

**Planned Maintenance Engineering Limited Staff
Pension and Assurance Scheme**

Report and Financial Accounts

Year ended 31 December 2010

Registrar of Occupational and Personal Pension Schemes Registration Number 100018750



Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

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Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

Advisers
Year ended 31 December 2010

Administrative details

Scheme Actuary

Edwin Topper
Mercer Limited

Scheme Administrators

MNPA Limited

Auditors

KPMG LLP

Bankers

National Westminster Bank Plc

AVC providers

Prudential Assurance Company Limited
The Equitable Life Assurance Society
MGM Assurance

Investment managers

Aberdeen Asset Management Life and Pensions Limited
Blackrock Advisors (UK) Limited
Alliance Bernstein Institutional Investment Management
Origin Asset Management LLP (appointed 25 November 2010)
Odey Asset Management LLP (appointed 24 November 2010)
Taube Hodson Stonex Partners LLP Unit Trust Management Company Limited (appointed 18 November 2010)

Investment adviser

Mercer Limited

Secretary to the Trustee

Dennis Kemp
Pensions Manager
Carillion plc
Birch Street
Wolverhampton
WV1 4HY

Solicitors

Sacker & Partners

Principal employer

Planned Maintenance Engineering Limited

Contact address

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

Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

Trustee's report Year ended 31 December 2010

Introduction

The Trustee of Planned Maintenance Engineering Limited Staff Pension and 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 defined benefit scheme and is administered by MNPA Limited in accordance with the establishing document and rules (see below), solely for the benefit of its members and other beneficiaries. All members of the Scheme are contracted-in to the State Second Pension.

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

HMRC approval

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

The principal employer

The principal employer of the Scheme is Planned Maintenance Engineering Limited. The Employer's registered address is 24 Birch Street, Wolverhampton, WV1 4HY.

The Scheme is provided for all eligible employees of the principal employer who were employed and opted to join the Scheme before 30 June 1999.

Appointment and removal of Trustee/management of the Scheme

Until the 31 March 2011 the Scheme was managed by the Trustee, PME Pension Trustee (DB) Limited, a company whose function is to act as the Trustee of the Scheme. The Trust Deed and Rules, the legal document which governs the Scheme, provides for the appointment and removal of Trustee Directors. The board of the Trustee is made up of six Directors, three of whom are appointed by the Principal Employer and three are member representatives. The Member Nominated Directors serve for a period of four years, and are then eligible for re-election.

The Directors of PME Pension Trustee (DB) Limited during the year were:

Appointed by the employer

Lee Mills	Head of Treasury & Tax, Carillion plc (Chairman)
Alison Shepley	Legal Director (Services)
Vacancy	No nominations received

Appointed by the members

Stephen Chandler	Gas Safety Manager and Health & Safety Manager (CPM)
Simon Rawsthorne	Facilities Director
Vacancy	No nominations received

From 1 April 2011 PME Pension Trustee (DB) 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.

Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

Trustee's report Year ended 31 December 2010

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

Appointed by the employer:

Robin Ellison (Independent Chair)
Robin Herzberg
Lee Mills
Susan Morton
Alison Shepley
Brian Watkins

Head of Strategic Development for Pensions, Pinsent Masons LLP
Group Head of Risk, Carillion plc
Head of Treasury & Tax, Carillion plc
Group HR Director, Carillion plc
Legal Director (Services)
Pensioner Member

Appointed by the members:

David Benson
Gerald Brown
Steven Brunswick
Stephen Chandler
Simon Eastwood
Paul Kitto
Simon Rawsthorne
Stephen Rowland
Neil Sutherland
Vacancy

Programme Manager, CBS
Pensioner Member
Technical Services Director, Building
Health & Safety Manager, CPM
Managing Director, Carillion Developments
Head of Proposals, RCE
Branch Manager, CPM
Pensioner Member
Operations Health Director, CSS

Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

Trustee's report Year ended 31 December 2010

Deferred benefits

Deferred benefits held under the Scheme for members who have left service or ceased to contribute to the Scheme are increased over the period from the date of leaving service as follows:

- I. The Guaranteed Minimum Pension (GMP) part of members' deferred benefits is increased at a fixed rate dependent on the date of leaving (4.0% for members who left since 5 April 2002) for each complete tax year to State Pension Age.
- II. The part of the deferred benefits in excess of the GMP is increased for each complete calendar year in deferment in line with statutory requirements over the period to Normal Retirement Date.

