

2013 Next Group Pension Plan Annual report and financial statements

Registered number 12008136

Year ended 30 September 2024

Next Pension Trustees Limited – annual report and financial statements for the 2013 Next Group Pension Plan

Year ended 30 September 2024

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Next Pension Trustees Limited – annual report and financial statements for the 2013 Next Group Pension Plan

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Trustee Directors and Advisers

Principal Employer

Next Holdings Limited
Desford Road
Enderby
Leicester
LE19 4AT

Participating Employers

Next Retail Limited
Next Distribution Limited
Next Manufacturing Limited
Lipsy Limited

All the above are registered at:

Desford Road
Enderby, Leicester
LE19 4AT

Next Sourcing Limited
14th floor, Cityplaza One
1111 King's Road
Taikoo Shing
Hong Kong

Trustee

Next Pension Trustees Limited

Directors of the Trustee

The Law Debenture Pension Trust Corporation plc
A C Jones (resigned 12 June 2024)
A Wilson (appointed 12 June 2024)
J Stevenson
M Hemsworth (MND)
B Kilbane (MND-appointed 12 June 2024)
L House
A Reay (MND-resigned 21 November 2023)

Secretary to the Trustee

S Anderson (appointed 19 February 2024)
I Blackwell (resigned 19 February 2024)

Pensions Operations Manager

C Hughes

Actuary

N Brougham FIA Mercer Limited (resigned 30 June 2024)

J Ampleford FIA Lane Clark and Peacock LLP (with effect from 1 July 2024)

Auditor

KPMG LLP

Investment Managers

Legal & General Investment Management Limited
Patrizia until December 2023

Annuity Providers

Just Retirement Limited
Pensions Insurance Corporation (from 25 January 2024)

Investment Consultants

Lane Clark and Peacock LLP

Banker

Barclays Bank plc

Solicitor

Gowling WLG LLP
Herbert Smith Freehills LLP

Administration Office

Next Pension Trustees Limited
Desford Road
Enderby
Leicester
LE19 4AT email: pensions@next.co.uk

L&G Master Trust
Legal and General
Ground Floor
Knox Court
10 Fitzalan Place
Cardiff CF24 0EB

Enquiries

Enquiries about the Next 2013 Plan generally, or about an individual's entitlement to benefit, should be addressed to the Pensions Operations Manager at the administration office (Next Pensions Trustees Limited, Desford Road, Enderby, Leicester LE19 4AT), where a copy of the Trust Deed and Rules can be obtained upon request.

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Annual report of the Trustee

The Trustee presents its annual report on the 2013 Next Group Pension Plan ('Next 2013 Plan'), together with the financial statements of the Next 2013 Plan for the year ended 30 September 2024.

Introduction

Constitution of the 2013 Next Group Pension Plan (Next 2013 Plan)

The Next 2013 Plan is constituted as a Trust. The Trustee of the Next 2013 Plan is Next Pension Trustees Limited.

The Trustee holds Next 2013 Plan funds in the Trust to apply them for the purpose of paying pensions and other benefits in accordance with the Trust Deed and Rules.

From January 2022, the Defined Contribution Section and Money Purchase Top-up Section were transferred to Legal and General Workplace Pensions Master Trust. The Next 2013 Plan now only has members in the Defined Benefit Section.

Management of the Next 2013 Plan

The directors of the Trustee comprise of Employer Nominated Directors and Member Nominated Directors (MNDs). M Hemsworth and B Kilbane are MNDs, A Jones resigned 12 June 2024 and was replaced by A Wilson who was appointed 12 June 2024; A Reay resigned on 21 November 2023. An MND can be an active, deferred or pensioner member of the Next 2013 Plan or a current employee of Next. An MND can only be removed from office by the other directors but will automatically be removed if the MND becomes employed by a company which is deemed a competitor of the Next Principal Employer group of companies unless all trustee directors and the Principal employer agree to them remaining. Next Holdings Limited can remove its appointees or the Chair at any time.

The Law Debenture Pension Trust Corporation plc, represented by James Rickards, is appointed as Chair.

During the year, the Trustee held 9 full Board meetings. All decisions are taken by simple majority with the Chair having the casting vote. The Trustee has established three committees which review detailed issues within the Next 2013 Plan; a Benefits and Administration Committee, an Audit and Risk Committee, and a Buy Out Working Group. Each Committee reports into the full Board. In 2023, the Trustee also set up a Trustee Working Group Committee which was established to progress a special project. The Trustee has delegated the day-to-day management and operation of the Next 2013 Plan's affairs to professional organisations as set out on page 3.

Next Pension Trustees Limited is the Trustee for both the Next Group Pension Plan and the 2013 Next Group Pension Plan.

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Annual report of the Trustee (continued)

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 the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension (GMP) benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

The trustee is working with the Company and its respective advisers to assess the adjustments to benefits (if any) required. Calculations are currently taking place but the Trustee is not yet in a position to obtain a reliable estimate of any backdated payments and related interest that might be payable.

In addition, on 20 November 2020, the High Court handed down a second judgement involving the Lloyds Banking Group's defined benefit pension schemes. This latest judgement confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. Again, the issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Trustee has appointed Gallagher (previously known as Buck Consultants Limited) to assist it with considering its next steps as the Next 2013 Plan has experienced significant historical transfers out which will be subject to adjustment as a result of this second ruling.

Transfers

The Trustee adopts a scheme specific cash equivalent transfer value routine in accordance with the Occupational Pensions Schemes (Transfer Values) Regulations 1996. Transfer values reflect the returns which might be expected from holding the Next 2013 Plan's assets. Discretionary increases are allowed for in Transfer Values of RPI up to a maximum of 3.5% pa on pensions accrued before 6 April 1997 in excess of the Guaranteed Minimum Pension and pensions accrued after 5 April 2005. Where members belong to historic sections of the Next 2013 Plan with guaranteed increases to pre-1997 excess pensions, the guaranteed level is allowed for. No other discretionary practices are allowed for. Transfer values are paid in full.

Recent developments

Closure to Future Accrual

From 31 March 2024, the Plan was closed to future accrual, after which no further member related contributions were due or received. Contributions from the employer also ceased at the same date.

Closure of the Defined Benefit Section

On 25 March 2024, the Trustee and the Company formally executed the deed to effect the closure of the Defined Benefit (DB) section of the scheme.

New Insurance Contract with Pension Insurance Corporation

The Trustee entered into an annuity policy with Pension Insurance Corporation (PIC) for approximately £510 million. This was funded by a payment of £50 million cash and the remainder was an in specie transfer of assets. Consequently, the Plan now has two annuity policies

Virgin Media case

In light of the recent ruling in the Virgin Media case, the Trustee has reviewed its position and assessed the potential impact on the Next 2013 Plan. Having carefully considered the ruling and sought appropriate advice, the Trustee is satisfied that the scheme is not impacted. The Trustee will continue to monitor relevant legal and regulatory developments.

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Annual report of the Trustee (continued)

Capita Cyber Incident

In late March 2023, Capita Pension Solutions Limited ("Capita") experienced a cyber-incident, whereby, cyber criminals gained unauthorised access to some of Capita's servers and exfiltrated (stole) data from these servers.

On 18 May 2023, Capita notified the Trustee that personal data for some Scheme members had been exfiltrated during this cyber incident. Further notifications and updates continue to be received from Capita. The incident affected a majority of pensioner members and some deferred members, as well as some individuals that are no longer members of the scheme. The Trustee has written to all affected members, as well as complying with other regulatory obligations in terms of notifying the relevant regulators of the incident, with whom Capita has also been in regular contact. The Trustee continues to liaise closely with Capita in respect of this incident and the remedial actions Capita has and continues to take.

Plan Actuary

M Brougham, the Next 2013 Plan Actuary, resigned on 30 June 2024. The Trustee filled the vacancy in the office of the Next 2013 Plan Actuary by appointing J Ampleford on 1 July 2024.

As required by Regulations made under the Pensions Act 1995, M Brougham confirmed in his notice of resignation that he knew of no circumstances connected with the resignation that significantly affected the interests of the members, prospective members or beneficiaries of the Next 2013 Plan.

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Annual report of the Trustee (continued)

Financial development of the Next 2013 Plan

The Financial Statements of the Next 2013 Plan for the year ended 30 September 2024, as set out on pages 24 to 37 have been prepared and audited in accordance with Sections 41(1) and (6) of the Pensions Act 1995. A summary of the Next 2013 Plan's Financial Statements is set out in the table below.

