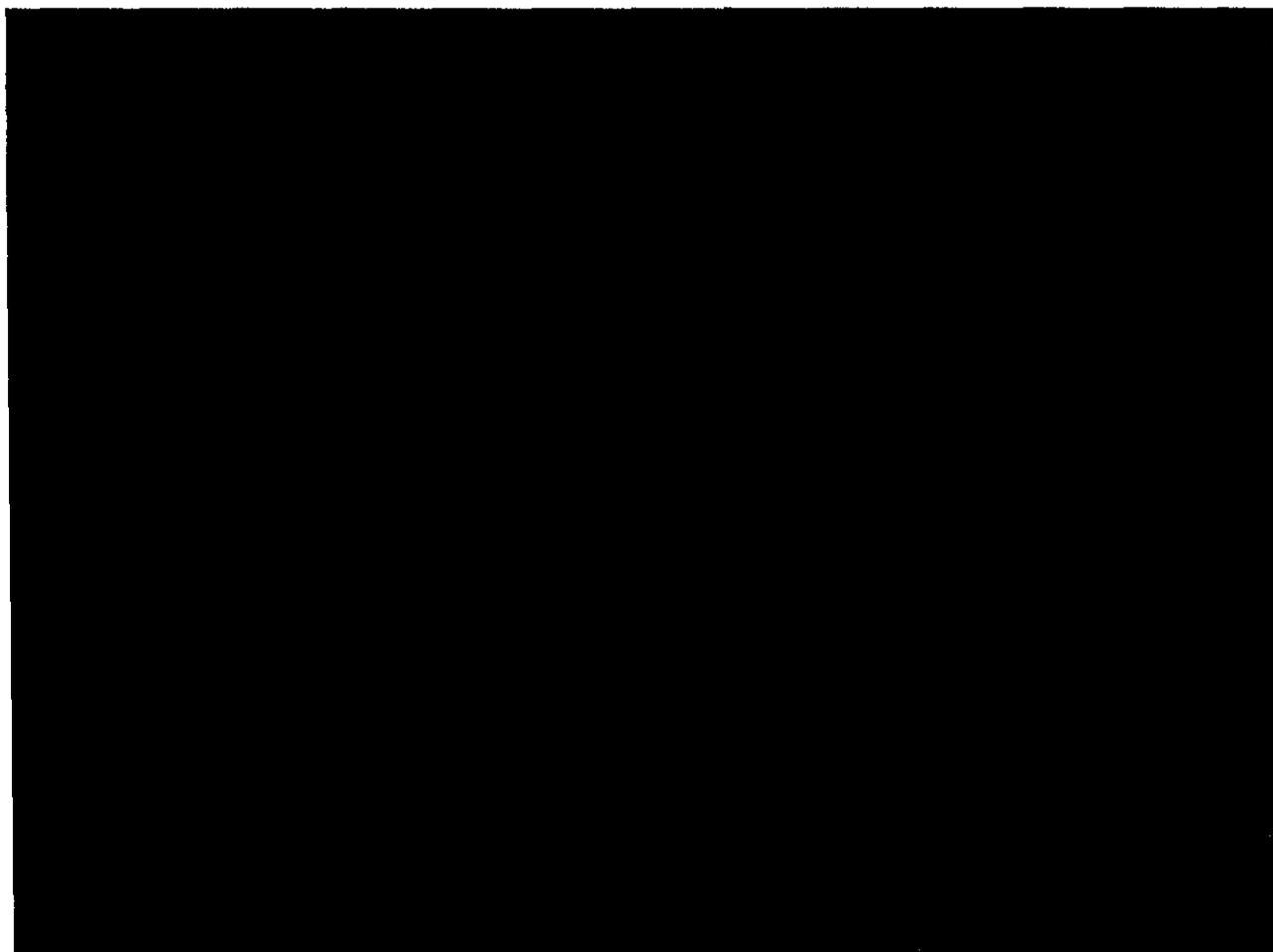


Mowlem Staff Pension and Life Assurance Scheme

Report and Financial Accounts

Year ended 31 December 2010

Registration Number 101393015



Mowlem Staff Pension and Life Assurance Scheme

Contents

	Page
Advisers	2 - 3
Trustee report	4 – 10
Statement of Trustee's responsibilities	11
Investment report	12 – 17
Summary of Contributions	18
Statement about Contributions	19
Independent Auditor's report to the Trustee	20
Fund account	21
Net assets statement	22
Notes to the financial statements	23 – 32
Schedule of contributions, incorporating actuarial certificate	33 – 36
Compliance Statement	37 – 38

Mowlem Staff Pension and Life Assurance Scheme

Advisers
Year ended 31 December 2010

Administrative details

Scheme Actuary

E S Topper
Mercer Limited

Scheme Administrators

MNPA Limited

Secretary to the Trustee

Peter Clarke
Pensions Manager
Carillion plc
Birch Street
Wolverhampton
WV1 4HY

Auditors

KPMG LLP

Bankers

National Westminster Bank Plc

Investment managers

Legal & General Investment Management Limited
AllianceBernstein Institutional Investment Management
NewSmith Asset Management LLP
Artemis Investment Management
Origin Asset Management
BlackRock
Pramerica Real Estate Investors (formerly UBS)
Odey Asset Management Limited
Taube Hodson Stonex Partners LLP

AVC providers

Equitable Life Assurance Society
Prudential Assurance Co Ltd
Aviva (formerly Norwich Union Life and Pensions Ltd)
The Standard Life Assurance Company
MGM Insurance
NPI Ltd
Legal and General Assurance Society

Solicitors

Macfarlanes LLP

Investment Adviser

Mercer Limited

Custodian

KAS Bank NV

Mowlem Staff Pension and Life Assurance Scheme

Advisers
Year ended 31 December 2010

Principal Employer
Carillion JM Limited

Contact address
MNPA Limited
Leatherhead House
Station Road
Leatherhead
Surrey
KT22 7ET

Mowlem Staff Pension and Life Assurance Scheme

Trustee report Year ended 31 December 2010

Introduction

The Trustee of Mowlem Staff Pension and Life Assurance Scheme ("the Scheme") is pleased to present the Annual Report together with the audited financial statements for the year ended 31 December 2010. The Scheme is a hybrid Scheme incorporating a defined benefit section (both final salary and CARE) and a defined contribution section.

The Scheme closed to future accrual on 5 April 2009 and all active members of the Scheme at that date became deferred members.

The Scheme was originally established by a Trust Deed dated 28 December 1945. Over the years a number of amendments have been approved and the most recent Trust Deed and Rules are dated 6 April 2006.

Details of the Scheme are described in the member's handbook. The Trust Deed and Rules governing the Scheme are available for inspection on application to the administrator.

HMRC approval

The Scheme is a "registered pension Scheme" for tax purposes.

The Principal Employer

The Principal Employer is Carillion JM Limited. The majority of members are employees or former Employees of this entity which continues to trade as a subsidiary of Carillion plc.

Appointment and removal of Trustee/management of the Scheme

Until 31 March 2011 the Scheme was managed by the Trustee, Mowlem Pension Trustees Limited, a company whose function is to act as Trustee of the Scheme. The Trust Deed & Rules, the legal document which governs the Scheme, provided for the appointment and removal of Trustee directors. The board of the Trustee was made up of 6 directors, three of whom were appointed by the Principal Employer and three were member representatives. These Member Nominated Directors served for a period of 4 years and were eligible for re-election.

