

**The Alfred McAlpine Pension Plan**  
**Annual Report**  
**For the year ended 31 December 2012**

**Plan Registration Number: 10132644**



# The Alfred McAlpine Pension Plan

## Contents

---

<b>Section</b>	<b>Page</b>
<b>1 Trustee and Advisors to the Plan</b>	<b>1</b>
<b>2 Trustee's Report</b>	<b>4</b>
<b>3 Investment Report</b>	<b>11</b>
<b>4 Independent Auditor's Report</b>	<b>16</b>
<b>5 Independent Auditor's Statement about Contributions</b>	<b>17</b>
<b>6 Fund Account</b>	<b>18</b>
<b>7 Net Assets Statement</b>	<b>19</b>
<b>8 Notes to the Financial Statements</b>	<b>20</b>
<b>9 Schedule of Contributions</b>	<b>27</b>
<b>10 Actuarial Certification of Calculation of Technical Provisions</b>	<b>31</b>
<b>11 Summary Funding Statement</b>	<b>32</b>

---

# **The Alfred McAlpine Pension Plan**

## **Trustee and Advisors to the Plan**

---

### **Trustee**

Carillion (DB) Pension Trustee Limited

### **Consultants and Actuaries**

Mercer Limited  
Belvedere  
12 Booth Street  
Manchester M2 4AW

### **Plan Actuary**

E Topper FIA  
Mercer Limited  
Belvedere  
12 Booth Street  
Manchester M2 4AW

### **Administrators**

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

### **Legal Advisors**

Sacker and Partners LLP  
29 Ludgate Hill  
London EC4M 7JQ

### **Auditor**

KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham B4 6GH

### **Investment Consultants**

Mercer Limited  
The Paragon  
Counterslip  
Bristol BS1 6BX

### **Bankers**

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

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

---

**Investment Managers**

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

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

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

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

Origin Asset Management LLP  
One Carey Lane  
London EC2V 8AE

Alliance Bernstein Institutional Investments (until 30 April 2012)  
Devonshire House  
1 Mayfair Place  
London W1J 8AJ

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

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

Baillie Gifford & Co. (from 24 October 2012)  
Calton Square  
1 Greenside Row  
Edinburgh EH1 3AN

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

---

**Investment Custodians**

HSBC Bank PLC  
Mariner House  
Pepys Street  
London EC3N 4DA

Citibank N.A  
Lewisham House  
25 Molesworth Street  
London SE13 7EX

Bank of New York Mellon Limited  
One Canada Square  
Canary Wharf  
London E14 5AL

RBC Investor Services Ireland Limited  
George's Quay House  
43 Townsend Street  
Dublin 2  
Ireland

Brown Brothers Harriman & Co (until 30 April 2012)  
80 Harcourt Street  
Dublin 2  
Ireland

Northern Trust  
50 Bank Street  
Canary Wharf  
London E14 5NT

**AVC Providers**

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

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

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

# The Alfred McAlpine Pension Plan

## Trustee's Report

---

The Trustee is pleased to present its Annual Report of The Alfred McAlpine Pension Plan (the Plan) for the year ended 31 December 2012. The financial statements have been prepared and audited in accordance with sections 41 (1) and (6) of the Pensions Act 1995 and in compliance with regulations issued under the Pensions Act 1995.

### 1. Constitution of the Plan

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

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

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

### 2. Changes to the Plan

There have been no changes to the contributions or benefit structure of the Plan during the year ended 31 December 2012.

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

The Principal Employer is Carillion AM Limited.

The function of Carillion (DB) Pension Trustee Limited is to act as Trustee to the Plan and to five other Carillion Group schemes. The Articles of this company provide for the appointment and removal of Directors of the Trustee. The board of the Trustee is made up of sixteen Directors, six of whom are appointed by the Principal Employer, one of whom is the independent chairman, while the other ten are member representatives.