	Defined Benefit Section	Money Purchase Top-up Section	Defined Contribution Section	Total	Total
	2024	2024	2024	2024	2023
	£'000	£'000	£'000	£'000	£'000
Member related income	360	-	-	360	7,769
Member related payments	(17,578)	-	-	(17,578)	(16,640)
Net withdrawals from dealings with members	(17,218)	-	-	(17,218)	(8,871)
Net returns on investments	10,312	-	-	10,312	(88,439)
Net increase/(decrease) in fund	(6,906)	-	-	(6,906)	(97,310)
Net assets at start of year	594,717	11	-	594,728	692,038
Inter scheme recharge	10	(10)	-	-	-
Net assets at end of year	587,821	1	-	587,822	594,728

Defined Benefit Section

During the year, member related income amounted to £0.4m compared to £7.8m in the prior year. Member related payments increased to £17.6m compared to £16.6m in the prior year. The net returns on investments comprised an increase in market value of investments of £0.9m (2023: £91.6m decrease). The net assets of the Defined Benefit Section amounted to £587.8m at 30 September 2024 (2023: £594.7m).

Money Purchase Top-up Section

The Money Purchase Top-up Section members transferred to the Legal & General Master Trust in January 2022. A cash balance remains within the Money Purchase Top-up bank account, there is circa £1,000. This relates to funds received from the Employer to cover administrative expenses, no funds are related to members.

Defined Contribution Section

The Defined Contribution Section transferred to the Legal & General Master Trust in January 2022.

Actuarial review

The Financial Statements set out on pages 24 to 37 do not take into account the liabilities to provide pension benefits which fall due after the year end. In respect of the Defined Benefit Section, these liabilities are considered by the Next 2013 Plan Actuary who carries out an actuarial valuation of such liabilities every three years. This valuation considers the funding position of the Defined Benefit Section and the level of contributions payable.

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Annual report of the Trustee (continued)

An actuarial valuation of the Next 2013 Plan was undertaken as at 30 September 2022. The valuation was performed under the scheme specific funding requirements. The result of the valuation was that the funding level of the Next 2013 Plan had increased, on a Technical Provisions basis, to 114% compared to 98% at the previous valuation (30 September 2019).

Based on the previous 2019 valuation, the Company has made annual contributions to meet the cost of future benefit accrual as outlined in last years' Trustee Report and accounts.

Under the previous 2019 actuarial valuation, there was flexibility for the Company's advanced annual contribution for 2023 to be based on 38% p.a. of 2012 Frozen Basic Salaries for the whole of 2023, rather than reflecting the step up to 47% p.a. for the last 3 months of 2023. The 2023 Company contributions, combined with the advanced payment of the 2024 Company contributions of £5m (received in June 2023) are sufficient to fund this difference and therefore no further Company contributions are required to fund this step up in rate in 2023.

The 2022 valuation resulted in the actuary recommending that the Company should pay regular contributions to the Next 2013 Plan at the rate of 26.8% of members' Frozen Basic Salary at 31 October 2012 from 1 January 2024 (which was advance paid in June 2023 as noted above). Following the closure of future accrual on 31 March 2024 no further Company contributions were due.

The assumptions used by the Trustee for the 30 September 2022 valuation were:

Pay increases for pension purposes	NIL
Pension increases in respect of pre April 1997 excess over GMP	NIL
Discount rate to 30 September 2027	4.09% pa
Discount rate from 1 October 2027	3.94% pa
Mortality improvements	SAPS Series 3 All Pensioners Table with CMI 2022 projecting with a s-Kappa 7.0 and 1.75% pa long term trend
Allowance for commutation on retirement	20% of pension

The formal actuarial certificate required by statute to be included in this Annual Report from the Scheme Actuary appears on page 42. In addition, as required by FRS 102, the Trustee has included the Report on Actuarial Liabilities on page 40, which forms part of the report of the Trustee.

The next triennial actuarial valuation is due as at 30 September 2025.

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Annual report of the Trustee (continued)

Membership

The membership of the Next 2013 Plan at the beginning and end of the year and changes during the year are set out below.

Active members	
	Defined Benefit Section
Active members at 1 October 2023	557
Prior Year adjustments	(1)
Leavers and exits during the year:	
■ Retirements	(11)
■ Move to Deferred	(545)
Contributory membership at 30 September 2024	-
Pensioner members	
	Defined Benefit Section
Pensioners at 1 October 2023	1,533
Prior year adjustments	9
New pensioners in year resulting from:	
■ Active to pensioner	11
■ Deferred to pensioner	154
■ New dependants	11
Cessation of benefits:	
■ Deaths	(17)
■ Lump sum payments	(3)
In payment at 30 September 2024	1,698

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Annual report of the Trustee (continued)

Undecided members	
	Defined Benefit Section
Undecided members at 1 October 2023	10
At 30 September 2024	9

Deferred members	
	Defined Benefit Section
Deferred pensioners at 1 October 2023	2,307
Prior year adjustments	(9)
Active to deferred pensioners	545
Cessation of deferred pensions resulting from:	
■ Deaths	(3)
■ Retirements	(157)
■ Deferred Pensioners transferring benefits	(3)
At 30 September 2024	2,680

As at 30 September 2024, total membership of the Defined Benefit Section was 4,387. Included within the DB section are 1,696 pensioners and dependants whose benefits are provided by annuities (2023: 694).

Defined Benefit Section undecided members are leaver's pre 2003 who left with an entitlement to a refund which is yet to be claimed.

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Annual report of the Trustee (continued)

Pension increases

Pension increases in respect of pensionable service before 6 April 1997 are discretionary and, apart from Alfred Preedy & Son and Combined English Stores whose pensions carry an element of guarantee, are not guaranteed under the rules of the Next 2013 Plan. However, pensions earned in respect of pensionable service since 6 April 1997 are subject to guaranteed increases once in payment. The Rules of the Next 2013 Plan were amended from 5 April 2005 so that in accordance with the Pensions Act 2004, defined benefit pensions which relate to pensionable service after 5 April 1997 will be guaranteed to increase when in payment in line with the annual Retail Prices Index (RPI) to the September prior to the increase being awarded, up to a maximum in any year of:

- 5.0% for pensionable service after 5 April 1997 and before 6 April 2005.
- 2.5% for pensionable service after 5 April 2005.

Guaranteed Minimum Pensions (GMPs) form part of a member's pension once the pensioner attains age 60 (for a woman) or 65 (for a man) and represent the equivalent of the pension foregone in the former State Earnings Related Pension Scheme (SERPS) as a result of the Next 2013 Plan being contracted-out of SERPS. Once in payment, GMPs in respect of pensionable service prior to 6 April 1988 are not subject to any increase via the Next 2013 Plan but are protected against increases in inflation by additional payments to the member's state pension. GMPs accrued between 6 April 1988 and 5 April 1997 have a limited guarantee within the Next 2013 Plan; the first 3.0% increase in inflation must be paid by the Next 2013 Plan. The Trustee can award discretionary increases above any of these guarantees. In July 2010, the government announced that the inflationary measure for all state benefits and GMP revaluation within occupational pension schemes would change from RPI to the Consumer Prices Index (CPI).

In October 2023, the Trustee met to consider the increases to be applied to defined benefit pensions in payment with effect from 1 December 2023. The Trustee determined that a discretionary increase of 5% would be applied for all tranches of non GMP pension. All legislative increases were made as required.

Deferred pensions have been increased in line with statutory requirements (CPI) this year.

All increases were in accordance with the Trust Deed and Rules of the Next 2013 Plan or legislative requirements.

Custody

Investment managers appointed by the Trustee have their own custody arrangements in place. Each custodian is responsible for the safe-keeping of share documentation relating to the ownership of listed investments. The Trustee is responsible for ensuring that the Next 2013 Plan's assets continue to be held securely.

Investment management

The Trustee sets the investment strategy for the Next 2013 Plan after taking advice from their investment consultant. The Trustee has put in place investment mandates with its investment managers which implement this strategy. These investment managers are third-party appointments chosen following advice from the Trustee's investment consultant.

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Annual report of the Trustee (continued)

In accordance with section 35 of the Pensions Act 1995, a Statement of Investment Principles (“SIP”) has been produced by the Trustee following consultation with the Employer. The SIP was last reviewed and updated in March 2024. The Trustee reviews the SIP at least once every three years, and after any significant change in investment strategy. A copy of the latest SIP and any addendum is available online at <http://www.nextpensionscheme.co.uk/>.

The overriding objective of the Trustee is for the Next 2013 Plan to provide sufficient returns from current and future investments to secure Next 2013 Plan benefits as set out in the Deed and Rules. As a consequence, investments are selected, retained and realised in accordance with the Trustee’s investment strategy, as advised to the investment managers, on the basis of financially material considerations in order to achieve this overall objective. The Trustee ensures that investment managers have appropriate knowledge and experience to undertake the management of the Next 2013 Plan portfolio. The Trustee recognises that over the time horizon of the Next 2013 Plan, ESG factors including climate change could impact investment performance.

