

Registered number: 12007217

**THE BRUSH GROUP (2013) PENSION SCHEME
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2025**

THE BRUSH GROUP (2013) PENSION SCHEME

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TRUSTEE AND ITS ADVISERS YEAR ENDED 31 DECEMBER 2025

Trustee	Brush Scheme Trustees Limited
Employer Appointed Directors	T Burgess The Law Debenture Pension Trust Corporation (represented by L Rawcliffe)
Member-Nominated Directors	G Dallard (resigned 27 November 2025) G Peters
Independent Director	A McKinnon, Independent Chairman
Principal Employer	Brush Electrical Machines Limited
Secretary to the Trustee	I Emery Aon Solutions UK Limited
Actuaries	D Summersgill, FIA (appointed 18 September 2025) Aon Solutions UK Limited L Olding, FIA (resigned 17 September 2025) Aon Solutions UK Limited
Administrator	Aon Solutions UK Limited
Independent Auditor	Assure (UK) Limited
Banker	HSBC Bank plc
Investment Adviser	Aon Investments Limited
AVC Providers	Aviva plc ('Aviva') Royal London Group ('Royal London') Utmost Life and Pensions Limited ('Utmost')
Insurance Provider (annuity)	Pension Insurance Corporation plc ('PIC') (appointed 13 May 2025)
Fiduciary Managers	Reviewer: PricewaterhouseCoopers LLP ('PricewaterhouseCoopers') Manager: Cardano Risk Management Limited ('Cardano') (disinvested on 18 June 2025)
Legal Adviser	Squire Patton Boggs (UK) Limited
Contact Details	The Brush Group (2013) Pension Scheme The Colmore Building 20 Colmore Circus Birmingham B4 6AT brushpensions@aon.com 0345 268 8475

THE BRUSH GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2025

Introduction

The Trustee of the Brush Group (2013) Pension Scheme (the 'Scheme') is pleased to present the annual report together with the audited financial statements for the year ended 31 December 2025.

Constitution and management

The Scheme is an occupational Defined Benefit ('DB') pension scheme. The Scheme is governed by a Trust Deed, as amended from time to time, and is administered by Aon Solutions UK Limited in accordance with the establishing document and Rules solely for the benefit of its members and other beneficiaries.

The Trustee Directors are shown on page 1.

Under the Trust Deed and Rules of the Scheme, the Trustee is appointed and removed by the Principal Employer subject to the Member-Nominated arrangements.

The power of appointing and removing the Trustee Directors is contained in the Articles of Association of Brush Scheme Trustees Limited, subject to the Member-Nominated arrangements.

In accordance with the Pensions Act 2004, at least one third of the total number of Trustee Directors must be nominated by Scheme members. The Member-Nominated Trustee Directors ('MNTDs') are elected from the membership.

A Trustee Director can choose to retire from office at any time. A Member-Nominated Trustee Director can only be removed with the agreement of all other Trustee Directors. Employer Appointed Directors are removed by the Principal Employer.

The Trustee Directors have appointed professional advisers and other organisations to support them in delivering the Scheme's objectives. These individuals and organisations are listed on page 1. The Trustee Directors have written agreements in place with each of them.

Trustee meetings

The Trustee Board met formally ten times during the year to consider the business of the Scheme.

Change of Actuary

On 17 September 2025 L Olding resigned as the Actuary and was replaced on 18 September 2025 by D Summersgill. As required under legislation the outgoing Actuary confirmed that there were no circumstances connected with her resignation which significantly affects the interests of the current or prospective members and beneficiaries of the Scheme.

Scheme changes

During the year the Trustee secured a bulk annuity contract (buy-in insurance policy) with PIC effective 13 May 2025 and disinvested pooled investment vehicle funds during the year. This buy-in insurance policy insures all members of the Scheme to improve the security of members' benefits and ensure that there will be sufficient funds available to pay benefits in full to all Scheme members.

The purchase of the buy-in insurance policy for £163.62m, was funded through a combination of:

- Additional contributions of £10.85m received from the Principal Employer;
- An in specie transfer of assets of £125.42m on 13 May 2025;
- Cash payments of £27.35m, representing disinvestments of Scheme assets received into the Trustee bank account, between 12 May 2025 and 10 June 2025.
- In addition, a deferred premium of approximately £8.7m remains payable to PIC in respect of the buy in policy. This amount will be funded by the Principal Employer.

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TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2025

Scheme changes (continued)

The Scheme is closed to new joiners and future contributions, but continues to provide benefits for existing members in accordance with the relevant Scheme Rules. The buy-in policy is tailored to match all of the benefits the Scheme needs to pay members.

There were no other changes to the Scheme in the year.

Financial statements

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

Membership

Details of the membership changes of the Scheme in the year are as follows:

	Deferreds	Pensioners	Total
Members at the start of the year	664	744	1,408
Adjustments to prior year membership	(3)	3	-
New spouses and dependants	-	6	6
Retirements	(48)	48	-
Deaths	(1)	(7)	(8)
Transfers out	(2)	-	(2)
Trivial commutation	-	(1)	(1)
Members at the end of the year	610	793	1,403

Pensioners include 39 (2024: 34) individuals receiving a pension upon the death of their spouse who was a member of the Scheme. Pensioners also include 4 (2024: 2) child dependants in receipt of a pension.

