

The Alfred McAlpine Pension Plan
Annual Report
For the year ended 31 December 2011

Plan Registration Number: 10132644



The Alfred McAlpine Pension Plan

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The Alfred McAlpine Pension Plan

Trustee and Advisors to the Plan

Trustee

Carillion (DB) Pension Trustee Limited

Secretary to the Trustee

Tina Rushworth

Consultants and Actuaries

Mercer Limited
Clarence House
Clarence Street
Manchester M2 4DW

Plan Actuary

E Topper FIA
Mercer Limited
Clarence House
Clarence Street
Manchester M2 4DW

Administrators

JLT Benefit Solutions Limited
St James's House
7 Charlotte Street
Manchester M1 4DZ

Legal Advisors

Sacker and Partners LLP
29 Ludgate Hill
London EC4M 7JQ

Auditor

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham B4 6GH

Bankers

The Royal Bank of Scotland plc
Drummonds Branch
49 Charing Cross
London SW1A 2DX

The Alfred McAlpine Pension Plan
Trustee and Advisors to the Plan (cont.)

Investment Managers

Legal & General Assurance (Pensions Management) Limited
One Coleman Street
London EC2R 5AA

BlackRock Investment Managers Limited
33 King William Street
London EC4R 9AS

Aviva Investors
PO Box 87
22 Grenville Street
St Helier
Jersey JE4 8PX
Channel Islands

Insight Investment Management (Global) Limited
33 Old Broad Street
London EC2N 1HZ

Origin Asset Management LLP
One Carey Lane
London EC2V 8AE

Alliance Bernstein Institutional Investments
Devonshire House
1 Mayfair Place
London W1J 8AJ

Odey Asset Management LLP
12 Upper Grosvenor Street
London W1K 2ND

Taube Hodson Stonex Partners LLP
1st Floor Cassini House
57-59 St James's Street
London SW1A 1LD

The Alfred McAlpine Pension Plan
Trustee and Advisors to the Plan (cont.)

Investment Custodians

HSBC Global Investor Services
Mariner House
Pepys Street
London EC3N 4DA

Citibank NA
Lewisham House
25 Molesworth Street
London SE13 7EX

Bank of New York Europe Limited
One Canada Street
London E14 5AL

Dexia Banque Internationale à Luxembourg
George's Quay House
Townsend Street, 43
Dublin 2
Ireland

Brown Brothers Harriman & Co
80 Harcourt Street
Dublin 2
Ireland

Northern Trust
50 Bank Street
Canary Wharf
London E14 5NT

AVC Providers

Prudential Assurance Company
PO Box No. 25
Craigforth
Stirling FK9 4UE

The Equitable Life Assurance Society
Walton Street
Aylesbury
Buckinghamshire HP21 7QW

Legal & General Assurance (Pensions Management) Limited
One Coleman Street
London EC2R 5AA

The Alfred McAlpine Pension Plan

Trustee's Report

The Trustee is pleased to present its Annual Report of The Alfred McAlpine Pension Plan (the Plan) for the year ended 31 December 2011. The financial statements have been prepared and audited in accordance with sections 41 (1) and (6) of the Pensions Act 1995 and in compliance with regulations issued under the Pensions Act 1995.

1. Constitution of the Plan

The Plan was established on 21 October 1946 to provide benefits on a defined benefit basis for the permanent employees of Alfred McAlpine plc and any other associated employers admitted to the Plan. Alfred McAlpine plc subsequently changed its name to Carillion AM Limited. The Plan is operated in accordance with the Definitive Trust Deed and Rules dated 29 January 2001 and subsequently amended by two deeds dated 30 November 2002, and by deeds dated 23 April 2003, 30 July 2003, 6 July 2004, 14 October 2005 and 30 November 2006. A further deed of amendment dated 6 April 2006 adopted interim amendments for the purposes of the Finance Act 2004 and Civil Partnership Act 2004. These provisions have yet to be incorporated definitively into the Trust Deed and Rules.

The Plan is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004.

With effect from 31 July 2003, the Plan closed to new members and most active members ceased accruing service but retained salary linkage under the Plan at that date until 31 December 2009 (or on leaving the Company, if earlier). Prior to 31 March 2008 certain individuals were allowed entrance on a discretionary basis.

2. Changes to the Plan

A deed of amendment was signed to allow for the appointment of the new Trustee.

There have been no changes to the benefit structure of the Plan during the year ended 31 December 2011.

3. Principal Employer and Appointment and Removal of Trustee/Directors

The Principal Employer is Carillion AM Limited.

Until 31 March 2011 the Plan was managed by the Trustee, Alfred McAlpine Pension Trustees Limited, a company whose function was to act as Trustee of the Plan. The Trust Deed and Rules provided for the appointment and removal of Directors of the Trustee. The board of the Trustee was made up of six Directors, three of whom were appointed by the Principal Employer and three were member representatives. These Member Nominated Directors (MNDs) served for a period of four years and were eligible for re-election.

The Directors of Alfred McAlpine Pension Trustees Limited during the year were:

Appointed by the employer:

R Ellison (Chairman and Independent)
R Hertzberg
D Smith

Appointed by the members:

P Kitto
S Rowland
J Wilson

The Alfred McAlpine Pension Plan

Trustee's Report (cont.)

