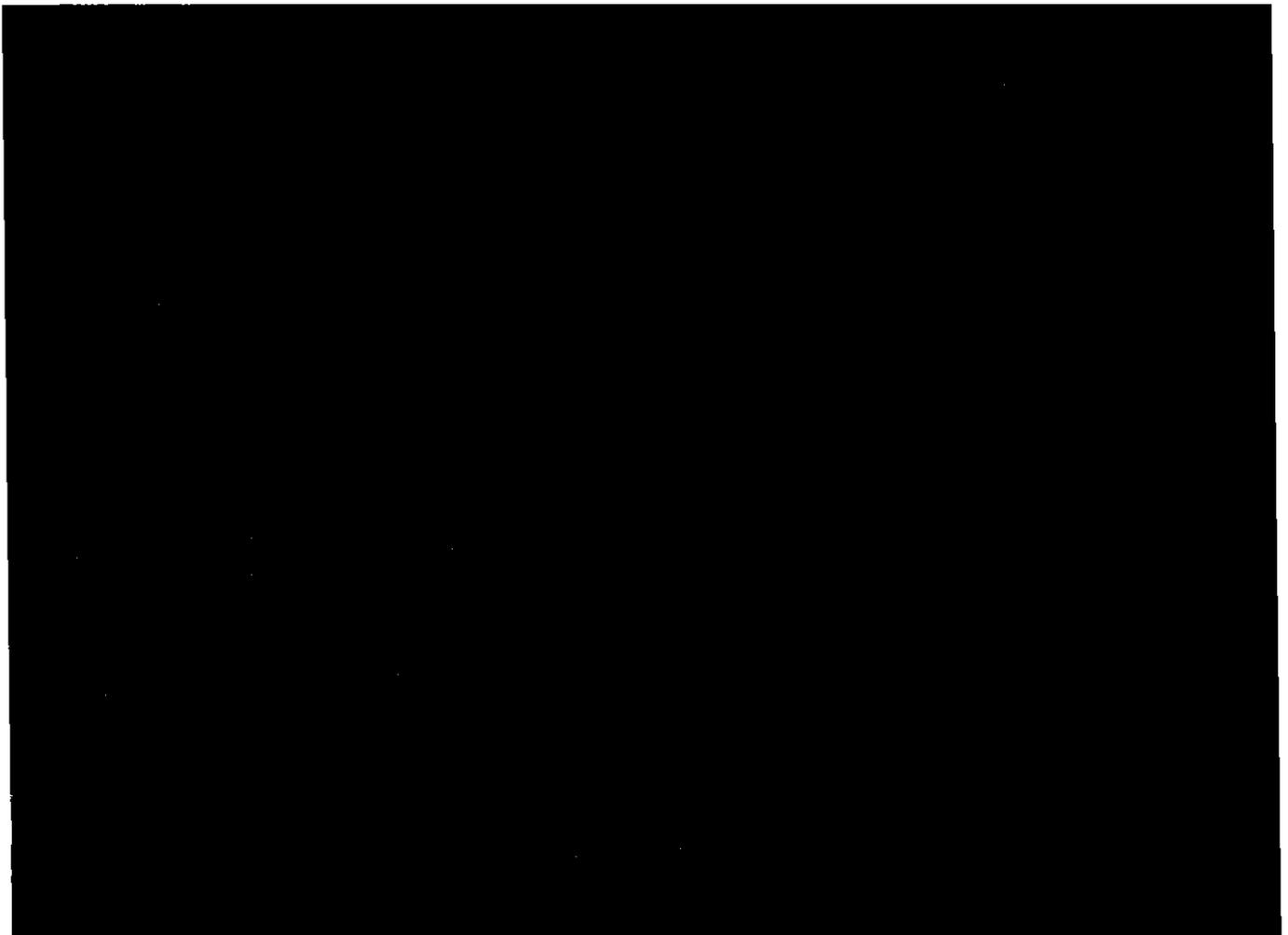


# Carillion Staff Pension Scheme

Report and Financial Accounts

Year ended 31 December 2011

Registrar of Occupational and Personal Pension Schemes Registration Number 10246759



# Carillion Staff Pension Scheme

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# Carillion Staff Pension Scheme

**Advisers**  
**Year ended 31 December 2011**

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## **Administrative details**