The adjustments shown above relate to timing differences between the effective date of leaving or retiring and the actual date the administration system was updated.

Included in the above are 610 (2024: nil) deferreds, 750 (2024: nil) pensioners and 43 (2024: nil) beneficiaries whose benefits are financed by insurance (annuity) policies.

Pension increases

Pensions in payment in excess of the Guaranteed Minimum Pension ('GMP') were increased on 1 May 2025 by 3% for both pensions earned prior to 6 April 1997 and for pension earned after 6 April 1997.

All pensions in payment received a 3% increase and there were no discretionary increases in the year.

Deferred benefits are increased in line with legislation and the Scheme Rules.

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TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2025

Transfers

Cash equivalents paid during the year with respect to transfers have been calculated and verified in the manner prescribed by the Pension Schemes Act 1993 and do not include discretionary increases.

Members leaving service can normally transfer the value of their benefits under the Scheme to another scheme that they join or to an insurance contract or personal pension.

Following the Trustee securing a buy-in insurance 'policy', PIC now calculate CETVs.

Contributions

From 1 January 2025 the expenses of administering the Scheme (including the Pension Protection Fund levy) have been met directly by the Employer and are no longer reimbursed by the Scheme. The final reimbursement to the Employer, made on 10 April 2025, related only to invoices up to and including 31 December 2024.

During the year, the Principal Employer paid additional contributions of £10.1m to the Scheme, in May and June 2025, to fund part of the premium for the 2025 buy-in policy with PIC. These contributions were made in accordance with the terms of the Back to Back Agreement dated 13 May 2025 between the Trustee and the Principal Employer and were not part of the Schedule of Contributions certified by the Scheme Actuary on 24 January 2024.

Virgin Media

In June 2023 the High Court found in the Virgin Media case that changes to member benefits in contracted-out defined benefit pension schemes between April 1997 and April 2016 required an actuarial confirmation in line with section 37 of the Pensions Schemes Act 1993, and that changes without this confirmation are to be considered void. This requirement applies to both past service rights and future service rights related to section 9(2B) rights. The Court of Appeal upheld the High Court's decision in July 2024.

The Trustee is currently considering the judgment in the Virgin Media case and, as such, the extent of any impact on the Scheme is not known. In the absence of any indication to the contrary and given that it has been the Trustee's consistent policy to engage reputable advisers, the Trustee has no reason to doubt that past amendments complied with the requirements of section 37. The Trustee has taken initial advice from its advisers on the issue and will continue to assess the implications of the case with its advisers and take appropriate action as necessary.

Going concern

Basis of preparation and going concern

On 13 May 2025, the Trustee, with the agreement of the Employer, entered into a bulk buy in contract with the Pensions Insurance Corporation ("PIC"). The buy in is expected to move to buy out within the next year, at which point the Scheme's assets will transfer to PIC and the Scheme will be wound up.

In light of this, the financial statements for the year ended 31 December 2025 have been prepared on a cessation basis, rather than on a going concern basis. The assets and liabilities of the Scheme are stated at fair value in these financial statements. No revisions to the underlying valuations or figures in the financial statements were required as a result of the financial statements being prepared on a cessation basis instead of a going concern basis.

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TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2025

Going concern (continued)

Background to the cessation basis

Full Scheme buy in with PIC and route to buy out

A full Scheme buy in with PIC was effected in May 2025. At the same time, a 'back to back' ('B2B') agreement was entered into with the Principal Employer, which effectively guarantees the funding of any residual premium required to convert the buy in to a full Scheme buy out. Although no formal decision to wind up the Scheme has yet been taken and no event triggering wind up has occurred, the Trustee expects that the buy in will be converted to buy out and the Scheme will then be wound up within the next year.

Employer covenant and independent advice

Following the buy in and the B2B agreement, the Scheme is significantly less reliant on the Employer covenant than it was previously. PwC were appointed to advise the Trustee in advance of the buy in with PIC, including on which Employer would stand behind any post buy out indemnity and on the financial strength of PIC. No issues were identified in either respect. The Employer will continue to provide an indemnity post buy-out.

Employer trading updates

The Employer continues to provide the Trustee with regular updates on the Employer's business at each Trustee meeting. While these updates are now of reduced significance given the buy in and B2B arrangements, they do not indicate any concerns that would affect the Scheme's ability to complete the journey to buy out and wind up.

Scheme assets and liquidity

The Scheme's assets are now invested almost entirely in the insurance policy secured with PIC, with a small amount retained in cash to meet immediate cash flow requirements ahead of PIC funding benefit and other payments as they fall due. In addition, an escrow account has been established with the Principal Employer to provide any additional liquidity that may be required as the Scheme progresses towards buy out and wind up.

Overall conclusion

Taking all these factors into account – in particular the full Scheme buy in with PIC, the B2B agreement with the Principal Employer, and the available liquidity – the Trustee considers that it is appropriate to prepare the financial statements on a cessation basis, reflecting the expected progression to buy out and subsequent wind up. The Trustee is satisfied that the Scheme has sufficient support and resources to continue to meet members' benefits in full as they fall due until the anticipated buy out and wind up are completed.

