can be found at [www.mkgpensionscheme.co.uk/resources/statement-of-investment-principles-2024/](http://www.mkgpensionscheme.co.uk/resources/statement-of-investment-principles-2024/).

### Custodial Arrangements

The custodian is responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Underlying investments are held in the name of the custodian's nominee companies, in line with common practice for pension scheme investments. The table below shows the custodial arrangements for each investment manager.

Investment Manager	Custodian
Legal and General Investment Management Limited	Northern Trust Fiduciary Services (Ireland) Limited

### Employer Related Investments

There were no employer related investments during the year (2024: £nil).

## Trustee's Report (continued)

# Statement of Trustee's Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension Scheme regulations require, and the Trustee is 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 Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments 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, as is the case for these financial statements.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report.

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

The Trustee is 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 Trustee is 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 Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the Members.

### Trustee's Report (continued)

## Further Information

### Internal Dispute Resolution (“IDR”) Procedures

It is a requirement of the Pensions Act 1995 that the trustees of all occupational pension schemes must have IDR procedures in place for dealing with any disputes between the Trustee and the scheme beneficiaries. A dispute resolution procedure has been agreed by the Trustee, details of which can be obtained by writing to the Secretary to the Trustee at the following address:

Secretary to the Trustee  
Mid Kent Group Pension Scheme  
Hymans Robertson LLP  
One London Wall  
London EC2Y 5EA

Email: [midkent@hymans.co.uk](mailto:midkent@hymans.co.uk)

Information on and contact details for Just's dispute resolution processes can be found at the following address:

<https://www.wearejust.co.uk/useful-information/faqs/#how-do-i-make-a-complaint>

### Contact for Further Information

Any enquiries or complaints about the Scheme, including requests from individuals about their benefits or for a copy of Scheme documentation, should be sent to the Secretary to the Trustee at the above address.

### The Money and Pensions Service (“MaPS”)

This service is available at any time to assist members and beneficiaries with pensions questions and issues they have been unable to resolve with the Trustee of the Scheme. MaPS has launched MoneyHelper, which brings together the Money Advice Service, The Pensions Advisory Service and Pension Wise to create a single place to get help with money and pension choices. MoneyHelper is impartial, backed by the government and free to use.

The Money and Pensions Service  
Borough Hall  
Cauldwell Street  
Bedford  
MK42 9AB  
Tel: 0800 011 3797

[www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

### The Pensions Ombudsman

Members have the right to refer a complaint to The Pensions Ombudsman free of charge. The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the events(s) the member is complaining about happened – or, if later, within three years of when they first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

**Trustee’s Report (continued)**

**The Pensions Ombudsman (continued)**

The Pensions Ombudsman can be contacted at:

10 South Colonnade  
Canary Wharf  
London  
E14 4PU

Tel: 0800 917 4487

Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

[www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

Members can also submit a complaint form online: [www.pensions-ombudsman.org.uk/making-complaint](http://www.pensions-ombudsman.org.uk/making-complaint)

**The Pensions Regulator (“TPR”)**

TPR has the objectives of protecting the benefits of members, promoting good administration and reducing the risk of claims on the Pension Protection Fund (“PPF”). TPR has the power to investigate schemes, to take action to prevent wrongdoing in or maladministration of pension schemes and to act against employers failing to abide by their pension obligations. TPR can be contacted at the following address:

The Pensions Regulator  
Telecom House  
125 -135 Preston Road  
Brighton  
BN1 6AF

[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

**Pension Tracing Service**

The Pension Schemes Registry has been replaced with the Pension Tracing Service and is now provided by the Department for Work and Pensions. Responsibility for compiling and maintaining the register of occupational pension schemes has been passed to The Pensions Regulator.

Contact details for the services are as follows:

The Pension Service  
Post Handling Site A  
Wolverhampton  
WV98 1AF

Tel: 0800 731 0175

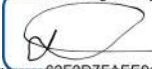
[www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details)

**Approval of the Report by the Trustee**

The investment report included in this annual report and financial statements forms part of the Trustee’s report.