### **Scheme Actuary**

Edwin Topper, FIA  
Mercer Limited

### **Scheme Administrators**

MNPA Limited

### **Auditors**

KPMG LLP

### **Bankers**

National Westminster Bank plc

### **AVC providers**

Equitable Life Assurance Society  
MGM Assurance  
Standard Life Assurance Society  
BlackRock Pensions Ltd

### **Investment managers**

BlackRock Advisors (UK) Limited  
AllianceBernstein Institutional Investment Management (AB)  
Origin Asset Management  
Odey Asset Management (LLP)  
Taube Hodson Stonex Partners Unit Trust Management Company Limited

### **Investment advisor**

Mercer Limited

### **Custodian**

HSBC Bank Plc  
J P Morgan Chase & Co  
Brown Brothers Harriman  
RBC Dexia Investor Services Bank S.A.  
Northern Trust

### **Secretary to the Trustee**

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

### **Solicitors**

Sacker & Partners LLP

# Carillion Staff Pension Scheme

**Advisers**  
**Year ended 31 December 2011**

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## **Advisers (continued)**

### **Principal employer**

Carillion plc

### **Contact address**

MNPA Limited  
Leatherhead House  
Station Road  
Leatherhead  
Surrey  
KT22 7ET

# Carillion Staff Pension Scheme

## Trustee report Year ended 31 December 2011

### Introduction

The Carillion Staff Pension Scheme ("the Scheme") was established on 1 October 1999 to provide pension benefits for new members and members transferring from the Tarmac Staff Pension Scheme under the demerger arrangements from the Tarmac Group. The Scheme closed to new entrants with effect from 31 March 2003 and to future accrual on 5 April 2009. All active members of the Scheme on 5 April 2009 became employed deferred members.

The Trustee presents its report and the audited financial statements of the Scheme for the year ended 31 December 2011. The Scheme provides defined pension benefits to members and their dependants on retirement and on death.

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

### HMRC approval

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

### The principal employer

The principal employer is Carillion plc. Other participating employers with eligible employees who are entitled to be members of the Scheme are Carillion Construction Limited, Carillion Professional Services Limited, Carillion Services Limited, Carillion Property Services Limited and Monteray Limited.

### Appointment and removal of Trustee/management of the Scheme

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

The Directors of Carillion Pensions Limited until 31 March 2011 were:

#### Appointed by the employer

Robin Herzberg	Group Head of Risk, Carillion plc (Chairman)
Lee Mills	Head of Treasury & Tax, Carillion plc
Susan Morton	Group HR Director, Carillion plc

#### Appointed by the members

Alan Bates	Commercial Manager, Carillion Roads and Rail
Jack Noronha	Design Manager, Carillion National Building
Neil Sutherland	Operations Director Health, Carillion Services Solutions

From 1 April 2011, Carillion Pensions 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 MNDs were co-opted from the previous Trustee companies of five of the six schemes for which it acts as Trustee.

# Carillion Staff Pension Scheme

## Trustee report Year ended 31 December 2011

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

### Appointed by the members:

David Benson	Programme Manager, CBS
Gerald Brown	Pensioner Member
Steven Brunswick	Technical Services Director, Building
Stephen Chandler	Health & Safety Manager, CPM
Simon Eastwood	Managing Director, Carillion Developments
Paul Kitto	Head of Proposals, RCE
Simon Rawsthorne	Branch Manager, CPM
Stephen Rowland	Pensioner Member
Iain Simmonds (appointed 14/03/2012)	Commercial Director Legacy Contracts
Neil Sutherland (resigned 25/10/2011)	Operations Health Director, CSS
Graham Hindley (appointed 02/05/2012)	Pensioner Member

### 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 Pension Regulator's 'Trustee Toolkit' training program.

# Carillion Staff Pension Scheme

## Trustee report Year ended 31 December 2011

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### 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 three situations.

The **ongoing basis** is effectively the basis used by the Trustee in setting their funding target and assumes that the Scheme will continue in its present form. It includes the cost of paying benefits now and in the future including building in an allowance for future discretionary increases to pensions in payment earned before 6 April 1997. These liabilities can be spread over many years, which allows the Actuary to include allowance for future investment growth on the Scheme's assets.