The Trustee has considered the extent to which non-financial matters, including ESG factors, should be taken into account in the selection, retention and realisation of investments. As noted above, the Trustee believes that its overriding responsibility is to act in the best financial interests of the Next 2013 Plan members and, accordingly, it does not propose to develop any specific policies considering non-financial matters in setting the investment policy.

The Trustee has limited influence over managers’ investment practices because all of the Next 2013 Plan’s assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee’s view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high-quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice, managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

The main investment objective of the Defined Benefit Section is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet the benefits of the Defined Benefit Section payable under the Trust Deed and Rules as they fall due. A further objective is that the Next 2013 Plan’s funding position (i.e. the value of the assets relative to the assessed value of the liabilities) should remain at an appropriate level.

The Trustee has set the investment strategy for the Defined Benefit Section taking into account considerations such as the strength of the Employer covenant, the duration of liabilities and the funding agreed with the Employer. The investment strategy is set out in its Statement of Investment Principles (SIP) dated March 2024.

The investment objectives of the Next 2013 Plan are set by the Trustee, in consultation with the Employer. Within the context of these risk and return objectives, the Trustee, taking advice from the Plan’s investment consultants, decides on the overall allocation of assets between various asset classes, and selects the appropriate managers within each asset class. The strategic allocation as at 30 September 2023 was as follows: 10% for global equity, 7% listed infrastructure, and 83% for bonds and gilts. These are classified into categories referred to as growth assets and matching assets. The Trustee de-risked the investment strategy over the 12 months to 30 September 2023, removing the strategic allocation to property and equity-linked bonds whilst increasing the allocation to gilts and corporate bonds. The Trustee has submitted a redemption instruction in relation to the abrdn Long Lease Property Fund, and this was redeemed in full on 12 January 2024.

The Next 2013 Plan previously entered into a bulk annuity contract (also known as a buy-in) with Just Retirement Limited.

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Annual report of the Trustee (continued)

In January 2024, the Next 2013 Plan entered into a second bulk annuity contract with PIC, which covers the remaining benefits payable to all the Next 2013 Plan's members. The objective of Just Retirement and PIC policies is to match the Next 2013 Plan's benefit payments relating to those pensions covered by the terms of the policies.

The annuity policies are "buy-ins" and therefore remain assets of the Next 2013 Plan. Holding these policies reduces the Next 2013 Plan's exposure to interest rate, inflation and longevity risks thereby protecting the long-term financial security of members' benefits.

Details of the Investment managers

In January 2024, the Next 2013 Plan entered into a second bulk annuity contract with PIC. This annuity contract insures the remaining members of the Plan and follows a previous bulk annuity contract secured with Just. Ahead of securing the annuity contract the Plan de-risked its investment strategy. The purchase of the annuity contract with PIC was funded by an in-specie transfer of gilts and transfer of cash (cash previously received from disinvesting the Plan's other invested assets). Following the transaction, the Plan's remaining invested assets other than the two annuity policies are held in gilt funds and the L&G Sterling Liquidity Fund, with the investment in the gilt funds occurring on 1 May 2024.

Legal & General – Sterling Liquidity Fund and gilts

The Next 2013 Plan holds part of the non-insured invested assets in the L&G Sterling Liquidity Fund and part in fixed and index-linked gilts funds. The assets in the fixed and index-linked gilts funds are held with an aim to match the potential additional liabilities that may be secured with the buy-in provider PIC.

The L&G Sterling Liquidity Fund is a pooled fund invested in very high quality, liquid money market instruments and deposits to achieve a short-term cash return in line with money market rates.

Legal & General is responsible for custody of the assets of the fund. Responsibility is delegated to HSBC for the corporate bond and gilt funds and to Citibank for the global equity funds. The Trustee does not have a direct relationship with the custodians.

The Trustee has entered into an insurance policy with Legal & General Assurance (Pensions Management) Limited to manage the Next 2013 Plan's assets. Investment management of these assets is delegated to Legal & General Investment Management. The insurance policy sets out details of the terms under which the Next 2013 Plan's assets are managed.

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Annual report of the Trustee (continued)

Actual allocations at the year-end are shown below:

	2024	2023
	%	%
Growth Assets	-	25
Matching Assets	100	75
	100	100

The nature and disposition of the investments are set out below, together with the actual allocation of investments at 30 September 2024, with pooled investment vehicles analysed by underlying economic exposure.

Asset Class	Pooled Investment Vehicles	Other	Total	%
	£000	£000	£000	
Matching Assets:				
■ Gilts	23,170	-	23,170	53.3
■ Other – Cash	20,279	-	20,279	46.7
■ AVCs *	-	1	1	-
Total	43,449	1	43,450	100

* legacy AVC fund held with Santander in relation to one member of the Alfred Preedy Pension Scheme.

Excludes investments relating to the Just Retirement Limited Buy-in and Pension Insurance Corporation plc, see note 9.

The Pooled Investment Vehicles (PIVs) managed by Legal & General Investment Management Limited (LGIM) are priced and traded weekly. Any withdrawals from the PIV are made in line with the disinvestment policy.

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Annual report of the Trustee (continued)

1. Investment performance

The performance of the investment managers is reviewed periodically at the Trustee's meetings.

The following table shows the performance of the Plan's invested assets (excluding Trustee bank account and buy-in insurance policies) over the one, three and five year periods to 30 September 2024, based on the performance of the investment managers, after the deduction of fees.

	One year (%)	Three years (% pa)	Five years (% pa)
2013 Next Plan	16.1	-9.5	-4.2
Benchmark	16.3	-9.5	-4.5

Investment Principles

The Trustee has established and practiced the following investment principles over the reporting year. These principles are set out in the Next 2013 Plan's SIP and any addenda.

Trustee's policies in relation to voting rights

It should be noted that the voting rights policy has no relevance now given that almost all the Next 2013 Plan's assets were transferred to a buy-in policy in January 2024. The small amount of residual non-insured assets remaining were invested in gilts funds and a cash fund at the year end, and there are no voting rights for the Trustee to influence. The Trustee's policy that applied during the year is nevertheless set out below.

The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments.

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement with relevant persons such as issuers of debt and equity, stakeholders and other investors about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and Environmental, Social and Governance ("ESG") factors.

The Trustee does not monitor or engage directly with issuers or other holders of debt or equity, but it does engage with current and prospective investment managers on matters including ESG and stewardship. The Trustee expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with its policies on stewardship, considering the long-term financial interests of the beneficiaries. The Trustee expects the managers to communicate their policies on stewardship to it from time to time and provide the Trustee with reporting on the results of their engagement and voting activities regularly, and at least once a year.

The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting the principles of the UK Stewardship Code 2020 issued by the Financial Reporting Council, and from time to time we review how these are implemented in practice.

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Annual report of the Trustee (continued)

Trustee's policies on environmental, social and governance ("ESG") and ethical factors

The Trustee has considered how ESG considerations (including but not limited to climate change) should be addressed in the selection, retention, and realisation of investments, given the time horizon of the Next 2013 Plan and its members.

The Trustee influences the Next 2013 Plan's approach to ESG and other financially material factors through its investment strategy and manager selection decisions. The Trustee expects its investment managers to take account of financially material factors (including climate change and other ESG factors) within the parameters of the mandates they have agreed with the Trustee. The Trustee seeks to appoint managers that have the skills and processes to do this, and periodically review how the managers are taking account of these issues in practice.

Whilst the Trustee notes that it has limited influence over managers' investment practices where assets are held in pooled funds, it encourages managers to improve their practices within the parameters of the fund. Within each asset class, the Trustee considered investment options that give increased weight to ESG factors. The Trustee has chosen to invest part of the equity allocation in a passively managed fund that tracks a market index of equity stocks with reduced exposure to climate-related risks and increased exposure to climate-related opportunities.

The Trustee does not explicitly consider any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention, and realisation of investments.

Trustee's policy on the implementation of asset manager arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment consultant as to whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

The Trustee has limited influence over managers' investment practices because all of the Next 2013 Plan's assets are held in pooled funds, alongside other pension plan investors. However, the Trustee encourages its managers to improve their practices within the parameters of the fund they are managing.

The Trustee's view is that the fees it pays to its investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high-quality service that meets the stated objectives and guidelines of their fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement, and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its own policies before any new appointment and to monitor, and consider terminating, any arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers to make decisions based on appropriate timeframes for each mandate, and to engage with issuers of debt or equity to improve their performance (or where this is not appropriate to explain why). The Trustee assesses this when selecting and monitoring managers.