Signed for and on behalf of the Trustee of the Mid Kent Group Pension Scheme by:

Signed by:  
 Trustee Director  
DD4D4GC6E9CD4FF...

DocuSigned by:  
 Trustee Director  
62F2D7FAEE9142F...

27 October 2025 Date

## Section 3 – Independent Auditor’s Report to the Trustee of the Mid Kent Group Pension Scheme

### Opinion

We have audited the financial statements of the Mid Kent Group Pension Scheme for the year ended 31 March 2025 which comprise the fund account, the statement of net assets and 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 31 March 2025, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- 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.

### Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to Note 1 of the Financial Statements which explains that the Trustee is in the process of winding up the pension Scheme and therefore the Trustee does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in Note 1. Our opinion is not modified in respect of this matter.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon and our auditor’s statement about contributions. The Trustee is 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.

## Independent Auditor's Report to the Trustee of the Mid Kent Group Scheme (continued)

### Other information (continued)

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 misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of the Trustee

As explained more fully in the Statement of Trustee's Responsibilities set out on page 8, the Scheme's Trustee is 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 Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Scheme or to cease operations, or has 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 misstatement, 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 misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Our assessment focussed on key laws and regulations the Scheme has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Pensions Act 1995 and United Kingdom Generally Accepted Accounting Practice.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the Scheme and how the Scheme is complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the Scheme's control environment and how the Scheme has applied relevant control procedures, through discussions and sample testing of controls;
- obtaining an understanding of the Scheme's risk assessment process, including the risk of fraud;
- reviewing Trustee meeting minutes throughout the year; and
- performing audit testing to address the risk of management override of controls, including testing the appropriateness of journal entries and other adjustments made.

**Independent Auditor's Report to the Trustee of the Mid Kent Group Scheme (continued)**  
**Auditor's responsibilities for the audit of the financial statements (continued)**

Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the 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 instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

**Use of the audit 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 Trustee 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 and the Scheme's Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Sky View  
Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
DE74 2SA  
Date: 27 October 2025



**COOPER PARRY GROUP LIMITED**

Statutory Auditor

## Section 4 – Financial Statements

### Fund Account for year ended 31 March 2025

	Note	2025 £000	2024 £000
<b>CONTRIBUTIONS AND BENEFITS</b>			
Benefits	4	(5,223)	(4,789)
Payments to and on account of leavers	5	-	(362)
Administrative expenses	6	(964)	(413)
		<u>(6,187)</u>	<u>(5,564)</u>
<b>Net withdrawals from dealings with members</b>		<b>(6,187)</b>	<b>(5,564)</b>
<b>RETURNS ON INVESTMENTS</b>			
Investment income	7	4,985	5,073
Change in market value of investments	9	(4,549)	(3,393)
Investment management expenses	10	(15)	(11)
<b>Net returns on investments</b>		<u>421</u>	<u>1,669</u>
<b>Net decrease in the Scheme during the year</b>		<b>(5,766)</b>	<b>(3,895)</b>
<b>Balance of the Scheme at the start of the year</b>		<b>77,637</b>	<b>81,532</b>
<b>Balance of the Scheme at the end of the year</b>		<u><b>71,871</b></u>	<u><b>77,637</b></u>

The notes on pages 16 to 23 form part of these financial statements.

**Financial Statements (continued)**

**Statement of Net Assets (available for benefits) as at 31 March 2025**

	Note	2025 £000	2024 £000
<b>Investment assets</b>	<b>9</b>		
Pooled investment vehicle ("PIV")		2,659	3,507
Insurance policies		69,620	74,330
Accrued income		4	5
		<u>72,283</u>	<u>77,842</u>
<b>Current assets</b>	<b>11</b>	<b>131</b>	255
<b>Current liabilities</b>	<b>12</b>	<b>(543)</b>	(460)
		<u>71,871</u>	<u>77,637</u>
<b>Net assets of the Scheme at the end of the year</b>			

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year.

The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Report on actuarial liabilities on pages 4 and 5 of these financial statements and should be read in conjunction therewith.