From 1 April 2011 Alfred McAlpine Pension Trustees Limited was replaced by Carillion (DB) Pension Trustee Limited. This company's function is to act as Trustee to the Plan and to five other Carillion Group schemes. The Articles of this company provide for the appointment and removal of Directors of the Trustee. The board of the Trustee is made up of sixteen Directors, six of whom are appointed by the Principal Employer, one of whom is the independent chairman, while the other ten are member representatives. The original MNDs were co-opted from the previous trustee companies of five of the six schemes for which Carillion (DB) Pension Trustee Limited acts as Trustee. Nominations for MNDs were sought during 2011 and the elections, when required, were completed by 31 March 2012.

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

Appointed by the employer:

R Ellison (Independent Chair)	Head of Strategic Development for Pensions, Pinsent Masons LLP
R Herzberg	Group Head of Risk, Carillion plc
L Mills	Head of Treasury and Tax, Carillion plc
S Morton	Group HR Director, Carillion plc
A Shepley	Legal Director (Services)
B Watkins	Pensioner Member

Appointed by the members:

D Benson	Programme Manager, CBS
G Brown	Pensioner Member
S Brunswick	Technical Services Director, Building
S Chandler	Health and Safety Manager, CPM
S Eastwood	Managing Director, Carillion Developments
G Hindley (appointed 2 May 2012)	Pensioner Member
P Kitto	Head of Proposals, RCE
S Rawsthorne	Branch Manager, CPM
S Rowland	Pensioner Member
I Simmonds (appointed 14 March 2012)	Commercial Director, Legacy Contracts
N Sutherland (resigned 25 October 2011)	Operating Health Director, CSS

Trustee Knowledge and Understanding

The Pensions Act 2004 required Trustees to have sufficient knowledge and understanding of pensions and trust law and to be conversant with the Scheme documentation. The Pensions Regulator has published a Code of Practice on Trustee Knowledge and Understanding (TKU) to assist Trustees on this matter which became effective from 6 April 2006 and subsequent revisions were made in November 2009. The Trustees recognise the need for, and participate in, ongoing training including seminars and the Pensions Regulator 'Trustee Toolkit' training program.

The Alfred McAlpine Pension Plan

Trustee's Report (cont.)

4. Membership at 31 December 2011

	2011	2010
a) Total members		
Deferred pensioners	2,542	2,643
Pensioners	1,925	1,865
	<u>4,467</u>	<u>4,508</u>
b) Deferred Pensioners		
These are members who have left service but have elected to have their benefits retained with the Plan until they become payable.		
<i>Total at beginning of year</i>	2,643	
Adjustment	(11)	
		<u>2,632</u>
<i>Less:</i>		
Subsequently transferred	(6)	
Pensions becoming payable	(82)	
Deaths	(2)	
		<u>(90)</u>
<i>Total at end of year</i>		<u>2,542</u>
c) Pensioners		
The Plan also provides for members who have retired on pension and for spouses and dependants who receive pensions following the deaths of members.		
<i>Total at beginning of year</i>	1,865	
Adjustment	7	
Pensions commencing	82	
Spouse's pensions commencing	22	
		<u>1,976</u>
<i>Less:</i>		
Deaths	(50)	
Pensions fully commuted	(1)	
		<u>(51)</u>
<i>Total at end of year</i>		<u>1,925</u>

The Alfred McAlpine Pension Plan

Trustee's Report (cont.)

Any adjustments to the brought forward figures have arisen due to the timing of notification of membership movements.

Three members retired during the year who hadn't notified the Trustee of their decision on the type or amount of benefit to be taken as at the year end. As is in accordance with the SORP and accounting policies these benefits are not accounted for.

5. Growth of the Fund

The fund account on page 18 shows that the net withdrawals from dealings with members were £6,929,130 (2010: £8,471,847). The net return on investments for the year was a loss of £3,561,108 (2010: a gain of £34,816,787). The total net movement in the Plan's assets for the year was a decrease of £10,490,238 (2010: an increase of £26,344,940), giving net assets of the Plan at the end of the year of £286,657,736 (2010: £297,147,974).

6. Actuarial Position

An actuarial valuation of the Plan as at 31 December 2008 was undertaken in accordance with the requirements of Part 3 of the Pensions Act 2004.

The Schedule of Contributions and the Certification of the Calculation of Technical Provisions are given on pages 27 to 31, along with the Summary Funding Statement on page 32.

7. Summary of Contributions

Statement of Trustee's Responsibilities in respect of Contributions

The Plan's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan 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 Plan in accordance with the schedule.

Summary of Contributions Payable in the Year

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 Plan under the Schedule of Contributions certified by the Actuary on 29 October 2010 in respect of the Plan year ended 31 December 2011. The Plan auditor reports on contributions payable under the schedules in the Auditors' Statement about Contributions.

Contributions received were in accordance with the schedules of contributions in force during the year.

The Alfred McAlpine Pension Plan

Trustee's Report (cont.)

During the year the contributions paid to the Plan were as follows:

	Employer £	Employee £
Required by the schedule of contributions		
Deficit funding contributions	9,506,000	-
Other contributions		
Additional voluntary contributions	-	79
Total contributions as per Fund Account	<u>9,506,000</u>	<u>79</u>

Deficit funding contributions were paid to the Plan in accordance with the Recovery Plan agreed on 29 October 2010. £9.506 million per annum is due under this Recovery Plan until 30 June 2022.

8. Additional Voluntary Contributions

Members were able to make additional voluntary contributions into the Plan subject to HM Revenue & Customs limitations. Further detail is given in note 10 to the financial statements.