The Trustee evaluates investment manager performance over both shorter and longer term periods as available. Except in closed-ended funds where the duration of the investment is determined by the fund's terms, the duration of a manager's appointment will generally depend on strategic considerations and the outlook for future performance.

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Annual report of the Trustee (continued)

The Trustee's policy is to evaluate the Next 2013 Plan's investment managers by considering performance, the role it plays in helping to meet the Next 2013 Plan's overall long-term objectives, taking account of risk, the need for diversification and liquidity and value for money.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management. Since the impact of these costs is reflected in performance figures used in our assessment of the investment managers, the Trustee does not explicitly monitor portfolio turnover. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Next 2013 Plan's investment mandates.

Additional Voluntary Contributions (AVCs)

The Next 2013 Plan allowed members to make Additional Voluntary Contributions (AVCs) to enhance their retirement benefits. AVCs for the Defined Benefit Section were invested separately within the Defined Benefit Contribution Section, managed by Legal and General Investment Management. However, as of 31 March 2024, the Plan has closed to future accrual, and AVCs are no longer permitted.

Investment management

The overall management of the Trustee's investments is the responsibility of the Trustee. However, the day-to-day management of the Next 2013 Plan's asset portfolio is the responsibility of the investment managers, who operate within the guidelines of their specific mandates.

Arrangements with investment managers

In broad terms, the investment managers are responsible for:

- managing their respective portfolios, within the guidelines agreed with the Trustee;
- providing the Trustee with regular information concerning the management and performance of its respective portfolios; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

The Next 2013 Plan uses LCP to implement its investment policies. The Trustee ensures that, in aggregate, its portfolio is consistent with the policies set out in this Statement, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005).

The Trustee will also ensure that the investment objectives and guidelines of any particular pooled vehicle are consistent with its policies, where relevant to the mandate in question. These considerations also apply in the appointment process of new investment managers and arrangements.

To maintain alignment, Investment managers are provided with the most recent version of this Statement of Investment Principles on a regular basis to ensure managers are aware of the Trustee's expectations regarding how the Next 2013 Plan's assets are being managed.

Should the Trustee's monitoring process reveal that an investment manager's fund is not aligned with the Trustee's policies, the Trustee will engage with the investment manager to ascertain the reasons for this and whether closer alignment can be achieved. This monitoring process includes, but is not limited to, specific consideration of the sustainable investment/ESG characteristics of the fund and the investment manager's engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the Trustee may consider alternative options available in order to consider terminating and replacing the investment manager.

For most of the Next 2013 Plan's investment funds, the Trustee expects the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods. The Trustee may select certain investment funds where such engagement is not deemed appropriate, due to the nature of the strategy and/or the investment time horizon underlying decision making.

Next Pension Trustees Limited - annual report and financial statements for the 2013 Next Group Pension Plan

Year ended 30 September 2024

Annual report of the Trustee (continued)

The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Next 2013 Plan's assets. When assessing an investment manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate an investment manager's appointment based purely on short term performance. However, an investment manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.

Self-investment

At 30 September 2024 the Next 2013 Plan had no investment in Next plc via investments held (2023: nil). This complies with the 5% investment in own shares limit as prescribed by UK regulation.

Implementation statement

The Implementation Statement has been included as Appendix 1 and forms part of this report.

The Trustee's report including the Implementation Statement in Appendix 1 is approved by the Trustee and signed for and on behalf of the Trustee of the 2013 Next Group Pension Plan.

TCFD Report

The TCFD report can be accessed via the link below. It sets out the activities and approach taken to understand and reduce the risks to the Next 2013 Plan arising from climate change and considers the implications of a range of climate change scenarios. <https://www.nextpensionscheme.co.uk>

11 March 2025



J Stevenson



L House

On behalf of Next Pension Trustees Ltd

Next Pension Trustees Limited - annual report and financial statements for the 2013 Next Group Pension Plan

Year ended 30 September 2024

Statement of Trustee Responsibilities for the Financial Statements

The audited financial statements, which are to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Next 2013 Plan members, beneficiaries and certain other parties, audited financial statements for each Next 2013 Plan year which:

(i) show a true and fair view of the financial transactions of the Next 2013 Plan during the Next 2013 Plan year and of the amount and disposition at the end of the Next 2013 Plan year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Next 2013 Plan year; and

(ii) contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice *Financial Reports of Pension Schemes*.

The Trustee has supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. They are also responsible for:

- assessing the Next 2013 Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to wind up the Next 2013 Plan's, or have no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustee's annual report, information about the Next 2013 Plan's prescribed by pensions legislation, which they should ensure is fair and impartial.

The Trustee also has certain responsibilities in respect of contributions which are set out in the Statement of Trustee Responsibilities accompanying the Trustee's summary of contributions.

The Trustee is responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Next 2013 Plan and to prevent and detect fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the Next 2013 Plan and financial information included on the Plan's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Next Pension Trustees Limited - annual report and financial statements for the 2013 Next Group Pension Plan

Year ended 30 September 2024



Independent Auditor's report to the Trustee of the 2013 Next Group Pension Plan

Opinion

We have audited the financial statements of 2013 Next Group Pension Plan ("the Plan") for the year ended 30 September 2024 which comprise the Fund Account and the Statement of Net Assets (available for benefits) and related notes, including the accounting policies in Note 3.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Plan during the Plan year ended 30 September 2024 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 Plan year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Plan in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The Trustee has prepared the financial statements on the going concern basis as they do not intend to wind up the Scheme, and as they have concluded that the Scheme's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Trustee's conclusions, we considered the inherent risks to the Scheme and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Trustee's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for the going concern period.

Next Pension Trustees Limited - annual report and financial statements for the 2013 Next Group Pension Plan

Year ended 30 September 2024

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Scheme will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustee, as to the Plan’s high-level policies and procedures to prevent and detect fraud, as well as enquiring whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Trustee’s minutes.

We remained alert to any indications of fraud throughout the audit.

As required by auditing standards, our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Trustee or Plan administrator may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustee; there are no subjective issues or judgements required.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation and unusual entries to cash. These included those posted after the first draft of the financial statements have been prepared.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustee and Plan administrator (as required by auditing standards), and discussed with the Trustee and Plan administrator the policies and procedures regarding compliance with laws and regulations.

As the Plan is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Plan’s procedures for complying with regulatory requirements and reading the minutes of Trustee’s meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Plan is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related pensions legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Next Pension Trustees Limited - annual report and financial statements for the 2013 Next Group Pension Plan

Year ended 30 September 2024

Secondly, the Plan is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, or the loss of the Plan's registration. We identified the following areas as those most likely to have such an effect: pension's legislation data protection legislation, and, recognising the financial and regulated nature of the Plan's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustee and their delegates and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on contributions payable under the Schedule of Contributions in our statement about contributions on page 38 of the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Trustee is responsible for the other information, which comprises the Trustee's report and the actuarial certification of the schedule of contributions. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

Trustee's responsibilities

As explained more fully in their statement set out on page 19, the Plan Trustee is responsible for: supervising the preparation of financial statements which show a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Plan'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 they either intend to wind up the Plan, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Next Pension Trustees Limited - annual report and financial statements for the 2013 Next Group Pension Plan

Year ended 30 September 2024

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Plan Trustee in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Plan Trustee those matters we are required to state to it 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 Plan Trustee for our audit work, for this report, or for the opinions we have formed.

11 March 2025

Iryndeeep Kaur-Delay
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snowhill Queensway
Birmingham
B4 6GH

Next Pension Trustees Limited - annual report and financial statements for the 2013 Next Group Pension Plan

Year ended 30 September 2024

Fund account

For the year ended 30 September 2024									
	Notes	Defined Benefit Section	Money Purchase Top-up section	Defined Contributions Section	Total	Defined Benefit Section	Money Purchase Top-up section	Defined Contributions Section	Total
		2024	2024	2024	2024	2023	2023	2023	2023
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Contributions and benefits									
Employer normal	4	326	-	-	326	2,698	-	-	2,698
Employee normal	4	34	-	-	34	71	-	-	71
Employers normal - advance	4	-	-	-	-	5,000	-	-	5,000
		360	-	-	360	7,769	-	-	7,769
Benefits payable	5	(14,924)	-	-	(14,924)	(13,223)	(3)	-	(13,226)
Payments to and on account of leavers	6	(170)	-	-	(170)	(1,008)	-	-	(1,008)
Administrative expenses		(2,484)	-	-	(2,484)	(2,406)	-	-	(2,406)
		(17,578)	-	-	(17,578)	(16,637)	(3)	-	(16,640)
Net withdrawals from dealings with members		(17,218)	-	-	(17,218)	(8,868)	(3)	-	(8,871)
Returns on investments									
Annuity Income	7	9,485	-	-	9,485	3,531	-	-	3,531
Change in market value of investments	11	928	-	-	928	(91,639)	-	-	(91,639)
Investment management expenses		(101)	-	-	(101)	(331)	-	-	(331)
Net returns on investments		10,312	-	-	10,312	(88,439)	-	-	(88,439)
Net assets at 1 October 2023		594,717	11	-	594,728	692,024	14	-	692,038
Inter-scheme recharge		10	(10)	-	-	-	-	-	-
Net increase / (decrease) in the fund during the year		(6,906)	-	-	(6,906)	(97,307)	(3)	-	(97,310)
Net assets at 30 September 2024		587,821	1	-	587,822	594,717	11	-	594,728

The notes on pages 26 to 37 form part of these Financial Statements.