The directors of the Mowlem Pension Trustees Limited during the year were:

Appointed by the employer

Brian Watkins (Chairman)	Pensioner Member
Robin Herzberg	Group Head of Risk, Carillion plc
David Liming	Managing Director, Carillion Building London and South East
Lee Mills	Head of Treasury and Tax, Carillion plc

Appointed by the members

Gerald Brown	Pensioner Member
Roy Hollis	Pensioner Member
Steven Brunswick	Technical Services Director
Geoffrey McCullough	Commercial Director

Mowlem Staff Pension and Life Assurance Scheme

Trustee report Year ended 31 December 2010

From 1 April 2011 Mowlem Pension Trustees Limited was replaced by Carillion (DB) Pension Trustee Limited. This company's function is to act as Trustee to the Scheme and to 5 other Carillion Group Schemes. The Articles of this company provide for the appointment and removal of Trustee directors. The board of the Trustee is made up of 16 directors, six of whom are appointed by the Principal Employer, one of whom is the independent chair and ten are member representatives. The current Member Nominated Directors have been co-opted from the previous Trustee companies of five of the six Schemes for which it acts as Trustee. Elections for Member Nominated Directors will take place by 31 March 2012.

The directors of Carillion (DB) Pension Trustee Limited since 1 April 2011 are:

Appointed by the employer

Robin Ellison (Independent Chair)	Head of Strategic Development for Pensions, Pinsent Masons LLP
Robin Herzberg	Group Head of Risk, Carillion plc
Lee Mills	Head of Treasury & Tax, Carillion plc
Susan Morton	Group HR Director, Carillion plc
Alison Shepley	Legal Director (Services)
Brian Watkins	Pensioner Member

Appointed by the members

David Benson	Programme Manager, CBS
Gerald Brown	Pensioner Member
Steven Brunswick	Technical Services Director, Building
Stephen Chandler	Health & Safety Manager, CPM
Simon Eastwood	Managing Director, Carillion Developments
Paul Kitto	Head of Proposals, RCE
Simon Rawsthorne	Branch Manager, CPM
Stephen Rowland	Pensioner Member
Neil Sutherland	Operations Health Director, CSS
Vacancy	

Transfer values

Transfer values paid during the year were calculated and verified in the manner required by the Pension Schemes Act 1993. The transfer values have been reduced following receipt of an insufficiency report from the actuary.

No discretionary benefits are accounted for in the calculation of transfer values.

Actuarial valuation

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' are an estimate made on actuarial principles of the assets needed at any particular time to cover the Scheme liabilities. Liabilities include pensions in payment, benefits payable to the survivors of former members and those benefits accrued by other members which will be payable in the future.

Technical provisions are calculated using an accrued benefits funding method and assumptions chosen by the Trustee, after taking the actuary's advice and usually obtaining the employer's agreement.

These assumptions will be subject to scrutiny by the Pensions Regulator if they fall outside reasonable boundaries as judged by the Regulator.

Mowlem Staff Pension and Life Assurance Scheme

Trustee report Year ended 31 December 2010

To check if the Scheme has sufficient assets to cover its liabilities the Trustee asks the actuary to perform a valuation.

In a valuation, the actuary measures the value of the Scheme's assets, estimates the value of its liabilities and then compares the two. This gives the funding level. If the Scheme has exactly the right amount of assets to meet its liabilities, it is described as having a 100% funding level. The aim is to suggest:

- how much money the Scheme needs to set aside to cover the benefits members have already earned; and
- the contributions the Scheme should receive for benefits building up in the future, if any.

In a valuation, the actuary looks at the Scheme's finances under two main situations.

The **scheme specific funding basis** is effectively the basis used by the Trustee for striking the technical provisions and assumes that the Scheme will continue in its present form. It includes the cost of paying benefits now and in the future. These liabilities can be spread over many years, which allows the actuary to include allowance for future investment growth on the Scheme's assets.

The **discontinuance basis** assumes that the Scheme was wound up on the valuation date. The actuary is required by law to look at this situation: it does not mean that the company is thinking of ending the Scheme. To do this, he looks at whether the Scheme had enough money to buy insurance policies to provide members' benefits. This is called the '**full solvency position**'. Insurance companies have to invest in low-risk assets which are likely to give low returns, while their policy prices will include administration charges and a profit margin. This means that even if a Scheme is fully funded on the technical provisions basis, the full solvency figure is likely to be less than 100%.

The most recent actuarial valuation of the Scheme was undertaken as at 31 December 2008 and the next valuation is due as at 31 December 2011. The Actuarial Certificate required under Section 227 relating to the 2008 valuation as required by law, is set out on pages 33 to 36.

The valuation undertaken at 31 December 2008 was not signed until October 2010, which is outside the statutory requirement. The Pensions Regulator was notified of the late submission, which was due to extended discussions with the Company.

The results of the valuation as at 31 December 2008

Ongoing Basis

On 31 December 2008, the actuary found that the Scheme was not 100% funded and the full amount needed to provide benefits was £524.5m. The market value of the Scheme's assets was £381.7m which gave a shortfall of £142.8m on the technical provisions basis. This is equivalent to a funding level of 73%.

Discontinuance Basis

If the Scheme was wound up on 31 December 2008, the actuary estimated the shortfall would have been £434.4m. This is equal to a funding level of 47%.

Under the Statutory Funding objective, where there is a shortfall at the effective date of the actuarial valuation, the Trustee must aim to achieve full funding in relation to the technical provisions. It achieves this by agreeing a Recovery Plan with the Employer to make good any shortfall over a reasonable period. This Recovery Plan is also subject to the Regulator's scrutiny.

The Trustee and Employer have agreed on a Recovery Plan which aims to achieve 100% funding on the technical provisions basis by December 2024, with the Employer paying shortfall contributions of £10.1m per annum from 2010 to 2021 inclusive; £14.9m in 2022; £16.1m in 2023 and £16.25m in 2024.

Mowlem Staff Pension and Life Assurance Scheme

Trustee report Year ended 31 December 2010

Movements over the last year and since the valuation

Over 2010 there has been an improvement in the ongoing funding level, largely due to the positive return on investments over the year and the additional lump sums paid by the Employer. However, at the same time the cost of providing benefits has increased, due to a fall in the gilt yield, although the increase in the assets has more than offset the increase in the liabilities.

Since the formal valuation in 2008, the funding level has improved each year and the Scheme was approximately 83% funded at the 2010 year end on the technical provisions basis adopted for the 2008 actuarial valuation. The funding position will continue to be monitored regularly by the Trustee as part of its ongoing strategy for managing the Scheme.

Full details of the formal valuation as at 31 December 2008 are given in the Actuary's valuation report. A copy is available on request from the Administrator.