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Report on Actuarial Liabilities

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

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

The most recent full actuarial valuation of the Scheme carried out as at 31 December 2022 and the annual update as at 31 December 2023 and 31 December 2024 are shown below:

	31 December 2022	31 December 2023	31 December 2024
The value of the technical provisions was:	£186.1m	£182.9m	£162.2m
The value of the assets at that date was:	£189.5m	£189.0m	£169.2m

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

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

Significant actuarial assumptions

Discount interest rate: term dependent rates set by reference to the UK government fixed interest gilt prices only nominal yield curve at the valuation date plus an addition of 0.75% p.a.

Future Retail Price inflation ('RPI'): term dependent rates derived from the UK government gilt prices only breakeven RPI curve at the valuation date.

Future Consumer Price inflation ('CPI'): derived used Aon's prevailing best estimate of the difference between RPI and CPI inflation. As at 31 December 2022 this difference was RPI inflation less 1.0% p.a. pre-2030 and 0.1% p.a. post-2030.

Pension increases: derived from the RPI or CPI price inflation as appropriate, allowing for the maximum and minimum annual increases, and for inflation to vary from year to year.

Mortality: for the period in retirement standard 'Middle' tables S3PMA for male members and S3PFA for female members with a scaling factor of 102% for all members with an allowance for improvements in mortality in line with the CMI 2022 core projections with parameters $Sk=7.0$ and $A=0.5\%$, subject to a long-term rate of improvement of 1.25% p.a.

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TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2025

Investment matters

Management of investments

As required by Section 35 of the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles ('SIP').

A copy of the SIP can be found on the Scheme's website https://www.brushpensions.co.uk/pdf/br2-brush_post_transaction_sip_vfinal_public.pdf and is available on request from the Secretary to the Trustee.

During the year the majority of the Scheme's assets were invested in an insurance (annuity) policy with PIC which is authorised by the Prudential Regulatory authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The Trustee previously delegated management of investments to the investment fiduciary manager shown on page 1. This manager, who is regulated by the Financial Conduct Authority in the United Kingdom, managed the investments in line with the manager's agreement which was designed to ensure that the objectives and policies captured in the SIP are followed.

The Trustee had considered environmental, social and governance ('ESG') factors for investments (including but not limited to climate change) and has delegated to the investment manager the responsibility for taking these considerations into account when assessing the financial potential and suitability of an investment and for exercising the rights (including voting rights) relating to the Scheme's investments.

The fiduciary manager was paid fees for its services. The fees were calculated as a percentage of the market value of the part of the Scheme that it managed.

The Trustee did not appoint a custodian to the Scheme as the fiduciary manager appointed a custodian for the assets underlying the investments they manage for the Trustee. The Custodian that was appointed by the fiduciary manager is shown below:

Fiduciary manager	Custodian
Cardano (removed on 18 June 2025)	State Street Custodial Services (Ireland) Limited

The Custodian was responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments were held in the name of the Custodian's nominee Employer, in line with common practice for pension scheme investments.

The Trustee has considered the nature, disposition, marketability, security and valuation of the Scheme's investment and believe them to be appropriate relative to the reasons for holding each class of investments.

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Investment report

During the year, the Trustee completed a full buy-in of the Scheme's liabilities with Pension Insurance Corporation ('PIC') on 14 May 2025. All assets were transferred to the insurer, and the Scheme no longer holds any investment assets. The Trustee's investment policy and objectives are now fulfilled, and no further investment activity is anticipated. The Scheme is in the process of being wound up, and the focus is on completing the remaining administrative tasks.

Asset allocation

	2025 £000	2024 £000
Annuity policy ¹	177,289	-
Cardano – CCIF I	-	27,087
Cardano - LDI	-	132,961

Source: Investment managers, scheme actuary.

1. Estimated value of the annuity policy calculated by 'PIC' as at 31 December 2025

Investment policy and objectives

The Trustee's main investment objective is to ensure the Scheme's assets are sufficient and appropriately structured to meet its liabilities. To fulfil this objective the Trustee decided to secure members' benefits through the annuity policy with PIC.

The Trustee's investment policy is to:

- Hold the annuity policy as the primary investment, recognising that it is specifically structured to match the Scheme's liabilities.
- Review the investment policy at least annually, or in the event of significant changes to the Scheme's circumstances or regulatory environment.

Performance Review

The annuity policy is fundamentally an insurance product designed for risk removal, not investment growth and so the Trustee do not review its investment performance.

Engagement Policy Implementation Statement ('EPIS')

The Trustee has prepared an Engagement Policy Implementation Statement in accordance with legislation. This statement is shown on page 33.

Employer related investments

The investments of the Scheme are invested in accordance with Section 40 of the Pensions Act 1995. Details of any Employer related investments are disclosed in note 23 to the financial statements.

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TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2025

Further information

Further information about the Scheme is available, on request, to members, their spouses and other beneficiaries together with all recognised trade unions. In particular, the documents constituting the Scheme, the Rules and a copy of the latest actuarial report and the Trustee's SIP can be inspected.

If members have any queries concerning the Scheme or their own pension position, or wish to obtain further information, they should contact Aon Solutions UK Limited at the contact details on page 1 who will also be able to provide them with a further copy of the Scheme's booklet should they require one and answer any queries that they may have about entitlement to benefits.