Next Pension Trustees Limited - annual report and financial statements for the 2013 Next Group Pension Plan

Year ended 30 September 2024

Statement of Net Assets (available for benefits)

At 30 September 2024						
	Notes	Defined Benefit Section	Money Purchase Top-up section	Defined Contribution Section	Total	Total
		2024	2024	2024	2024	2023
		£'000	£'000	£'000	£'000	£'000
Investment Assets:						
Pooled Investment Vehicles	9	43,450	-	-	43,450	531,381
Annuity policies	11	542,000	-	-	542,000	57,500
Total investments	11	585,450	-	-	585,450	588,881
Current assets	15	3,665	1	3	3,669	7,137
Current liabilities	15	(1,294)	-	(3)	(1,297)	(1,290)
Net assets at 30 September		587,821	1	-	587,822	594,728

The Financial Statements summarise the transactions of the Next 2013 Plan 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 Next 2013 Plan year. The actuarial position of the Defined Benefit Section, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities included on page 40 and these Financial Statements should be read in conjunction with that Report.

11 March 2025

J Stevenson

L House

On behalf of Next Pension Trustees Ltd

Next Pension Trustees Limited - annual report and financial statements for the 2013 Next Group Pension Plan

Year ended 30 September 2024

Notes (forming part of the Financial Statements)

1. Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and the guidance set out in the Statement of Recommended Practice (Revised 2018).

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate as they believe that the Next 2013 Plan has adequate resources to meet obligations as they fall due for at least the next twelve months from the approval of these financial statements. In reaching this conclusion, the Trustee considered the impact of the current economic conditions on the Plan and on Principal Employer Next Limited. Following this assessment, the Trustee concluded it was appropriate to prepare the financial statements on a going concern basis.

2. Identification of the financial statements

The Next 2013 Plan is established as a trust under English law. The address for enquiries to the Next 2013 Plan is included in the Trustee's Report.

3. Accounting policies

The principal accounting policies of the Next 2013 Plan are as follows:

a) Investments

- i. Investments are included at fair value.
- ii. The Next 2013 Plan's functional and presentation currency is pounds Sterling.
- iii. Pooled investment vehicles are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads as provided by the investment manager.
- iv. Buy-in policies purchased in the name of the Trustee which fully provide the pension benefits for certain members are included in these financial statements at the amount of the related obligation, on a basis consistent with the Next 2013 Plan's Technical Provisions as at the Net Asset date. The buy-in valuation has been calculated by the Scheme Actuary and the policies are insured by Just Retirement and PIC.

b) Investment income

- i. Interest is accrued on a daily basis.
- ii. Income from the Annuity Policy with Just Retirement Limited and PIC is shown within Investment/Annuity Income, under Return on Investments.
- iii. Investment income arising from the underlying investments of the Pooled Investment Vehicles is rolled up and reinvested within the Pooled Investment Vehicles. This is reflected in the unit price and reported within 'Change in Market Value'.

c) Contributions

- i. Employer additional contributions are accounted for in accordance with the agreement under which they are being paid.
- ii. Employee normal contributions were accounted for when deducted from pay.
- iii. Any Employer deficit repair contributions were accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions.

Next Pension Trustees Limited - annual report and financial statements for the 2013 Next Group Pension Plan

Year ended 30 September 2024

Notes (continued)

d) Payments to members

- i. Benefits are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for in the period in which the member notifies the Trustee of his/her decision on the type or amount of benefit to be taken or, if there is no member choice, they are accounted for on the date of retirement or leaving.
- ii. Individual transfers out are accounted for when paid which is normally when member liability is discharged.
- iii. Refunds are accounted for when paid.
- iv. Group transfers are accounted for in accordance with the terms of the transfer agreement.

e) Expenses

- i. Expenses are accounted for on an accruals basis. The Next 2013 Plan bears all the costs of administration.

4. Contributions receivable

	Defined Benefit Section	Money Purchase Top-up Section	Defined Contribution Section	2024 Total
	£'000	£'000	£'000	£'000
Employer normal*	326	-	-	326
Employee normal	34	-	-	34
	360	-	-	360

	Defined Benefit Section	Money Purchase Top-up Section	Defined Contribution Section	2023 Total
	£'000	£'000	£'000	£'000
Employer normal*	2,698	-	-	2,698
Employee normal	71	-	-	71
Employer normal advance**	5,000	-	-	5,000
	7,769	-	-	7,769

*Salary sacrifice contributions are included within Employer normal contributions. Employer normal contributions ceased with effect from 31 March 2024. No deficit funding contributions are required. Following the purchase of the PIC buy-in in early 2024, all the Plan benefits are now matched by insurance policies

** Employer contribution, paid in advance to meet cash flow requirements.

Next Pension Trustees Limited - annual report and financial statements for the 2013 Next Group Pension Plan

Year ended 30 September 2024

Notes (continued)

5. Benefits payable

	Defined Benefit Section	Money Purchase Top-up Section	Defined Contribution Section	2024 Total
	£'000	£'000	£'000	£'000
Pensions	9,017	-	-	9,017
Commutations and lump sum retirement benefits	5,817	-	-	5,817
Lump sum death benefits	90	-	-	90
	14,924	-	-	14,924

	Defined Benefit Section	Money Purchase Top-up Section	Defined Contribution Section	2023 Total
	£'000	£'000	£'000	£'000
Pensions	7,610	-	-	7,610
Commutations and lump sum retirement benefits	5,162	3	-	5,165
Lump sum death benefits	451	-	-	451
	13,223	3	-	13,226

Next Pension Trustees Limited - annual report and financial statements for the 2013 Next Group Pension Plan

Year ended 30 September 2024

Notes (continued)

6. Payments to and on account of leavers

	Defined Benefit Section	Money Purchase Top-up Section	Defined Contribution Section	2024 Total
	£'000	£'000	£'000	£'000
Pension sharing orders	(1)	-	-	(1)
Individual transfers out to other schemes	171	-	-	171
	170	-	-	170

	Defined Benefit Section	Money Purchase Top-up Section	Defined Contribution Section	2023 Total
	£'000	£'000	£'000	£'000
Pension sharing orders	(2)	-	-	(2)
Individual transfers out to other schemes	1,010	-	-	1,010
	1,008	-	-	1,008

7. Annuity income

	2024	2023
Defined Benefit Section	£'000	£'000
Annuity Income – JUST	3,511	3,453
Annuity Income – PIC	5,861	-
Interest on cash deposits	113	78
	9,485	3,531

8. Tax

The Next 2013 Plan is a registered pension scheme for tax purposes under the Finance Act 2004. It 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.

Next Pension Trustees Limited - annual report and financial statements for the 2013 Next Group Pension Plan

Year ended 30 September 2024

Notes (continued)

9. Pooled Investment Vehicles (PIVs)

Defined Benefit Section

The Defined Benefit Section holdings of PIVs are analysed below:

	2024	2023
	£'000	£'000
Equities	-	106,512
Bonds	-	142,976
Fixed Interest	23,171	254,118
Property	-	27,775
Cash	20,279	-
	43,450	531,381

There are no direct transaction costs for PIVs, all costs are incurred through the bid offer spread on investments within PIVs and are included in the above values.

10. Insurance policies - annuities

The Just Retirement Limited (JUST) buy-in was purchased in August 2018. The purchase price of the buy-in was £94,214,491. The change in the valuation over the period to 30 September 2024 reflects the decrease in Just's liability to the Next 2013 Plan as a result of pensioner member deaths during the period and the impact of inflation assumptions, basis changes and financial conditions as at 30 September 2024. The valuation has been prepared on a Technical Provisions basis, in accordance with the Pensions Research Accountants Group (PRAG) guidelines for buy-in valuations. The market value as at 30 September 2024 reflects the remaining liability for the pensions secured by the policy in August 2018. The change in the value of the policy does not affect the ability to pay future pensions to Next 2013 Plan pensioners.