Mowlem Staff Pension and Life Assurance Scheme

Trustee report Year ended 31 December 2010

Membership

Details of the membership of the Scheme as at 31 December 2010 are given below:-

	Defined Benefit Section	Defined Contributions Section	Total 2010	Total 2009
ACTIVE MEMBERS				
At the start of the year	-	-	-	1,123
New entrants in the year	-	-	-	2
Retirements	-	-	-	(15)
Members leaving with preserved benefits	-	-	-	(103)
Members leaving with leaver options	-	-	-	(1)
Members becoming employed deferred	-	-	-	(1,006)
Active members at the end of the year	-	-	-	-
PENSIONERS				
Pensioners at the start of the year	2,006	-	2,006	1,870
Adjustments to pensioners	-	-	-	(2)
Death of spouse	(18)	-	(18)	(20)
Death of pensioner	(40)	-	(40)	(43)
Members retiring during the year	138	-	138	168
Spouses and dependants	-	-	-	33
Commutations	(1)	-	(1)	-
New Beneficiaries	21	-	21	-
Suspended payments	(2)	-	(2)	-
Pensioners at the end of the year	2,104	-	2,104	2,006
MEMBERS WITH PRESERVED BENEFITS AND DEFERRED BENEFITS				
Number at the start of the year	4,028	202	4,230	4,287
Adjustments to deferred members	96	-	96	2
Leavers during the year with preserved benefits	97	4	101	104
Deferred pensioners becoming pensioners	(124)	(3)	(127)	(143)
Transfers out during the year	(21)	(4)	(25)	(11)
Deaths of deferred member	(2)	(1)	(3)	(9)
Deferred members at the end of the year	4,074	198	4,272	4,230
EMPLOYED DEFERRED MEMBERS				
Number at start of the year	711	279	990	-
Adjustments to employed deferred members	(76)	-	(76)	-
Members becoming employed deferred	-	-	-	1,006
New entrants in the year	-	-	-	1
Retirements	(1)	(3)	(4)	(12)
Members leaving with preserved benefits	(97)	(4)	(101)	(1)
Members leaving with contribution refunds	(5)	-	(5)	(3)
Members leaving with leaver options	-	-	-	(1)
Members becoming pensioners	(20)	-	(20)	-
Members leaving with no liability	(2)	-	(2)	-
Transfers out during the year	(12)	(4)	(16)	-
Employed deferred members at the end of the year	498	268	766	990

Mowlem Staff Pension and Life Assurance Scheme

Trustee report Year ended 31 December 2010

	Defined Benefit Section	Defined Contributions Section	Total 2010	Total 2009
LEAVER OPTION OUTSTANDING				
Number at start of year	-	4	4	9
New Leaver options decision awaited from Active	-	-	-	2
Leavers – receiving a refund	-	(1)	(1)	(2)
Leavers – receiving pensions	-	-	-	-
Leavers – transfers out	-	(2)	(2)	(5)
Leaver Options at the end of the year	-	1	1	4
TOTAL MEMBERSHIP AT THE END OF THE YEAR	6,676	467	7,143	7,230

Pensioners include individuals receiving a pension upon the death of their spouse.

These membership figures do not include movements notified to the Administrator after the completion of the annual renewal.

Financial development of the Scheme

The financial statements on pages 21 and 22 show that the value of the Scheme's assets increased by £38,815,000 to £464,259,000 as at 31 December 2010. The increase comprises of net withdrawals from dealings with members of £8,853,000 together with a net increase in the value of investments of £47,668,000.

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

Further details of the financial developments of the Scheme may be found in the audited financial statements on pages 21 to 32.

Management of investments

The day to day management and the safe custody of the Scheme's investments has been delegated by the Trustee to the Investment Managers as shown on page 2 of this report. A report from the investment advisers is on pages 12 to 17.

The Trustee has produced a Statement of Investment Principles as required by Section 35 of the Pensions Act 1995 and a copy is available on request.

The investments of the Scheme are invested in accordance with the Occupational Pension Schemes (Investment) Regulations 1996.

Mowlem Staff Pension and Life Assurance Scheme

Trustee report Year ended 31 December 2010

Investment performance

Details of investment performance can be found in the Investment Report on pages 12 to 17.

Further information

Members are entitled to inspect copies of documents giving information about the Scheme. In some circumstances copies of documents can be provided, but a charge may be made for copies of the trust documents (Deed and Rules) and of the actuary's report.

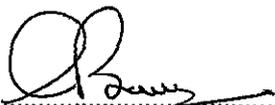
Any member with a complaint or unresolved query can use the Internal Disputes Resolution Procedure or, alternatively, they can obtain free advice through the Pensions Advisory Service (PAS) who can be contacted at 11 Belgrave Road, London SW1V 1RB. If a member has a complaint which PAS is unable to resolve then they can ask for a ruling from the Pensions Ombudsman who can be reached at the same address.

Any query about the Scheme, including requests from individuals for information about their benefits, should be addressed to:

The Trustee of Mowlem Staff Pension and Life Assurance Scheme (the 'Scheme') care of:

MNPA Limited, Leatherhead House, Station Road, Leatherhead, Surrey, KT22 7ET

This report, including the Investment Report and Compliance Statement, was approved by the Trustee on 21 June 2011 and signed on its behalf by:



.....
Trustee Director



.....
Trustee Director

Mowlem Staff Pension and Life Assurance Scheme

Statement of Trustee's responsibilities Year ended 31 December 2010

Statement of Trustee's responsibilities for the financial statements

The audited financial statements, which are to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

- show a true and fair view, of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in the Schedule to 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 has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. It is also responsible for making available each year, commonly in the form of a Trustee's Annual Report, information about the Scheme prescribed by pensions legislation, which it should ensure is consistent with the financial statements it accompanies.

The Trustee also has certain responsibilities in respect of contributions which are set out in the statement of Trustee's responsibilities accompanying the Trustee's Summary of Contributions.

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

Mowlem Staff Pension and Life Assurance Scheme

Investment Report Year ended 31 December 2010

Defined Benefit Section Investment Review

General

All investments have been managed during the year under review by AllianceBernstein Institutional Investment Management, BlackRock Advisors (UK), Artemis Investment Management, Legal & General Investment Management Limited, Origin Asset Management, NewSmith Asset Management LLP, and Pramerica Real Estate Investors.

In 2010 the investment advisor to the Secure Income Property Fund changed from UBS to Pramerica. The strategy hasn't changed as a result of this.

There is a degree of delegation of responsibility for the investment decisions. The investment strategy is agreed by the Trustee after taking appropriate advice. The day-to-day management of the Scheme's asset portfolio, which includes full discretion for stock selection, is the responsibility of the investment managers.

Investment Principles

The Trustee has produced a Statement of Investment Principles in accordance with Section 35 of the Pensions Act 1995 and subsequent legislation. A copy of the statement is available on request. The main objectives of the Trustee when considering the investment policy are:

- To make sure the Trustee can meet their obligations to the beneficiaries of the Scheme;
- To ensure that the investment arrangements are consistent with the funding policy agreed with the Scheme Actuary;
- To pay due regard to Carillion's requirements with regards to the size and incidence of contribution payments.

The Trustee is satisfied that the mix of assets resulting from the agreed investment strategy, together with the investment managers' approaches to stock selection provide a suitably diversified portfolio of assets. The Trustee is also satisfied that the underlying assets of the Scheme are sufficiently marketable and secure.

Investments exceeding 5% of the Scheme's net assets

The following vehicles exceeded 5% of the Scheme's net assets as at 31 December 2010:

	(%)
• AllianceBernstein Institutional Investment Management - Global Equity	9.5
• Legal & General Investment Management Limited - Bonds	33.5
• Legal & General Investment Management Limited - Global Equity	7.0
• NewSmith Asset Management LLP - UK Equity	12.3
• Artemis Investment Management - UK Equity	8.6
• Pramerica Real Estate Investors – Secured Income Property Fund	5.6
• BlackRock Advisors UK- Equity	5.7
• Origin Asset Management – Global Equity	5.9

Employer-Related Investments

The Scheme had no exposure to securities issued by the Carillion Group as at 31 December 2010.

