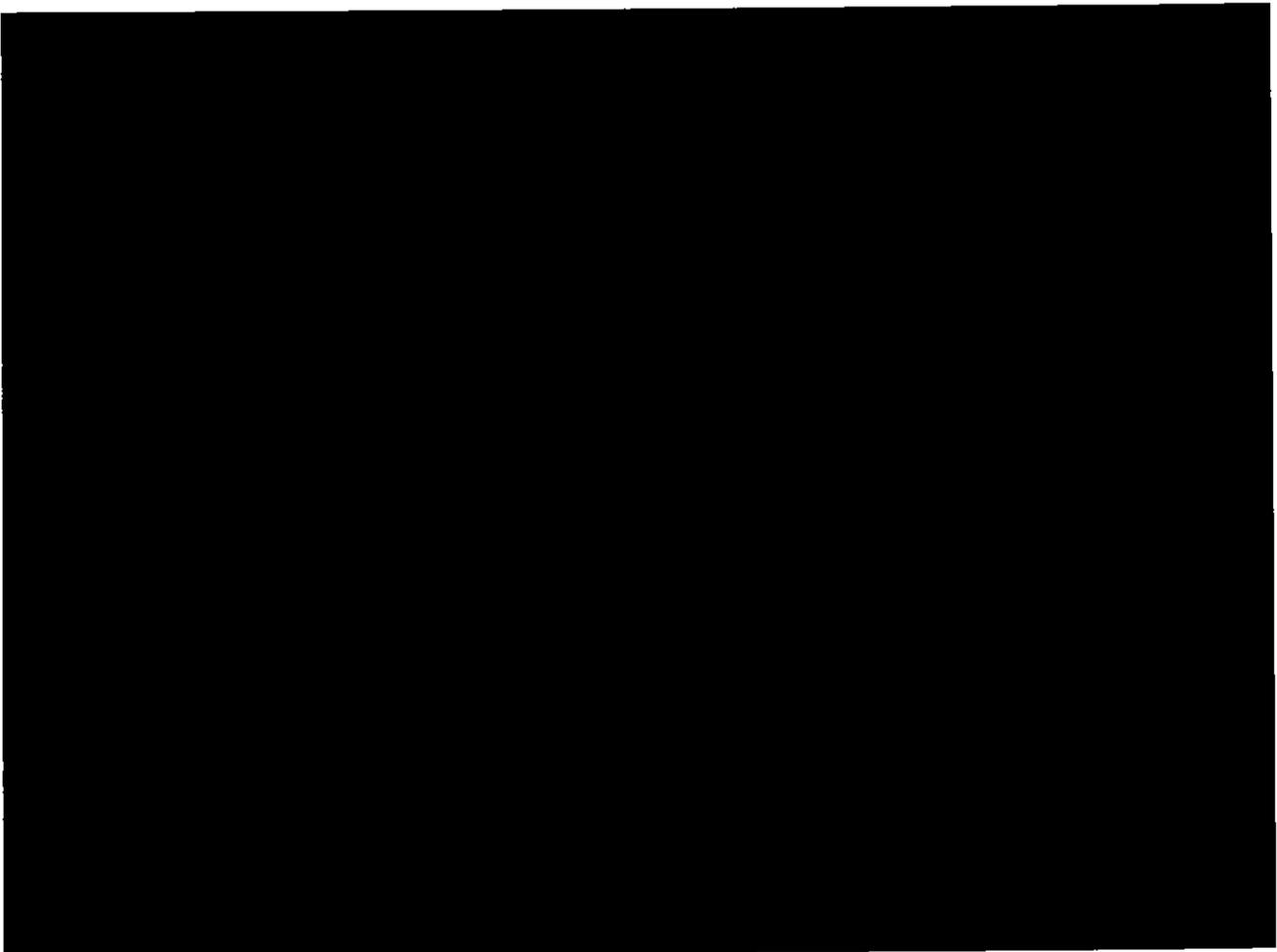


Bower Group Retirement Benefits Scheme

Report and Financial Accounts

Ten Months 31 December 2011

Registrar of Occupational and Personal Pension Schemes Registration Number 10068399X



Bower Group Retirement Benefits Scheme

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Bower Group Retirement Benefits Scheme