Income from the Annuity Policy with JUST is shown within Investment/Annuity Income, under Return on Investments.

In January 2024, the Next 2013 Plan entered into a second bulk annuity contract with the Pensions Insurance Corporation (PIC). This annuity contract insures the remaining members of the Next 2013 Plan and adds to the JUST bulk annuity contract discussed above.

Next Pension Trustees Limited - annual report and financial statements for the 2013 Next Group Pension Plan

Year ended 30 September 2024

Notes (continued)

11. Investment reconciliation

Reconciliation of investments held at the beginning and the end of the year.

Defined Benefit Section

	Value at 1 Oct 2023	Purchases at cost	Sales Proceeds	Transfer to Annuity - PIC	Change in market value	Value at 30 Sep 2024
	£'000	£'000	£'000	£'000	£'000	£'000
Pooled Investment Vehicles	531,381	651,357	(655,627)	(509,424)	25,763	43,450
Insurance policies – Annuities - JUST	57,500	-	-	-	500	58,000
Insurance policies – Annuities – PIC	-	-	-	509,335	(25,335)	484,000
Net investment assets	588,881	651,357	(655,627)	(89)*	928	585,450

*Transfer to PIC does not net down due to £34m transferred from LGIM to Trustee bank account not directly to PIC. 2 separate payments were subsequently made to PIC from the Trust.

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

12. Transaction costs

Included within the Defined Benefit Section purchases and sales are direct transaction costs of nil (2023: £nil) comprising fees, commissions and other transaction costs.

Transaction costs are also borne by the Next 2013 Plan in relation to transactions in Pooled Investment Vehicles. Such costs are taken into account in calculating the bid/offer spread of these investments and are not separately reported.

Next Pension Trustees Limited - annual report and financial statements for the 2013 Next Group Pension Plan

Year ended 30 September 2024

Notes (continued)

13. Investment Fair Value Hierarchy

The fair value of financial instruments has been estimated using the following fair value hierarchy.

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

Next 2013 Plan's invested assets have been fair valued using the above hierarchy levels as follows:

	Level (1)	Level (2)	Level (3)	Total
	£'000	£'000	£'000	£'000
At 30 September 2024				
Defined Benefit Section				
Pooled Investment Vehicles	-	43,450	-	43,450
Insurance policies – annuities – JUST	-	-	58,000	58,000
Insurance policies – annuities – PIC	-	-	484,000	484,000
	-	43,450	542,000	585,450

	Level (1)	Level (2)	Level (3)	Total
	£'000	£'000	£'000	£'000
At 30 September 2023				
Defined Benefit Section				
Pooled Investment Vehicles	-	503,606	27,775	531,381
Insurance policies – annuities – JUST	-	-	57,500	57,500
	-	503,606	85,275	588,881

Next Pension Trustees Limited - annual report and financial statements for the 2013 Next Group Pension Plan

Year ended 30 September 2024

Notes (continued)

14. Investment risks

When deciding how to invest the Next 2013 Plan's assets, the Trustee considers a wide range of risks, including credit risk and market risk, as defined below.

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, defined as follows:

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

Following the buy-in that took place in January 2024, there is no significant asset exposure to credit and market risks in the Next 2013 Plan, with the exception of exposure to the credit risk of the insurers. The Trustee considered this before the policies were taken out as part of the insurer selection process, which included obtaining professional written advice on the insurers. This risk is also mitigated by the regulatory environment in which the insurers operate and the diversification of the policies underlying assets (which is managed by the insurers).

The following table shows the Next 2013 Plan's exposure to market risks from the residual non-insured assets. The asset values shown in the table are as at 30 September 2024 and are using the bid price where available. Figures may not sum due to rounding. This excludes the buy-in policies as well as cash held in the Trustee bank account.

Fund	Credit risk	Currency risk	Interest rate risk	Other price risk	30 Sept 2024 £m
L&G Over 15 Year Index-Linked Gilts Index	○	○	●	○	11.2
L&G All Stocks Index-Linked Gilts Fund	○	○	●	○	12.0
L&G Sterling Liquidity	○	○	○	○	20.3
Total					43.4

Key: The risk noted affects the fund significantly (●), or hardly/ not at all (○). Totals may not sum due to rounding.

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Notes (continued)

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

Credit risk

The Next 2013 Plan is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds. However, there is no material credit risk associated with the residual Plan assets held with L&G, since these are invested in gilts funds (backed by the UK government) and a money market cash fund (which is invested in low risk short term deposits and other money market investments).

The Plan is also subject to direct credit risk through its investments in L&G pooled funds, in relation to the solvency of the custodians of the pooled funds. The role of a custodian is to ensure the safe keeping of the assets and facilitate all transactions entered into by the appointed investment managers. The Trustee is not responsible for the appointment of the custodian of the assets contained within the various pooled fund investments. The governing body of each pooled fund is responsible for appointing the custodian for that pooled fund, for the safe keeping, monitoring and reconciliation of documentation relating to the assets held in the pooled fund.

Direct credit risk arising from pooled funds is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the assets of the custodian and the investment manager and the regulatory environments in which the pooled fund are subject to.

Currency risk

As the Next 2013 Plan's liabilities are denominated in Sterling, any non-Sterling currency exposure within the assets presents additional currency risk. The Next 2013 Plan's assets are not subject to any direct currency risk as none of the Plan's investments are held in overseas markets.

Interest rate risk

The Plan is only exposed to material interest rate risk through the assets invested in the L&G Over 15-year Gilts Index and L&G All Stocks Index-Linked Gilts Fund. However, the interest rate exposure of the gilts funds should hedge part of the corresponding risks associated with the Plan's estimated residual non-insured liabilities. Therefore, the Trustee believes that it is appropriate to have exposure to interest rate risk in this manner.

Other price risk

Given the Next 2013 Plan invests the majority of its assets (excluding buy in contracts) in gilt and money market funds, other price risks are relatively small.

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Notes (continued)

Legal types of pooled investment funds

A summary of the type of pooled investment vehicle arrangements is as follows:

Fund	Fund vehicle
L&G Over 15 Year Index-Linked Gilts Index	Unit-linked insurance contract
L&G All Stocks Index-Linked Gilts Fund	Unit-linked insurance contract
L&G Sterling Liquidity Fund	Unit-linked insurance contract

Employer related investments

As at 30 September 2024 there was no Employer-related investments in the Next 2013 Plan, within the meaning of Section 40(2) of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005.

Concentration of investments

The following investments represent >5% of total net assets:

	2024	2024	2024	2023	2023	2023
	%	£	UNITS	%	£	UNITS
Just Retirement Buy In	9.9	58,000,000	-	9.7	57,500,000	-
Pension Insurance Corporation plc	82.3	484,000,000	-	-	-	-
L&G AAA AAA Bonds > 15 year	-	-	-	24.0	142,975,835	67,752,711
L&G >15 Year Index Linked Gilts	-	-	-	24.9	148,020,337	81,462,792
L&G 2055 Gilt Fund	-	-	-	7.3	43,519,368	26,509,367
L&G 2060 Gilt Fund	-	-	-	5.5	32,919,230	-
L&G Low Carbon Global Equity	-	-	-	8.2	49,028,741	44,864,836
Fidante	-	-	-	7.7	45,856,379	489,500

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Notes (continued)

15. Current Assets and Liabilities

	Defined Benefit Section	Money Purchase Top-up Section	Defined Contribution Section	2024 Total
	£'000	£'000	£'000	£'000
Cash	3,613	1	3	3,617
Prepayments	52	-	-	52
	3,665	1	3	3,669
Less sundry creditors	(1,294)	-	(3)	(1,297)
	2,371	1	-	2,372

	Defined Benefit Section	Money Purchase Top-up Section	Defined Contribution Section	2023 Total
	£'000	£'000	£'000	£'000
Cash	7,067	11	3	7,081
Contributions due	56	-	-	56
	7,123	11	3	7,137
Less sundry creditors	(1,287)	-	(3)	(1,290)
Total	5,836	11	-	5,847

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Notes (continued)

16. Related party transactions

Next Pension Trustees Limited is the Trustee for both the Next Group Pension Plan and the 2013 Next Group Pension Plan.

The 2013 Next Group Pension Plan has the same principal employer and Trustee as the Next Group Pension Plan.

One Director of the Trustee company is a pensioner member of the Next 2013 Plan Defined Benefit Section and his benefits were also calculated in accordance with the Rules of the Next 2013 Plan. Two Directors are deferred members of the Next 2013 Plan Defined Benefit Section.