Transfer Values

The rules of the Scheme permit transfers to other occupational pension schemes, personal pension plans or single premium insurance policies (known as Section 32 policies). Transfer values can also be paid to Stakeholder contracts. If a transfer is made the Trustee receives a statutory discharge from any further liability once the transfer has been affected.

Transfer values have been reduced following receipt of an insufficiency report from the actuaries.

The Trustee confirms that all transfer values are calculated and verified in accordance with the statutory cash equivalent requirements in accordance with the Pension Schemes Act 1993 (the "Act").

The current basis meets the legal requirement of the Act and makes no allowance for the payment of any discretionary benefits under the Scheme.

Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

Trustee's report Year ended 31 December 2010

Membership

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

	Total 2010	Total 2009
ACTIVE MEMBERS		
Active members at the start of the year	-	198
Retirements	-	(14)
Members leaving with preserved benefits	-	(27)
Members becoming employed deferred	-	(157)
	-	(157)
ACTIVE MEMBERS AT THE END OF THE YEAR	-	-
PENSIONERS		
Pensioners at the start of the year	246	199
Adjustments to pensioners	-	1
Members retiring during the year	32	14
Members with preserved benefits reaching retirement	-	30
Spouses and dependants	1	4
Pensioners who died	(4)	(2)
	(4)	(2)
PENSIONERS AT THE END OF THE YEAR	275	246
MEMBERS WITH PRESERVED AND DEFERRED BENEFITS		
Number at the start of the year	390	387
Leavers during the year with preserved benefits	-	27
New members (ex-spouse)	1	-
Deferred pensioners becoming pensioners	(16)	(19)
Transfers out during the year	(3)	(3)
Deaths	(1)	(2)
Deferred to no liability	(1)	-
	(1)	-
DEFERRED MEMBERS AT THE END OF THE YEAR	370	390
EMPLOYED DEFERRED MEMBERS		
Members becoming employed deferred	146	157
Retirements	(16)	(11)
	(16)	(11)
EMPLOYED DEFERRED MEMBERS AT THE END OF THE YEAR	130	146
TOTAL MEMBERSHIP AT THE END OF THE YEAR	775	782

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.

Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

Trustee's report Year ended 31 December 2010

Financial development of the Scheme

The Financial statements on pages 19 to 25 show that the value of the Scheme's assets increased by £3.56m to £52.8m as at 31 December 2010. The increase was comprised of net withdrawals from dealings with members of £1.2m together with a net increase in the value of investments of £4.7m.

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 19 to 25.

Contributions

Contributions received from participating employers were in accordance with the Schedule of Contributions. This is set out on page 16.

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 shown on page 2 of this report. A report from the investment advisers is on pages 12 - 15.

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.

Investment performance

Details of investment performance can be found in the Investment report on pages 12 - 15.

Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

Trustee's report Year ended 31 December 2010

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.

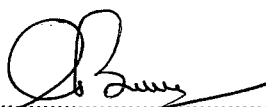
Any member with a complaint or unresolved query on their pension entitlement can use the "Internal Disputes Resolution Procedure" or, alternatively, they can obtain free advice through the Pensions Advisory Service (PAS) who can be reached at 11 Belgrave Road, London SW1V 1RB. If a member has a complaint 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 Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme (the 'Scheme') care of:

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

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



.....
Trustee Director



.....
Trustee Director

Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

Statement of Trustee's responsibilities

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.

Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

Investment Report

Investment Background

Throughout the year the UK economy continued to demonstrate structural weakness; unemployment remained close to 8% compared to pre-recession figures near 5%. Prior to the May election, debate centred on the timing of fiscal retrenchment with the budget deficit close to 12% of GDP or £149bn. The coalition government subsequently announced a package of cuts to public spending and tax increases in an effort to reduce the structural deficit. The ensuing general expectation was that these measures would constrain economic growth in the UK over the life of the current parliament. As the economy continued to flounder, expectations of a second round of quantitative easing receded after the UK recorded a stronger-than-expected third-quarter GDP release of 2.6% (year on year). By the end of the year, the base rate and the stock of asset purchases were left unchanged at 0.5% and £200 billion respectively.

In the UK, the FTSE All-Share Index rose 14.5% over the twelve month period. Mid cap and small cap stocks outperformed the wider index by 12.9% and 5.0% with respective absolute return of 27.4% and 19.5%. Large cap stocks underperformed the All Share Index by 1.9%, an absolute return of 12.6%.

The best performing sectors within the UK equity market were Technology (market cap share of 1.6% as at 31 December 2010) and Basic Materials (14.1%) with respective returns of 20.2% and 16.5% relative to the All-Share. Healthcare was the worst performing sector over the year, underperforming the All-Share by 10.8% with a return of 3.7% in absolute terms. The Financials sector also underperformed the wider index, returning 6.5% below the All Share with an absolute return of 8.0% over the year.

Over the twelve month period the FTSE World index rose 16.3% in sterling terms and 10.7% in local currency. In sterling terms the regional FTSE indices were all positive with the Asia Pacific ex Japan market producing the strongest return of 24.4%. The US was the best performing market in local currency terms, rising 15.1%; all other regional FTSE indices also produced positive local currency returns.

Over the twelve months to 31 December 2010 the FTSE All Stocks Gilts index rose 7.2%, with all maturities performing strongly. In particular mid-dated gilts were up 9.1% over the year and long-dated gilts returned 8.8% in absolute terms. Short-dated gilts underperformed the All Stocks Index by 3.6% whilst still producing a positive return of 3.6% in absolute terms. In general, the strong performance in the gilt market was an indication of investor concerns over the risk of sovereign default of some of the weaker economies within the Eurozone, in particular Greece, Portugal, Spain and Ireland. The FTSE All Stocks Index-Linked Gilts index rose 8.9% over the year, reflecting investors' expectations of rising inflation.

Delegation of Responsibilities

The overall investment policy of the Planned Maintenance Engineering Ltd Staff Pension & Assurance Scheme ("the Scheme") is determined in consultation with Mercer. The day-to-day management of the assets is delegated to professional investment managers across a range of asset classes.

Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

Investment Report

Management of the Assets

As at 31 December 2010 the Scheme's assets were managed by BlackRock Advisors (UK) Limited ("BlackRock"), AllianceBernstein Institutional Investments ("AllianceBernstein"), Origin Asset Management LLP (Origin), Odey Asset Management LLP (Odey), Taube Hodson Stonex Partners LLP (THS) and Aberdeen Asset Managers Limited ("Aberdeen").

At the end of October 2010 the Scheme reorganised its bond portfolio, with the Scheme switching from a bond portfolio invested in 13.8% Corporate Bonds / 19.3% Fixed Interest Gilts / 19.3% Index-Linked Gilts to one invested in 23.4% Corporate Bonds / 9.6% Fixed Interest Gilts / 19.3% Index-Linked Gilts at the total Scheme level.

At the end of November 2010, the allocation to UK Equity was reduced, with assets being switched to global equity. The global equity portfolio was reorganised, with the appointment of three new managers (Odey, Origin and THS) and a change in mandate for AllianceBernstein, moving from an investment in the AllianceBernstein Global Style Blend Fund to one in the AllianceBernstein Global Value Fund.