Advisers
Ten Months ended 31 December 2011

Administrative details

Scheme Actuary

Paul Weaver FIA
Sterling Actuarial Services Limited
City Reach
5 Greenwich View Place
Millharbour
London E14 9NN

Scheme Consultants and Administrators

SPM Employee Benefits Limited
City Reach
5 Greenwich View Place
Millharbour
London E14 9NN

Auditors

KPMG LLP

Bankers

HSBC
Clerkenwell
London
EC1V 7DA

AVC providers

Bristol & West PLC (Bank of Ireland Group)
PO Box 27
1 Temple Quay
Bristol
BS99 7AX

Clerical Medical Investment Group Ltd
33 Old Broad Street
London
EC2N 1HZ

Investment managers

BNY Mellon Asset Management (Newton Fund Managers)
Ingrave Road
Brentwood
CM15 8TG

Legal & General Investment Management
One Coleman Street
London
EC2R 5AA

Royal London Asset Management Limited
55 Gracechurch Street
London
EC3V 0RL

Bower Group Retirement Benefits Scheme

Advisers
Ten Months ended 31 December 2011

Investment advisor

SPM Employee Benefits Limited (until 31 December 2011)
City Reach
5 Greenwich View Place
Millharbour
London E14 9NN

Mercer Ltd (from 1 January 2012)

The Paragon
Counterslip
Bristol
BS1 6BX

Secretary to the Trustee

Tina Rushworth, Pensions Manager
Carillion plc
Birch Street
Wolverhampton
WV1 4HY

Solicitors

Sacker & Partners LLP
29 Ludgate Hill
London
EC4M 7NX

Principal employer

Dudley Bower Group Plc
24 Birch Street
Wolverhampton
WV1 4HY

Bower Group Retirement Benefits Scheme

Trustee's report Ten Months ended 31 December 2011

Introduction

The Bower Group Retirement Benefits Scheme ("the Scheme") was established on 31 May 1961 to provide pension benefits for all eligible employees of the Principal Employer – Dudley Bower Group plc (formerly Bower Group Plc) and also for participating employers Dudley Bower Services Ltd, Dudley Bower Management Services Ltd and Dudley Bower Facilities Management Ltd.

The Scheme closed to future accrual on 31 May 2001, when all active members of the Scheme became employed deferred members.

The Trustee presents its report and the audited financial statements of the Scheme for the ten months ended 31 December 2011, having changed its year end to become aligned with the other Schemes in the Carillion Defined Benefit Trust. The Scheme provides defined pension benefits to members and their dependants on retirement and on death.

The Trust Deed and Rules governing the Scheme are available for inspection on application to the administrator.

HMRC approval

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

The principal employer

The principal employer is Dudley Bower Group plc (formerly Bower Group Plc). Other participating employers with eligible employees who are entitled to be members of the Scheme are Dudley Bower Services Ltd, Dudley Bower Management Services Ltd and Dudley Bower Facilities Management Ltd.

Appointment and removal of Trustee/management of the Scheme

Until 31 March 2011 the Scheme was managed by the Trustee, Carillion Trustees Limited, whose directors are Peter Clarke and Dennis Kemp.

From 1 April 2011, Carillion Trustees Limited was replaced by Carillion (DB) Pension Trustee Limited. This company's function is to act as Trustee to the Scheme and to 5 other Carillion Group schemes. The Articles of this company provide for the appointment and removal of Trustee directors. The board of the Trustee is made up of 16 directors, six of whom are appointed by the Principal Employer, one of whom is the independent chair and ten are member representatives. The original Member Nominated Directors (MNDs) were co-opted from the previous Trustee companies of five of the six schemes for which it acts as Trustee. Nominations for MNDs were sought during 2011 and the elections, where required, were completed by 31 March 2012.

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

Appointed by the employer:

Robin Ellison (Independent Chair)
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

Bower Group Retirement Benefits Scheme

Trustee's report Ten Months ended 31 December 2011

Appointed by the members:

David Benson	Programme Manager, CBS
Gerald Brown	Pensioner Member
Steven Brunswick	Technical Services Director, Building
Stephen Chandler	Health & Safety Manager, CPM
Simon Eastwood	Managing Director, Carillion Developments
Graham Hindley (appointed 02/05/12)	Pensioner Member
Paul Kitto	Head of Proposals, RCE
Simon Rawsthorne	Branch Manager, CPM
Stephen Rowland	Pensioner Member
Ian Simmonds (appointed 14/03/12)	Commercial Director Legacy Contracts
Neil Sutherland (resigned 25/10/11)	Operations Health Director, CSS

Trustee Knowledge & Understanding

The Pensions Act 2004 requires 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's 'Trustee Toolkit' training program.