The emoluments of the Directors of the Trustee Company have been allocated on a 96:4 basis with the Next Group Pension Plan. These amounted to 2024: £258k (2023: £196k, 96:4 basis).

The Employer pays expenses on behalf of the Next 2013 Plan which are recharged to the Next 2013 Plan on a monthly basis. At 30 September 2024 expense recharges due to Employer totalled £339k (2023: £140k).

17. Self-investment

At 30 September 2024, the Next 2013 Plan had no investment in Next plc via investments held (2023: £nil). This complies with the 5% investment in own shares limit as prescribed by UK regulation.

18. GMP equalisation

As explained on page 5 of the Annual Report of the Trustee, on 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the 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.

In addition, on 20 November 2020, the High Court handed down a second judgement involving the Lloyds Banking Group's defined benefit pension schemes. This latest judgement confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. Again, the issues determined by the judgement arise in relation to many other defined benefit pension schemes.

The Trustee has appointed Gallagher (previously known as Buck Consultants Limited) to assist it with considering its next steps as the Next 2013 Plan has experienced significant historical transfers out which will be subject to adjustment as a result of this second ruling. The Trustee, in consultation with the Company, has chosen to adopt Method B in order to achieve GMP equalisation. Both insurers have confirmed that they are supportive of this method of GMP equalisation. No provision has been made in the financial statements for any liabilities.

19. Virgin Media case

In light of the recent ruling in the Virgin Media case, the Trustee has reviewed its position and assessed the potential impact on the Next 2013 Plan. Having carefully considered the ruling and sought appropriate advice, the Trustee is satisfied that the scheme is not impacted. The Trustee will continue to monitor relevant legal and regulatory developments.

Next Pension Trustees Limited - annual report and financial statements for the 2013 Next Group Pension Plan

Year ended 30 September 2024



Independent Auditor's Statement about Contributions to the Trustee of the 2013 Next Group Pension Plan

Statement about contributions

We have examined the summary of contributions payable under the Schedules of Contributions to the 2013 Next Group Pension Plan ("the Plan") in respect of the Plan year ended 30 September 2024 which is set out on page 39.

In our opinion, contributions for the Plan year ended 30 September 2024 as reported in the Summary of Contributions and payable under the Schedules of Contributions have, in all material respects, from 1 October 2023 to 19 December 2023 been paid at least in accordance with the Schedule of Contributions certified by the Plan Actuary on 29 June 2020 and subsequently been paid at least in accordance with the Schedule of Contributions certified by the Plan actuary on 20 December 2023.

Scope of work

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

Respective responsibilities of Trustee and auditor

As explained more fully in the Statement of Trustee's responsibilities set out on page 39, the Plan's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedules of Contributions showing the rates and due dates of certain contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Plan and for monitoring whether contributions are made to the Plan in accordance with the Schedules of Contributions.

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

The purpose of our work and to whom we owe our responsibilities

This statement is made solely to the Plan's Trustee, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to it 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 Plan's Trustee, for our work, for this statement, or for the opinions we have formed.

Iryndeeep Kaur-Delay
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham, B4 6GH

Date:.....

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Statement of Trustee Responsibilities in respect of Contributions

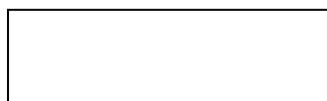
The Next 2013 Plan's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Next 2013 Plan by or on behalf of the employer and the active members of the Next 2013 Plan and the dates on or before which such contributions are to be paid. The Next 2013 Plan's Trustee is also responsible for keeping records of contributions received in respect of any active member of the Next 2013 Plan and for monitoring that contributions are made to the Next 2013 Plan in accordance with the Schedule.

Trustee Summary of Contributions payable under the Schedules in respect of the Next 2013 Plan year ended 30 September 2024

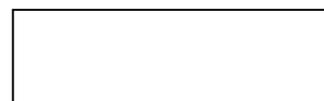
This summary of contributions has been prepared by, and is the responsibility of, the Trustee. It sets out the Employer and member contributions payable to the Next 2013 Plan under the Schedules of Contributions certified by the Plan actuary on 29 June 2020 and 20 December 2023 in respect of the Next 2013 Plan year ended 30 September 2024. The 2013 Next Plan's auditor reports on contributions payable under the Schedules in the Auditor's Statement about Contributions.

Contributions payable under the Schedules in respect of the Next 2013 Plan year ended 30 September 2024	£'000s
Employer normal	326
Member normal	34
Total contributions payable under the Schedules (as reported in the Financial Statements)	360

This summary was approved by the Trustee on 11 March 2025.



J Stevenson



L House

On behalf of Next Pension Trustees Ltd

Next Pension Trustees Limited - annual report and financial statements for the 2013 Next Group Pension Plan

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Report on Actuarial Liabilities (forming part of the Trustee's report)

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 benefit members are entitled to, based on pensionable service to the valuation date. This is assessed using the assumptions set by the Trustee, having consulted the Employer, and set out in the Statement of Funding Principles, which is available to members on request

The most recent full actuarial valuation of the Next 2013 Plan was carried out as at 30 September 2022. An approximate update (known as an Annual Actuarial Report) was carried out as at 30 September 2023. A summary of the results at both dates are shown below:

	30 September 2020	30 September 2021	30 September 2022*	30 September 2023
The value of the liabilities (including expenses) was	£941.5m	£887.7m	£606.7m	£515.4m
The Scheme's assets were valued at	£897.7m	£945.1m	£695.5m	£596.1m
This means there was a (shortfall)/surplus of	(£43.8m)	£57.4m	£88.8m	£80.7m
Funding level (assets divided by liabilities)	95.3%	106.5%	114.6%	115.7%

* 30 September 2022 position includes £5.75m of advance Company future service contributions.

The improvement in the funding position in percentage terms since 30 September 2022 has been due to an increase in government bond yields which has acted to reduce the liabilities, whilst a reduction in future expectations of inflation have also contributed to this. These factors also reduce the value of the assets, but to a lesser extent meaning the funding level improved.

The values above relate only to the Defined Benefit section of the Next 2013 Plan, and do not include assets or liabilities of the Defined Contributions section or of members' AVCs.

Method

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

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Significant actuarial assumptions

The principal assumptions that were used for the actuarial valuation as at 30 September 2022 and the actuarial report as at 30 September 2023 shown above are set out below. These were derived having regard to the Statement of Funding Principles agreed as part of the 30 September 2022 actuarial valuation.

Assumption	30 September 2020	30 September 2021	30 September 2022	30 September 2023
Discount rate to 30 September 2030	1.96% p.a.	2.42% p.a.	4.09% p.a.	5.19% p.a.
Discount rate from 1 October 2030	0.96% p.a.	1.57% p.a.	3.94% p.a.	5.04% p.a.
Pensionable earnings increases	Nil	Nil	Nil	Nil
Deferred pension revaluation				
Pre 6 April 2009 pension	2.36% p.a.	2.95% p.a.	3.11% p.a.	2.78% p.a.
Post 5 April 2009 pension	2.36% p.a.	2.50% p.a.	2.50% p.a.	2.50% p.a.
Pension increases				
Guaranteed in line with RPI up to a 5% annual maximum	3.00% p.a.	3.38% p.a.	3.44% p.a.	3.28% p.a.
Guaranteed in line with CPI up to a 3% annual maximum	1.96% p.a.	2.23% p.a.	2.24% p.a.	2.22% p.a.
Guaranteed in line with RPI up to a 2.5% annual maximum	2.04% p.a.	2.16% p.a.	2.16% p.a.	2.08% p.a.
Allowance for discretionary increases	2.04% p.a.	2.16% p.a.	2.13% p.a.	2.08% p.a.
Mortality base table				
Male pensioners	101%/103% of S3PMA for male Pensioners / Non-Pensioners			
Female pensioners	101%/ 99% of S3PFA_ middle table for female Pensioners / Non-Pensioners			
Mortality future improvements	CMI_2022 projection model with core parameters and 1.75% p.a. long-term trend			

All other assumptions are in line with the Statement of Funding Principles dated 20 December 2023.

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Actuary's Certification of Schedule of Contributions



Certificate Of Schedule Of Contributions

Name of the Plan

2013 Next Group Pension Plan

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to continue to be met for the period for which the schedule is to be in force.
2. I also certify that the rates of contributions shown in this schedule are not lower than I would have provided for had I had responsibility for preparing or revising the Schedule and the Statement of Funding Principles.

Adherence to statement of funding principles

3. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 20 December 2023.

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 2013 Next Group Pension Plan liabilities by the purchase of annuities, if the 2013 Next Group Pension Plan were to be wound up.

Signature

DocuSigned by:

512973AB378E4F0...