Aon Solutions UK Limited processes the personal data as contained in this report and financial statements for the purpose of providing the Trustee with a report and financial statements on the operation of the Scheme. Aon Solutions UK Limited processes personal data in the context of providing pension scheme administration services on behalf of the Trustee, the data controller. Aon Solutions UK Limited, when operating in its capacity as a data processor who provides the members of the Scheme with pension scheme administration services on behalf of the Trustee, will comply with the applicable legislation including any data protection legislation and the instructions of the Trustee.

The Trustee or the Employer will ensure the data subjects of whom personal data is processed for the purposes of this report and financial statements are informed of the processing activities in accordance with the requirements of the applicable data protection legislation.

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TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2025

Governing bodies, regulators and sources of reference

Pension Tracing

The Scheme is registered with the Pension Tracing Service which maintains a list of up to date addresses of schemes to assist ex-members in tracing their rights if they have lost contact with the previous Employers' scheme. The Pension Tracing Service can be contacted at:

The Pensions Service
Post Handling Site A
Wolverhampton
WV98 1AF

0800 731 0469
www.gov.uk/find-pension-contact-details

The Pensions Regulator

The Pensions Regulator ('TPR') is the United Kingdom ('UK') regulator of work-based pension schemes.

TPR's role is to act to protect the interest of pension scheme members and to enforce the law as it applies to occupational pension schemes.

The regulations set out clearly the areas that TPR covers and the powers that are vested in it. For example, TPR can prohibit or disqualify trustees for acting unlawfully, and can impose fines.

TPR can be contacted at:

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

0345 600 0707
customersupport@tpr.gov.uk
www.thepensionsregulator.gov.uk

The Pension Protection Fund

The Pension Protection Fund was established to provide compensation to members of eligible pension schemes, when there is a qualifying insolvency event in relation to the Employer and where there are insufficient assets in the pension scheme to cover Pension Protection Fund levels of compensation.

The Pension Protection Fund can be contacted at:

PPF Member Services
Pension Protection Fund
PO Box 254
Wymondham
NR18 8DN

0330 123 2222
ppfmembers@ppf.co.uk
www.ppf.co.uk

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TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2025

Governing bodies, regulators and sources of reference (continued)

Questions about pensions

If you have any questions about your pension, MoneyHelper, which is part of the Money & Pensions Service, provides professional, independent and impartial help with pensions for free. Services include independent information and general guidance on pension matters.

MoneyHelper can be contacted at:

Money & Pensions Service
Borough Hall
138 Cauldwell Street
Bedford
MK42 9AB

0800 011 3797
www.moneyhelper.org.uk

Resolving difficulties/Internal Dispute Resolution

It is expected that most queries relating to benefits can be resolved with the Scheme's Administrator. In the event that a member's complaint cannot be resolved by the Administrator they may make a formal complaint using the Scheme's Internal Dispute Resolution ('IDR') procedure, details of which can be obtained from the Administrator or use the Pensions Ombudsman's informal Early Resolution Service.

If the complaint is not resolved satisfactorily, you have the right to refer your complaint to The Pensions Ombudsman free of charge. The Pensions Ombudsman can be contacted at:

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU

0800 917 4487
enquiries@pensions-ombudsman.org.uk
www.pensions-ombudsman.org.uk

You can also submit a complaint online: www.pensions-ombudsman.org.uk/making-complaint

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TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2025

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 Regulations 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.

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 it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

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.

Approval

The Trustee's Report (including the Engagement Policy Implementation Statement) was approved by the Trustee and signed on its behalf by:

Trustee Director:

Date:

THE BRUSH GROUP (2013) PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE BRUSH GROUP (2013) PENSION SCHEME

Opinion

We have audited the financial statements of The Brush Group (2013) Pension Scheme (the 'Scheme') for the year ended 31 December 2025 which comprise the Fund Account, the Statement of Net Assets and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, The Brush Group (2013) Pension Scheme financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 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

The Trustee intends to wind up the Scheme and therefore does not consider it 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 the Trustee's report.

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.

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INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE BRUSH GROUP (2013) PENSION SCHEME

Other information (continued)

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

We have nothing to report in this regard.

Responsibilities of the Trustee

As explained more fully in the Statement of Trustee's Responsibilities set out on page 12, the 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 intends to wind up the Scheme, 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.

Capability of the audit in detecting irregularities, including fraud irregularities

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:

Based on our discussions with the Trustee, we considered the laws and regulations that have a direct impact on the preparation of the financial statements such as 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.

During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity. The engagement team remained alert to non-compliance throughout the audit from planning to completion.

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INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE BRUSH GROUP (2013) PENSION SCHEME

Auditor's responsibilities for the audit of the financial statements (continued)

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of:

- enquiries of management and the Trustee as to whether the entity complies with such laws and regulations;
- enquiries with the same concerning any actual or potential litigation or claims and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of relevant legal correspondence;
- review of Trustee meeting minutes;
- testing the appropriateness of journal entries; and
- the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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 Trustee, as a body, in accordance with 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. 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's Trustee, as a body, for our audit work, for this report, or for the opinions we have formed.