The **discontinuance basis** assumes that the Scheme was wound up on the valuation date. (The Actuary is required by law to look at this situation: it does not mean that the company is thinking of ending the Scheme.) To do this, he looks at whether the Scheme had enough money to buy insurance policies to provide members' benefits. This is called the 'full solvency position'. Insurance companies have to invest in low-risk assets which are likely to give low returns, while their policy prices will include administration charges and a profit margin. This means that even if a Scheme is fully funded on the 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. As with the ongoing basis, it assumes that the Scheme will continue in its present form. It also uses broadly the same assumptions as the ongoing basis, but takes account of guaranteed benefits only.

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

# Carillion Staff Pension Scheme

## Trustee's report Year ended 31 December 2011

### The results of the valuation on 31 December 2008

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

### Ongoing basis

On 31 December 2008, the Actuary found that if the Scheme was 100% funded the full amount needed to provide benefits was £567m. The market value of the Scheme's assets was £507m which gave a shortfall of £60m on the ongoing basis (i.e. the Scheme was 89% funded).

### Discontinuance basis

If the Scheme was wound up on 31 December 2008, the Actuary estimated the shortfall would have been £249m. This is equal to a funding level of 67%.

### The Scheme - specific funding position (the technical provisions)

On the scheme-specific funding basis, the Actuary found that the Scheme had a funding level of 97%.

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.

For ongoing funding, the Trustee has set a higher funding target than the Statutory Funding objective. As at the valuation date the Scheme was 89% funded against this target. The Trustee and Employer have agreed on a Recovery Plan which aims to achieve 100% funding on the ongoing funding target by 31 October 2024, with the Employer paying shortfall contributions of £2.6m in 2009, £0.5m p.a. from 2010 to 2012, £2.0m in 2013, £4.1m p.a. from 2014 to 2023 and £3.4m in 2024 as shown on page 31.

### Movements over the last year and since the valuation

Over 2011 there has been a deterioration in the funding level, largely due to falling gilt yields over the year increasing the cost of providing benefits.

Since the formal valuation in 2008, the increased liabilities on account of lower gilt yields has not quite been completely offset by the effect of positive asset returns and deficit contributions, leading to a funding level of approximately 80% on the ongoing basis as at the 2011 year end.

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 the ongoing funding and technical provisions valuations as at 31 December 2008 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.

# Carillion Staff Pension Scheme

## Trustee report Year ended 31 December 2011

### Pensions in payment

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

- I. For pension in respect of pensionable service after 6 April 2006 the increase was 2.5%. This is in line with the increase in the General Index of Retail Prices over the period to the previous 31 December, (restricted to a maximum of 2.5%).
- II. For pension in respect of pensionable service between 6 April 1997 and 5 April 2006 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, (restricted to a maximum of 5%).
- III. In addition, an increase of 2.5% was granted to pensions in payment for service prior to 5 April 1997. This was granted at the discretion of the Trustee and with the consent of the Principal Employer with the benefit backdated to 1 April 2011. For pensioners who have passed State Pension Age, this increase is only applied to pensions over and above any Guaranteed Minimum Pension (GMP).

Where applicable, increases to GMP were in line with statutory requirements. Certain members who transferred in benefits from the Tarmac Staff Pension Scheme under bulk transfer arrangements are entitled to a 3% increase on a portion of their pension.

### Deferred benefits

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

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

### 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. Carillion 2009 Plan members may transfer their benefits into the Scheme if the value is less than £10,000 and the member is retiring.

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.

### Changes to the scheme

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

# Carillion Staff Pension Scheme

## Trustee report Year ended 31 December 2011

### Membership

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

	Total 2011	Total 2010
<b>PENSIONERS</b>		
Pensioners at the start of the year	4,004	3,962
New pensioner ex spouse	1	-
Members retiring during the year	166	168
New beneficiaries	65	51
Deaths	(140)	(167)
Pensions ceased	(3)	(7)
Full commutation of beneficiary pension	(5)	(3)
<b>PENSIONERS AT THE END OF THE YEAR</b>	<b>4,088</b>	<b>4,004</b>
<b>MEMBERS WITH PRESERVED BENEFITS</b>		
Number at the start of the year	4,179	4,212
Adjustments to deferred members		146
Leavers during the year with preserved benefits	59	6
Leavers during the year with GMP only benefit	-	1
Deferred pensioners becoming pensioners	(142)	(167)
Transfers out during the year	(20)	(15)
Deaths	(5)	(4)
Full commutation	(2)	-
New member (Divorce)/New Member	2	(1)
New member (Deferred GMP units)	-	1
<b>MEMBERS WITH PRESERVED BENEFITS AT THE END OF THE YEAR</b>	<b>4,071</b>	<b>4,179</b>
<b>EMPLOYED DEFERRED MEMBERS</b>		
Members transferred to Employed Deferred	784	939
Adjustment to Employer Deferred	-	(123)
Transfer out during the year	(1)	(6)
Retirements	(35)	(16)
Full Commutation	-	(3)
Refunds	-	(1)
Leavers during the year with preserved benefits	(48)	(6)
<b>EMPLOYED DEFERRED MEMBERS AT THE END OF THE YEAR</b>	<b>700</b>	<b>784</b>
<b>TOTAL MEMBERSHIP AT THE END OF THE YEAR</b>	<b>8,859</b>	<b>8,967</b>