Name

Neil Brougham

Date of signing

20 December 2023

Qualification

Fellow of the Institute and Faculty of Actuaries

Name of employer

Mercer Limited

Address

Belvedere, 12 Booth Street, Manchester M2 4AW

Next Pension Trustees Limited - annual report and financial statements for the 2013 Next Group Pension Plan

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Implementation Statement for the DB Section, covering the 12 months to 30 September 2024 (forming part of the Trustee's report)

The Trustee of the 2013 Next Group Pension Plan (the "Plan") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles ("SIP") during the period from 1 October 2023 to 30 September 2024 (the "Plan Year"). This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Plan Year by, and on behalf of, Trustee (including the most significant votes cast by Trustee or on its behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustee has had regard to the [guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions \("DWP's guidance"\)](#) in June 2022.

1. Introduction

The voting and engagement policies in the SIP were reviewed and updated during the Plan Year in March 2024 to reflect the buy-in transaction with Pension Insurance Corporation plc ("PIC"), which took place in January 2024. Further detail and the reasons for these changes are set out in Section 2. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed the Plan's voting and engagement policies during the Plan Year.

2. Voting and engagement

As stated in the SIP, the Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments.

As at 30 September 2024, the Next 2013 Plan's only investments are buy-in policies, gilts funds and a cash fund. Therefore, there are no voting rights.

Prior to the buy-in transaction in January 2024, for the Next 2013 Plan's assets that were invested in pooled funds, the Trustee had delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement with relevant persons such as issuers of debt and equity, stakeholders, and other investors about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and Environmental, Social and Governance ("ESG") factors. The result of the relevant managers' engagement and voting activities are set out in this statement.

Following the introduction of DWP's guidance, the Trustee selected priority ESG themes to provide a focus for monitoring of investment managers' voting and engagement activities. In February 2023 the Trustee Investment Committee ("IC") received training regarding the DWP's guidance on stewardship.

The IC recommended and the Trustee approved setting stewardship priorities of climate change, human rights and modern slavery and corporate transparency.

The Trustee has selected these as key market-wide risks and areas where they believe that good stewardship and engagement can improve long-term financial outcomes for the Plan's members.

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The priorities were communicated to the Plan's managers during the previous Plan Year. The Trustee also communicated its expectations that asset managers have strong responsible investment skills and processes, and noted a preference for managers who are signatories to the Principles for Responsible Investment, UK Stewardship Code and Net Zero Asset Manager Initiative. The Trustee encouraged the managers to sign these initiatives if not already done so. The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting the principles of the UK Stewardship Code 2020 issued by the Financial Reporting Council, and from time to time the Trustee reviews how these are implemented in practice.

3. Description of voting behaviour during the Plan Year

In this section, we have provided voting data up to the point at which the Next 2013 Plan disinvested from the funds (1 December 2023 for the L&G equity funds and 6 December 2023 for the Patrizia equity fund) and other relevant data to 31 December 2023, the nearest month end date.

All of the Trustee's holdings in listed equities were within pooled funds and the Trustee delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Plan Year. However, the Trustee monitors managers' voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee's expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Next 2013 Plan's funds that hold equities as follows:

- Legal & General Investment Management ("L&G") World (ex-UK) Developed Equity Index Fund;
- L&G Passive Low Carbon Global Equity Index Fund; and
- Patrizia Low Carbon Core Infrastructure Fund.

As part of the bulk annuity transaction the Trustee disinvested from the above funds in December 2023.

In addition to the above, the Trustee's investment consultants contacted the Next 2013 Plan's other asset managers that don't hold listed equities, to ask if any of the assets held by the Plan had voting opportunities over the Plan Year. None of the other pooled funds that the Next 2013 Plan invested in over the Plan Year held any assets with voting opportunities.

3.1 Description of the voting processes

L&G

"L&G's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all L&G's clients. L&G's voting policies are reviewed annually and take into account feedback from its clients.

Every year, L&G holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as L&G continues to develop its voting and engagement policies and define strategic priorities in the years ahead. L&G also take into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.

All decisions are made by L&G's Investment Stewardship team and in accordance with its relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures L&G's stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

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L&G's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G and no part of the strategic decisions is outsourced. L&G's use of ISS recommendations is purely to augment its own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that L&G receive from ISS for UK companies when making specific voting decisions.

To ensure L&G's proxy provider votes in accordance with L&G's position on ESG, L&G have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what L&G consider are minimum best practice standards which L&G believe all companies globally should observe, irrespective of local regulation or practice.

L&G retain the ability in all markets to override any vote decisions, which are based on its custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows L&G to apply a qualitative overlay to L&G voting judgement. L&G has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with L&G's voting policies by its service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform L&G of rejected votes which require further action.

For more information, L&G's policy document on the topic is available here: <https://www.L&G.com/landq-assets/L&G/document-library/capabilities/how-L&G-uses-proxy-voting-services.pdf>

Patrizia

"Patrizia does not consult with underlying pooled fund investors prior to voting. However, Patrizia are very open to maintaining a dialog with investors of this topic. Each voting item is reviewed by the portfolio management team, alongside relevant internal and third-party research, and each vote is considered on its merits and in the context of what Patrizia know of the company. Patrizia receive additional research and vote recommendations from ISS, based on their Socially Responsible Investment 'SRI' policy. This is one of the sources of information that is considered in the voting decision. Patrizia has considered votes related to: sustainability thematic including climate change and biodiversity, shareholder led resolutions, remuneration, and governance, particularly votes against management recommendation, to be 'most significant votes'."

Next Pension Trustees Limited - annual report and financial statements for the 2013 Next Group Pension Plan

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3.2 Summary of voting behaviour

A summary of voting behaviour over the Plan Year up to the point at which the Next 2013 Plan disinvested, is provided in the table below. The above data is shown up the point at which the Next 2013 Plan disinvested from the funds (1 December for the L&G equity funds and 6 December 2023 for the Patrizia equity fund). One of the three relevant Patrizia votes did not have a management recommendation.

Fund name	L&G World (ex-UK) Developed Equity Index Fund	L&G Low Carbon Transition Global Equity Index Fund	Patrizia Low Carbon Core Infrastructure Fund
Total size of pooled fund at end of the Plan Year	£2,007m	£3,846m	£166m
Value of Plan assets at end of the Plan Year	Nil	Nil	Nil
Number of equity holdings at end of the Plan Year	2,399	2,837	38
Number of meetings eligible to vote	181	416	1
Number of resolutions eligible to vote	1,231	2,304	3
% of resolutions voted	100%	100%	100%
Of the resolutions on which voted, % voted with management	73.3%	74.9%	66.6%
Of the resolutions on which voted, % voted against management	26.7%	24.3%	0%
Of the resolutions on which voted, % abstained from voting	0%	0.8%	0%
Of the meetings in which the manager voted, % with at least one vote against management	69.1%	52.9%	0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	16.8%	11.9%	0%

3.3 Most significant votes

Commentary on the most significant votes over the Plan Year, from the Next 2013 Plan's asset managers who held listed equities, is set out below.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria for creating this shortlist.

The Plan fully disinvested from its holdings within the L&G and Patrizia equity funds on 1 December and 6 December respectively. So, the voting information shown only covers the relevant period of the beginning of the Plan year to date of disinvestment.

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L&G World (ex-UK) Developed Equity Index Fund

Oracle Corporation, 15 November 2023

- **Summary of resolution:** Require Independent Board Chair
- **Relevant stewardship priority:** Corporate transparency
- **Approx. size of the holding at the date of the vote** 0.3%
- **Why this vote is considered to be most significant:** L&G considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO.
- **Company management recommendation:** Against **Fund manager vote:** For
- **Rationale:** A vote in favour is applied as L&G expects companies to establish the role of independent Board Chair.
- **Outcome of the vote and next steps:** Fail. L&G will continue to engage with the company and monitor progress.

L&G Low Carbon Transition Global Equity Index Fund

Sasol Ltd., 17 November 2023

- **Summary of resolution:** Approve Climate Change Report
- **Relevant stewardship priority:** Climate Change
- **Approx. size of the holding at the date of the vote** 0.01%
- **Why this vote is considered to be most significant:** L&G is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5 degree Celsius scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.
- **Company management recommendation:** For **Fund manager vote:** Against
- **Rationale:** A vote against is applied as L&G expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.
- **Outcome of the vote and next steps:** Pass. L&G will continue to engage with the company and monitor progress.

Patrizia Low Carbon Core Infrastructure Fund

Patrizia confirmed that there were no significant votes put to shareholders of the equities held in its fund between 1 October 2023 and 6 December 2023.