Assure UK
Chartered Accountants and Statutory Auditor
London

Date:

THE BRUSH GROUP (2013) PENSION SCHEME

FUND ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 £000	2024 £000
Employer contribution	4	10,850	-
Other income	5	2	-
		10,852	-
Benefits paid or payable	6	(8,005)	(7,294)
Payments to and on account of leavers	7	(163)	(19)
Other payments	8	(4)	-
Administrative expenses	9	(66)	(755)
		(8,238)	(8,068)
Net addition/(withdrawals) from dealing with members		2,614	(8,068)
Returns on investments			
Investment income	10	2,259	50
Change in market value of investments	11	1,124	(12,856)
Investment management expenses	12	(169)	(72)
Net returns on investments		3,214	(12,878)
Net increase/(decrease) in the fund during the year		5,828	(20,946)
Opening net assets		162,937	183,883
Closing net assets		168,765	162,937

The notes on pages 18 to 29 form part of these financial statements.

THE BRUSH GROUP (2013) PENSION SCHEME

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 31 DECEMBER 2025

	Note	2025 £000	2024 £000
Investment assets			
Pooled investment vehicles	11	-	160,048
Insurance policies	15	177,290	-
AVC investments	16	827	777
Cash in transit	17	-	750
		178,117	161,575
Investment liabilities			
Other investment balances	17	(8,700)	-
		(8,700)	-
Total net investments		169,417	-
Current assets	21	898	1,842
Current liabilities	22	(1,550)	(480)
Net assets available for benefits at 31 December		168,765	162,937

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 included in the Trustee's Report on page 6. These financial statements and Actuarial Certificate should be read in conjunction with this report.

The notes on pages 18 to 29 form part of these financial statements.

These financial statements on pages 16 to 29 were approved by the Trustee and were signed on its behalf by:

Trustee Director:

Date:

THE BRUSH GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. Basis of preparation

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

2. Identification of financial statements

The Brush Group (2013) Pension Scheme is a Defined Benefit occupational pension scheme established under trust under English Law.

The address of the Scheme's principal place of business is Brush Electrical Machines Limited, Power House, Excelsior Road, Ashby-De-La-Zouch, England, LE65 1BU.

3. Accounting policies

The principal accounting policies applied to the preparation of the financial statements are set out below. These policies have been consistently applied unless otherwise stated.

Functional and presentational currency

The Scheme's functional and presentational currency is GBP.

Contributions

Employer's additional contributions are accounted for in the year in which it fall due in line with the Schedule of Contributions or in accordance with the agreement under which they are paid, or on receipt if earlier with the agreement of the Employer and Trustee.

Benefits paid or payable

Pensions in payment, including pensions funded by insurance (annuity) contracts, are accounted for in the period to which they relate.

Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type and amount of the benefit to be taken, or if there is no member choice, on the date of retiring or leaving.

Payments to and on account of leavers

Individual transfers to other schemes are accounted for when member liability is discharged which is normally when the transfer amount is paid.

Administrative expenses

Administrative expenses are accounted for on an accruals basis, net of recoverable VAT.

Other income and payments

Other income and payments are accounted for on an accruals basis.

Investment income

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

Income from cash and short-term deposits is accounted for in these financial statements on an accrual basis.

THE BRUSH GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. Accounting policies (continued)

Investment income (continued)

Income arising from insurance (annuity) policies held by the Trustee to fund benefits payable to Scheme members is included within investment income and is accounted for on an accruals basis.

Change in market value of investments

The change in market value of investments during the year comprise 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 and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.

Transaction costs

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees.

Investment management expenses

Investment management fees are accounted for on an accruals basis, net of recoverable VAT.

Valuation of investment assets

Investments

Pooled investment vehicles which were traded on an active market and were included at quoted price, which is usually bid price.

With profits insurance policies held as AVC investments are reported at the policy value provided by the insurer based on cumulative reversionary bonuses declared and the current terminal bonus.

Aviva AVC fund is included within the Statement of Net Assets (Available for Benefits) on the basis of the previous valuation adjusted for subsequent cash movements.

The insurance (annuity) policy with PIC is valued on an actuarial basis using the insurer's best-estimate liability as at 31 December 2025, representing the discounted value of projected future benefit and expense cash flows. The valuation is updated to reflect prevailing market conditions and assumptions such as interest rates, inflation, mortality and expenses.

Key accounting estimates and assumptions

The Trustees make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Scheme, the Trustees believe the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Scheme's investments and, in particular, those classified in Level 3 of the fair value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included above and within the note 14 to the financial statements for insurance policies.

THE BRUSH GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

4. Contributions

	2025	2024
	£000	£000
Employer:		
Additional	10,850	-

During the year, the Employer paid an additional contribution of £10.85m to the Scheme. This contribution was made in accordance with the terms of the Back to Back Agreement dated 13 May 2025. The contribution was made to secure the buy-in with PIC.

5. Other income

	2025	2024
	£000	£000
Other income	2	-

6. Benefits paid or payable

	2025	2024
	£000	£000
Pensions	6,073	5,439
Commutations of pensions and lump sum retirement benefits	1,787	1,696
Lump sum death benefits	145	159
	8,005	7,294

7. Payments to and on account of leavers

	2025	2024
	£000	£000
Individual transfers to other schemes	163	19

8. Other payments

	2025	2024
	£000	£000
Ex-Gratia Payment	4	-

THE BRUSH GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

9. Administrative expenses

	2025	2024
	£000	£000
Administration and actuarial	30	443
Audit fees	(2)	32
Legal fees	44	78
Other professional fees	2	168
Scheme levies	-	11
Trustee fees and expenses	(8)	23
	66	755
	66	755

The last reimbursement of fees from the Scheme to the Employer was made on 10 April 2025 and related to invoices dated up to and including 31 December 2024. From 1 January 2025 onwards, all administration fees have been borne directly by the Principal Employer, with no further reimbursements made by the Scheme

The administration fees recognised for the year ended 31 December 2025 therefore comprise only amounts relating to fees that were either written off or under-accrued in the prior year, resulting in a significant reduction in administration expenses compared with the previous year.