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

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

# Carillion Staff Pension Scheme

## Trustee report Year ended 31 December 2011

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### Financial development of the Scheme

The Financial statements on pages 21 to 22 show that the value of the Scheme's assets increased by £10m to £579.2m as at 31 December 2011. The increase was comprised of net withdrawals from dealings with members of £25m together with a net increase in the returns on investments of £35m.

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 31 to 33.

The Schedule of Contributions in force from 29 October 2010 expected £0.5m to be received in relation to 2011. This amount was received during 2011 as shown on page 18.

In addition, deficit contributions of £167k were received in advance relating to January, February, March and April 2012. This amount has been included within current liabilities.

### Investments – policy

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. A target maximum under-performance by the investment manager in any one year is also set by the Trustee.

**BlackRock** - fees are charged directly to the funds at rates between 0.025% p.a. and 1.5% p.a. depending on the fund invested in. There is also a performance related fee of 20% on the GTAA fund on outperformance of the benchmark.

**Odey** - fees are charged directly to the fund at a rate of 0.7% p.a. of the fund value. There is also a performance related fee of 20% on outperformance of the benchmark.

**Origin** - fees are charged directly to the fund at a rate of 0.35% p.a. of the fund value.

**AllianceBernstein** - fees are charged directly to the fund and are calculated on a sliding fee scale, which is dependant on the value of assets invested in the fund. As such, fees are levied at a rate between 0.80% p.a. and 0.40% p.a. of the fund value. Please note that assets with AllianceBernstein are amalgamated across all of the Schemes within the Carillion Group for fee calculation purposes.

**THS** - fees are charged directly to the fund at a rate of 0.65% p.a. of the fund value.

# Carillion Staff Pension Scheme

Trustee report  
Year ended 31 December 2011

## Custody of assets

The Trustee uses the custodial arrangements of the investment managers it has appointed to manage the Scheme assets. It has a separate custody agreement with each custodian.

## Investment performance

Details of investment performance can be found in the Investment Report on pages 13 to 17.

## Further information

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

Any member with a complaint or unresolved query can use the Internal Disputes Resolution Procedure (IDRP) 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.

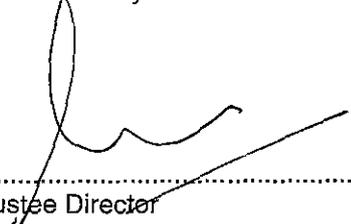
In the event of complaint a copy of the IDRP can be requested from the Secretary to the Trustee.

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

The Trustee of Carillion Staff Pension Scheme care of:

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

This report, including the Compliance Statement, was approved by the Trustee on 13 June 2012 and signed on its behalf by:

  
.....  
Trustee Director

  
.....  
Trustee Director

# Carillion Staff Pension Scheme

## Statement of Trustee responsibilities Year ended 31 December 2011

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### 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 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 responsibilities accompanying the Trustee 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.

# Carillion Staff Pension Scheme

## Investment Report Year ended 31 December 2011

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### 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 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).

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).

# Carillion Staff Pension Scheme

## Investment Report Year ended 31 December 2011

### Summary of changes to the investments over 2011

There were no strategic investment changes over the year ending 31 December 2011. However, prior to the year end, and further to discussions at the 13 December 2011 Asset and Liability Committee Meeting, the Trustee agreed to rationalise the Growth Portfolio. This involves transferring the assets in BlackRock's Global Ascent (Sterling) Limited Fund from the equitised to the absolute return version of the Fund and terminating AllianceBernstein's global equities mandate. The proceeds of the AllianceBernstein disinvestment will be used in part to fund an investment in BlackRock's UK Equity Focus Fund and partly to increase the Scheme's allocation to the BlackRock Global Ascent Fund. These changes are being implemented over the second quarter of 2012.