9. Benefit Increases

Pensions in payment as at 1 January 2011 above the Guaranteed Minimum Pension (GMP) were increased by 4.6% (1 January 2010: 0%). GMPs earned after April 1988 were increased in line with Government requirements. GMPs earned in respect of service before April 1988, were increased separately by the State. Increases calculated in this manner are guaranteed.

Deferred pensions were increased in line with Statutory Revaluation orders.

10. Transfer Values

All transfer values are calculated in accordance with the requirements of The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 using assumptions determined by the Trustee on advice provided by the Plan Actuary.

No discretionary benefits or increases in benefits are included in the calculation of transfer values.

In October 2009, the Trustee reduced the external transfer values available to members to reflect the level of funding within the Plan; this measure was taken to protect the remaining members. It was reviewed during 2010 and again in 2011 and will continue to be reviewed annually.

11. Investment Management

The day to day management of the Plan's investments has been delegated by the Trustee to the investment managers, Legal & General Assurance (Pensions Management) Limited, BlackRock Investment Managers Limited, Aviva Investors (Aviva), Insight Investment Management (Global) Limited, Origin Asset Management LLP, Alliance Bernstein Institutional Investments, Odey Asset Management LLP and Taube Hodson Stonex Partners LLP as investment managers.

The Alfred McAlpine Pension Plan

Trustee's Report (cont.)

The remuneration of the investment managers is related to the value, from time to time, of the portfolio, and for BlackRock Investment Managers Limited remuneration is also linked to performance relative to the benchmark.

A Statement of Investment Principles has been produced as required by Section 35 of the Pensions Act 1995, and is available on request from the Trustee at the address shown on page 10 of this report.

The investments are held in designated nominee accounts.

12. Statement of Trustee's Responsibilities

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 Plan members, beneficiaries and certain other parties, audited financial statements for each Plan year which:

- show a true and fair view, of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan 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 (Revised May 2007).

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 Plan prescribed by pensions legislation, which it should ensure is consistent with the financial statements it accompanies.

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

13. Internal Disputes Resolution Procedure (IDRP)

Any member with a complaint or unresolved query can use the IDRP by contacting the Secretary of the Scheme, or alternatively, they can obtain advice through The Pensions Advisory Service (TPAS) as detailed below.

The Alfred McAlpine Pension Plan

Trustee's Report (cont.)

14. The Pensions Advisory Service

The Pensions Advisory Service (TPAS) is an independent and voluntary organisation established for the purpose of giving free help and advice to members of the public on all matters concerning pension schemes (other than State schemes) including personal pensions. The service is available to all those who think they have pension rights including scheme members, pensioners, those with deferred pensions and dependants. TPAS can be contacted at:

11 Belgrave Road
London SW1V 1RB

15. Pensions Ombudsman

The Pensions Ombudsman was established to investigate complaints of injustice due to maladministration and disputes of fact or law between complainants and trustees, managers or employers. The Ombudsman can be contacted at:

11 Belgrave Road
London SW1V 1RB

16. The Pensions Regulator

The Plan has been registered with the Pensions Regulator, which can be contacted at:

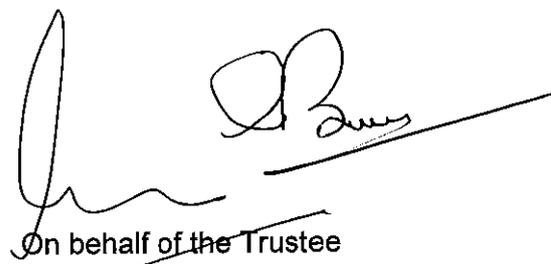
Napier House
Trafalgar Place
Brighton BN1 4DW

17. Further Information

Enquiries about individual benefit entitlements should be addressed to:

JLT Benefit Solutions Limited
St James's House
7 Charlotte Street
Manchester M1 4DZ

Date:


On behalf of the Trustee

The Alfred McAlpine Pension Plan

Investment Report

Investment Report for the 12 Months Ended 31 December 2011

Background

Although the first half of 2011 saw tragic earthquakes in the Pacific, flooding in Australia and political unrest spreading across the Middle East, investment markets proved remarkably resilient. In contrast, concerns over global growth and contagion from the Eurozone periphery to core markets resulted in significant falls in the values of global risk assets during the second half of the year. Italy, in particular, came under pressure from bond markets with yields over 7% triggering a change of government and implementation of deeper austerity measures. The Greek question rumbled on throughout the year, with initiatives designed to reduce the debt to GDP ratio to 120% by 2020 from 160% at the end of 2011, still to be approved.

The Eurozone economy is predicted to contract over 2012 by 0.3% led by falls in Italian growth of -1.3%, Portugal -3.5% and Greece -4.1%. The German economy, the engine within the currency bloc, grew 3.0% over 2011 but is forecasted to stagnate in 2012, with forecast growth of 0.5% (source: all Consensus Economics, January 2012).

The UK economy has been lacklustre for much of the year with the Office for Budget Responsibility predicting a contraction in GDP in the fourth quarter. Planned austerity measures, the drop in demand from the Eurozone (which represents c.50% of the UK's export markets), the Japanese disaster and high inflation all took their toll. At the end of the third quarter, year-on-year GDP growth was 0.5% and is estimated to be 0.9% once fourth quarter data is released. Consensus forecasts are for growth of 0.5% over 2012; however, this is highly dependent on the outcome of the crisis in the Eurozone. Inflation, measured by CPI, fell to 4.2% in December from a high of 5.2% in September (source: all Office for National Statistics and Consensus Economics, January 2012).