Trustee fees and expenses are presented as a negative amount because previously accrued, unpaid Trustee fees were written off, and no accruals have been recognised for future periods.

10. Investment income

	2025	2024
	£000	£000
Income from annuities	3,048	-
Income from Pooled Investment Vehicles	52	-
Interest on cash deposits	30	50
Interest on deferred premium	(871)	-
	2,259	50
	2,259	50

On 13 May 2025, the Trustee entered into a buy-in insurance policy with PIC. Under this policy, PIC commenced payment of annuity income to the Scheme from July 2025.

THE BRUSH GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

11. Investments

	Opening value at 1 Jan 2025 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	Closing value at 31 Dec 2025 £000
Pooled investment vehicles	160,048	419	(156,475)	(3,992)	-
Insurance policies	-	172,316	-	4,974	177,290
AVC investments	777	-	(92)	142	827
	<u>160,825</u>	<u>172,735</u>	<u>(156,567)</u>	<u>1,124</u>	<u>178,117</u>
Cash in transit	750				-
Other investment balances	-				(8,700)
Total net investments	<u>161,575</u>				<u>169,417</u>

During the year, the Scheme fully disinvested from pooled investment vehicles in connection with the transition to a buy-in insurance policy with PIC. This included an in specie transfer of £125.42m and further disinvestments to fund cash payments. The in specie transfer, together with a portion of the related cash proceeds and other Scheme assets, was transferred to PIC to fund the £163.62m buy-in insurance policy, which transacted on 13 May 2025. Other investment balances relate to a deferred premium of £8.7m on the buy-in policy.

Transaction costs

There are no direct transaction costs in the year nor in the previous year. Indirect costs are incurred through the bid-offer spread on pooled investment vehicles. It is not possible for the Trustee to quantify these indirect costs.

12. Investment management expenses

	2025 £000	2024 £000
Consultancy fees	<u>169</u>	<u>72</u>

The increase in consultancy fees relates to a one-off charge for the offboarding project, supporting the client's transition to buy-in.

13. Taxation

The Scheme is a registered pension scheme in accordance with the Finance Act 2004 and is exempt from income tax and capital gains tax except for withholding tax on overseas investment income. This means that the contributions paid by both the Employer and the members qualify for full tax relief.

THE BRUSH GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

14. Pooled investment vehicles

The legal nature of the Scheme's pooled arrangements was:

	2025	2024
	£000	£000
Common contractual funds	-	160,048
	-	160,048
	-	160,048

The Scheme was the sole investor in Cardano Solutions Fund 4 which was managed by Cardano. A breakdown of the underlying assets at the year end is set out below:

	2025	2024
	£000	£000
LDI	-	27,088
Cash	-	39,092
Bonds	-	98,891
Derivatives	-	(5,023)
	-	160,048
	-	160,048

15. Insurance Provider (annuity)

	2025	2024
	£000	£000
Insurance policies (annuity)	177,290	-
	177,290	-

The Trustee holds an insurance policy with PIC which provides annuity income to cover the pensions for all members.

Key Assumptions made during the actuarial valuation

The assumptions applied represent the insurer's best estimate of likely future outcomes. Each assumption (for example, mortality rates or future inflation) reflects PIC's best estimate for that parameter. The only exception is the discount rate used to determine the present value of projected future cash flows. This rate is determined on a portfolio basis, having regard to the expected returns on the assets backing the in-force business as a whole, rather than on assets specific to individual policies, and incorporates default and downgrade assumptions for different asset classes as prescribed by the PRA and the European Insurance and Occupational Pensions Authority.

THE BRUSH GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

16. AVC investments

	2025	2024
	£000	£000
Aviva	713	668
Utmost	49	44
Royal London	65	65
	827	777
	827	777

The Trustee holds assets which are separately invested from the main Scheme to secure additional benefits on a money purchase basis for those members who elected to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement made up to 31 December each year confirming the amounts held to their account and movements during the year.

AVC can be further analysed as:

	2025	2024
	£000	£000
With profits	713	668
Unit trusts	49	44
Crest secure fund	65	65
	827	777
	827	777

17. Cash and other investment balances

	2025	2024
	£000	£000
Cash in transit	-	750
Unsettled purchases	(8,700)	-
	(8,700)	750
	(8,700)	750

THE BRUSH GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

18. Fair value hierarchy

FRS 102 requires for each class of financial instrument an analysis of the level in the following fair value hierarchy into which the fair value measurements are categorised. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Level 1: The unadjusted quoted price in an active market for an identical asset or liability that the entity can access at the assessment dates;

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

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

The Scheme's investment assets fall within the above hierarchy as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	2025 Total £000
Investment assets				
Pooled investment vehicles	-	-	-	-
Insurance policies	-	-	177,290	177,290
AVC investments	-	49	778	827
	-	49	178,068	178,117
Investment liabilities				
Other investment balance	(8,700)	-	-	(8,700)
	(8,700)	-	-	(8,700)
	(8,700)	49	178,068	169,417
	Level 1 £000	Level 2 £000	Level 3 £000	2024 Total £000
Investment assets				
Pooled investment vehicles	137,984	22,064	-	160,048
AVC investments	-	44	733	777
Cash	750	-	-	750
	138,734	22,108	733	161,575
Investment liabilities				
Other investment balance	-	-	-	-
	-	-	-	-
	138,734	22,108	733	161,575

Valuation techniques in determining fair value are described in note 3 are applied.