Mowlem Staff Pension and Life Assurance Scheme

Investment Report Year ended 31 December 2010

The Scheme's current strategic and actual asset allocation (by bid value where applicable) as at 31 December 2010 is set out below:

Asset Class	Manager	Allocation (£m)	Allocation (%)	Benchmark Allocation (%)
UK Equity		95.153	21.4	17.8
UK Equity	Artemis	39.286	8.8	7.3
UK Equity	NewSmith	55.867	12.6	10.5
Global Equity		143.730	32.4	42.2
Global Equity - Value ¹	A.Bernstein	43.845	9.9	8.4
Global Equity - Passive	L&G	31.746	7.1	14.2
Overseas Equity	Origin	26.835	6.1	8.4
Global Equity	Odey	21.359	4.8	5.6
Global Equity	THS	19.945	4.5	5.6
Alternatives – Equity Like		25.850	5.8	5.0
Global Tactical Asset Allocation	BlackRock	25.850	5.8	5.0
Bond		152.544	34.3	30.0
Index-Linked Gilts	L&G	15.474	3.5	5.0
Fixed Interest Corporate Bonds (Long)	L&G	16.852	3.8	5.0
Fixed Interest Corporate Bonds (All)	L&G	120.218	27.0	20.0
Alternatives – Bond Like		27.244	6.1	5.0
High Lease Value Property	Pramerica	25.657	5.7	5.0
Cash	L&G	1.587	0.4	0.0
Total		444.521	100.0	100.0

¹ c.50% of the Scheme's foreign currency exposure is hedged into Sterling.

It is anticipated that over time the Scheme's bond / bond like allocation will gradually increase. The development of this is reviewed regularly by the Trustee.

Please note that over 2010 the Scheme disinvested from the Artemis – Global Hedge Fund and invested in a selection of passive L&G regional equity funds. The holding in UK equities was reduced with Artemis moving from having a 16.5% strategic allocation to a 7.3% allocation.

Subject to complying with the agreed strategy set out above (within certain pre-determined parameters), the day-to-day management of the Scheme's assets, including full discretion for stock selection, is the responsibility of the fund managers.

Mowlem Staff Pension and Life Assurance Scheme

Investment Report Year ended 31 December 2010

Below is a table showing the performance of the total Scheme and the Scheme's individual investment portfolios (where applicable) over 1, 3, and 5 year periods to 31 December 2010:

Asset Class	Periods to 31 December	1 Year % p.a.	3 Year % p.a.	5 Year % p.a.
UK Equities	Artemis	26.8	0.8	n/a
	<i>Benchmark</i>	14.5	1.5	n/a
UK Equities	NewSmith	16.7	4.7	n/a
	<i>Benchmark</i>	14.5	1.4	n/a
Global Equities - Value	AllianceBernstein	8.8	-7.4	-1.4
	<i>Benchmark</i>	12.6	-1.1	2.1
Global Equities – Passive*	L&G	5.9	n/a	n/a
	<i>Benchmark</i>	5.8	n/a	n/a
Global Equities	Origin	18.8	3.0	n/a
	<i>Benchmark</i>	15.8	3.7	n/a
Global Equities	Odey	10.9	n/a	n/a
	<i>Benchmark</i>	15.8	n/a	n/a
Global Equities	THS	10.5	n/a	n/a
	<i>Benchmark</i>	15.3	n/a	n/a
Global Tactical Asset Allocation	BlackRock	13.9	7.5	n/a
	<i>Benchmark</i>	0.7	2.5	n/a
Index Linked Gilts	Legal & General	9.1	n/a	n/a
	<i>Benchmark</i>	9.1	n/a	n/a
Corporate Bonds – Long	Legal & General	8.1	5.2	n/a
	<i>Benchmark</i>	8.9	6.0	n/a
Corporate Bonds – All Stocks	Legal & General	7.7	4.3	n/a
	<i>Benchmark</i>	7.8	4.3	n/a
Ground Lease Property	Pramerica	7.3	6.8	n/a
	<i>Benchmark</i>	3.7	4.3	n/a
Total Scheme*	Total Fund	11.9	0.8	3.8

*Performance since inception on 01/04/2010

**Includes performance of terminated managers.

Investment managers are remunerated according to the market value of the investments under their management, and in some cases their performance relative to benchmark.

Mowlem Staff Pension and Life Assurance Scheme

Investment Report Year ended 31 December 2010

Listed below are the investment managers employed at the year end, with a brief description of each manager's role.

UK Equity

- *Artemis Investment Management ("Artemis") and NewSmith Asset Management ("NewSmith")*: Each actively manages a share of the Scheme's UK equity exposure. Their performance target is to achieve a return of 2.0% per annum gross of fees above their benchmark, the FTSE All Share Index, over rolling 5 year periods.

Global Equity

- *AllianceBernstein Institutional Investment Management ("AllianceBernstein")*: AllianceBernstein manage a global equity portfolio for the Scheme, investing mainly in value equities. The performance target for the AllianceBernstein mandate is to achieve returns of 3% per annum gross of fees above their benchmark, the MSCI World Index – 50% Hedged, over rolling 5 year periods.
- *Legal and General Investment Management ("L&G")*: The L&G passive Global Equity Fund consists of four sub-funds, each with separate performance targets:
 - *North America Equity Index Fund*: Aims to track the performance of the FTSE All World – Developed North America Index to within 0.5% p.a. for two years out of three;
 - *Europe (ex-UK) Equity Index Fund*: Aims to track the performance of the FTSE AW – Developed Europe (ex-UK) Index to within 0.5% p.a. for two years out of three;
 - *Japan Equity Index Fund*: Aims to track the performance of the FTSE All World – Japan Index to within -0.5% p.a. for two years out of three;
 - *Asia Pacific (ex – Japan) Developed Equity Index Fund*: Aims to track the performance of the FTSE All World Developed Asia Pacific (ex-Japan) Index to within 0.75% p.a. for two years out of three.
- *Origin Asset Management ("Origin")*: The performance target for Origin's mandate is to outperform their benchmark, the MSCI World, by 2.5% per annum gross of fees, over rolling five year periods.
- *Odey Asset Management ("Odey") and Taube Hodson Stonex Partners ("THS")*: Odey and THS do not state specific performance targets relative to the MSCI World. However, Mercer believes that a suitable indicative performance targets would be to outperform the benchmark by 3% p.a. gross of fees, over a rolling 5 year period.

Alternatives – Equity Like

- *BlackRock*: BlackRock manages assets in their Global Ascent (Sterling) Fund. This fund is a Global Tactical Asset Allocation ("GTAA") fund that seeks to achieve a high level of outperformance above the benchmark (cash) by taking positions in various equity, bond, currency and commodity markets globally. The fund's objective is to outperform its benchmark (cash) by 15% per annum gross of fees, over rolling five year periods.