The economic situation in the US improved over the year despite political brinkmanship over extending the debt ceiling, the subsequent credit rating downgrade by S&P and the deferral of deficit reduction measures until the resolution of the forthcoming election season. Employment figures picked up in the second half of the year falling from 9.2% in June to 8.5% in December, the lowest since February 2009 (source: Datastream). Business investment, pre-tax corporate profits and industrial production numbers are all estimated to have been strong. GDP growth is expected to be 1.8% over 2011 with a consensus forecast for 2012 of 2.2% (source: both Consensus Economics, January 2012).

Japan suffered a devastating earthquake, tsunami and nuclear crisis in March with the government estimating the cost to be \$309 billion, four times that of Hurricane Katrina. As a result, GDP is estimated to have fallen 0.8% over 2011, compared to growth of 4.5% in 2010. The continuing rebuilding operation is expected to boost economic growth in 2012, which is forecast to be 1.9% (source: all Consensus Economics, January 2012).

The Alfred McAlpine Pension Plan

Investment Report (cont.)

Emerging economies continued to grow strongly but were not wholly immune from the malaise in the developed world. China reported GDP growth of 8.9% year-on-year at the end of the fourth quarter. Although impressive this represents the slowest growth for two and a half years (source: Bloomberg), and was largely a result of lower export demand from the Eurozone and a slowing Chinese property market. Indian GDP slipped to 6.9%, year-on-year, in Q3, continuing the downward trend of the last eighteen months. Exports held strong, growing 27.4% year-on-year, helped by the depreciation of the Rupee, down 18.8% against the US Dollar over the year (source: Datastream).

Delegation of Responsibilities

The overall investment policy of the Alfred McAlpine Pension Plan ("the Plan") is determined by the Trustee in consultation with Mercer. The day-to-day management of the assets is delegated to professional investment managers across a range of asset classes.

Management of the Assets

The Plan's overall 60.0%/40.0% strategic split between equities and bond-like assets remained unchanged over 2011. As at 31 December 2011, the Plan's assets were managed by BlackRock Advisors (UK) Limited ("BlackRock"), Alliance Bernstein Institutional Investments ("Alliance Bernstein"), Origin Asset Management ("Origin"), Odey Asset Management ("Odey"), Taube Hodson Stonex Partners ("THS"), Legal & General Investment Management Limited ("L&G"), Insight Investment Management (Global) Limited ("Insight") and Aviva Investors Global Services Limited ("Aviva").

The investment strategy is shown in the tables below:

Asset Class	Strategy %
UK Equities	22.0
Non UK Equities	18.0
Global Equities	20.0
UK Corporate Bonds	17.0
UK Fixed Interest Gilts	9.0
Index-Linked Gilts	9.0
HLV Property	5.0
Total Plan	100.0

Manager	Structure %
BlackRock (UK equities)	20.0
L&G (bonds, UK and non UK equities)	35.0
Alliance Bernstein (global equities)	6.0
Odey (global equities)	4.0
Origin (global equities)	6.0
THS (global equities)	4.0
Insight (bonds)	20.0
Aviva (HLV property)	5.0
Total Plan	100.0

The Alfred McAlpine Pension Plan

Investment Report (cont.)

Statement of Investment Principles

The Trustee has prepared a Statement of Investment Principles ("SIP") in accordance with Section 35 of the Pensions Act 1995. A copy of the SIP is available on request. There were no departures from the investments permissible in the SIP during the year.

Strategic management of the assets is the responsibility of the Trustee acting on expert advice and reflects the investment objective of the Plan. This is to seek to obtain investment returns at least commensurate with the assumptions used for valuing the liabilities. In this context, the primary aim is to enhance the ongoing funding level through controlled risk taking, which aims to avoid unplanned increases in employer contributions.

The Plan's Investments

As at 31 December 2011, the market value of the Plan's investments (based on bid prices where applicable) amounted to £283.9m. The distribution of these assets across the whole portfolio is highlighted in the table below:

Manager	Asset Class	31 Dec 11		Target %
		£m	%	
AllianceBernstein	UK Equity	1.8	0.6	
	Non UK Equity	12.8	4.5	6.0
	Cash	0.2	0.1	
Odey	UK Equity	3.5	1.2	
	Non UK Equity	4.8	1.7	4.0
	Cash	2.0	0.7	
Origin	UK Equity	0.7	0.2	
	Non UK Equity	16.3	5.8	6.0
	Cash	0.2	0.1	
THS	UK Equity	2.6	0.9	
	Non UK Equity	7.6	2.7	4.0
	Cash	0.4	0.2	
BlackRock	UK Equity	55.5	19.6	20.0
L&G	UK Equity	5.6	2.0	2.0
	Non UK Equity	45.2	15.9	18.0
	Fixed Interest Gilts	18.2	6.4	6.0
	Index-Linked Gilts	18.8	6.6	6.0
	Corporate Bonds	9.0	3.2	3.0
Insight	Fixed Interest Gilts	9.5	3.3	3.0
	Index-Linked Gilts	9.8	3.4	3.0
	Corporate Bonds	43.9	15.5	14.0
	Cash	0.0	0.0	0.0
Aviva	HLV Property	15.5	5.4	5.0
Total		283.9	100.0	100.0

Source: Investment managers, figures subject to rounding.