These financial statements were approved by the Trustee of the Mid Kent Group Pension Scheme and signed for and on their behalf by:

Signed by:  Trustee Director  
DD4D4GG6E9CB4FF...

DocuSigned by:  Trustee Director  
62F2D7FAEE9142F...

27 October 2025 Date

The notes on pages 16 to 23 form part of these financial statements.

## Section 5 – Notes to the Financial Statements

### Notes to the financial statements for the year ended 31 March 2025

#### 1 BASIS OF PREPARATION

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

The financial statements have been prepared on a cessation basis as the Scheme is in the process of being wound up, see pages 2 and 3 for further detail.

The Scheme’s functional and presentational currency is Pounds Sterling (GBP).

#### 2 IDENTIFICATION OF FINANCIAL STATEMENTS

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is

Secretary to the Trustee  
Mid Kent Group Pension Scheme  
Hymans Robertson LLP  
One London Wall  
London EC2Y 5EA  
Email: [midkent@hymans.co.uk](mailto:midkent@hymans.co.uk)

#### 3 ACCOUNTING POLICIES

The principal accounting policies, which have been consistently applied during the year, are set out below.

##### 3.1 Benefits

Pensions payable in respect of the Scheme year are accounted for by reference to the period to which they relate. Refunds and lump sums are accounted for by reference to the later of the date of retirement or leaving the Scheme, or the date the option is exercised.

##### 3.2 Transfers

Transfer values to other pension arrangements are accounted for when the liability for any pension benefits in respect of a transferring member passes from the Scheme.

##### 3.3 Investment income

Interest on cash deposits, income from investment vehicles and annuity receipts are accounted for on an accrual basis.

##### 3.4 Expenses

Expenses are accounted for on an accruals basis.

##### 3.5 Key estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The Trustee believes the only estimates and assumptions that have significant risk of causing a material adjustment to the carrying amount of assets and liabilities are related to the valuation of the Scheme’s investments, in particular the valuation of the buy-in policies. The Trustee has some comfort over the value of the buy-in policies as these were realised post year end with the buy-out. Explanation of the key assumptions underpinning the valuation of investments are included within the Investment accounting policy overleaf and in Note 9 on page 19.

**Notes to the financial statements for the year ended 31 March 2025 (continued)****3 ACCOUNTING POLICIES (continued)****3.6 Investments**

The fair value of unit trusts and managed fund units is taken as the bid price at the accounting date as advised by the investment managers.

The Just insurance policies are allocated to the provision of pensions for all members of the Scheme. Income received from these policies is treated as investment income and the corresponding expenditure is included in Benefits within the pension payment account. The buy-in policies remain assets of the Scheme and are valued at the year-end using an “actuarial value” approach. This approach places a value on the policies based on the present value of the underlying pension cashflows. The valuation has been prepared by Just using their own best estimate assumptions. This is not expected to be the same as their pricing basis for new policies, nor is it expected to be the same pricing basis on which the policies were originally transacted.

The Scheme also holds an annuity contract with Standard Life which pays part of the pensions of some of the Scheme’s pensioner members. It has not been included within investments as it is not deemed material to the Scheme, for more information see Note 9 on page 19.

The changes in investment market values are accounted for in the year in which they arise and include profits and losses on investments sold as well as unrealised gains and losses in the value of investments held at the year end.

**4 BENEFITS**

	<b>2025</b>	2024
	<b>£000</b>	£000
Pensions	<b>4,813</b>	4,513
Commutations and lump sum retirement benefits	<b>410</b>	276
	<b>5,223</b>	4,789

**5 PAYMENTS TO AND ON ACCOUNT OF LEAVERS**

	<b>2025</b>	2024
	<b>£000</b>	£000
Individual transfers to other schemes	<b>-</b>	362

**6 ADMINISTRATIVE EXPENSES**

	<b>2025</b>	2024
	<b>£000</b>	£000
Administration and actuarial	<b>746</b>	355
Audit fee	<b>14</b>	14
Legal and other professional fees	<b>199</b>	39
PPF levy	<b>5</b>	5
	<b>964</b>	413