Bower Group Retirement Benefits Scheme

Trustee's report Ten Months ended 31 December 2011

Actuarial valuation

Every Scheme is subject to the Statutory Funding objective which is to have sufficient and appropriate assets to cover its 'technical provisions'. The 'technical provisions' are an estimate made on actuarial principles of the assets needed at any particular time to cover the Scheme liabilities. Liabilities include pensions in payment, benefits payable to the survivors of former members and those benefits accrued by other members which will be payable in the future.

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

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

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

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

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

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

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

The **scheme-specific funding basis** was introduced following the Pensions Act 2004 and effectively is the basis used for striking the technical provisions. It takes account of guaranteed benefits and assumes that the Scheme will continue in its present form.

The most recent actuarial valuation of the Scheme was undertaken as at 28 February 2010 and the next valuation is due at 31 December 2012. The actuarial certificate required under section 227 relating to the 2010 valuation, as required by law, is set out on pages 29 to 31.

Bower Group Retirement Benefits Scheme

Trustee's report Ten Months ended 31 December 2011

The results of the valuation on 28 February 2010

The valuation due at 28 February 2010 was signed on 18 April 2011.

Discontinuance basis

If the Scheme was wound up on 28 February 2010, the actuary estimated the shortfall would have been £5,100,000. This is equal to a funding level of 58%.

The Scheme - specific funding position (the technical provisions)

On 28 February 2010, the actuary found that if the Scheme was 100% funded the full amount needed to provide benefits was £11,042,000. The market value of the Scheme's assets was £7,009,000 which gave a shortfall of £4,033,000 (i.e. the Scheme was 63% funded).

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

The Trustee and Employer have agreed on a Recovery Plan which aims to achieve 100% funding under the Statutory Funding objective by 31 March 2018, with the Employer paying contributions of £698,490 per annum by monthly instalments of £58,207.50 in arrears for a period of 6 years 11 months from 1st May 2011.

Movements over the last year and since the valuation

Since the last valuation the funding position has worsened for two reasons. Firstly, following the completion of the 2010 valuation it came to the Trustee's attention that the asset value used, did not reflect a liability of £576,000 in respect of a payment due to the employer. This liability arose due to contributions that had been accounted for, that were not required under a Schedule of Contributions during 2008 and 2009.

Secondly, falls in long term interest rates have meant that the Scheme's liabilities have increased. The effect of these has been partially offset by the positive investment returns achieved during the year and the deficit contributions paid by the Employer.

The funding position will continue to be monitored regularly by the Trustee as part of its ongoing strategy for managing the Scheme.

Full details of both bases as at 31 December 2010 are given in the Actuary's valuation report. A copy is available on request from the Administrator.

During the year the Trustee sent out Summary Funding Statements to members, as required by law, to set out the financial position of the Scheme.

Changes to the scheme

Deeds of amendment were signed to allow for the appointment of the new Trustee and trivial commutation.

Bower Group Retirement Benefits Scheme

Trustee's report Ten Months ended 31 December 2011

Additional Voluntary Contributions

The Trustees hold assets invested separately from the main fund in the form of either individual accounts with Bank of Ireland Group or individual funds managed by Clerical Medical.

During the Scheme year no Additional Voluntary Contributions (AVCs) were made. Each member receives an annual statement at the year end confirming the amount held in their account and the movements in the year.

Pensions in payment

In accordance with the Scheme's Trust Deed and Rules, pensions in payment at 1 March 2011 were increased as follows:

- I. For pension in respect of pensionable service after 5 April 1997 the increase was 4.8%. This is in line with the increase in the General Index of Retail Prices over the period to the previous 31 December.
- II. No discretionary increases were granted to pensions in payment for service prior to 6 April 1997.

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 deferred benefits are increased for each complete calendar year in deferment in line with statutory requirements over the period to Normal Retirement Date.