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

Appointed by the employer:

S Eastwood (appointed 20 Sep 2012)

R Ellison (Independent Chair)

R Herzberg

L Mills

S Morton (resigned 13 Jun 2012)

A Shepley

B Watkins

Pensioner Member

# The Alfred McAlpine Pension Plan

## Trustee's Report (cont.)

---

OB  
AK

Appointed by the members:

S Chandler

D Benson

G Brown

Pensioner Member

S Brunswick

S Eastwood (resigned 19 Sep 2012)

G Hindley (appointed 2 May 2012)

Pensioner Member

P Kitto

Q Leiper (appointed 1 Dec 2012)

Pensioner Member

S Rawsthorne (resigned 7 Dec 2012)

S Rowland

Pensioner Member

I Simmonds (appointed 14 Mar 2012)

### Trustee Knowledge and Understanding

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

#### 4. Membership at 31 December 2012

	2012	2011
a) <b>Total members</b>		
Deferred pensioners	2,436	2,542
Pensioners	1,974	1,925
	<u>4,410</u>	<u>4,467</u>

# The Alfred McAlpine Pension Plan

## Trustee's Report (cont.)

---

### b) Deferred Pensioners

These are members who have left service but have elected to have their benefits retained with the Plan until they become payable.

<i>Total at beginning of year</i>	2,542	
Adjustment	(6)	
		<u>2,536</u>
<i>Less:</i>		
Subsequently transferred	(4)	
Pensions becoming payable	(92)	
Deaths	(4)	
		<u>(100)</u>
<i>Total at end of year</i>		<u><u>2,436</u></u>

### c) Pensioners

The Plan also provides for members who have retired on pension and for spouses and dependants who receive pensions following the deaths of members.

<i>Total at beginning of year</i>	1,925	
Pensions commencing	92	
Spouse's pensions commencing	24	
		<u>2,041</u>
<i>Less:</i>		
Deaths	(57)	
Cessation of dependants pensions	(4)	
Pensions fully commuted	(6)	
		<u>(67)</u>
<i>Total at end of year</i>		<u><u>1,974</u></u>

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

## 5. Growth of the Fund

The fund account on page 18 shows that the net withdrawals from dealings with members were £7,848,473 (2011: £6,929,130). The net return on investments for the year was a gain of £27,649,200 (2011: a loss of £3,561,108). The total net movement in the Plan's assets for the year was an increase of £19,800,727 (2011: a decrease of £10,490,238), giving net assets of the Plan at the end of the year of £306,458,463 (2011: £286,657,736).



# The Alfred McAlpine Pension Plan

## Trustee's Report (cont.)

---

### 6. Actuarial Position

An actuarial valuation of the Plan as at 31 December 2008 was undertaken in accordance with the requirements of Part 3 of the Pensions Act 2004. A valuation as at 31 December 2011 is currently being undertaken and will be signed outside the statutory deadline of 31 March 2012.

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

### 7. Summary of Contributions

#### Statement of Trustee's Responsibilities in respect of Contributions

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

#### Summary of Contributions Payable in the Year

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the employer and member contributions payable to the Plan under the Schedule of Contributions certified by the Actuary on 29 October 2010 in respect of the Plan year ended 31 December 2012. The Plan auditor reports on contributions payable under the schedules in the Auditors' Statement about Contributions.

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

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

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

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

### 8. Additional Voluntary Contributions

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

# The Alfred McAlpine Pension Plan

## Trustee's Report (cont.)

---

### 9. **Benefit Increases**

Pensions in payment as at 1 January 2012 above the Guaranteed Minimum Pension (GMP) were increased by 5% (1 January 2011: 4.6%). GMPs earned after April 1988 were increased in line with Government requirements. GMPs earned in respect of service before April 1988, were increased separately by the State. Increases calculated in this manner are guaranteed.

Deferred pensions were increased in line with Statutory Revaluation orders.

### 10. **Transfer Values**

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

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

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

### 11. **Investment Management**

The day to day management of the Plan's investments has been delegated by the Trustee to the investment managers, Legal & General Assurance (Pensions Management) Limited, BlackRock Investment Managers Limited, Aviva Investors (Aviva), Insight Investment Management (Global) Limited, Origin Asset Management LLP, Odey Asset Management LLP and Taube Hodson Stonex Partners LLP and until 30 April 2012 Alliance Bernstein Institutional Investments. From 24 October 2012 Baillie Gifford & Co. were also appointed as investment managers.

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

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

The investments are held in designated nominee accounts.