Mowlem Staff Pension and Life Assurance Scheme

Investment Report Year ended 31 December 2010

Bond

- *Legal & General Investment Management ("L&G")*: The L&G passive Global Equity Fund consists of four sub-funds, each with separate performance targets:
 - AAA Fixed Interest over 15 Year Bond Fund – Aims to produce a total return in line with the FTSE (Over 15 Year) Fixed Interest Gilts Index and capture the yield spread over gilts of AAA-rated long-dated corporate bonds;
 - AAA-AA-A Corporate All Stocks Bond Fund – Aims to track the performance of the iBoxx £ Non-Gilt (ex-BBB) Index to within 0.5% p.a. for two years out of three;
 - Over 5 Year Index Linked Gilts Fund – Aims to track the performance of the FTSE Over 5 Year Index Linked Gilts Index to within 0.25% p.a. for two years out of three.

Alternatives - Bond Like

- *Pramerica Real Estate Investors ("Pramerica")*: Pramerica manage assets in their Secure Income Property Fund. Instead of looking to purchase properties outright in order to benefit from capital appreciation and/or property related income, Pramerica focus solely on land ownership and securing the income from ground leases with a view to providing a secure real income stream as an alternative to corporate bonds. The fund targets a return of 2.0% per annum net of fees above the return on the 2055 Index-Linked Gilt, over rolling five year periods.

With the exception of the assets managed by AllianceBernstein, all of the Scheme's assets are invested in pooled funds with the respective investment managers. In the case of pooled funds the Scheme has no direct ownership of the underlying assets. The appointment and monitoring of the custodian function for the assets underlying the pooled fund vehicles is the responsibility of the investment managers. The assets managed by AllianceBernstein are invested on a segregated basis and custodian arrangements for these mandates have been made with KAS Bank NV.

Defined Contribution Section Investment Review

A review of the Defined Contribution Section was undertaken at its outset in 2002. At the time the Trustee identified their investment objectives and made available a number of different investment options designed to meet those objectives.

The investment options consist of a range of seven pooled funds in which members can choose to invest their contributions. The Trustee has appointed Legal & General Investment Management ("Legal & General") to manage the Scheme's assets. All the funds are passively managed and target a return in line with the respective fund benchmarks. A summary of the range of investment options is detailed in the table below:

Investment Option	Investment Manager
Global Equities (50% UK/50% Overseas) *	Legal & General
UK Equities	Legal & General
Overseas Equities	Legal & General
UK Fixed Interest Gilts	Legal & General
UK Index-Linked Gilts*	Legal & General
UK Corporate Bonds	Legal & General
Cash*	Legal & General

* Offered within the lifestyle option

Mowlem Staff Pension and Life Assurance Scheme

Investment Report Year ended 31 December 2010

The Trustee also offers a Lifestyle option which involves investing members' Personal Accounts in Legal & General's Global Equity Index Fund until ten years before retirement. In the ten years approaching retirement, members' investments are switched gradually from the Global Equity Fund to the Index-Linked Gilt and Cash Funds, so that members have a 75% Index-Linked Gilt Fund / 25% Cash Fund asset mix in their final year before retirement. The Lifestyle option is also the default option for those members who do not make a decision on where to invest their Personal Accounts.

There have been no changes to the options offered to members during the year under review. The Trustee continues to review the ongoing appropriateness of the investment arrangements on an annual basis.

Asset Class	1 Year % p.a.	3 Year % p.a.	5 Year % p.a.
Global Equity 50:50	15.0	2.9	5.6
<i>Benchmark</i>	14.8	2.6	5.4
UK Equity	14.6	1.7	5.3
<i>Benchmark</i>	14.5	1.4	5.1
World ex UK Equity	16.7	4.9	6.0
<i>Benchmark</i>	16.5	4.6	5.7
Over 15 Year Gilts	8.8	5.6	3.9
<i>Benchmark</i>	8.8	5.6	3.9
AAA Fixed Interest Over 15 yr	7.2	4.8	3.2
<i>Benchmark</i>	8.9	6.0	4.0
Over 5 year Index-Linked Gilts	9.1	6.0	5.8
<i>Benchmark</i>	9.0	5.9	5.8
Cash	0.5	2.1	3.4
<i>Benchmark</i>	0.4	1.9	3.3

Mowlem Staff Pension and Life Assurance Scheme

Summary of Contributions For the year ended 31 December 2010

Summary of Contributions payable during the Scheme year ended 31 December 2010

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

Trustee's Summary of Contributions payable under the Schedules in respect of the Scheme year ended 31 December 2010

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of, the Trustee. It sets out the employer and member contributions payable to the Scheme under the Schedules of Contributions certified by the actuary on 16 November 2007 and 29 October 2010 in respect of the Scheme year ended 31 December 2010. The Scheme auditor reports on contributions payable under the Schedules in the Auditors' Statement about Contributions.

Contributions payable under the Schedules in respect of the Scheme year

	£000
Defined Benefits Section	
Employer:	
Normal contributions	-
Augmentation contributions	124
Deficit funding contributions	10,100
Member:	
Normal contributions	-
Contributions payable under the Schedules (as reported on by the Scheme auditors) and reported in the financial statements	<u>10,224</u>

Signed on behalf of the Trustee of the Mowlem Staff Pension and Life Assurance Scheme:



.....
Trustee Director



.....
Trustee Director

Date: 21 June 2011

Mowlem Staff Pension and Life Assurance Scheme

Statement about Contributions For the year ended 31 December 2010

Independent Auditor's Statement about Contributions, made under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustee, of the Mowlem Staff Pension and Life Assurance Scheme.

We have examined the summary of contributions payable under the Schedules of Contributions to the Mowlem Staff Pension and Life Assurance Scheme in respect of the Scheme year ended 31 December 2010 which is set out on page 18.

This statement is made solely to the Scheme'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 Scheme'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 Scheme's Trustee, for our work, for this statement, or for the opinions we have formed.

Respective responsibilities of Trustee and auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 18, the Scheme'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 Scheme by or on behalf of the employer and the active members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer 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 Scheme and to report our opinion to you.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions 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 Scheme and the timing of those payments under the Schedules of Contributions.

Statement about contributions payable under the Schedules of Contributions

In our opinion contributions for the Scheme year ended 31 December 2010 as reported in the summary of contributions and payable under the Schedules of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions dated 16 November 2007 and 29 October 2010.


.....
K MacKenzie, for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill, Snow Hill Queensway
Birmingham
B4 6GH

Date: ~~21/11/2010~~ 4 July 2011

Mowlem Staff Pension and Life Assurance Scheme

Independent Auditor's report to the Trustee For the year ended 31 December 2010

We have audited the financial statements of the Mowlem Staff Pension and Life Assurance Scheme for the year ended 31 December 2010 set out on pages 21 to 32. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Scheme 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 Scheme 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 Scheme Trustee, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustee and auditor

As explained more fully in the Statement of Trustee's responsibilities set out on page 11, the Scheme Trustee is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year ended 31 December 2010 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 Scheme year;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.