The resultant strategy asset and manager allocations are shown in the tables below:

Asset Class	Strategy %
UK Equity	10.0
GTAA*	1.4
Global Equity**	33.5
Corporate Bonds	23.4
Fixed Interest Gilts	9.6
Index Linked Gilts	19.3
Property	2.8
Total Scheme	100.0

* Global Tactical Asset Allocation

** Alliance Bernstein Global Equity is 75% hedged to Sterling

Figures subject to rounding

Manager	Structure %
BlackRock (UK Equities & GTAA)	11.4
AllianceBernstein (Global Equity*)	8.4
Origin (Global Equity)	8.4
Odey (Global Equity)	8.4
THS (Global Equity)	8.4
Aberdeen (Bonds and Property)	55.0
Total Scheme	100.0

* 75% hedged to Sterling

Figures subject to rounding

Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

Investment Report

Statement of Investment Principles

The Trustee has prepared a Statement of Investment Principles in accordance with Section 35 of the Pensions Act 1995. A copy of the Statement is available on request. No deviations from the investments permissible in the Statement were made in 2010.

To guide them in their strategic management of the assets and control of the various risks to which the Scheme is exposed, the Trustee has considered a number of objectives. The main objective is to aim to ensure that assets would be sufficient to meet payment of accrued liabilities.

The Scheme's Investments

At 31 December 2010, the total value of the Scheme's investments (based on bid prices where applicable) amounted to £52.3m. The distribution of these assets across the whole portfolio is highlighted in the table below:

Manager	Mandate	31.12.10	
		£m	%
BlackRock	Passive UK Equities and GTAA	5.9	11.3
AllianceBernstein	Active Global Equities*	5.0	9.5
Origin (Global Equity)	Active Global Equities	5.1	9.7
Odey (Global Equity)	Active Global Equities	3.8	7.4
THS (Global Equity)	Active Global Equities	3.8	7.3
Aberdeen	Active Bonds and Property	28.7	54.8
Total Scheme		52.3	100.0

* 75% hedged to Sterling
Source: Investment managers
Figures subject to rounding

Investment Performance

The Scheme's performance is compared with an overall benchmark which is based on the Scheme's investment policy. The Trustee also monitors the performance of the Scheme's investments which is measured by BNY Mellon Asset Servicing on a quarterly basis to March, June, September and December month ends.

The performance for the total assets over the one, three and five year periods to 31 December 2010 is shown below.

	1 Year to 31 December 2010 %	3 Years to 31 December 2010 % p.a.	5 Years to 31 December 2010 % p.a.
Scheme	10.1	1.2	2.8
Benchmark	10.6	2.9	4.1

Source: BNY Mellon Asset Servicing and investment managers. Performance for quarter to end 31 December 2010 calculated by Mercer

Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

Investment Report

Investments Exceeding 5% of Total Assets

The following vehicles exceeded 5% of total Scheme assets as at 31 December 2010:

- BlackRock Aquila Life UK Equity Index Fund
- AllianceBernstein Global Value Equity Fund
- Origin Global Equity Fund
- Odey Global Equity Fund
- THS Global Equity Fund
- Aberdeen Life UK Long Dated Sterling Bond Fund
- Aberdeen Life Corporate Bond Fund
- Aberdeen Life UK Index Linked Bond Fund

Custodial Arrangements

Over the year the Scheme's assets managed by BlackRock, AllianceBernstein, Origin, Odey, THS, and Aberdeen, were invested within pooled investment vehicles. As such, the Scheme does not directly own the underlying investments. The appointment and monitoring of the custodian functions for the assets underlying the funds is the responsibility of the investment managers of the funds. The custodians are responsible for the safe keeping of the documents relating to the ownership of the assets underlying the pooled vehicles.

Accrued Income

As at 31 December 2010, there was no outstanding income accrued for the Scheme's investments that is not reflected in the unit prices of the pooled funds.