### 12. **Statement of Trustee's Responsibilities**

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

# The Alfred McAlpine Pension Plan

## Trustee's Report (cont.)

---

- show a true and fair view, of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year; and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice, Financial Reports of Pension Schemes (Revised May 2007).

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. It is also responsible for making available each year, commonly in the form of a Trustee's annual report, information about the Plan prescribed by pensions legislation, which it should ensure is consistent with the financial statements it accompanies.

The Trustee has certain responsibilities in respect of contributions which are set out in the statement of Trustee's responsibilities accompanying the 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 it to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities, including the maintenance of appropriate internal controls.

### 13. **Internal Disputes Resolution Procedure (IDRP)**

Any member with a complaint or unresolved query can use the IDRP by contacting Group HR (Pensions) at Carillion plc, Birch Street, Wolverhampton, WV1 4HY, or alternatively, they can obtain advice through The Pensions Advisory Service (TPAS) as detailed below.

### 14. **The Pensions Advisory Service**

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

11 Belgrave Road  
London SW1V 1RB

### 15. **Pensions Ombudsman**

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

11 Belgrave Road  
London SW1V 1RB

# The Alfred McAlpine Pension Plan

## Trustee's Report (cont.)

---

### 16. The Pensions Regulator

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

Napier House  
Trafalgar Place  
Brighton BN1 4DW

### 17. Further Information

Enquiries about individual benefit entitlements should be addressed to:

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



Date: 12/06/2013

On behalf of the Trustee

# The Alfred McAlpine Pension Plan

## Investment Report

---

### Investment Background

2012 was a year in which policy makers made a seemingly concerted effort to do “whatever it takes” (Mario Draghi, President of the European Central Bank, July 2012) to avoid an illiquidity crisis. The US, UK, Japanese and European Central Banks followed a determined policy of quantitative easing throughout 2012.

A raft of substantial monetary easing policies from the major Central Banks, such as the Federal Reserve Bank (QE3), the ECB (Outright Monetary Transactions programme) and the UK Government (Funding for Lending scheme), were announced and implemented as an attempt to revive the banking system and to regain investors' confidence in global economic growth. Despite the underlying gloomy and low growth economic backdrop, investors, most notably in Europe, welcomed the support from the central banks, albeit they remained cautious on the effectiveness and improvement of these programmes.

During the fourth quarter of 2012 some signs were beginning to emerge that these measures may be having a positive effect. Financial markets adopted a less pessimistic tone as the risks of systemic failure appear to have been addressed (in terms of intention on the part of the policy makers, if not necessarily in detail). The combination of record low interest rates and availability of liquidity was generally supportive of growth assets, although the economic fundamentals have yet to improve meaningfully.

Consensus economic forecasts continued to fall, with 2.5% real global GDP growth expected in 2012, but with the forecast for 2013 falling from 2.8% to 2.6%.

At a global level, the FTSE World Total Return index rose 11.8% (in Sterling terms) over 2012 whilst the FTSE AW Emerging Markets Total Return index rose 12.8% (in Sterling terms).

At a regional level, European markets, as measured by the FTSE World Europe ex UK index, increased 17.8% (in Sterling terms). UK stocks also exhibited growth, as indicated by the FTSE All Share index, rising 12.3%. US equities, as represented by the FTSE USA Total Return index, rose 11.2% (in Sterling terms).

UK Government Bonds, as measured by the FTSE Gilts All Stocks index, returned 2.7% over 2012. Long dated issues, as measured by the corresponding over 15 year index, returned 2.9%. The yield for the FTSE Gilts All Stocks Index rose over the year from 2.4% to 2.5%.

The FTSE All Stocks Index Linked Gilts index returned 0.6% with the corresponding 15 year index exhibiting a negative return of 1.3%.

Corporate debt, as measured by the BofA Merrill Lynch Sterling Non-Gilts index, provided a positive return of 13.3%.