.....
K MacKenzie, for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill, Snow Hill Queensway
Birmingham
B4 6GH

Date: ~~20/01/2011~~ 4 July 2011

Mowlem Staff Pension and Life Assurance Scheme

Fund account For the year ended 31 December 2010

	Note	Defined Benefits Section £000	Defined Contributions Section £000	For the year ended 31 December 2010 £000	For the year ended 31 December 2009 £000
CONTRIBUTIONS AND BENEFITS					
Contributions receivable	3	10,224	-	10,224	8,434
Transfers in	4	45	-	45	48
Other income	5	16	-	16	682
		<u>10,285</u>	<u>-</u>	<u>10,285</u>	<u>9,164</u>
Benefits	6	(16,777)	(151)	(16,928)	(18,274)
Payments to and on account of leavers	7	(1,249)	(168)	(1,417)	(1,592)
Other payments	8	-	-	-	(278)
Administrative expenses	9	(791)	(2)	(793)	(987)
		<u>(18,817)</u>	<u>(321)</u>	<u>(19,138)</u>	<u>(21,131)</u>
NET WITHDRAWALS FROM DEALINGS WITH MEMBERS		<u>(8,532)</u>	<u>(321)</u>	<u>(8,853)</u>	<u>(11,967)</u>
INVESTMENT RETURNS					
Investment income	10	2,863	1	2,864	2,174
Investment management expenses	11	(600)	(5)	(605)	(891)
Change in market value of investments	12	44,356	1,053	45,409	41,729
NET RETURNS ON INVESTMENTS		<u>46,619</u>	<u>1,049</u>	<u>47,668</u>	<u>43,012</u>
NET INCREASE IN THE FUND DURING THE YEAR		38,087	728	38,815	31,045
NET ASSETS AT 1 JANUARY 2010		417,771	7,673	425,444	<u>394,399</u>
NET ASSETS AT 31 DECEMBER 2010		<u>455,858</u>	<u>8,401</u>	<u>464,259</u>	<u>425,444</u>

Mowlem Staff Pension and Life Assurance Scheme

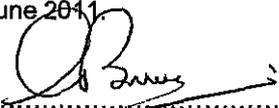
Net assets statement As at 31 December 2010

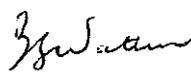
	Note	31 December 2010 £000	31 December 2009 £000
DEFINED BENEFITS SECTION			
Investments	12	450,333	415,771
Current assets	13	6,600	3,404
Current liabilities	14	(1,075)	(1,404)
NET ASSETS		455,858	417,771
DEFINED CONTRIBUTIONS SECTION			
Investments	12	8,219	7,445
Current assets	13	229	241
Current liabilities	14	(47)	(13)
NET ASSETS		8,401	7,673
NET ASSETS OF THE SCHEME AT 31 DECEMBER 2010		464,259	425,444

The notes on pages 23 to 32 form part of these financial statements.

These financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in actuarial certificates included on pages 33 to 36 of the Annual Report and these financial statements should be read in conjunction with the actuarial certificates.

Signed for and on behalf of the Trustee of the Mowlem Staff Pension and Life Assurance Scheme on
21 June 2011


.....
Trustee Director


.....
Trustee Director

Mowlem Staff Pension and Life Assurance Scheme

Notes to the financial statements For the year ended 31 December 2010

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 and with the guidelines set out in the Statement of Recommended Practice (revised May 2007), "Financial Reports of Pension Schemes" (the Revised SORP).

2. ACCOUNTING POLICIES

The following principal accounting policies have been adopted in the preparation of the financial statements.

2.1 Contributions

Employee normal contributions are accounted for when deducted from pay. Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as employees' contributions, otherwise they are accounted for in the period they are due under the Schedule of Contributions.

Employer deficit funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions and recovery plan under which they are being paid.

2.2 Payments to members

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

Individual transfers in or out are accounted for when paid or received which is normally when member liability is accepted / discharged.

2.3 Expenses

Expenses are accounted for on an accruals basis.

2.4 Investments

Investments are included at market value.

The majority of listed investments are stated at the bid price or last traded price, depending on the convention of the stock exchange on which they are quoted, at the date of the net assets statement.

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.

Annuities purchased by the Trustee (and in the name of the Trustee) which fully provide the benefits for certain members are included in these financial statements at nil value. The cost of purchasing these annuities is reported within the Fund Account under 'Benefits Payable'.

Derivatives are stated at market value.

Exchange traded derivatives are stated at market values determined using market quoted prices.

Mowlem Staff Pension and Life Assurance Scheme

Notes to the financial statements For the year ended 31 December 2010

2.4 Investments (continued)

For exchange traded derivative contracts which are assets, market value is based on quoted bid prices. For exchange traded derivative contracts which are liabilities, market value is based on quoted offer prices.

Over the Counter (OTC) derivatives are stated at market value using pricing models and relevant market data at the year end date.

Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

All gains and losses arising on derivative contracts are reported within 'Change in Market Value'.

AVCs are accounted for on an accruals basis, and the resulting investments are included within the net assets statement.

2.5 Investment income

Dividends from quoted securities are accounted for when the security is declared ex-div.

Interest is accrued on a daily basis.

Investment income arising from the underlying investments of the Pooled Investment Vehicles is reinvested within the Pooled Investment Vehicles and reflected in the unit price. It is reported within 'Change in Market Value'.

3. CONTRIBUTIONS RECEIVABLE

	Defined Benefits Section £000	Defined Contributions Section £000	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Employer				
Normal	-	-	-	1,860
Augmentation	124	-	124	-
Deficit Funding	10,100	-	10,100	5,860
Members				
Normal	-	-	-	658
Additional voluntary contributions	-	-	-	56
	10,224	-	10,224	8,434

Deficit funding contributions are being paid by the employer into the Scheme in accordance with a recovery plan in order to improve the Scheme's funding position.

Employer and member normal contributions ceased to be paid into the Scheme from 5 April 2009 in accordance with the Schedule of Contributions.

Mowlem Staff Pension and Life Assurance Scheme

Notes to the financial statements For the year ended 31 December 2010

4. TRANSFERS IN

	Defined Benefits Section £000	Defined Contributions Section £000	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Individual transfers in from other schemes	<u>45</u>	<u>-</u>	<u>45</u>	<u>48</u>

These relate to members of the Scheme who opted to transfer their benefits into the Carillion 2009 Pension Plan, but who have subsequently opted to transfer their cash benefit entitlements back into the Mowlem Staff Pension and Life Assurance Scheme, at the time of retirement.

5. OTHER INCOME

	Defined Benefits Section £000	Defined Contributions Section £000	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Management fee rebates	-	-	-	249
Canada Life refund	-	-	-	379
HMRC tax refund	-	-	-	45
Other	<u>16</u>	<u>-</u>	<u>16</u>	<u>9</u>
	<u>16</u>	<u>-</u>	<u>16</u>	<u>682</u>

6. BENEFITS

	Defined Benefits Section £000	Defined Contributions Section £000	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Pension payments	14,277	18	14,295	13,376
Commutations and lump sum retirement benefits	2,429	-	2,429	4,824
Lump sums on death in retirement	63	4	67	24
Lump sums on death in service	-	-	-	5
Lump sums on death of deferred member	8	-	8	26
Purchase of annuities	<u>-</u>	<u>129</u>	<u>129</u>	<u>19</u>
	<u>16,777</u>	<u>151</u>	<u>16,928</u>	<u>18,274</u>

Mowlem Staff Pension and Life Assurance Scheme

Notes to the financial statements For the year ended 31 December 2010

7. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	Defined Benefits Section £000	Defined Contributions Section £000	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Individual transfers to other schemes	1,244	167	1,411	1,591
Refunds to members leaving service	5	1	6	1
	<u>1,249</u>	<u>168</u>	<u>1,417</u>	<u>1,592</u>

8. OTHER PAYMENTS

	Defined Benefits Section £000	Defined Contributions Section £000	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Premiums on term insurance policies	-	-	-	278
	<u>-</u>	<u>-</u>	<u>-</u>	<u>278</u>

9. ADMINISTRATIVE EXPENSES

	Defined Benefits Section £000	Defined Contributions Section £000	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Administration and processing	280	-	280	276
Actuarial fees	349	-	349	296
Audit fee	29	-	29	28
Legal & other consultancy fees	81	-	81	320
Regulatory fees	26	-	26	40
Trustees fees and expenses	24	-	24	26
Sundry expenses	2	2	4	1
	<u>791</u>	<u>2</u>	<u>793</u>	<u>987</u>

The Employer shall reimburse the Trustee for the cost of meeting levies payable to the Pension Protection Fund. Until 2013 other expenses will be paid directly from the Scheme.