THE BRUSH GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

19. Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. The Scheme has exposure to some of these risks through the annuity. Investment risks applied to the residual assets for the part of the year they were invested.

Credit risk

Credit risk 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.

The Scheme's is exposed to direct credit risk from the possibility that the insurer may fail to meet its contractual obligations under the annuity policy. The Trustee recognises that there remains a risk associated with the financial strength and creditworthiness of the insurer.

To mitigate this risk, the Trustee selected PIC after undertaking thorough due diligence and receiving advice from WTW. The Trustee considers this risk to be appropriately managed by the regulatory protections in place for UK insurance companies and the robust governance arrangements of PIC.

Currency risk

Currency risk refers to potential fluctuations in the fair value or future cash flows of financial assets due to changes in foreign exchange rates. As the annuity policy is denominated in GBP, the Scheme is not exposed to direct or indirect currency risk.

Interest rate risk

Interest rate risk arises from the possibility that changes in market interest rates will cause fluctuations in the fair value or future cash flows of financial assets, such as bonds and interest rate swaps. The fair value of the annuity policy is directly affected by movements in interest rates, resulting in indirect exposure to interest rate risk for the Scheme.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial asset will fluctuate due to changes in market prices other than those arising from interest rate or currency movements. The Scheme does not have direct exposure to other price risk, as its principal asset is a bulk annuity policy denominated in sterling.

Liquidity Risk: The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Risk exposures table

			Direct exposure				Indirect exposure			
	2025 £000	2024 £000	Credit risk	Currency risk	Interest rate risk	Other price risk	Credit risk	Currency risk	Interest rate risk	Other price risk
Annuity policy ¹	177,289	-	✓	×	×	×	×	×	✓	×
Cardano - CCIF I	0	27,087	×	×	×	×	✓	×	✓	✓
Cardano - LDI	0	132,961	×	×	×	×	×	×	✓	✓

Source: Investment manager[s] and scheme actuary.

1. Estimated value of the annuity policy calculated by the Scheme Actuary as at 31 December 2025.

THE BRUSH GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

20. Concentration of investments

The following investments, excluding UK Government securities, account for more than 5% of the net assets of the Scheme.

	2025 £000	%	2024 £000	%
PIC**	177,290	105	-	-
Cash*	-	-	39,136	24
UKT 1 1/2 07/22/47 - Bond Dirty Units*	-	-	38,666	24
0 1/8% Index-linked Treasury Gilt 2029 - Bond Dirty Units*	-	-	27,128	17
CCIF I*	-	-	27,086	17
UKT 2.5 22/07/65 - Bond Dirty Units*	-	-	14,804	9
0%% Index-linked Treasury Gilt 2047 - Bond Dirty Units*	-	-	9,573	6

*Disinvested during the year.

** Invested during the year.

21. Current assets

	2025 £000	2024 £000
Prepayments	419	385
Cash balances	479	1,457
	898	1,842

22. Current liabilities

	2025 £000	2024 £000
Accrued expenses	-	333
Accrued benefits	60	147
Purchase of annuity	477	-
Lump sum death benefits	142	-
Interest on deferred premium	871	-
	1,550	480

23. Employer related investments

There were no direct Employer related investments during the year or at the year end (2024: Nil).

The Trustee recognises that indirect investment in the Employer's sponsor group, is possible through holdings in pooled investment vehicles. The Trustee believes that any indirect exposure to shares in the Employer sponsor group was no more than 1.0% of the Scheme assets at any time during the year and was 0.0% (2024: 0.0%) at year end.

THE BRUSH GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

24. Related party transactions

Any benefits paid in respect of the Trustee Directors who are members of the Scheme have been made in accordance with the Trust Deed and Rules.

Fees and expenses were payable to four of the Trustee Directors during the year, totalling £92k (2024: £22k). Prior to the transaction with PIC, these fees and expenses were paid by the Employer and reimbursed by the Scheme. Following the transaction with PIC, all Trustee fees and expenses have continued to be paid by the Employer but are no longer reimbursed by the Scheme.

The membership status of the Trustee Directors at the year end is as below:

The Law Debenture Pension Trust Corporation – non-member (2024: non-member)
T Burgess – non-member (2024: non-member)
G Dallard* – (2024: non-member)
A McKinnon – non-member (2024: non-member)
G Peters – pensioner (2024: pensioner)

*resigned 20 November 2025

The Principal Employer recharged the Scheme for all expenses up to December 2024.

The Principal Employer meets all administrative expenses of the Scheme except for those in note 9.

THE BRUSH GROUP (2013) PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

25. Contingent assets and liabilities

GMP Equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee Directors of the Scheme are aware that the issue will affect the Scheme and a project is expected to be concluded in 2026. Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. The amounts, including interest, will not be material and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the period they are determined.