### Delegation of Responsibilities

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

### Management of the Assets

The Plan's overall 60.0%/40.0% strategic split between equities and bond-like assets remained unchanged over 2012. As at 31 December 2012, the Plan's assets were managed by Aviva Investors Global Services Limited (“Aviva”), Baillie Gifford & Co (“Baillie

# The Alfred McAlpine Pension Plan

## Investment Report (cont.)

Gifford”), BlackRock Advisors (UK) Limited (“BlackRock”), Insight Investment Management (Global) Limited (“Insight”), Legal & General Investment Management Limited (“L&G”), Odey Asset Management (“Odey”), Origin Asset Management (“Origin”) and Taube Hodson Stonex Partners (“THS”).

Over the 12 months to 31 December 2012, there were some changes to the investment strategy.

In Q2, the BlackRock UK Long/Short Nexus Fund was completely disinvested and these funds, combined with a partial disinvestment from the BlackRock UK Specialist Equity Fund were used to fund an investment to the BlackRock GTAA\* Absolute Return Fund. The remainder of the proceeds from the disinvestment of the BlackRock UK Specialist Equity Fund was also used to top up the investments to the THS and Origin Global Equity mandates, as well as to fund an allocation to the BlackRock UK Equity Focus Fund. Additionally, the Global Equity mandate held with AllianceBernstein was completely disinvested and these funds were used to top up the Global Equity investments to Origin and Odey. In Q4, all of the Scheme’s passive developed overseas equities and a portion of the emerging market equities held with L&G were disinvested and used to fund an investment into the Baillie Gifford Diversified Growth Pension Fund.

The current investment strategy is shown in the tables below:

<b>Asset Class</b>	<b>Strategy %</b>
UK Equities	13.2
Emerging Market Equities	1.2
Global Equities	24.6
GTAA*	6.0
Diversified Growth	15.0
UK Corporate Bonds	17.0
UK Fixed Interest Gilts	9.0
Index-Linked Gilts	9.0
HLV Property	5.0
<b>Total Plan</b>	<b>100.0</b>

Figures subject to rounding

\*Global Tactical Asset Allocation

<b>Manager</b>	<b>Structure %</b>
BlackRock (UK equities and GTAA)	17.4
L&G (bonds, UK equities and emerging market equities)	18.0
Baillie Gifford (diversified growth)	15.0
Odey (global equities)	8.4
Origin (global equities)	10.2
THS (global equities)	6.0
Insight (bonds)	20.0
Aviva (HLV property)	5.0
<b>Total Plan</b>	<b>100.0</b>

Figures subject to rounding

# The Alfred McAlpine Pension Plan

## Investment Report (cont.)

### Statement of Investment Principles

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

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

### The Plan's Investments

As at 31 December 2012, the market value of the Plan's investments (based on bid prices where applicable) amounted to £302.7m. The distribution of these assets across the whole portfolio is highlighted in the table below:

Manager	Asset Class	31.12.12		Target %
		£m	%	
Odey	UK Equity	9.3	3.1	8.4
	Non UK Equity	13.9	4.6	
	Cash	0.6	0.2	
Origin	UK Equity	0.8	0.3	10.2
	Non UK Equity	27.7	9.1	
	Cash	0.4	0.1	
THS	UK Equity	3.3	1.1	6.0
	Non UK Equity	12.4	4.1	
	Cash	0.9	0.3	
BlackRock	UK Equity (Active)*	33.3	11.0	11.4
	GTAA	17.3	5.7	6.0
Baillie Gifford	Diversified Growth	44.3	14.6	15.0
L&G	UK Equity	6.2	2.1	1.8
	Non UK Equity	7.5	2.5	1.2
	Fixed Interest Gilts	15.5	5.1	6.0
	Index-Linked Gilts	15.7	5.2	6.0
	Corporate Bonds	7.8	2.6	3.0
Insight	Fixed Interest Gilts	10.4	3.4	3.0
	Index-Linked Gilts	10.7	3.6	3.0
	Corporate Bonds	49.4	16.3	14.0
	Cash	0.0	0.0	0.0
Aviva	HLV Property	6.2	5.4	5.0
<b>Total</b>		<b>303.4</b>	<b>100.0</b>	<b>100.0</b>

\* Includes cash awaiting reinvestment

Source: Investment managers, figures subject to rounding.

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

# The Alfred McAlpine Pension Plan

## Investment Report (cont.)

---

### Investment Performance

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

Performance over the one, three and five year periods to 31 December 2012 is shown in the table below.