Employer Related Investments

The Scheme's assets were not directly invested in investments related to the sponsoring employer. However, there may be a small exposure to the sponsoring company's equity via BlackRock's Aquila Life UK Equity Index Fund, in line with the index weight and in the Global Equity Funds should their managers choose to take such positions. Having reviewed the Scheme's managers' limits in individual holdings in December 2010, we concluded that the maximum possible exposure that the Scheme can have is 2.276%, well within the 5% limit.

Remuneration for Professional Services

Mercer is remunerated on a retainer fee basis for ongoing monitoring and day-to-day consulting issues. Additional consulting projects are quoted for and charged separately.

With the exception of the GTAA Fund managed by BlackRock and the Global Equity Fund managed by Odey, where the fees include performance related elements equal to 20% of any outperformance, all of the Scheme's investment managers are remunerated on a fee basis that is dependent on the size of assets under management. Units are encashed from the Scheme's investments to settle charges.

Mercer

February 2011

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Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

Summary of contributions For the year ended 31 December 2010

Statement of Trustee's Responsibilities in respect of Contributions

The Scheme'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 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 schedule.

Trustee's Summary of Contributions payable under the schedule 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 schedule of contributions certified by the actuary on 28 January 2008 in respect of the Scheme year ended 31 December 2010. The Scheme auditor reports on contributions payable under the schedule in the Auditors' Statement about Contributions.

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

Contributions payable to the Scheme by the employer under the Schedule of Contributions in respect of the year ended 31 December 2010 were as follows:

	Financial statements £000	Schedule £000	Amount in excess of the schedule £000
EMPLOYER CONTRIBUTIONS			
Deficit Funding contributions	1,250	1,250	-
	<u>1,250</u>	<u>1,250</u>	<u>-</u>

Signed for and on behalf of the Trustee on 21 June 2011 .

Trustee Director.....

Trustee Director.....

Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

Fund account For the year ended 31 December 2010

	Note	For the year ended 31 December 2010 £000	For the year ended 31 December 2009 £000
CONTRIBUTIONS AND BENEFITS			
Contributions	3	1,250	1,719
Transfers in	4	53	30
Other Income		-	8
		<u>1,303</u>	<u>1,757</u>
Benefits	5	(1,971)	(2,435)
Payments to and on account of leavers	6	(406)	(520)
Other payments	7	145	(221)
Administrative expenses	8	(267)	(256)
		<u>(2,499)</u>	<u>(3,432)</u>
NET WITHDRAWALS FROM DEALINGS WITH MEMBERS		<u>(1,196)</u>	<u>(1,675)</u>
INVESTMENT RETURNS			
Investment income	9	28	2
Investment management expenses	10	(55)	(101)
Change in market value of investments	11	4,783	4,715
NET RETURNS ON INVESTMENTS		<u>4,756</u>	<u>4,616</u>
NET INCREASE IN THE FUND DURING THE YEAR		<u>3,560</u>	<u>2,941</u>
NET ASSETS AT 1 JANUARY 2009		<u>49,246</u>	<u>46,305</u>
NET ASSETS AT 31 DECEMBER 2010		<u>52,806</u>	<u>49,246</u>

Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

Net assets statement As at 31 December 2010

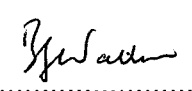
	Note	31 December 2010 £000	31 December 2009 £000
TOTAL INVESTMENTS			
INVESTMENTS	11	52,513	49,347
CURRENT ASSETS	12	410	17
CURRENT LIABILITIES	13	(117)	(118)
		<u>293</u>	<u>(101)</u>
NET ASSETS AT 31 DECEMBER 2010		<u><u>52,806</u></u>	<u><u>49,246</u></u>

The notes on pages 21 to 25 form an integral part of these financial statements.

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

These financial statements were approved by the Trustee at a meeting held on 21 June 2011 and were signed on their behalf by:

Trustee Director..... 

Trustee Director..... 

Planned Maintenance Engineering Limited Staff Pension and 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, "Financial Reports of Pension Schemes" (revised May 2007).