Leavers

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.

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.

Bower Group Retirement Benefits Scheme

Trustee's report Ten Months ended 31 December 2011

Membership

Details of the membership of the Scheme as at 31 December 2011 are given below:-

	Total 31 Dec 2011	Total 28 Feb 2011
PENSIONERS	65	63
Pensioners at the start of the year	65	63
Members retiring during the year	7	3
Deaths	(2)	(1)
PENSIONERS AT THE END OF THE YEAR	70	65
 MEMBERS WITH PRESERVED BENEFITS	 224	 229
Number at the start of the year	224	229
Deferred pensioners becoming pensioners	(7)	(3)
Transfers out during the year	(1)	(1)
Deaths	-	(1)
MEMBERS WITH PRESERVED BENEFITS AT THE END OF THE YEAR	216	224
TOTAL MEMBERSHIP AT THE END OF THE YEAR	286	289

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

Bower Group Retirement Benefits Scheme

Trustee's report Ten Months ended 31 December 2011

Financial development of the Scheme

The Financial statements on pages 20 to 28 show that the value of the Scheme's assets increased by £770,084 to £8,315,055 as at 31 December 2011. The increase was comprised of net additions from dealings with members of £305,476 together with a net increase in the returns on investments of £464,608.

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.

Contributions

Contributions received from participating employers were in accordance with the Schedule of Contributions. This is set out on pages 29 to 31.

Following the Actuarial Valuation of the Scheme as at 28 February 2010, a Recovery Plan dated 18 April 2011 was agreed. The Employer will pay monthly contributions of £58,207.50 (£698,490 per annum) for the period from 1 May 2011 to 31 March 2018 to ensure that the statutory funding objective is met.

Investment – policy

The Trustee's investment policy is detailed in their Statement of Investment Principles (SIP). The day-to-day management of the investments of the Scheme have been delegated by the Trustee to Legal & General Assurance (Pensions Management) Ltd, BNY Mellon Asset Management (Newton Fund Managers Ltd) and Royal London Asset Management (RLAM). The Trustee monitors compliance with the SIP periodically, or more frequently if necessary.

In line with the Occupational Pension (Investment) Regulations (2005), the Trustee is required to review the SIP at least every three years and without delay after any significant changes in investment policy.

The Trustee will review the SIP in response to any material changes to any aspects of the Scheme, its liabilities, finances and the attitude to risk of the Trustee and the Company which they judge to have a bearing on the stated Investment Policy.

This review will occur annually, in line with the Trustee's preferred practice. Any such review will again be based on written expert investment advice and the company will be consulted.

Investment – management

In order to discharge its responsibilities with regard to investments, the Trustee employs specialist investment managers. Details of these managers are set out on page 2.

Each 'active' investment manager has been set a performance target in excess of a benchmark return, and is expected to achieve the target performance over a rolling three-year period.

The Investment Managers levy a charge for managing the investments on behalf of the Trustee and the Scheme members. The charge is deducted by each manager directly from the fund. The following table confirms the charges currently applicable to each fund.

Fund	Investment Management Charge
L&G Active Cash Fund	0.125% pa (lower charges apply on funds in excess of £5million)
L&G individual long-dated Gilts	0.10% pa (lower charges apply on funds in excess of £5million)
RLPP UK Corporate Bond Fund	0.3% pa
Newton Absolute Return Fund	0.75% pa

There is also a fee of £1,500 per annum payable to Legal & General Investment Management, quarterly in arrears.

Bower Group Retirement Benefits Scheme

Trustee's report Ten Months ended 31 December 2011

Further information

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

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

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

SPM Employee Benefits Ltd, 5 Greenwich View Place, Millharbour, London, E14 9NN.

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



.....
Trustee Director



.....
Trustee Director

Bower Group Retirement Benefits Scheme

Statement of Trustee's responsibilities Ten Months ended 31 December 2011

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.

Bower Group Retirement Benefits Scheme

Investment Report from 1 March 2011 to 31 December 2011

Investment 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 only political brinkmanship keeping an unorganised default at bay.

The Eurozone economy is predicted to contract by 0.3% in 2012, led by contractions of the economy of Italy (-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 overall growth of 0.9% in 2011 and a contraction in GDP of 0.2% within the fourth quarter. Planned austerity measures, the drop in demand from the Eurozone (which represents c.50% of the UK's export markets), and high inflation all took their toll. 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. 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).