### Delegation of Responsibilities

The overall investment policy of the Carillion Staff Pension Scheme ("the Scheme") is determined in consultation by the Trustee 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 Scheme's overall 40.0%/60.0% strategic split between growth and bond-like assets remained unchanged over 2011. As at 31 December 2011, the Scheme's assets were managed by BlackRock Advisors (UK) Limited ("BlackRock"), AllianceBernstein Institutional Investments ("AllianceBernstein"), Origin Asset Management ("Origin"), Odey Asset Management ("Odey") and Taube Hodson Stonex Partners ("THS").

The investment strategy is shown in the tables below:

<b>Asset Class</b>	<b>Strategy</b>
	<b>%</b>
UK Equities	5.0
GTAA*	1.5
Global Equities	33.5
UK Corporate Bonds	37.0
UK Fixed Interest Gilts	7.7
Index-Linked Gilts	15.3
<b>Total Scheme</b>	<b>100.0</b>

\*Global Tactical Asset Allocation  
Figures subject to rounding

<b>Manager</b>	<b>Allocation</b>
	<b>%</b>
BlackRock (UK equities and GTAA)	6.5
BlackRock (bonds)	60.0
AllianceBernstein (global equities)	7.0
Origin (global equities)	7.5
THS (global equities)	9.5
Odey (global equities)	9.5
<b>Total Scheme</b>	<b>100.0</b>

Figures subject to rounding

Over the year, the Trustee has been using cash flows to rebalance the Scheme back to a 30%/70% growth/bond-like allocation. This target allocation is different to that specified above. On an interim basis, the Trustee intends to keep these target allocations for rebalancing and performance measurement purposes.

# Carillion Staff Pension Scheme

## Investment Report Year ended 31 December 2011

### 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 Scheme. 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 Scheme's Investments

As at 31 December 2011, the market value of the Scheme's investments (based on bid prices where applicable) amounted to £573.3m. The distribution of these assets across the whole portfolio is highlighted in the table below:

Manager	Asset Class	31.12.11		Target
		£m	%	%
AllianceBernstein	UK Equity	3.2	0.6	
	Non UK Equity	22.8	4.0	7.0
	Cash	0.3	0.1	
Odey	UK Equity	12.0	2.1	
	Non UK Equity	16.2	2.8	9.5
	Cash	6.7	1.2	
Origin	UK Equity	1.4	0.2	
	Non UK Equity	33.4	5.8	7.5
	Cash	0.3	0.1	
THS	UK Equity	8.9	1.6	
	Non UK Equity	25.9	4.5	9.5
	Cash	1.5	0.3	
BlackRock	UK Equity	18.7	3.2	5.0
	GTAA	5.8	1.0	1.5
	Corporate Bonds	250.3	43.6	37.0
	Fixed Interest Gilts	56.7	9.9	7.7
	Index-Linked Gilts	109.1	19.0	15.3
<b>Total Scheme</b>		<b>573.2</b>	<b>100.0</b>	<b>100.0</b>

Source: Investment managers, figures subject to rounding

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

# Carillion Staff Pension Scheme

## Investment Report Year ended 31 December 2011

### Investment Performance

The Scheme's performance is compared with an overall benchmark which is based on the interim target allocation of 30% growth assets, 70% bond-like assets. The Trustee also monitors the performance of the Scheme's investments, which is measured by BNY Mellon Asset Servicing on a quarterly basis to March, June, September and December month ends.

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

	<b>1 Year to 31 December 2011</b>	<b>3 Years to 31 December 2011</b>	<b>5 Years to 31 December 2011</b>
	<b>%</b>	<b>% p.a.</b>	<b>% p.a.</b>
<b>Scheme</b>	7.0	8.8	3.7
<b>Benchmark</b>	8.4	9.5	4.6

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

### Ten Largest Investments

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

- 1) BlackRock Aquila Life All Stocks Corporate Bond Fund
- 2) BlackRock Aquila Life Over 5 Years UK Index-Linked Gilt Index Fund
- 3) BlackRock Aquila Life Over 25 Years UK Gilt Index Fund
- 4) THS International Growth & Value Fund
- 5) Origin Global Specialist Equity Fund
- 6) Odey Allegra International Fund
- 7) AllianceBernstein Global Equity Value Fund
- 8) BlackRock Aquila Life UK Equity Index Fund
- 9) BlackRock Global Ascent (UK Equity) Limited