	1 Year to 31 December 2012	3 Years to 31 December 2012	5 Years to 31 December 2012
	%	% p.a.	% p.a.
Plan	10.2	7.5	3.4
Benchmark	9.2	7.2	3.8

Source: Investment managers and Mercer, gross of fees

### Ten Largest Investments

The ten largest investments for the Plan as at 31 December 2012 were as follows:

- 1) Insight UK Corporate All Maturities Bond Fund
- 2) Baillie Gifford Diversified Growth Pension Fund
- 3) BlackRock BIEF UK Focus Fund
- 4) Origin Global Specialist Equity Fund
- 5) Odey Allegra International Fund
- 6) BlackRock Global Ascent Sterling (GTAA)
- 7) THS International Growth & Value Fund
- 8) Aviva Lime Property Fund Unit Trust
- 9) L&G Over 5 Year Index-Linked Gilts Fund
- 10) L&G 0 to 5 Year Gilts Index Fund

### Investments Exceeding 5% of Total Assets

The following vehicles exceeded 5% of the total Plan assets as at 31 December 2012:

- 1) Insight UK Corporate All Maturities Bond Fund
- 2) Baillie Gifford Diversified Growth Pension Fund
- 3) BlackRock BIEF UK Focus Fund
- 4) Origin Global Specialist Equity Fund
- 5) Odey Allegra International Fund
- 6) BlackRock Global Ascent Sterling (GTAA)
- 7) THS International Growth & Value Fund
- 8) Aviva Lime Property Fund Unit Trust
- 9) L&G Over 5 Year Index-Linked Gilts Fund
- 10) L&G 0 to 5 Year Gilts Index Fund



# The Alfred McAlpine Pension Plan

## Investment Report (cont.)

### 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
BlackRock	Bank of New York Mellon
Baillie Gifford	Bank of New York Mellon
L&G	HSBC Bank PLC and Citibank N.A
Odey	RBC Investor Services Ireland Limited
Origin	HSBC Bank Plc
THS	Northern Trust
Insight	Bank of New York Mellon

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

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

### Employer Related Investments

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

### Remuneration for Professional Services

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

With the exception of the UK Focus 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 and the BlackRock GTAA Fund where the fees consist solely of a performance related element equal to 30%, 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 2013

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

---

We have audited the financial statements of The Alfred McAlpine Pension Plan for the year ended 31 December 2012 set out on pages 18 to 26. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

**Respective responsibilities of Trustee and auditor**

As explained more fully in the Statement of Trustee's Responsibilities set out on pages 8 and 9, the Plan Trustee is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

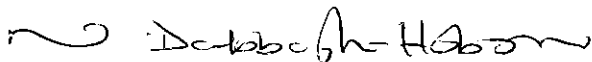
**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](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 Plan during the Plan year ended 31 December 2012 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.



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

19 June 2013

# The Alfred McAlpine Pension Plan

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

---

We have examined the Summary of Contributions payable under the schedule of contributions to The Alfred McAlpine Pension Plan in respect of the Plan year ended 31 December 2012 which is set out on page 7.

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

### **Respective responsibilities of Trustee and auditor**

As explained more fully in the Statement of Trustee's Responsibilities set out on pages 8 and 9, the Plan's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates and due dates of certain contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Plan and for monitoring whether contributions are made to the Plan by the employer in accordance with the schedule of contributions.

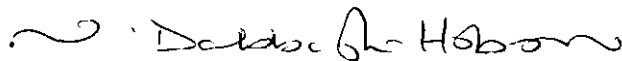
It is our responsibility to provide a statement about contributions paid under the schedule of contributions to the Plan and to report our opinion to you.

### **Scope of work on statement about contributions**

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

### **Statement about contributions payable under the schedule of contributions**

In our opinion contributions for the Plan year ended 31 December 2012 as reported in the Summary of Contributions and payable under the schedule of contributions have in all material respects been paid at least in accordance with the schedule of contributions certified by the actuary on certified by the Actuary on 29 October 2010.