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, 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 Bower Group Retirement Benefits Scheme ("the Scheme") is determined by the Trustee in consultation with the Scheme's Investment consultant. On 1 January 2012 the Scheme changed its Investment consultant from Sterling Pension Management Limited to Mercer Limited ("Mercer").

The day-to-day management of the assets is delegated to professional investment managers across a range of asset classes.

Bower Group Retirement Benefits Scheme

Investment Report continued

Management of the Assets

The Scheme's overall 50%/50% strategic split between growth and bond-like assets remained unchanged over 2011. As at 31 December 2011, the Scheme's assets were managed by Royal London Asset Management Limited ("RLAM"), Newton Investment Management Limited ("Newton") and Legal & General Investment Management Limited ("L&G").

The investment strategy is shown in the tables below:

Asset Class	Strategy %
Global Equities	25.0
Absolute Return	25.0
Corporate Bonds	25.0
Index-Linked Gilts	25.0
Total Scheme	100.0

Manager	Structure %
Newton (absolute return)	25.0
RLAM (corporate bonds)	25.0
L&G (global equities and gilts)	50.0
Total Scheme	100.0

Statement of Investment Principles

The Trustee has prepared a Statement of Investment Principles ("SIP") in accordance with Section 35 of the Pensions Act 1995 and any relevant subsequent legislation. 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 Scheme. This is to seek to obtain investment returns 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 Scheme's Investments

As at 31 December 2011, the market value of the Scheme's investments (based on bid prices where applicable) amounted to £8.4m. The distribution of these assets across the whole portfolio is highlighted in the table below:

Bower Group Retirement Benefits Scheme

Investment Report continued

Manager	Asset Class	31.12.11	
		£m	%
Newton	Absolute Return	1.9	22.3
	Global Equity	1.9	22.7
	Over 5 year Index-Linked Gilts	0.9	10.9
L&G	2037 Index-Linked Gilt	0.5	5.6
	2047 Index-Linked Gilt	0.5	5.8
	2055 Index-Linked Gilt	0.5	5.8
RLAM	Corporate Bonds	2.0	24.0
Trustee bank account	Cash	0.2	2.9
Total		8.4	100.0

Source: Investment managers, figures subject to rounding.

All assets are marketable. Corporate Bond assets are valued on a daily basis, L&G funds are valued on weekly basis and the Absolute Return assets are valued on a monthly basis.

Summary of Changes to the Investments over 2011

There were no changes to the Scheme's strategic asset class allocations or manager appointments over the 10 months ending 31 December 2011.

Investment Performance

The Scheme's performance is compared with a long-term benchmark which is based on the allocation of 10% to the Fixed Benchmark and 90% to the Index Benchmark. The Fixed Benchmark relates to the total return on the FTSE UK Over 15 year Gilt Index, while the Index Benchmark relates to the total return on the FTSE UK Over 15 year Index-Linked Gilt Index.

Performance over the ten-month period to 31 December 2011 is shown in the table below.

	1 March 2011 to 31 December 2011 %
Scheme	6.6
Long-term Benchmark	29.0

Source: Investment managers, BNY Mellon Asset Servicing and Mercer, gross of fees.

Investments Exceeding 5% of Total Assets

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

- 1) RLAM UK Corporate Bond Fund
- 2) L&G Global Equity Fixed 60:40 Index - GBP Hedged
- 3) Newton Real Return Fund
- 4) L&G Over 5 Year Index-Linked Gilts Fund
- 5) L&G 2055 Index-Linked Gilt Fund
- 6) L&G 2047 Index-Linked Gilt Fund
- 7) L&G 2037 Index-Linked Gilt Fund

Bower Group Retirement Benefits Scheme

Investment Report continued

Custodial Arrangements

All 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
Newton	BNY Mellon Asset Servicing B.V.
RLAM	HSBC Securities Services
L&G	HSBC Securities Services and Citi Bank N.A

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 Scheme's assets were not directly invested in investments related to the sponsoring employer. However, there was a small exposure to Carillion plc's equity via L&G's Global Equity Fixed 60:40 Index- GBP Hedged Fund, in line with the index weight. Therefore, the Scheme holds less than 5% of total assets in Carillion plc equity, the ultimate holding company of the Sponsor.