**Notes to the financial statements for the year ended 31 March 2025 (continued)****7 INVESTMENT INCOME**

	<b>2025</b>	2024
	<b>£000</b>	£000
Annuity income	<b>4,968</b>	5,060
Bank interest	<b>17</b>	13
	<b>4,985</b>	5,073

**8 TAX**

The Mid Kent Group Pension Scheme is a registered pension scheme for tax purposes under the Finance Act 2004. The Scheme is therefore exempt from taxation except for certain withholding taxes relating to overseas investment income. Tax charges are accrued on the same basis as the investment income to which they relate.

**9 INVESTMENT ASSETS****9.1 Investment Assets Reconciliation**

The movements in investments during the year were:

	<i>Opening value</i>	<i>Purchase cost</i>	<i>Sales proceeds</i>	<i>Change in market value</i>	<i>Closing value</i>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
PIV	<b>3,507</b>	-	(1,009)	161	<b>2,659</b>
Insurance policies	<b>74,330</b>	-	-	(4,710)	<b>69,620</b>
Total	<b>77,837</b>	-	(1,009)	(4,549)	<b>72,279</b>
Accrued interest	<b>5</b>				<b>4</b>
	<b>77,842</b>				<b>72,283</b>

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

Transaction costs are included in the cost of purchases and deducted from sales proceeds in the reconciliation in Note 9.1. Direct transaction costs are costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. For the year ended 31 March 2025 there were no such costs to disclose (2024: £nil). Indirect costs are incurred through the bid-offer spread on the PIV and charges made within that vehicle. It has not been possible for the Trustee to quantify such indirect costs and so these are not disclosed separately.

The fund manager operating the PIV is registered in the United Kingdom.

**Notes to the financial statements for the year ended 31 March 2025 (continued)****9 INVESTMENT ASSETS (continued)****9.2 PIV**

	<b>2025</b>	2024
	<b>£000</b>	£000
Sterling Liquidity Fund	<u>2,659</u>	<u>3,507</u>

**9.3 Insurance Policies**

	<b>2025</b>	2024
	<b>£000</b>	£000
Just annuity policies	<u>69,620</u>	<u>74,330</u>

The Trustee holds two buy-in annuity policies with Just, which are allocated to the provision of pensions for all members of the Scheme. Income received from these policies is treated as investment income and the corresponding expenditure is included in benefits within the pension payment account. The buy-in policies remain an asset of the Scheme and are valued by the insurer at the year-end using an “actuarial value” approach. This approach places a value on the policies based on the present value of the underlying pension cashflows.

The Scheme also held an annuity contract with Standard Life, which paid part of the pensions of some of the Scheme’s pensioner members. In particular, the annuity covered some of the pensions of members who transferred into the Scheme from the Mid Kent Water Company Pension and Life Assurance Scheme, as the policy was previously held by the Trustee of that scheme, and was transferred to the Trustee of the Scheme as part of the transfer. The value of the annuity has not been recognised in the accounts historically due to its immateriality.

Subsequent to the year end, the Trustee agreed to surrender the value of the policies as part of winding up the Scheme as these members are insured under the buy-in policies with Just. The contract was cancelled effective from July 2025 and therefore the residual value in the Scheme as at 31 March 2025 is the income for the three months from April to June 2025, which is trivially immaterial and has not been disclosed in these statements (2024: £33k).

**9.4 Concentration of Investments**

The following investments account for more than 5% of the Scheme’s net assets as at 31 March 2025 and 31 March 2024:

	<b>2025</b>		2024	
	<b>£000</b>	<b>% of net assets</b>	£000	% of net assets
Just annuity policies	<b>69,620</b>	<b>96.9</b>	74,330	95.7

**Notes to the financial statements for the year ended 31 March 2025 (continued)**

**9 INVESTMENT ASSETS (continued)**

**9.5 Investments Fair Value Hierarchy**

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

- Level 1            The unadjusted quoted price in an active market for identical assets that the entity can access at the assessment date.
- Level 2            Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset, either directly or indirectly;
- Level 3            Inputs which are unobservable (i.e. for which market data is unavailable for the asset or liability).