All assets are marketable and can be valued on a daily basis except for the HLV Property assets, which are valued monthly.

The Alfred McAlpine Pension Plan

Investment Report (cont.)

Changes in Investment Managers

There were no strategic investment changes over the year ending 31 December 2011. However, prior to the year end, and further discussions at the 13 December 2011 Asset and Liability Committee Meeting, the Trustee agreed to rationalise the Growth Portfolio. This involves terminating the AllianceBernstein Global Value, the BlackRock UK Long/Short Nexus and the BlackRock UK Equity Specialists. The proceeds of the disinvestments are being used in part to fund investments in BlackRock's UK Equity Focus Fund and the absolute return version of BlackRock's Global Ascent (Sterling) Limited Fund. The remaining proceeds will be used to increase the Plan's global equity allocations with Odey, Origin and THS. These changes are being implemented over the second quarter of 2012.

Investment Performance

The Plan's performance is compared with an overall benchmark which is based on the target allocation of 60% equities, 40% bond-like assets.

Performance over the one, three and five year periods to 31 December 2011 is shown in the table below.

	1 Year to 31 December 2011 %	3 Years to 31 December 2011 % p.a.	5 Years to 31 December 2011 % p.a.
Plan	-0.6	10.5	2.9
Benchmark	0.8	10.0	3.3

Source: Investment managers and Mercer, gross of fees

Ten Largest Investments

The ten largest investments for the Plan as at 31 December 2011 were as follows:

1. Insight UK Corporate All Maturities Bond Fund
2. BlackRock UK Equity Specialist Fund
3. L&G Europe (ex UK) Index – GBP Hedged
4. L&G Over 5 Year Index-Linked Gilts Fund
5. L&G 0 to 5 Year Gilts Index Fund
6. Origin Global Specialist Equity Fund
7. Aviva Lime Property Fund Unit Trust
8. Alliance Bernstein Global Equity Value Fund
9. THS International Growth & Value Fund
10. Odey Allegra International Fund

Investments Exceeding 5% of Total Assets

The following vehicles exceeded 5% of the total Plan assets as at 31 December 2011:

1. Insight UK Corporate All Maturities Bond Fund
2. L&G Europe (ex UK) Index – GBP Hedged
3. L&G Over 5 Year Index-Linked Gilts Fund
4. L&G 0 to 5 Year Gilts Index Fund
5. Origin Global Specialist Equity Fund
6. Aviva Lime Property Fund Unit Trust
7. Alliance Bernstein Global Equity Value Fund

The Alfred McAlpine Pension Plan

Investment Report (cont.)

Custodial Arrangements

The Trustee employs Bank of New York Mellon through their agreement with BlackRock as the custodian for the portion of the Plan's assets invested in a segregated UK equity portfolio with BlackRock. All other assets are held in pooled fund units. It is the managers' responsibility to organise the custody of the underlying securities. The custodians for each manager are listed below.

Manager	Custodian
BlackRock	Bank of New York Mellon
L&G	HSBC Global Investor Services and Citi Bank N.A
Alliance Bernstein	Brown Brothers Harriman
Odey	RBC Dexia Investor Services Bank S.A.
Origin	HSBC Bank Plc
THS	Northern Trust
Insight	Bank of New York Mellon

Due to the nature of the Fund, there is no custodian for the Aviva HLV Property Fund but the administrator is State Street (Jersey) Limited.

The custodians are responsible for the safekeeping of share certificates and other documents relating to the ownership of listed investments. Investments are held in the name of each custodian's nominee company, in line with common practice for pension plan investments.

Employer Related Investments

The Plan's assets were not directly invested in investments related to the sponsoring employer. However, there was a small exposure to the sponsoring company's equity via L&G's UK Equity Index Fund, in line with the index weight. Therefore, the Plan holds less than 5% of total assets in Carillion plc equity.

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 UK Equity Fund managed by BlackRock and the Global Equity Fund managed by Odey, where the fees include a performance related element equal to 20% of any outperformance, all of the Plan's investment managers are remunerated on a fee basis that is dependent on the size of assets under management.

Mercer

February 2012

The Alfred McAlpine Pension Plan
Independent Auditor's Report to the Trustee of
The Alfred McAlpine Pension Plan

We have audited the financial statements of The Alfred McAlpine Pension Plan for the year ended 31 December 2011 set out on pages 18 to 26. 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 Plan Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Plan Trustee those matters we are required to state to it an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan Trustee, as a body 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 9, the Plan 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 Plan during the Plan year ended 31 December 2011 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year;
- have been properly prepared in accordance with UK 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.



N Dabbagh-Hobrow
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham B4 6GH

20 June 2012

The Alfred McAlpine Pension Plan

Independent Auditor's Statement about Contributions to the Trustee of The Alfred McAlpine Pension Plan

We have examined the Summary of Contributions payable under the schedule of contributions to The Alfred McAlpine Pension Plan in respect of the Plan year ended 31 December 2011 which is set out on pages 7 and 8.

This statement is made solely to the Plan's Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to it in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustee, as a body 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 7, the Plan's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates and due dates of certain contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan. The trustees are also responsible for keeping records in respect of contributions received in respect of active members of the Plan and for monitoring whether contributions are made to the Plan by the employer in accordance with the schedule of contributions.