### Investment Exceeding 5% of Total Assets

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

- 1) BlackRock Aquila Life Over 25 Years UK Gilt Index Fund
- 2) BlackRock Aquila Life Over 5 Years UK Index-Linked Gilt Index Fund
- 3) BlackRock Aquila Life All Stocks Corporate Bond Fund
- 4) Origin Global Specialist Equity Fund
- 5) THS International Growth & Value Fund
- 6) Odey Allegra International Fund

# Carillion Staff Pension Scheme

## Investment Report Year ended 31 December 2011

### 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.

<b>Manager</b>	<b>Custodian</b>
BlackRock	JP Morgan Chase
AllianceBernstein	Brown Brothers Harriman
Odey	RBC Dexia Investor Services Bank S.A.
Origin	HSBC Bank Plc
THS	Northern Trust

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 the sponsoring company's equity via BlackRock's Aquila Life UK Equity Index Fund, in line with the index weight. The Scheme 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 GTAA 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 Scheme's investment managers are remunerated on a fee basis that is dependent on the size of assets under management.

**Mercer**  
February 2012

# Carillion Staff Pension Scheme

## Summary of Contributions For the year ended 31 December 2011

### Statement of Trustee 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 Summary of Contributions payable under the Schedule in respect of the Scheme year 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 schedule of contributions certified by the Actuary on 29 October 2010 in respect of the Scheme year ended 31 December 2011. The Scheme Auditor reports on contributions payable under the schedule in the Auditors' Statement about Contributions.

### Summary of contributions payable during the Scheme year ended 31 December 2011

Contributions payable to the Scheme by the employer under the Schedule of Contributions in respect of the year ended 31 December 2011 were as follows:

	Financial Statements	Schedule of Contributions	Amounts in excess of the Schedule of Contributions
	£000	£000	£000
<b>Employer contributions</b>			
Deficit contributions	500	500	-
	<u>500</u>	<u>500</u>	<u>-</u>

Signed on behalf of the Trustee:

Trustee Director .....

Trustee Director .....

Date:

# Carillion Staff Pension Scheme

## Statement about Contributions For the year ended 31 December 2011

### Independent Auditors' 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 Carillion Staff Pension Scheme in respect of the Scheme year ended 31 December 2011 which is set out on page 18.

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

#### Respective responsibilities of Trustee and Auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 18, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a 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.

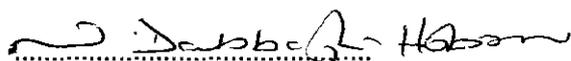
It is our responsibility to provide a statement about contributions paid under the schedule of contributions to the Scheme and to report our opinion to you.

#### 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 Schedule of contributions

In our opinion contributions for the Scheme 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 dated 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

Date: 20 June 2012

# Carillion Staff Pension Scheme

## Independent Auditors' report to the Trustee For the year ended 31 December 2011

We have audited the financial statements of Carillion Staff Pension Scheme for the year ended 31 December 2011 set out on pages 21 to 22. 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](http://www.frc.org.uk/apb/scope/private.cfm)

### Opinion on financial statements

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year ended 31 December 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

# Carillion Staff Pension Scheme

## Fund account For the year ended 31 December 2011

	Note	For the year ended 31 December 2011 £000	For the year ended 31 December 2010 £000
<b>CONTRIBUTIONS AND BENEFITS</b>			
Contributions	3	500	1,813
Transfers in	4	3	32
Other income	5	325	484
		<u>828</u>	<u>2,329</u>
Benefits	6	(22,363)	(21,711)
Payments to and on account of leavers	7	(2,668)	(1,823)
Other payments	8	(18)	25
Administrative expenses	9	(716)	(606)
		<u>(25,765)</u>	<u>(24,115)</u>
<b>NET WITHDRAWALS FROM DEALINGS WITH MEMBERS</b>		<u>(24,937)</u>	<u>(21,786)</u>
<b>INVESTMENT RETURNS</b>			
Investment income	10	119	80
Investment management expenses	11	(727)	(688)
Change in market value of investments	12	35,618	52,637
<b>NET RETURNS ON INVESTMENTS</b>		<u>35,010</u>	<u>52,029</u>
<b>NET INCREASE IN THE FUND DURING THE YEAR</b>		<u>10,073</u>	<u>30,243</u>
<b>OPENING NET ASSETS AT 1 JANUARY 2011</b>		<u>569,192</u>	<u>538,949</u>
<b>NET ASSETS AT 31 DECEMBER 2011</b>		<u>579,265</u>	<u>569,192</u>