The Scheme's invested assets have been fair valued using the above hierarchy categories as follows:

**As at 31 March 2025**

	Level	Level	Level	2025
	1	2	3	Total
	£000	£000	£000	£000
PIV	2,659	-	-	2,659
Insurance policies	-	-	69,620	69,620
Accrued interest	4	-	-	4
	<b>2,663</b>	<b>-</b>	<b>69,620</b>	<b>72,283</b>

**As at 31 March 2024**

	Level	Level	Level	2024
	1	2	3	Total
	£000	£000	£000	£000
PIV	3,507	-	-	3,507
Insurance policies	-	-	74,330	74,330
Accrued interest	5	-	-	5
	<b>3,512</b>	<b>-</b>	<b>74,330</b>	<b>77,842</b>

## Notes to the financial statements for the year ended 31 March 2025 (continued)

### 9 INVESTMENT ASSETS (continued)

#### 9.6 Investment Risks

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

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

Market risk: this 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). These changes may be caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Scheme has exposure to these risks via the investments held to implement the Scheme's investment strategy. The Trustee determines the investment strategy after taking advice from the investment adviser. The Trustee manages investment risks, including credit risk and market risk, considering the Scheme's investment objectives and the investment strategy and the advice of their investment adviser.

The Scheme invests in a sterling denominated PIV. The Scheme therefore has direct credit risk to the PIV and indirect credit and market risks arising from the underlying investments of the PIV.

The Trustee selects PIVs based on the investment mandates and monitors PIVs at the fund level. The investment managers are responsible for managing the underlying credit and market risks within PIVs.

The Scheme's investment strategy has been disclosed within the Trustee's report.

Further information on the Trustee's approach to risk management is set out below.

#### Direct Credit risk

Direct credit risk arising from the PIV is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager and the regulatory environments in which the pooled manager operates. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the regulatory and operating environment of the pooled manager.

The PIV is unrated. Cash is held within financial institutions which are at least investment grade credit rated. Insurance policies are held with Just Group Plc. The Scheme has direct credit risk with Just Group Plc arising from these contracts.

**Notes to the financial statements for the year ended 31 March 2025 (continued)**

**9 INVESTMENT ASSETS (continued)**

**9.6 Investment Risks (continued)**

**Indirect credit and market risks**

The table below summarises which risks the PIV had significant exposure to through 2025 and 2024.

**2025**

	<b>Credit risk</b>	<b>Foreign exchange risk</b>	<b>Interest rate risk</b>	<b>Other price risk</b>
Legal & General Investment Management Sterling Liquidity Fund	✓	-	✓	-

**2024**

	<b>Credit risk</b>	<b>Foreign exchange risk</b>	<b>Interest rate risk</b>	<b>Other price risk</b>
Legal & General Investment Management Sterling Liquidity Fund	✓	-	✓	-

**10 INVESTMENT MANAGEMENT EXPENSES**

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Administration, management and custody	<u>15</u>	<u>11</u>

**11 CURRENT ASSETS**

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Cash balances	21	255
Annuities due	<u>110</u>	<u>-</u>
	<u>131</u>	<u>255</u>

**12 CURRENT LIABILITIES**

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Unpaid benefits	393	360
Accrued expenses	<u>150</u>	<u>100</u>
	<u>543</u>	<u>460</u>

**Notes to the financial statements for the year ended 31 March 2025 (continued)****13 RELATED PARTY TRANSACTIONS**

Three Trustee Directors in office during the financial year were pensioner members of the Scheme (2024: three). The pension payments for the pensioner Trustee Directors are paid in accordance with the Scheme rules.

One Trustee Director in office during the financial year was a deferred member of the Scheme (2024: one).

**14 EMPLOYER RELATED INVESTMENTS**

There were no employer related investments at 31 March 2025 (2024: £nil) or at any time during the year.