It is our responsibility to provide a statement about contributions paid under the schedule of contributions to the Plan 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 schedule of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the schedule of contributions.

Statement about contributions payable under the schedule of contributions

In our opinion contributions for the Plan year ended 31 December 2011 as reported in the Summary of Contributions and payable under the schedule of contributions have in all material respects been paid at least in accordance with the schedule of contributions certified by the actuary on certified by the Actuary on 29 October 2010.



N Dabbagh-Hobrow
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham B4 6GH

20 June 2012

The Alfred McAlpine Pension Plan
Fund Account for the Year Ended 31 December 2011

	Note	2011 £	2010 £
Contributions and other income			
Contributions receivable	3	9,506,079	9,505,780
Other income	4	-	343,683
		<u>9,506,079</u>	<u>9,849,463</u>
Benefits and other payments			
Benefits payable	5	15,896,567	17,369,818
Payments to and on account of leavers	6	352,859	771,001
Other payments	7	3,000	1,764
Administrative expenses	8	182,783	178,727
		<u>16,435,209</u>	<u>18,321,310</u>
Net withdrawals from dealings with members		<u>(6,929,130)</u>	<u>(8,471,847)</u>
Returns on investments			
Investment income	9	5,098,456	5,109,700
Change in market value of investments	10	(7,829,493)	30,706,576
Investment management expenses		(830,071)	(999,489)
Net returns on investments		<u>(3,561,108)</u>	<u>34,816,787</u>
Net (decrease)/increase in the fund during the year		(10,490,238)	26,344,940
Net assets of the Plan at start of year		297,147,974	270,803,034
Net assets of the Plan at end of year		<u>286,657,736</u>	<u>297,147,974</u>

The Alfred McAlpine Pension Plan
Net Assets Statement at 31 December 2011

	Note	2011 £	2010 £
Investment assets	10	285,654,265	297,024,439
Current assets	11	1,747,566	1,138,886
Current liabilities	12	(744,095)	(1,015,351)
 Net assets of the Plan at 31 December		<u>286,657,736</u>	<u>297,147,974</u>

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which does take account of such obligations, is dealt with in the statements by the Actuary and the Summary Funding Statement on pages 27 to 32 and these financial statements should be read in conjunction with them.

Approved by the Trustee and signed on behalf of the Trustee on.....2012.



} Trustee Director



} Trustee Director

The notes on pages 20 to 26 form an integral part of these financial statements.

The Alfred McAlpine Pension Plan

Notes to the Financial Statements for the Year Ended 31 December 2011

1. **Basis of financial statements**

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 (SORP), Financial Reports of Pension Schemes (Revised May 2007).

2. **Accounting policies**

a) **Investments**

Investments are stated at market value at the year end. The market value of quoted securities is based on the closing price on the relevant Stock Exchange. Investments which are held in units are stated at the unit bid price as advised by the investment manager.

Forward foreign exchange contracts outstanding at the year end are stated at fair value which is determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract. The forward foreign exchange trades settled during the year are reported gross within the purchases and sales.

Overseas investments and forward contracts held in foreign currencies are translated at the rates of exchange ruling at the net assets statement date.

b) **Income from investments**

Income from investments is accounted for on an accruals basis.

Realised and unrealised gains and losses on investments are dealt with in the fund account for the year in which they arise.

c) **Contributions and benefits**

Contributions and benefits are accounted for in the year in which they fall due. Members who leave the Plan are assumed to have taken a preserved benefit until the Trustee is otherwise advised.

d) **Transfers to and from other schemes**

Transfer values are included in the financial statements when the trustees of the receiving scheme accept the liabilities of the transferring members. They do not take account of members who have notified the Plan of their intention to transfer.

e) **Administrative expenses**

With effect from 1 January 2006, the Principal Employer bore all costs of the administration of the Plan, excluding the investment managers' fees which are paid by the Plan. During the year ended 31 December 2009 it was agreed that the investment consulting fees would be paid from the Plan under a temporary arrangement. Further to this agreement, and under the Schedule of Contributions dated 29 October 2010 until 2013 all expenses will be paid directly from the Plan; save an annual allowance, of currently £0.5 million, to be met by the Principal Employer. From 2013, the Company will pay all expenses.

The Alfred McAlpine Pension Plan
Notes to the Financial Statements (cont.)

2. **Accounting policies (cont.)**

f) **Annuities**

The Trustee holds insurance policies that secure pension payable to specified beneficiaries. These policies remain assets of the Trustee but, as is permitted under current regulations and accounting practice, the Trustee has decided that these policies need not be valued in the Net Assets Statement.

3. **Contributions receivable**

	2011	2010
	£	£
Employer's - normal	-	193
- deficit funding	9,506,000	9,505,587
Members' - AVC	79	-
	<u>9,506,079</u>	<u>9,505,780</u>

Deficit funding contributions were paid to the Plan in accordance with the Recovery Plan agreed on 29 October 2010. £9.506 million per annum is due under this Recovery Plan until 30 June 2022.

4. **Other income**

Claims on term insurance policies	-	<u>343,683</u>
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5. **Benefits payable**

Pensions	14,210,032	13,618,780
Commutations and lump sum retirement benefits	1,661,118	3,374,855
Lump sum death benefits	25,417	376,183
	<u>15,896,567</u>	<u>17,369,818</u>

6. **Payments to and on account of leavers**

Refunds to members leaving service	969	1,554
Payments for members joining state scheme	1,381	2,128
Individual transfers to other schemes	350,509	767,319
	<u>352,859</u>	<u>771,001</u>

The Alfred McAlpine Pension Plan
Notes to the Financial Statements (cont.)