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

19 June 2013

**The Alfred McAlpine Pension Plan**  
**Fund Account for the Year Ended 31 December 2012**

	Note	2012 £	2011 £
<b>Contributions and other income</b>			
Contributions receivable	3	9,506,000	9,506,079
		<u>9,506,000</u>	<u>9,506,079</u>
<b>Benefits and other payments</b>			
Benefits payable	4	16,894,005	15,896,567
Payments to and on account of leavers	5	412,923	352,859
Other payments	6	3,500	3,000
Administrative expenses	7	44,045	182,783
		<u>17,354,473</u>	<u>16,435,209</u>
<b>Net withdrawals from dealings with members</b>		<u>(7,848,473)</u>	<u>(6,929,130)</u>
<b>Returns on investments</b>			
Investment income	8	5,111,384	5,098,456
Investment management expenses	9	(784,929)	(830,071)
Change in market value of investments	10	23,322,745	(7,829,493)
<b>Net returns on investments</b>		<u>27,649,200</u>	<u>(3,561,108)</u>
<b>Net increase/(decrease) in the fund during the year</b>		19,800,727	(10,490,238)
<b>Net assets of the Plan at start of year</b>		286,657,736	297,147,974
<b>Net assets of the Plan at end of year</b>		<u>306,458,463</u>	<u>286,657,736</u>

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

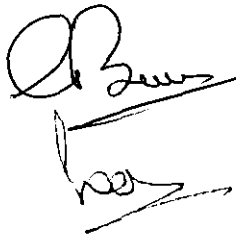
**The Alfred McAlpine Pension Plan**  
**Net Assets Statement at 31 December 2012**

---

	Note	2012 £	2011 £
<b>Investment assets</b>	10	305,122,267	285,654,265
<b>Current assets</b>	11	2,154,531	1,747,566
<b>Current liabilities</b>	12	(818,335)	(744,095)
 <b>Net assets of the Plan at 31 December</b>		<b>306,458,463</b>	<b>286,657,736</b>

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

Approved by the Trustee and signed on behalf of the Trustee on... 12 | 06 | ..... 2013.



} Trustee Director

} Trustee Director

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

# The Alfred McAlpine Pension Plan

## Notes to the Financial Statements for the Year Ended 31 December 2012

---

### 1. **Basis of financial statements**

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, and with the guidelines set out in the Statement of Recommended Practice (SORP), Financial Reports of Pension Schemes (Revised May 2007).

### 2. **Accounting policies**

#### a) **Investments**

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

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

#### b) **Income from investments**

Income from equities and any pooled investment vehicles which distribute income is accounted for on an accruals basis. Income generated by pooled investment vehicles held with Legal & General Assurance (Pensions Management) Limited and Origin Asset Management LLP is not distributed, but is retained within the pooled investment vehicle and is reflected in the market value of the units, with the exception of the tax deducted from the income received on the Origin Asset Management LLP accumulation units which is reclaimed by the Plan and accounted for on an accruals basis.

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

#### c) **Contributions and benefits**

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

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

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

#### e) **Administrative expenses**

Under the Schedule of Contributions dated 29 October 2010 all expenses will be paid directly from the Plan until 2013; save an annual allowance, of currently £0.5 million, to be met by the Principal Employer. From 2013, the Company will pay all expenses.

#### f) **Annuities**

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

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

---

**3. Contributions receivable**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Employer's - deficit funding	9,506,000	9,506,000
Members' - AVC	-	79
	<u>9,506,000</u>	<u>9,506,079</u>

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

**4. Benefits payable**

Pensions	14,905,414	14,210,032
Commutations and lump sum retirement benefits	1,961,829	1,661,118
Lump sum death benefits	26,762	25,417
	<u>16,894,005</u>	<u>15,896,567</u>

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

Refunds to members leaving service	-	969
Payments for members joining state scheme	-	1,381
Individual transfers to other schemes	412,923	350,509
	<u>412,923</u>	<u>352,859</u>

**6. Other payments**

Ex-gratia payments	<u>3,500</u>	<u>3,000</u>
--------------------	--------------	--------------

# The Alfred McAlpine Pension Plan

## Notes to the Financial Statements (cont.)

---

### 7. Administrative expenses

	2012	2011
	£	£
Administration, actuarial and investment consulting fees	34,648	148,467
Legal Fees	-	22,700
Trustee Director fees	9,352	11,042
Other expenses	45	574
	<u>44,045</u>	<u>182,783</u>