**15 GMP**

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The Trustee is aware that the issue affects the Scheme and implemented changes to equalise the GMP benefits in October 2024.

In November 2020, a further judgement was passed down on the Lloyds Bank GMP equalisation case, requiring pension scheme trustees to investigate historic transfer payments since 17 May 1990 and check whether the payment would have been higher had the member's benefits been equalised for the effects of unequal male and female GMPs. In cases where payments would have been higher, trustees may have an obligation to make "top-up" payments. The Trustee has taken advice on the matter as part of the larger project of implementing GMP equalisation and is well progressed in equalising historic transfer payments. This will be completed ahead of wind up. The impact on the Scheme is not expected to be material and has therefore not been recognised in the accounts.

**16 SUBSEQUENT EVENTS**

On 15 July 2025 the Trustee Directors secured a buy-out of the Scheme benefits with Just. The Trustee is in the process of ensuring all remaining liabilities are settled and transferring the Scheme surplus to the Principal Employer.

Other than noted above, the Trustee is not aware of any other subsequent events (2024: none).

## Section 6 – Independent Auditor’s Statement about Contributions

### Independent Auditor’s Statement about Contributions to the Trustee of the Mid Kent Group Pension Scheme

We have examined the Summary of Contributions of the Mid Kent Group Pension Scheme payable in respect of the Scheme year ended 31 March 2025 to which this statement is attached.

In our opinion the contributions for the Scheme year ended 31 March 2025 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 18 December 2023.

### 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.

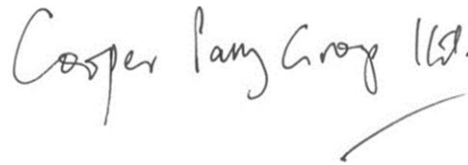
### Respective responsibilities of trustee and auditor

As explained more fully in the Statement of Trustee’s Responsibilities, the Scheme’s Trustee is 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 statement is made solely to the Scheme’s Trustee, in accordance with Regulation 4 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 work on contributions has been undertaken so that we might state to the Scheme’s Trustee those matters we are required to state to them in such 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 and the Scheme’s Trustee, for our work on contributions, for this statement, or for the opinions we have formed.



**COOPER PARRY GROUP LIMITED**

Statutory Auditor

Sky View  
Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
DE74 2SA  
Date: 27 October 2025


**Summary of Contributions payable in the year**

During the year, the contributions payable to the Scheme were as follows:

	<b>Employer</b>
	<b>£000</b>
<b>Required by the Schedule of Contributions</b>	
Deficit funding	-
Contributions to cover expenses	-
<b>Total (as per Fund Account)</b>	-

Signed for and on behalf of the Trustee of the Mid Kent Group Pension Scheme by:

Signed by:  Trustee Director  
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DocuSigned by:  Trustee Director  
62F2D7FAEE0142F...

27 October 2025 Date

## Section 7 – Schedule of Contributions

This schedule sets out the contributions that will be paid to the Mid Kent Group Pension Scheme ('the Scheme'). This schedule is dated 18 December 2023 and applies from 1 January 2024 until 31 December 2028. It replaces the previous schedule dated 15 December 2022.

This schedule has been prepared with the agreement of South East Water Ltd. ('the Employer') and after taking the advice of Shireen Anisuddin (the 'Scheme Actuary'). This schedule has been certified by the Scheme Actuary and the certificate is included in the appendix.

### Contributions for new benefits

The Scheme has no active members. No member contributions or Employer contributions for new benefits are due to be paid to the Scheme under this schedule.

### Employer deficit reduction contributions

No deficit reduction contributions are due to be paid to the Scheme under this schedule

The Employer shall also pay to the Scheme any additional contributions required from time-to-time on the advice of the Scheme Actuary as required from time-to-time under the Scheme's trust deed and rules. The Employer may also pay additional contributions from time-to-time as it chooses.