7. Other payments

	2011 £	2010 £
Ex-gratia payments	<u>3,000</u>	<u>1,764</u>

8. Administrative expenses

Administration, actuarial and investment consulting fees	148,467	164,113
Legal Fees	22,700	-
Trustee Director fees	11,042	14,564
Other expenses	574	50
	<u>182,783</u>	<u>178,727</u>

Administrative expenses are those payable over and above the £0.5 million per annum payable by the Principal Employer under the Schedule of Contributions dated 29 October 2010.

9. Investment income

Dividends from equities	1,676,857	1,775,016
Income from pooled investment vehicles	3,397,643	3,306,506
Income from other investments	6,445	10,538
Annuity income	17,126	17,384
Interest on cash deposits	385	256
	<u>5,098,456</u>	<u>5,109,700</u>

Income generated by pooled investment vehicle units held with Legal & General Assurance (Pensions Management) Limited is not distributed, but is retained within the pooled investment vehicle and is reflected in the market value of the units.

The Alfred McAlpine Pension Plan
Notes to the Financial Statements (cont.)

10. Investments

Investment transactions in the year ended 31 December 2011 are summarised as follows:

	Value at 1 Jan 2011 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 31 Dec 2011 £
Equities	54,242,544	6,028,293	(7,330,363)	(3,818,429)	49,122,045
Pooled investment vehicles	239,788,408	53,180,501	(55,013,800)	(4,004,065)	233,951,044
Other investments	1,284,374	3,887,152	(4,178,304)	-	993,222
AVC investments	1,219,132	79	(55,381)	(6,999)	1,156,831
	<u>296,534,458</u>	<u>63,096,025</u>	<u>(66,577,848)</u>	<u>(7,829,493)</u>	<u>285,223,142</u>
Cash deposits	141,605				35,917
Accrued investment income	348,376				395,206
	<u>297,024,439</u>				<u>285,654,265</u>

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

Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Plan.

The Alfred McAlpine Pension Plan
Notes to the Financial Statements (cont.)

10. **Investments (cont.)**

The investments above can be analysed as follows:

	2011 £	2010 £
Equities - UK quoted	<u>49,122,045</u>	<u>54,242,544</u>
Pooled investment vehicles		
L&G UK Equity Index	5,553,062	6,648,635
L&G N American Equity Index – GBP Hedged	3,559,823	3,802,742
L&G Europe (Ex UK) Index – GBP Hedged	19,977,059	23,032,188
L&G Japan Equity Index – GBP Hedged	4,974,269	6,187,319
L&G Asia Pac exJap Dev Index – GBP Hedged	6,989,041	8,562,304
L&G Global Emerging Markets Index	9,131,564	11,134,829
L&G World Emerging Markets Equity Index	599,873	733,523
L&G Investment Grade Bond All Stocks Index	9,030,479	8,630,008
L&G Over 5 Year Index-Linked Gilts Index	18,761,958	18,349,432
L&G 0 to 5 Year Gilts Index	18,184,870	17,602,191
Aviva – The Lime Property Fund Unit Trust	15,900,049	14,836,308
Insight – Corporate Bond Funds	63,170,655	55,657,788
BlackRock - UK Equities	5,255,405	5,731,094
The Origin Partnership Exempt Fund : Global Specialist Equity Fund	17,209,540	17,818,080
Odey Allegra International GBP Fund	10,295,636	11,704,636
Alliance Bernstein Global Value Fund	14,764,068	17,369,495
THS International Growth Fund	10,593,693	11,987,836
	<u>233,951,044</u>	<u>239,788,408</u>
Other investments		
Cash instruments	<u>993,222</u>	<u>1,284,374</u>

All investment managers operating the pooled investment vehicles are registered in the United Kingdom.

The Alfred McAlpine Pension Plan
Notes to the Financial Statements (cont.)

10. Investments (cont.)

The following investments account for more than 5% of the Plan's net assets as at 31 December 2011:

	2011	2010
	%	%
Insight – Corporate Bond Funds	22.0	18.9
L&G Europe (ex UK) Hedged Index	7.0	7.8
L&G Over 5 Year Index-Linked Gilts Index	6.5	6.2
L&G 0 to 5 Year Gilts Index	6.3	6.0
The Origin Partnership Exempt Fund : Global Specialist Equity Fund	6.0	6.0
Alliance Bernstein Global Value Fund	5.1	5.9
Aviva - The Lime Property Fund	5.5	5.0

The Trustee holds insurance policies that secure the pensions payable to specified beneficiaries. These policies remain assets of the Trustee, but as permitted under current regulations and accounting practice, the Trustee has decided that these policies need not be valued in the Net Assets Statement.

AVC investments

The Trustee holds assets invested separately from the main fund in the form of individual building society accounts and insurance policies securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement made up to 31 December confirming the amounts held to their account and the movements in the year.

The aggregate amounts of AVC funds are as follows:

	2011	2010
	£	£
Prudential	350,802	388,397
The Equitable Life Assurance Society	386,413	398,599
Legal & General Investment Management Ltd	419,616	432,136
	<u>1,156,831</u>	<u>1,219,132</u>

The Alfred McAlpine Pension Plan
Notes to the Financial Statements (cont.)