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.

All of the Scheme's investment managers are remunerated on a fee basis that is dependent on the size of assets under management.

Mercer

April 2012

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Bower Group Retirement Benefits Scheme

Summary of Contributions Ten Months ended 31 December 2011

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 Schedules in respect of the Scheme ten months ended 31 December 2011

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the employer and member contributions payable to the Scheme under the schedules of contributions certified by the actuary on 13 December 2006 and 29 October 2010 in respect of the Scheme year ended 31 December 2011. The Scheme auditor reports on contributions payable under the schedules in the Auditors' Statement about Contributions.

Summary of contributions payable during the Scheme ten months ended 31 December 2011

	Financial statements	Schedules of contributions	In excess of the Schedules of Contributions
	£	£	£
Employer contributions			
Deficit contributions	582,075	582,075	-

Signed for and on behalf of the Trustee:

Trustee Director

Trustee Director

Date:

Bower Group Retirement Benefits Scheme

Statement about contributions For the ten months ended ended 31 December 2011

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

We have examined the summary of contributions payable under the Schedule of Contributions to the Bower Group Retirement Benefits Scheme in respect of the Scheme ten months ended 31 December 2011 which is set out on page 17.

This statement is made solely to the Scheme's Trustee, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee, for our work, for this statement, or for the opinions we have formed.

Respective responsibilities of Trustee and auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 17, the Scheme'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 Scheme by or on behalf of the employer and the active members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions.

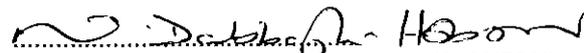
It is our responsibility to provide a statement about contributions paid under the schedule of contributions to the Scheme and to report our opinion to you.

Scope of work on statement about contributions

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

Statement about contributions payable under the Schedules of contributions

In our opinion contributions for the Scheme ten months ended 31 December 2011 as reported in the summary of contributions and payable under the schedules of contributions have in all material respects been paid at least in accordance with the schedules of contributions dated 22 April 2010 and 18 April 2011.



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

Date: 20 June 2012

Bower Group Retirement Benefits Scheme

Independent Auditor's report to the Trustee For the ten months ended 31 December 2011

We have audited the financial statements of Bower Group Retirement Benefits Scheme for the ten months ended 31 December 2011 set out on pages 20 to 28. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Scheme Trustee in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme Trustee, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustee and auditor

As explained more fully in the Statement of Trustee's responsibilities set out on page 12, the Scheme Trustee is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme ten months 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 Scheme year;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- 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

Date: 20 June 2012

Bower Group Retirement Benefits Scheme

Fund account For the ten months ended 31 December 2011

	Note	For the ten months ended 31 December 2011 £	For the year ended 28 February 2011 £
CONTRIBUTIONS AND BENEFITS			
Contributions	3	582,075	(110,340)
Other income	4	106,880	15,436
		<u>688,955</u>	<u>(94,904)</u>
Benefits	5	(107,366)	(122,136)
Payments to and on account of leavers	6	(96,757)	(65,348)
Administrative expenses	7	(179,356)	(24,860)
		<u>(383,479)</u>	<u>(212,344)</u>
NET ADDITIONS (WITHDRAWALS) FROM DEALINGS WITH MEMBERS		<u>305,476</u>	<u>(307,248)</u>
INVESTMENT RETURNS			
Investment management expenses	8	(5,008)	-
Change in market value of investments	9	469,616	766,508
NET RETURNS ON INVESTMENTS		<u>464,608</u>	<u>766,508</u>
NET INCREASE IN THE FUND DURING THE YEAR		<u>770,084</u>	<u>459,260</u>
OPENING NET ASSETS AT 1 MARCH 2011		<u>7,544,971</u>	<u>7,085,711</u>
NET ASSETS AT 31 DECEMBER 2011		<u>8,315,055</u>	<u>7,544,971</u>