There has been a further High Court judgement in relation to the equalisation GMP benefits. This judgement focused on the GMP treatment of historic transfers out of members, an issue which had not been addressed in the 2018 GMP ruling. Under the ruling, Trustee is required to review historic transfers values paid from May 1990 to assess if any top up payment is required to the receiving scheme, to reflect the member's right to equalised GMP benefits. The impact of the case is being considered by the Trustee Directors and is expected to be concluded in 2026. It is not possible to estimate the cost of any rectification adjustments at this time but they are not expected to be material.

Bulk annuity contract

As part of the post-transaction actions, the Trustee is carrying out a data true-up in respect of the member liabilities insured with PIC. Depending on the outcome of this exercise, the Scheme may either be required to pay an additional premium or receive a refund of part of the premium already paid. Given the uncertainty regarding the outcome and the resulting financial impact, it is not possible to make a reasonable estimate of any potential cost or refund, and therefore no estimate has been included in these financial statements.

Escrow Account for Scheme Expenses

Following the buy-in transaction, monies were paid by the Employer into an escrow account which is held outside the Scheme. The purpose of this account is to meet future Scheme expenses.

From 1 January 2025 the Employer has met Scheme expenses directly rather than being reimbursed by the Scheme. The Trustee considers that it would not be practical for monies to be transferred from the escrow account into the Trustee bank account for the Scheme to reimburse the Employer, and therefore no reimbursements have been made since that date.

The escrow account is not an asset of the Scheme and is therefore not included in these financial statements. However, it represents a contingent asset of the Scheme. The balance on the escrow account at 31 December 2025 was £500,000.

THE BRUSH GROUP (2013) PENSION SCHEME

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE BRUSH GROUP (2013) PENSION SCHEME 31 DECEMBER 2025

Statement about contributions

We have examined the Summary of Contributions payable to The Brush Group (2013) Pension Scheme ('the Scheme') for the year ended 31 December 2025 which is set out on the following page.

In our opinion contributions for the Scheme year ended 31 December 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 24 January 2024.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions on page 31 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 the 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.

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 the audit report

This statement is made solely to the Scheme's Trustee, 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, 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 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 Trustee, as a body, for our work on contributions, for this statement, or for the opinion we have formed.

Assure UK

Chartered Accountants and Statutory Auditor
London

Date:

THE BRUSH GROUP (2013) PENSION SCHEME

SUMMARY OF CONTRIBUTIONS FOR THE YEAR ENDED 31 DECEMBER 2025

During the year ended 31 December 2025 the contributions payable to the Scheme were as follows:

	Employer £000
Contributions payable under the Schedule of Contributions and as reported by the Scheme auditor	
Contributions	-
Contributions payable in addition to those payable under the Schedule of Contributions and as reported by the Scheme auditor	
Additional contributions	10,850
Total contributions reported in the financial statements	<u>10,850</u>

The Summary of Contributions was approved by the Trustee and signed on their behalf by:

Trustee Director:

Date:

THE BRUSH GROUP (2013) PENSION SCHEME

ACTUARIAL CERTIFICATE

ACTUARIAL CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS

Name of scheme: Brush Group (2013) Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2022 to be met by the end of the period specified in the recovery plan dated 24 January 2024.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles effective from 24 January 2024.

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 wound up.

Signature



Date:

24 January 2024

Name: Alka Shah

Qualification:

Fellow of the Institute
and Faculty of Actuaries

Address: The Colmore Building
20 Colmore Circus
Queensway
Birmingham
B4 6AT

Name of employer:

Aon Solutions UK Limited

THE BRUSH GROUP (2013) PENSION SCHEME

APPENDIX – ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (forming part of the Trustee’s Report)

Engagement Policy Implementation Statement (‘EPIS’)

The purpose of the EPIS is for us, the Trustee of The Brush Group (2013) Pension Scheme, to explain what we have done during the year ended 31 December 2025 to achieve certain policies and objectives set out in the Statement of Investment Principles (‘SIP’). It includes:

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

Our conclusion

We believe the policies in the SIP have been implemented effectively. In 14th May 2025, the Scheme secured a Bulk Annuity with Pension Insurance Corporation (the ‘Insurer’), covering all the liabilities. While we cannot directly influence the Insurer’s stewardship policies, we expect them to act as responsible stewards of assets.

Additional voluntary contributions (‘AVCs’) are excluded due to their small proportion of the total assets.

How voting and engagement policies have been followed

Over the year, the Trustee ensured the stewardship policy in the SIP was up to date. The Scheme’s current SIP can be found here: https://www.brushpensions.co.uk/pdf/br2-brush_post_transaction_sip_vfinal_public.pdf

Stewardship involves investors actively using their influence over current or potential investees, issuers, policymakers, service providers, and other stakeholders to create long-term value for clients and beneficiaries. This, in turn, supports sustainable outcomes for the economy, the environment, and society as a whole.

We acknowledge our duty to be responsible stewards of the Scheme’s assets. However, our ability to directly influence the Insurer’s approach to ESG integration, stewardship policies, or practices is limited. We expect the Insurer to leverage their influence and purchasing power, where possible, to ensure that environmental, social and governance factors are appropriately considered by their underlying investment managers.