Mowlem Staff Pension and Life Assurance Scheme

Notes to the financial statements For the year ended 31 December 2010

10. INVESTMENT INCOME

	Defined Benefits Section £000	Defined Contributions Section £000	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Dividends from equities	2,829	-	2,829	2,082
Interest on cash deposits	21	1	22	19
Foreign currency gain / (loss)	(69)	-	(69)	(23)
Annuity income	82	-	82	96
	<u>2,863</u>	<u>1</u>	<u>2,864</u>	<u>2,174</u>

11. INVESTMENT MANAGEMENT EXPENSES

	Defined Benefits Section £000	Defined Contributions Section £000	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Administration, management & custody	600	5	605	891

12. INVESTMENTS

Reconciliation of investments held at beginning and end of year

DEFINED BENEFITS SECTION

	Value at 01/01/2010 £000	Purchases at cost £000	Sale proceeds £000	Change in market value £000	Value at 31/12/2010 £000
Pooled investment vehicles	366,306	31,177	(40,019)	41,624	399,088
Equities	39,121	28,110	(27,010)	2,936	43,157
Derivatives	297	866	(996)	(463)	(296)
AVC investments	6,458	3	(690)	259	6,030
Sub total	412,182	<u>60,156</u>	<u>(68,715)</u>	<u>44,356</u>	447,979
Cash deposits	3,531				2,313
Accrued interest	58				41
	<u>415,771</u>				<u>450,333</u>

Mowlem Staff Pension and Life Assurance Scheme

Notes to the financial statements For the year ended 31 December 2010

INVESTMENTS (continued)

Included within the above purchases and sales figures for equities are transaction costs of £416,676 (2009: £4,965,483). Costs are also borne by the Scheme in relation to transactions in pooled investment vehicles. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not, therefore, separately identifiable.

DEFINED CONTRIBUTIONS SECTION

	Value at 01/01/2010 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	Value at 31/12/2010 £000
Pooled investment vehicles	<u>7,445</u>	<u>251</u>	<u>(530)</u>	<u>1,053</u>	<u>8,219</u>

Included within the above purchases and sales figures for pooled investment vehicles are policy switches of £250,222 (2009: £5,876,556) relating to funds held with Legal & General Investment Management Ltd.

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

There is no direct overseas investment by the Scheme. All funds are invested with companies registered in the UK.

Details of investments held at year end

POOLED INVESTMENT VEHICLES

	Defined Benefits Section £000	Defined Contributions Section £000	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Unit trusts - property	25,657	-	25,657	24,698
Overseas quoted	<u>373,431</u>	<u>8,219</u>	<u>381,650</u>	<u>349,053</u>
	<u>399,088</u>	<u>8,219</u>	<u>407,307</u>	<u>373,751</u>

EQUITIES

	Defined Benefits Section £000	Defined Contributions Section £000	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Overseas quoted	<u>43,157</u>	-	<u>43,157</u>	<u>39,121</u>

Mowlem Staff Pension and Life Assurance Scheme

Notes to the financial statements For the year ended 31 December 2010

DERIVATIVE ASSETS

	Defined Benefits Section £000	Defined Contributions Section £000	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Futures – exchange traded	4	-	4	275
Currency Forwards	-	-	-	157
	<u>4</u>	<u>-</u>	<u>4</u>	<u>432</u>

CASH DEPOSITS

	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Sterling deposits	<u>2,313</u>	<u>3,531</u>

DERIVATIVE LIABILITIES

	Defined Benefits Section £000	Defined Contributions Section £000	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Currency Forwards	<u>(300)</u>	<u>-</u>	<u>(300)</u>	<u>(135)</u>

DERIVATIVE CONTRACTS

Objectives and policies

The Trustee has authorised the use of derivatives by their investment managers as part of their investment strategy for the pension Scheme.

The main objectives for the use of key classes of derivatives and the policies followed during the year are summarised as follows:

Futures – the Trustee did not want cash held to be “out of the market” and therefore bought index based futures contracts which had an underlying economic value broadly equivalent to cash held.

Mowlem Staff Pension and Life Assurance Scheme

Notes to the financial statements For the year ended 31 December 2010

DERIVATIVE CONTRACTS (continued)

The Scheme had exchange traded overseas stock index futures outstanding at the year end relating to its overseas equity portfolio as follows:

Nature	Notional Amount	Duration	Asset value at year end £	Liability value at year end £
TOPIX INDX FUTR	£141,122.24	31 March 2011	2,945.30	
S&P500 EMINI FUT	£80,030.62	31 March 2011	1,089.01	-
			<u>4,034.31</u>	<u>-</u>

Included within cash balances are £70,182 (2009: £106,371) in respect of initial and variation margins arising on open futures contracts at the year end.

Forward foreign exchange – in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

The scheme had open forward foreign contracts at the year end as follows:

Contract	Settlement date	Currency bought	Currency sold	Asset value at year end £	Liability value at year end £
EUR FWD to GBP	18 January 2011	€3,111,000.00	£2,604,684.75	-	(61,336.21)
JPY FWD to GBP	18 January 2011	JPY3,662,140.00	£2,761,794.87	-	(123,198.29)
CAD FWD to GBP	18 January 2011	\$1,925,000.00	£1,206,291.52	-	(30,796.00)
USD FWD to GBP	18 January 2011	\$14,294,000.00	£9,046,835.44	-	(84,243.35)
				<u>-</u>	<u>(299,573.85)</u>

Mowlem Staff Pension and Life Assurance Scheme

Notes to the financial statements For the year ended 31 December 2010

AVC INVESTMENTS

The Trustee holds assets which are separately invested from the main fund. These secure additional benefits, on a money purchase basis, for those Members who have elected to pay additional voluntary contributions.

Members participating in this arrangement receive an annual statement made up to 31 December each year, confirming the amounts held to their account and movements during the year.

The total amount of AVC investments at the year end is shown below.

	Defined Benefits Section £000	Defined Contributions Section £000	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Standard Life	136	-	136	123
Prudential Assurance	2,985	-	2,985	3,085
NPI	-	-	-	10
Legal & General	2,294	-	2,294	2,320
MGM	48	-	48	43
Equitable Life	473	-	473	605
Aviva	94	-	94	272
	6,030	-	6,030	6,458

13. CURRENT ASSETS

	Defined Benefits Section £000	Defined Contributions Section £000	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Cash balance	5,638	229	5,867	2,421
Debtors				
Employer contributions due	524	-	524	533
Amounts transferable between sections	6	-	6	6
Income tax recoverable	418	-	418	250
Other debtors	14	-	14	435
	6,600	229	6,829	3,645

Included within the cash balance at the year end is £203,940 (2009: £14,394) which is not attributable to members.