# Carillion Staff Pension Scheme

## Net assets statement As at 31 December 2011

	Note	For the year ended 31 December 2011 £000	For the year ended 31 December 2010 £000
<b>INVESTMENTS</b>	12	<b>576,567</b>	566,552
<b>CURRENT ASSETS</b>	13	<b>4,337</b>	3,954
<b>CURRENT LIABILITIES</b>	14	<b>(1,639)</b>	(1,314)
<b>NET ASSETS AT 31 DECEMBER 2011</b>		<b>579,265</b>	569,192

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 13 June 2012 and were signed on their behalf by:

Trustee Director.....

Trustee Director.....

# Carillion Staff Pension Scheme

## Notes to the financial statements For the year ended 31 December 2011

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### 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.

# Carillion Staff Pension Scheme

## Notes to the financial statements For the year 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.

### 2.8 Administration Expenses

Administration expenses are accounted for when they fall due.

## 3. CONTRIBUTIONS

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Employer's Contributions – Deficit contributions	<u>500</u>	<u>1,813</u>

# Carillion Staff Pension Scheme

## Notes to the financial statements For the year ended 31 December 2011

### 4. TRANSFERS IN

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Transfers in - individual	3	32

This relates to transfers from members retiring from the Carillion 2009 Pension Plan with fund values of less than £10,000.

### 5. OTHER INCOME

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Claims on term insurance policies	311	555
Age related rebates *	14	(72)
Annuities received	-	1
	<b>325</b>	<b>484</b>

\* Prior year is negative due to an amount due back to HMRC that was paid during the year.

### 6. BENEFITS

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Pension payments	18,253	16,996
Commutations and lump sum retirement benefits	3,731	4,032
Lump sums on death in service	379	683
	<b>22,363</b>	<b>21,711</b>

# Carillion Staff Pension Scheme

## Notes to the financial statements For the year ended 31 December 2011

### 7. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Individual transfers out	2,668	1,819
Refunds to members leaving service	-	4
	<u>2,668</u>	<u>1,823</u>

### 8. OTHER PAYMENTS

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Term insurance premiums	18	(25)

Prior year figure includes a final rebate due back from the insurers due to the cessation of active membership.

### 9. ADMINISTRATIVE EXPENSES

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Administration and processing*	394	198
Actuarial fees**	193	292
Audit fee	20	24
Legal & other professional fees	55	43
Regulatory fees	33	34
Sundry expenses	21	15
	<u>716</u>	<u>606</u>

\* Administration and processing fees have increased in the current year due to an underaccrual of £86k for 2010 fees and an increase in Consultancy fees of £16k.

\*\* 2010 figures include increased fees due to actuarial valuation.

# Carillion Staff Pension Scheme

## Notes to the financial statements For the year ended 31 December 2011

### 10. INVESTMENT INCOME

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Dividends from equities	-	29
Interest on cash deposits	13	11
Income from pooled investment vehicles	106	40
	<u>119</u>	<u>80</u>

### 11. INVESTMENT MANAGEMENT EXPENSES

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Administration, management & custody	703	674
Performance measurement services	24	14
	<u>727</u>	<u>688</u>

# Carillion Staff Pension Scheme

## Notes to the financial statements For the year ended 31 December 2011

### 12. INVESTMENTS

	Value at 1/01/2011	Purchases at cost	Sales proceeds	Change in market value	Value at 31/12/2011
	£000	£000	£000	£000	£000
Pooled investment vehicles	562,768	5,587	(30,840)	35,795	573,310
Equities	36	-	-	-	36
AVC investments	3,748	-	(350)	(177)	3,221
Sub total	<u>566,552</u>	<u>5,587</u>	<u>(31,190)</u>	<u>35,618</u>	<u>576,567</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.