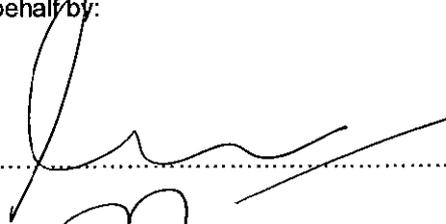
Bower Group Retirement Benefits Scheme

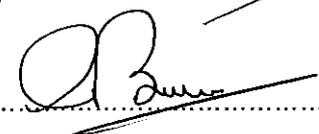
Net assets statement As at 31 December 2011

	Note	For the ten months ended 31 December 2011 £	For the year ended 28 February 2011 £
INVESTMENTS	9	8,257,200	7,392,592
CURRENT ASSETS	10	236,006	258,756
CURRENT LIABILITIES	11	(178,151)	(106,377)
NET ASSETS AT 31 DECEMBER 2011		8,315,055	7,544,971

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 and were signed on their behalf by:

Trustee Director.....


Trustee Director.....


Bower Group Retirement Benefits Scheme

Notes to the financial statements For the ten months ended 31 December 2011

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.

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 pooled investment vehicles is not distributed but is reinvested and included within the closing value of the fund at the year end.

Bower Group Retirement Benefits Scheme

Notes to the financial statements For the ten months ended 31 December 2011

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.

Unquoted securities have been valued by the Trustee after taking the available professional advice.

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.

2.7 Age related rebates

Age related rebates are accounted for on an accruals basis.

3. CONTRIBUTIONS

	Ten months ended 31 December 2011 £	Year ended 28 February 2011 £
Normal (Under Schedule of Contributions)	582,075	465,660
Normal (not included in Schedule of Contributions)*	-	(576,000)
	<u>582,075</u>	<u>(110,340)</u>

*Reversal of 2008 and 2009 contributions not required under the Schedule of Contributions

Bower Group Retirement Benefits Scheme

Notes to the financial statements For the ten months ended 31 December 2011

4. OTHER INCOME

	Ten months ended 31 December 2011 £	Year ended 28 February 2011 £
Interest on cash deposits	156	311
Annuities	12,604	15,125
Old liabilities no longer required*	94,120	-
	<u>106,880</u>	<u>15,436</u>

*Relates to the net write off of historical liabilities and assets due to / from the employer that are no longer payable / receivable for which permission has been granted by the employer to write off.

5. BENEFITS

	Ten months ended 31 December 2011 £	Year ended 28 February 2011 £
Pension payments	<u>107,366</u>	<u>122,136</u>

Bower Group Retirement Benefits Scheme

Notes to the financial statements For the ten months ended 31 December 2011

6. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	Ten months ended 31 December 2011 £	Year ended 28 February 2011 £
Lump sum payments and death benefits	74,303	54,908
Individual transfers out	22,454	10,440
	<u>96,757</u>	<u>65,348</u>

7. ADMINISTRATIVE EXPENSES

	Ten months ended 31 December 2011 £	Year ended 28 February 2011 £
Legal Fees	25,880	5,063
Actuarial	19,275	8,161
Administration/Pension Consultancy	118,565	11,297
Audit	12,745	-
Audit overprovision	-	(39)
Bank charges	1,200	378
The Pensions Regulator	1,691	-
	<u>179,356</u>	<u>24,860</u>

8. INVESTMENT MANAGEMENT EXPENSES

	Ten months ended 31 December 2011 £	Year ended 28 February 2011 £
Administration, management & custody	<u>(5,008)</u>	<u>-</u>

Bower Group Retirement Benefits Scheme

Notes to the financial statements For the ten months ended 31 December 2011

9. INVESTMENTS

	Value at 1/03/2011 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 31/12/2010 £
Pooled investment vehicles	7,314,224	400,000	(5,008)	471,045	8,180,261
AVC investments	78,368	-	-	(1,429)	76,939
Sub total	<u>7,392,592</u>	<u>400,000</u>	<u>-</u>	<u>469,616</u>	<u>8,257,200</u>
Cash deposits and accrued interest					
	<u>7,392,592</u>				<u>8,257,200</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

	Ten months ended 31 December 2011 £	Year ended 28 February 2011 £
Newton Intrepid	1,877,159	1,757,522
Royal London	2,026,651	1,826,098
Legal & General	4,276,451	3,730,604
	<u>8,180,261</u>	<u>7,314,224</u>

Bower Group Retirement Benefits Scheme

Notes to the financial statements For the ten months ended 31 December 2011

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.