2. ACCOUNTING POLICIES

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

2.1 Accruals concept

The financial statements have been prepared on an accruals basis with the exception of individual transfers which are recognised when received or paid.

2.2 Contributions and benefits

Contributions and benefits are accounted for in the period in which they fall due.

Augmentations relate to the cost of augmenting benefits of certain retiring members, as advised by the Actuary.

2.3 Transfers to and from other Schemes

Transfer values have been included in the Financial statements when received and paid. They do not take account of members who have notified the Scheme of their intention to transfer.

Individual transfer values to and from other pension arrangements represents the amounts received and paid during the year for members who either joined or left the Scheme and are accounted for when a member exercises their option to transfer their benefit.

2.4 Investment income

Investment income on cash deposits is accounted for on an accruals basis. Dividends and interest on securities are accounted for to the extent that they are declared and payable.

Income from managed funds is not distributed but is reinvested and included within the closing value of the fund at the year end.

2.5 Valuation of investments

The market value of pooled investment vehicles is based on the bid price operating at the accounting date, as advised by the investment managers.

2.6 Additional Voluntary Contributions (AVCs)

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

Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

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

3. CONTRIBUTIONS

	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Employer's Contributions		
Normal contributions	-	336
Deficit Funding contributions	1,250	1,250
Members' Contributions		
Normal contributions	-	126
Additional voluntary contributions	-	7
	<u>1,250</u>	<u>1,719</u>

4. TRANSFERS IN

	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Transfers in – individual	<u>53</u>	<u>30</u>

Transfers in relate to members who took benefits during the year and had some benefit accruals in the 2009 Pension Plan. This is a transfer in from the 2009 Pension Plan.

5. BENEFITS

	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Pension payments	1,396	1,222
Commutations and lump sum retirement benefits	575	1,194
Lump sums on death of a deferred member	-	19
	<u>1,971</u>	<u>2,435</u>

6. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Transfers out – individual	<u>406</u>	<u>520</u>

Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

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

7. OTHER PAYMENTS

	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Term insurance premiums	(145)	221

Term insurance policies were secured by a policy underwritten by Unum Limited.

8. ADMINISTRATIVE EXPENSES

	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Administration (includes head office recharge)	66	39
Actuarial	175	162
Audit fee	12	17
Legal fees	13	34
Regulatory fees	1	4
	267	256

9. INVESTMENT INCOME

	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Income from pooled investment vehicles	26	-
Interest on cash deposits	2	2
	28	2

10. INVESTMENT MANAGEMENT EXPENSES

	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Administration and management fees *	41	86
Investment consultancy	2	2
Performance measurement services	12	13
	55	101

* Reduced from 2009 due to the changes in investments during 2010.

Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

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

11. INVESTMENTS

	Value at 01/01/2010	Purchases at cost	Sales proceeds	Change in market value	Value at 31/12/2010
	£000	£000	£000	£000	£000
Pooled investment vehicles	48,909	25,757	(27,133)	4,742	52,275
AVC investments	195	-	(6)	41	230
	<u>49,104</u>	<u>25,757</u>	<u>(27,139)</u>	<u>4,783</u>	<u>52,505</u>
Cash deposits	8				8
Cash in transit	235				-
	<u>49,347</u>				<u>52,513</u>

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.

Costs are 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.

POOLED INVESTMENT VEHICLES

	31 December 2010	31 December 2009
	£000	£000
Property	1,053	964
Bonds	27,649	26,963
Equities UK	5,105	11,814
Equities Overseas	18,468	9,168
	<u>52,275</u>	<u>48,909</u>

Planned Maintenance Engineering Limited Staff Pension and 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:

	31 December 2010 £000	31 December 2009 £000
MGM AVC	95	95
Prudential Assurance AVC	132	97
Equitable Life	3	3
	230	195

12. CURRENT ASSETS

	31 December 2010 £000	31 December 2009 £000
Other debtors	370	4
Cash balances	40	13
	410	17

13. CURRENT LIABILITIES

	31 December 2010 £000	31 December 2009 £000
Administration and professional fees due	81	64
Investment fees due	15	25
Taxation	21	19
Other creditors	-	10
	117	118

14. 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.

Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

Compliance statement For the year ended 31 December 2010

Introduction

The Scheme is a defined benefit scheme 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 100018750.

Pension increases

Pensioners in receipt of benefits accrued under the final salary section receive annual increases to pensions in payment. With effect from 1st January 2001, all non-Category A pensioners received an increase in their pension of 3%. The Category A pensioners also received an increase of 3.2% to their pension from 1st January 2001. For pensioners over State Pension age, the above increases only apply to the Scheme pension in excess of the Guaranteed Minimum Pension (GMP) earned prior to 6th April 1988, as the State is responsible for paying increases on the pre-1988 GMP. However, the Scheme is responsible for increasing any GMP earned after 6th April 1988, in accordance with increases in the Retail Prices Index, up to a maximum of 3% per annum.

Deferred pensions accrued under the final salary section were increased in line with statutory requirements.

In the case of pensioners receiving benefits accrued under the money purchase section, it is the member's choice, at the time the benefit reaches payment, whether or not to purchase a pension that includes pension increases. However, in accordance with the Pensions Act 1995, all pensions secured by contributions on or after 6 April 1997 must be increased annually in line with increases in the Retail Prices Index, up to a maximum of 5% each year (this is known as Limited Price Indexation).

Other information

- (i) The Trustee is required to provide certain information about the Scheme to the Registrar of Pension Schemes. This has been forwarded to:

The Registrar of Pension Schemes
PO Box 1NN
Newcastle Upon Tyne
NE99 1NN

- (ii) 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 Pensions Ombudsman
11 Belgrave Road
London
SE1V 1RB

Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

Compliance statement For the year ended 31 December 2010

- (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. PAS may be contacted at:

PAS 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:

Napier House
Trafalgar Place
Brighton
East Sussex
BN1 4DW

- (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.

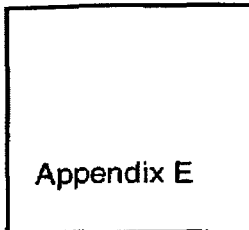
The Compensation Scheme is funded by a retrospective levy on occupational pension schemes.

- (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.

Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

Appendix



Schedule of Contributions, incorporating actuarial certificate

Status of this document

This schedule has been prepared by the Trustee of the Planned Maintenance Engineering Limited Staff Pension and 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 following the 31 December 2008 valuation. It supersedes all earlier versions.

After discussions, a pattern of contributions was agreed by the Trustee and the Employer, Planned Maintenance Engineering 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.

Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

Appendix

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 £1.25m per annum in 2009 and 2010, £0.9m per annum from 1 January 2011 to 31 December 2022, £1.0m in 2023 and £1.8m in 2024 with contributions from 2011 onwards 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

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, Planned Maintenance Engineering Limited, and the Trustee of the Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme on 29 October 2010.

Signed on behalf of Planned Maintenance Engineering Limited


.....

Name

J.K. DAWSON

Position

HEAD OF REWARD

Date of signing

29.10.10

Signed on behalf of the Trustee of the Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme


.....

Name

LEE MILLS

Position

CHAIRMAN OF TRUSTEES

Date of signing

29th October 2010

Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

Appendix

Certification of schedule of contributions

Name of Scheme

Planned Maintenance Engineering Limited Staff Pension and Assurance Scheme

Adequacy of rates of contributions

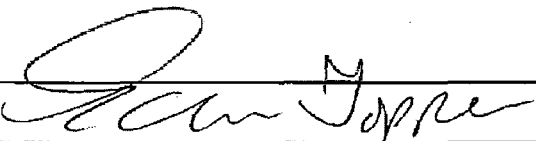
1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2008 to be met by the end of the period specified in the recovery plan dated 29 October 2010.

Adherence to statement of funding principles

2. 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



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 and Faculty of Actuaries