### Expenses, levies, fees and insurance premiums

The Trustee will be responsible for meeting the following ongoing expenses, as they are incurred from time-to-time (where applicable and not exclusively) directly from the Scheme:

- the Pension Protection Fund levy;
- the Pension Protection Fund administration levy;
- the Pension Regulator's general levy;
- fees payable to the Scheme's administrators, investment managers and other professional advisors;
- investment charges and expenses; and
- other Scheme expenses that are reasonably incurred in the course of the Trustee performing their duties.

The Scheme Actuary will monitor the residual assets in the Scheme and inform the Trustee and the Employer in writing if the remaining assets become insufficient to meet projected expenses. If this occurs, then (unless otherwise agreed in writing between the Trustee and the Employer) the Employer will commence paying expense contributions to the Scheme at a rate of £327,794 pa. These contributions should commence no later than 90 days after receiving the written notification from the Scheme Actuary and will not be payable beyond 31 March 2025 unless otherwise agreed.

Expense contributions shall be made in equal instalments on a monthly basis, or faster than this at the Employer's discretion. They shall be paid to the Scheme no later than 19 days after the end of the month to which they relate and shall increase in line with RPI inflation on 1 April each year, with reference to the increase in RPI over 12 months to the preceding November. The amount shown above is correct as at the date of signing this Schedule, due to be increased every year starting from 1 April 2024.

Life insurance cover is not provided through the Scheme, instead by a separate Trust, with premiums payable directly by the Employer.

**Schedule of Contributions (continued)**

**Prepared by the Trustee of the Scheme**

Signature: JOANNE STIMPSON on behalf of the Trustee

Print name: Joanne Stimpson

Position: Chair of Trustee

Date: 18 DECEMBER 2023

**Agreed by the Employer**

Signature: ANDREW FARMER on behalf of the Employer

Print name: Andrew Farmer

Position: CFO

Date: 18 DECEMBER 2023

## Section 8 – Actuarial Certificate

### Scheme: Mid Kent Group Pension Scheme

#### Adequacy of contributions

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

#### Consistency with statement of funding principles

In my opinion, this schedule of contributions is consistent with the statement of funding principles dated 18 December 2023.

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

Signature: SHIREEN ANISUDDIN  
Date: 18 DECEMBER 2023  
Name: Shireen Anisuddin  
Qualification: Fellow of the Institute and Faculty of Actuaries  
Name of Employer: Hymans Robertson LLP  
Address: One London Wall,  
London,  
EC2Y 5EA

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

## Section 9 – Implementation Statement

### Statement of Compliance with the Mid Kent Group Pension Scheme’s Stewardship Policy for the year ending 31 March 2025

#### Introduction

The Trustee has prepared this Implementation Statement in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and subsequent amending legislation, and with those of the Pensions Regulator’s General Code of Practice. It sets out how the Trustee has complied with the Mid Kent Group Pension Scheme’s Stewardship Policy as set out in the Statement of Investment Principles (“SIP”) (<https://www.mkgpensionscheme.co.uk/resources/statement-of-investment-principles-2024/>) during the period 1 April 2024 to 31 March 2025.

Overall, the Trustee is satisfied that:

- The Scheme’s investments have been managed in accordance with the Scheme’s Stewardship Policy during the period;
- The Scheme’s investments have been managed in accordance with the Scheme’s SIP applicable at the relevant time; and
- The provisions of the SIP remain suitable for the Scheme’s members.

#### SIP

The SIP sets out the principles and practices the Trustee follow when governing the Scheme’s investments. It describes the rationale for selecting the investment strategy and explains the risks and expected returns of the funds used, as well as the Trustee’s approach to responsible investing (including climate change).

The Trustee reviewed and updated the SIP on 16 December 2024. The updates aimed to better reflect the full Scheme buy-in status. Specifically, this involved the removal of detailed sections on investment strategy, asset classes, and risks that are no longer relevant. The updated SIP now has a greater emphasis on managing residual assets in a low-risk cash fund and monitoring the insurer. Additional updates include acknowledging the limited scope for stewardship and engagement under the new arrangement. The next review is scheduled to take place at the Q4 2025 Trustee meeting.