### EQUITIES

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Mercury Unquoted Securities (MUST)	<u>36</u>	<u>36</u>

# Carillion Staff Pension Scheme

## Notes to the financial statements For the year ended 31 December 2011

### POOLED INVESTMENT VEHICLES

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Fixed interest	306,986	277,724
UK equities	18,711	22,408
Overseas equities	132,709	158,869
Index linked	109,088	97,428
Global Tactical Asset Allocation	5,816	6,339
	<b>573,310</b>	<b>562,768</b>

### 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.

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
MGM	17	38
BlackRock	2,433	2,828
Standard Life	43	55
Equitable Life	728	827
	<b>3,221</b>	<b>3,748</b>

# Carillion Staff Pension Scheme

## Notes to the financial statements For the year ended 31 December 2011

### 13. CURRENT ASSETS

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
January pensioner payroll paid in advance	1,541	1,430
Cash balances	2,705	2,419
Other debtors	78	67
Tax due	13	38
	<u>4,337</u>	<u>3,954</u>

### 14. CURRENT LIABILITIES

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Unpaid benefits	(158)	(142)
Amounts due to HMRC	(408)	(392)
Deficit Funding Contributions received in advance	(167)	-
Amounts due to Carillion	(830)	(732)
Other creditors	(76)	(48)
	<u>(1,639)</u>	<u>(1,314)</u>

### 15. RELATED PARTY TRANSACTIONS

Under Financial Reporting Standard No 8 the Trustee is deemed to be a "related party" of the Scheme. Additionally, certain Directors of the Trustee Company have an interest as a deferred member of the Scheme due to their service as an employee with the employer.

In addition, Carillion plc have re-charged the Scheme for administration and processing fees of £48,000 (2010: £48,000). These amounts are included within the administration expenses shown in note 9.

# Carillion Staff Pension Scheme

## Actuarial Statements Year ended 31 December 2011

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### **Schedule of Contributions, incorporating actuarial certificate**

#### **Status of this document**

This schedule has been prepared by the Trustee of the Carillion Staff Pension Scheme to satisfy the requirements of section 227 of the Pensions Act 2004, after obtaining the advice of Edwin Topper, the Actuary to the Scheme appointed by the Trustee.

This document is the first schedule of contributions put in place for the Scheme following the 31 December 2008 valuation. It supersedes all earlier versions.

After discussions, a pattern of contributions was agreed by the Trustee and the Employer, Carillion plc on behalf of itself and the other employers participating in the Scheme, on 29 October 2010.

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 31 December 2008 to 31 October 2024**

##### **Members' contributions**

No contributions are payable by members after 5 April 2009.

##### **Employer's contributions in respect of future accrual of benefits**

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

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

The Employer shall pay shortfall correction additional contributions of £2.6m during 2009, £0.5 p.a. from 2010 to 2012, £2m during 2013, £4.1m p.a. 2014 to 2023 and £3.4m from 1 January 2024 to 31 October 2024, with contributions being paid on a monthly basis or earlier.

# Carillion Staff Pension Scheme

## Actuarial Statements Year 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 shall reimburse the Trustee for the cost of meeting levies payable to the Pension Protection Fund. Until 2013 other expenses will be paid directly from the Scheme. The Employer will also meet the general running costs of the Scheme from 2013 onwards and will also cover the investment management costs wither 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 plc on behalf of itself and the other employers participating in the Scheme, and the Trustee of the Carillion Staff Pension Scheme on 29 October 2010.

Signed on behalf of Carillion plc	<u>J K Dawson</u>
Name	<u>J K Dawson</u>
Position	<u>Head of Reward</u>
Date of signing	_____

Signed on behalf of the Trustee of the Carillion Staff Pension Scheme	<u>R Herzberg</u>
Name	<u>R Herzberg</u>
Position	<u>Trustee</u>
Date of signing	_____

# Carillion Staff Pension Scheme

## Actuarial Statements Year ended 31 December 2011

### Certification of schedule of contributions

Name of Scheme

Carillion Staff Pension Scheme

### Adequacy of rates of contributions

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

### Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 29 October 2010.

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

Signature

*E S Topper*

Scheme Actuary

E S Topper

Date of signing

Name of Employer

Mercer Limited

Address

Clarence House  
Clarence Street  
Manchester  
M2 4DW

Qualification

Fellow of the Institute and Faculty of Actuaries

# Carillion Staff Pension Scheme

## Compliance statement For the year ended 31 December 2011

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### Introduction

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

The registration number in the Register of Occupational and Personal Pension Schemes is **10246759**.

### 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

# Carillion Staff Pension Scheme

## Compliance statement For the year ended 31 December 2011

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

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

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

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