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

### 8. Investment income

Dividends from equities	681,221	1,676,857
Income from pooled investment vehicles	4,406,832	3,397,643
Income from other investments	13,031	6,445
Annuity income	10,225	17,126
Interest on cash deposits	75	385
	<u>5,111,384</u>	<u>5,098,456</u>

### 9. Investment management expenses

Administration, management and custody	553,796	640,071
Performance measurement services	231,133	190,000
	<u>784,928</u>	<u>830,071</u>



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

---

**10. Investments**

Investment transactions in the year ended 31 December 2012 are summarised as follows:

	Value at 1 Jan 2012 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 31 Dec 2012 £
Equities	49,122,045	5,236,526	(56,106,537)	1,747,966	-
Pooled investment vehicles	233,951,044	121,605,278	(74,355,335)	21,500,562	302,701,549
Other investments	993,222	11,888,706	(12,881,928)	-	-
AVC investments	1,156,831	17,308	(35,789)	74,217	1,212,567
	<u>285,223,142</u>	<u>138,747,818</u>	<u>(143,379,589)</u>	<u>23,322,745</u>	<u>303,914,116</u>
Cash deposits	35,917				742,458
Accrued investment income	395,206				465,693
	<u>285,654,265</u>				<u>305,122,267</u>

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

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

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

---

9. **Investments (cont.)**

The investments above can be analysed as follows:

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Equities - UK quoted</b>	<u>-</u>	<u>49,122,045</u>
 <b>Pooled investment vehicles</b>		
L&G UK Equity Index	6,243,223	5,553,062
L&G N American Equity Index – GBP Hedged	-	3,559,823
L&G Europe (Ex UK) Index – GBP Hedged	-	19,977,059
L&G Japan Equity Index – GBP Hedged	-	4,974,269
L&G Asia Pac exJap Dev Index – GBP Hedged	-	6,989,041
L&G Global Emerging Markets Index	6,563,964	9,131,564
L&G World Emerging Markets Equity Index	904,157	599,873
L&G Investment Grade Bond All Stocks Index	7,751,313	9,030,479
L&G Over 5 Year Index-Linked Gilts Index	15,684,162	18,761,958
L&G 0 to 5 Year Gilts Index	15,479,507	18,184,870
Aviva – The Lime Property Fund Unit Trust	16,210,631	15,900,049
Insight – Corporate Bond Funds	70,490,002	63,170,655
BlackRock - UK Equities	49,774,891	5,255,405
The Origin Partnership Exempt Fund : Global Specialist Equity Fund	28,941,913	17,209,540
Odey Allegra International GBP Fund	23,719,347	10,295,636
Alliance Bernstein Global Value Fund	-	14,764,068
Baillie Gifford Diversified Growth Pension Fund	44,312,722	-
THS International Growth Fund	16,625,717	10,593,693
	<u>302,701,549</u>	<u>233,951,044</u>
 <b>Other investments</b>		
Cash instruments	<u>-</u>	<u>993,222</u>

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

# The Alfred McAlpine Pension Plan

## Notes to the Financial Statements (cont.)

### 9. Investments (cont.)

The following investments account for more than 5% of the Plan's net assets as at 31 December 2012:

	2012	2011
	%	%
Insight – Corporate Bond Funds	23.0	22.0
Baillie Gifford Diversified Growth Pension Fund	14.5	-
BlackRock - UK Equities	10.6	-
The Origin Partnership Exempt Fund : Global Specialist Equity Fund	9.4	6.0
Odey Allegra International GBP Fund	7.7	-
BlackRock - Other Pooled funds	5.6	-
THS International Growth Fund	5.4	-
Aviva - The Lime Property Fund	5.3	5.5
L&G Over 5 Year Index-Linked Gilts Index	5.1	6.5
L&G 0 to 5 Year Gilts Index	5.1	6.3
L&G Europe (ex UK) Hedged Index	-	7.0
Alliance Bernstein Global Value Fund	-	5.1