The Trustee has prepared this Implementation Statement on the basis of the SIP in force at 31 March 2025, as well as the SIP, which was in place between 1 April 2024 and 16 December 2024, with reporting within this document in line with the SIP applicable at the relevant time.

#### Investment Governance

The primary objective of the Scheme is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis.

The Trustee has overall responsibility for how the Scheme’s investments are governed and managed, in accordance with the Scheme’s Trust Deed and Rules, as well as Trust Law, Pensions Law and Pension Regulations.

The Trustee previously established an Investment Sub-Committee, which focused on investment issues and makes recommendations to the full Trustee Board. This was disbanded in February 2025 following the recent full Scheme buy-in.

For the residual assets not covered by the buy-in, the Trustee has delegated day-to-day investment decisions, such as which investments to buy and sell, to the investment manager.

### Implementation Statement (continued)

#### Investment Governance (continued)

The Trustee has set objectives for the Scheme's investment adviser designed to align with the Trustee's own objectives and investment strategy set out in the SIP. The Trustee has set the following objectives for the adviser:

- Delivery of the Scheme's long-term funding objective
- Delivery of the Scheme's investment objectives is supported by an effective governance framework
- Comply with pension regulations, legislation and supporting guidance relating to investments

The suitability of these objectives was last reviewed by the Trustee on November 2024 is scheduled for review no later than 4 November 2027.

The Trustee has carried out an evidence-based review of the investment adviser's performance against these objectives on 4 November 2024. This involved rating the adviser against the different objectives. The Trustee was satisfied that the objectives had been achieved for the year.

The Trustee has undertaken training during the last year to ensure that their knowledge of investment matters remains up to date.

While the Trustee no longer directly manages most of the Scheme's assets, it recognises that the Scheme still faces investment risks. These risks are described in the SIP on page 2. The Trustee monitors risks on a regular basis and is satisfied that the level of risk faced by the Scheme remains appropriate.

The Scheme has conflicts of interest policies in place covering its service providers, including asset managers and the Insurer party to the Scheme's buy-in contract. The Trustee formally asks its manager and the insurer to confirm any conflicts of interest when the Trustee meets with them. Neither the manager or insurer have disclosed any potential or actual conflict over the period to their best knowledge.

#### Stewardship Policy

The Trustee's Stewardship (voting and engagement) Policy sets out how the Trustee will behave as an active owner of the Scheme's assets which includes the Trustee approach to undertaking engagement activity, including how the Trustee monitors and engages with its investment manager and any other stakeholders.

The Scheme's Stewardship Policy can be found within the Scheme's SIP on page 3.

The Stewardship Policy is reviewed on an annual basis in line with the Scheme's SIP review which was last completed on 16 December 2024. The following changes were made to the Stewardship Policy during the scheme year:

- Acknowledged limited stewardship opportunities due to the buy-in policy.
- Removed references to investment manager engagement and voting activity.
- Shifted monitoring focus to the insurer's service, including environmental, social and governance considerations integration.
- Removed expectations for regular meetings with investment managers.

The Trustee also monitors its compliance with its Stewardship Policy on a regular basis and is satisfied that they have complied with the Scheme's Stewardship Policy over the last year.

**Implementation Statement (continued)****Engagement activity**

As the Trustee has entered into a full Scheme buy-in transaction in December 2022, it no longer manages the assets transferred to the Insurer and therefore no longer directly exercises any voting rights attached to these assets.

A review of the Insurer's Responsible Investment ("RI") policies was conducted as part of the due diligence performed ahead of the transaction taking place.

While the Trustee no longer has the ability to directly engage with investment managers on stewardship matters in relation to these assets, it monitors the Insurer's RI policies on a regular basis as part of the Scheme's procedures to hold service providers to account. This last review was undertaken by the Trustee on 13 May 2024.

The Trustee also reviewed the RI policy of its remaining investment manager, LGIM, who manages the Scheme's residual assets in a low-risk cash fund. Given the nature of this fund, the Trustee did not undertake any direct engagement with the manager over the period.

The Trustee and their Investment Adviser remain satisfied that the RI policies remain suitable for the Scheme.