	Ten months ended 31 December 2011 £	Year ended 28 February 2011 £
Bank of Ireland	47,012	47,012
Clerical Medical (Unit Linked)	28,221	29,753
Clerical Medical (With Profits)	1,706	1,603
	<u>76,939</u>	<u>78,368</u>

Bower Group Retirement Benefits Scheme

Notes to the financial statements For the ten months ended 31 December 2011

10. CURRENT ASSETS

	Ten months ended 31 December 2011 £	Year ended 28 February 2011 £
Cash deposits held	236,006	246,576
Others	-	12,180
	236,006	258,756

11. CURRENT LIABILITIES

	Ten months ended 31 December 2011 £	Year ended 28 February 2011 £
Pension Accrual	-	46,941
Lump Sum	-	2,649
Other	-	522
HMRC	-	56,265
Reimbursable to Employer	178,151	-
	178,151	106,377

12. 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 a deferred member of the Scheme due to their service as an employee with the employer.

During the Scheme accounting period, the Principal Employer paid the pension payroll. The Scheme reimbursed the Principal Employer each month, the total reimbursement for the ten months being £107,366 (year to 28 February 2011: £122,136).

In addition, Carillion plc have re-charged the Scheme for legal, actuarial, audit, administration and processing fees of £178,151. These amounts are included within the administration expenses.

Bower Group Retirement Benefits Scheme

Actuarial Statements Ten months ended 31 December 2011

Schedule of Contributions, incorporating actuarial certificate

Status of this document

This schedule has been prepared by the Trustee of the Bower Group Retirement Benefits Scheme to satisfy the requirements of section 227 of the Pensions Act 2004, after obtaining the advice of Paul Weaver, 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 28 February 2010 valuation. It supersedes all earlier versions.

After discussions, a pattern of contributions was agreed by the Trustee and the Employer, Dudley Bower Group on behalf of itself and the other employers participating in the Scheme, on 18 April 2011.

The Trustee and the Employer have signed this schedule to indicate that it represents as 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 1 May 2011 to 31 March 2018.

Members' contributions

No contributions are payable by members after 5 April 2009.

Employer's contributions in respect of future accrual of benefits

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

Employer's contributions in respect of the shortfall in funding as per the recovery plan of 18 April 2011

The Employer shall pay shortfall correction contributions of £698,490 per annum by monthly instalments of £58,207.50 for the period from 1 May 2011 to 31 March 2018.

Bower Group Retirement Benefits Scheme

Actuarial Statements Ten months ended 31 December 2011

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's monthly contribution of £58,207.50 (£698,490 per annum) includes £65,000 per annum towards the Scheme's expenses. In addition, the Employer will meet the Cost of Pension Protection Fund Levies.

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, Dudley Bower Group Plc on behalf of itself and the other employers participating in the Scheme, and the Trustee of the Bower Group Retirement Benefits Scheme on 18 April 2011.

Signed on behalf of Dudley Bower Group
Plc

Name	<u>Tim George</u>
Position	<u>Company Secretary</u>
Date of signing	<u>18 April 2011</u>

Signed on behalf of the Trustee of the
Bower Group Retirement Benefits
Scheme

Name	<u>Peter Clarke</u>
Position	<u>Trustee Director</u>
Date of signing	<u>18 April 2011</u>

Bower Group Retirement Benefits Scheme

Actuarial Statements Ten months ended 31 December 2011

Certification of schedule of contributions

Name of Scheme

Bower Group Retirement Benefits 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 28 February 2010 to be met by the end of the period specified in the recovery plan dated 18 April 2011.

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 18 April 2011.

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

P.A.F.Weaver

Date of signing

18 April 2011

Name of Employer

Dudley Bower Group Plc

Address

24 Birch Street
Wolverhampton
WV1 4HY

Qualification

Fellow of the Institute and Faculty of Actuaries

Bower Group Retirement Benefits Scheme

Compliance statement For the ten months ended 31 December 2011

Introduction

The Scheme is a defined benefit scheme and is administered by SPM Employee Benefits 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 00252427RP.

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

- (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

Bower Group Retirement Benefits Scheme

Compliance statement For the ten months ended 31 December 2011

- (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, SPM Employee Benefits Ltd, at the address detailed in this report.