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

#### **AVC investments**

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

	2012	2011
	£	£
Prudential	350,769	350,802
The Equitable Life Assurance Society	396,457	386,413
Legal & General Investment Management Ltd	465,341	419,616
	1,212,567	1,156,831

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

---

**11. Current assets**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Contributions due – Employer’s deficit funding	792,167	792,167
Bank balances	1,192,134	805,916
Amount due from Principal Employer	165,927	149,383
Sundry debtors	4,303	100
	<u>2,154,531</u>	<u>1,747,566</u>

**12. Current liabilities**

Unpaid benefits	134,780	63,846
Accrued expenses	661,568	656,881
Other creditors	21,987	23,368
	<u>818,335</u>	<u>744,095</u>

**12. Employer related investments**

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

**13. Related party transactions**

S Rowland received fees and expenses of £9,352 during the year for his services as Trustee Director.

Expenses of £0.5 million have been met by the Principal Employer during the year. Fees paid by the Principal Employer over and above this of £44,045 (2011: £182,783) have been recharged to the Plan and these are included within administration expenses

There have been no further disclosable related party transactions.

# The Alfred McAlpine Pension Plan

## Schedule of Contributions

---

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

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

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

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

After discussions, a pattern of contributions was agreed by the Trustee and the Employer, Carillion AM Limited, on behalf of all relevant employers, on 29 October 2010.

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

#### **Contributions to be paid to the Plan from 31 December 2008 to 30 June 2012**

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

No contributions are payable by members after 31 December 2009.

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

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

# The Alfred McAlpine Pension Plan

## Schedule of Contributions

---

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

The Employer shall pay shortfall correction additional contributions of at least the following amounts no less frequently than monthly: £9.283m in 2009 and £9.506m per annum from 1 January 2010 to 30 June 2022.

### **Employer's contributions in respect of benefit augmentations**

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

### **Employer's contributions in respect of administration and other costs**

The Employer shall reimburse the Trustee for the cost of meeting levies payable to the Pension Protection Fund. Until 2013 other expenses will be paid directly from the Plan; save an annual allowance, of currently £0.5m, to be paid by the Employer towards the Plan's running expenses. The Employer will also meet in full the general running costs of the Plan from 2013 onwards and will also cover the investment management costs either directly, or by explicit funding reserves from 2013. The precise methodology will be considered at the next valuation.

### **Other Employer contributions**

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

### **Dates of review of this schedule**

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

This schedule of contributions has been agreed by the Employer, Carillion AM Limited, on behalf of all relevant employers, and the Trustee of the Alfred McAlpine Pension Plan on 29 October 2010.

The Alfred McAlpine Pension Plan

Schedule of Contributions

---

Signed on behalf of Carillion AM Limited ..... 

Name ..... J. K. DAWSON

Position ..... HEAD OF PENALTY

Date of signing ..... 29.10.10.

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

Name ..... ROBIN C. ELLISON

Position ..... CHAIRMAN

Date of signing ..... 29 October 2010.

# The Alfred McAlpine Pension Plan

## Schedule of Contributions

---

### **Certification of schedule of contributions**

**Name of Scheme**

Alfred McAlpine Pension Plan
------------------------------

### **Adequacy of rates of contributions**

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

### **Adherence to statement of funding principles**

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

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



# The Alfred McAlpine Pension Plan

## Actuarial Certification of Calculation of Technical Provisions

---

### Certificate of technical provisions

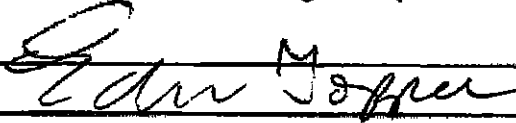
**Name of Scheme**

Alfred McAlpine Pension Plan

### Calculation of technical provisions

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

**Signature**



**Name**

E S Topper

**Date of signing**

29 October 2010

**Address**

Mercer Limited  
Clarence House  
Clarence Street  
Manchester  
M2 4DW

**Qualification**

Fellow of the Institute and Faculty of Actuaries

# The Alfred McAlpine Pension Plan

## Summary Funding Statement

---

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

### Summary Funding Statement for Period ending 31.12.2010

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

Assets £233.4m

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

Shortfall (£123m)

Funding Level 65%

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

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

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

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

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