All contributions due to the Scheme relate to the month of December 2010 and were paid in full to the Scheme within the timescale required by the Schedule of Contributions currently in force.

Mowlem Staff Pension and Life Assurance Scheme

Notes to the financial statements For the year ended 31 December 2010

14. CURRENT LIABILITIES

	Defined Benefits Section £000	Defined Contributions Section £000	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Unpaid benefits	105	40	145	410
Amounts due to HMRC	220	-	220	212
Amounts due to Carillion	655	-	655	686
Amounts transferable between sections	-	6	6	6
Due to DWP	94	-	94	94
Other creditors	1	1	2	9
	<u>1,075</u>	<u>47</u>	<u>1,122</u>	<u>1,417</u>

15. RELATED PARTY TRANSACTIONS

Under Financial Reporting Standard No 8 the Trustee is deemed to be a "related party" of the Scheme. Additionally, certain Directors of the Trustee Company have an interest as either a deferred or active Member of the Scheme due to their service as an Employee with the Employer.

In addition, Carillion plc have re-charged the Scheme for administration and processing fees of £48,000 (2009: £65,000). These amounts are included within the administration expenses.

The Scheme also paid Trustee fees and expenses of £24,287 (2009: £26,222). These amounts are included within the administration expenses.

Mowlem Staff Pension and Life Assurance Scheme

Schedule of Contributions, incorporating actuarial certificate

Status of this document

This Schedule has been prepared by the Trustee of the Mowlem Staff Pension and Life Assurance Scheme to satisfy the requirements of section 227 of the Pensions Act 2004, after obtaining the advice of Edwin Topper, the actuary to the Scheme appointed by the Trustee.

This document is the first Schedule of Contributions put in place for the Scheme. It supersedes all earlier versions.

After discussions, a pattern of contributions was agreed by the Trustee and the Employer, Carillion JM Limited, on 29 October 2010.

The Trustee and the Employer have signed this Schedule to indicate that it represents an accurate record of the agreed pattern of contributions. The Schedule is effective from the date it is certified by the Scheme Actuary.

Contributions to be paid to the Scheme from 31 December 2008 to 31 December 2024

Members' contributions

No contributions are payable by members after 5 April 2009.

Employer's contributions in respect of future accrual of benefits

No future accrual contributions are payable by the Employer after 5 April 2009.

Employer's contributions in respect of the shortfall in funding as per the recovery plan of 29 October 2010

The Employer shall pay shortfall correction additional contributions of £5.86m in 2009, £10.1m per annum from 1 January 2010 to 31 December 2021, £14.9m in 2022, £16.1m in 2023 and £16.25m in 2024 with contributions being paid on a monthly basis.

Employer's contributions in respect of benefit augmentations

In addition the Employer shall pay the cost, as determined by the scheme actuary, of any benefit augmentations requested by the Employer and approved by the Trustee.

Employer's contributions in respect of administration and other costs

The Employer shall reimburse the Trustee for the cost of meeting levies payable to the Pension Protection Fund. Until 2013 other expenses will be paid directly from the Scheme. The Employer will also meet the general running costs of the Scheme from 2013 onwards and will also cover the investment management costs either directly, or by explicit funding reserves, from 2013. The precise methodology will be considered at the next valuation.

Other Employer Contributions

The Employer may pay additional contributions on a regular or one off basis if it chooses.

Mowlem Staff Pension and Life Assurance Scheme

Schedule of Contributions, incorporating actuarial certificate

Dates of review of this schedule

This Schedule of Contributions will be reviewed by the Trustee and the Employer no later than 15 months after the effective date of each actuarial valuation, due at least every three years.

This Schedule of Contributions has been agreed by the Employer, Carillion JM Limited, and the Trustee of the Mowlem Staff Pension and Life Assurance Scheme on 29 October 2010.

Signed on behalf of Carillion JM Limited

Name	J K Dawson
Position	Head of Reward
Date of signing	29 October 2010

Signed on behalf of the Trustee of the Mowlem Staff Pension and Life Assurance Scheme

Name	B J Watkins
Position	Trustee Director
Date of signing	29 October 2010

Mowlem Staff Pension and Life Assurance Scheme

Schedule of Contributions, incorporating actuarial certificate

Certification of Schedule of Contributions

Name of Scheme

Mowlem Staff Pension and Life Assurance Scheme

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 could have been expected on 31 December 2008 to be met by the end of the period specified in the recovery plan dated 29 October 2010.

Adherence to statement of funding principles

1. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 29 October 2010.

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

Signature

E S Topper

Scheme Actuary

E S Topper

Date of signing

29 October 2010

Name of Employer

Mercer Limited

Address

Clarence House
Clarence Street
Manchester
M2 4DW

Qualification

Fellow of the Institute of Actuaries

Mowlem Staff Pension and Life Assurance Scheme

Schedule of Contributions, incorporating actuarial certificate

Certification of technical provisions

Name of Scheme

Mowlem Staff Pension and Life Assurance Scheme

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 31 December 2008 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the Statement of Funding Principles dated 29 October 2010.

Signature

E S Topper

Scheme Actuary

E S Topper

Date of signing

29 October 2010

Name of Employer

Mercer Limited

Address

Clarence House
Clarence Street
Manchester
M2 4DW

Qualification

Fellow of the Institute of Actuaries

Mowlem Staff Pension and Life Assurance Scheme

Compliance Statement For the year ended 31 December 2010

Introduction

The Scheme is a hybrid scheme incorporating a defined benefit section and a defined contribution section and is administered by MNPA Limited in accordance with the establishing document and rules, solely for the benefit of its Members and other beneficiaries.

The registration number in the Register of Occupational and Personal Pension Schemes is **101393015**.

Other information

- (i) The Trustee is required to provide certain information about the Scheme to The Pension Scheme Registry. The address is:

The Pension Scheme Registry
PO Box 133
Newcastle Upon Tyne
NE99 1NN

- (ii) The Office of the Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation an Occupational Pension Scheme. Any such complaints should be addressed in the first instance to the Scheme Adjudicator. Enquiries should be addressed to:

The Office of the Pensions Ombudsman
11 Belgrave Road
London
SE1V 1RB

- (iii) The Pensions Advisory Service exists to assist members and beneficiaries of schemes in connection with difficulties which they have failed to resolve with the Trustee or Administrators of the Scheme. TPAS may be contacted at:

The Pensions Advisory Service
11 Belgrave Road
London
SE1V 1RB

- (iv) The Pensions Regulator (TPR) can intervene if it considers that a Scheme's Trustee, advisers or the employer are not carrying out their duties correctly. The address for TPR is:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
East Sussex
BN1 4DW

Mowlem Staff Pension and Life Assurance Scheme

Compliance Statement For the year ended 31 December 2010

- (v) The Pensions Compensation Scheme was introduced to protect members' interests in certain circumstances, i.e. to provide compensation where an employer has become insolvent and the Scheme assets have been reduced due to fraud, theft, or misappropriation. It does not cover losses resulting from adverse investment returns.

The Compensation Scheme is funded by a retrospective levy on occupational pension schemes.

- (vi) The Trust Deed and rules, the Scheme details, and a copy of the Schedule of Contributions and Statement of Investment Principles are available for inspection free of charge by contacting the Trustee at the address shown for enquiries in this report.

Any information relating to the members' own pension position, including estimates of transfer values, should also be requested from the administrators of the Scheme, MNPA Limited, at the address detailed in this report.