11. Current assets

	2011	2010
	£	£
Contributions due – Employer's deficit funding	792,167	-
Bank balances	805,916	989,403
Amount due from Principal Employer	149,383	149,383
Sundry debtors	100	100
	<u>1,747,566</u>	<u>1,138,886</u>

12. Current liabilities

Unpaid benefits	63,846	90,664
Accrued expenses	656,881	902,595
Other creditors	23,368	22,092
	<u>744,095</u>	<u>1,015,351</u>

13. Employer related investments

The Plan may well have a small indirect holding in Carillion plc through investment in Legal & General's UK equity index-tracking unit-linked fund. This holding together with contributions payable and the amount due from the employer in respect of the reimbursement of administrative expenses, will be well below the limit on employer-related investments which is 5% of the Plan's total assets as stated in the Pensions Act 1995. The employer-related investments are held in compliance with the Pensions Act 1995.

14. Related party transactions

There are no disclosable related party transactions.

The Alfred McAlpine Pension Plan

Schedule of Contributions

Schedule of Contributions, incorporating actuarial certificate

Status of this document

This schedule has been prepared by the Trustee of the Alfred McAlpine Pension Plan to satisfy the requirements of section 227 of the Pensions Act 2004, after obtaining the advice of Edwin Topper, the actuary to the Plan appointed by the Trustee.

This document is the first schedule of contributions put in place for the Plan 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, Carillion AM Limited, on behalf of all relevant employers, 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 Plan from 31 December 2008 to 30 June 2012

Members' contributions

No contributions are payable by members after 31 December 2009.

Employer's contributions in respect of future accrual of benefits

No contributions in respect of future accrual are payable by the Employer after 31 December 2009.

The Alfred McAlpine Pension Plan

Schedule of Contributions

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 at least the following amounts no less frequently than monthly: £9.283m in 2009 and £9.506m per annum from 1 January 2010 to 30 June 2022.

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 Plan; save an annual allowance, of currently £0.5m, to be paid by the Employer towards the Plan's running expenses. The Employer will also meet in full the general running costs of the Plan 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, Carillion AM Limited, on behalf of all relevant employers, and the Trustee of the Alfred McAlpine Pension Plan on 29 October 2010.

The Alfred McAlpine Pension Plan

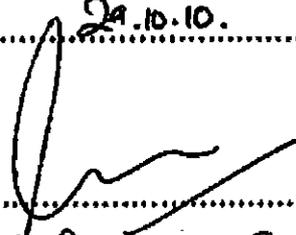
Schedule of Contributions

Signed on behalf of Carillion AM Limited 

Name J. K. DAWSON

Position HEAD OF PENSION

Date of signing 29.10.10.

Signed on behalf of the Trustee
of the Alfred McAlpine Pension Plan 

Name ROBIN C. ELLISON

Position CHAIRMAN

Date of signing 29 October 2010.

The Alfred McAlpine Pension Plan

Schedule of Contributions

Certification of schedule of contributions

Name of Scheme

Alfred McAlpine Pension Plan

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective 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 Plan's liabilities by the purchase of annuities, if the Plan were to be wound-up.

The Alfred McAlpine Pension Plan

Actuarial Certification of Calculation of Technical Provisions

Certificate of technical provisions

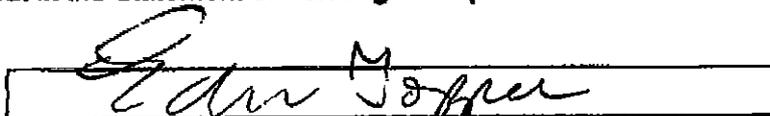
Name of Scheme

Alfred McAlpine Pension Plan

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Plan'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 Plan and set out in the Statement of Funding Principles dated 29 October 2010.

Signature



Name

E S Topper

Date of signing

29 October 2010

Address

Mercer Limited
Clarence House
Clarence Street
Manchester
M2 4DW

Qualification

Fellow of the Institute and Faculty of Actuaries

The Alfred McAlpine Pension Plan

Summary Funding Statement

The actuary is currently undertaking a full valuation for the Scheme for the year ended 31 December 2011, the results of this will be included in the 31 December 2012 Annual Report.

Summary Funding Statement for Period ending 31.12.2010

The actuarial valuation of the Alfred McAlpine Pension Plan showed that on 31 December 2009 the funding position was as follows –

Assets £233.4m

Amount needed to provide benefits (technical provisions) £356.4m

Shortfall (£123m)

Funding Level 65%

As a result the Company agreed to the following Recovery Plan -

Year of Payment	Contribution
2009	£9.3m
2010 and each year thereafter until 30.06.2022	£9.5m

In 2009 the Company agreed to pay all administration costs other than the investment management and investment consultancy fees. In 2010 all expenses above £500,000 were paid by the Plan. Expenses in 2011 and 2012 will be paid by the Plan, although the Company will provide an expenses allowance (currently £500,000). From 2013 the Company will pay expenses either directly or through funding reserves. The Company pays the PPF Levy.

The Actuary has certified that these contributions should enable the Plan's shortfall to be cleared by 30 June 2022.

The latest report by the actuary showed that on 31 December 2010 the funding of the Plan was progressing as anticipated and the funding level was estimated to be 85% with a shortfall of £52.3m.