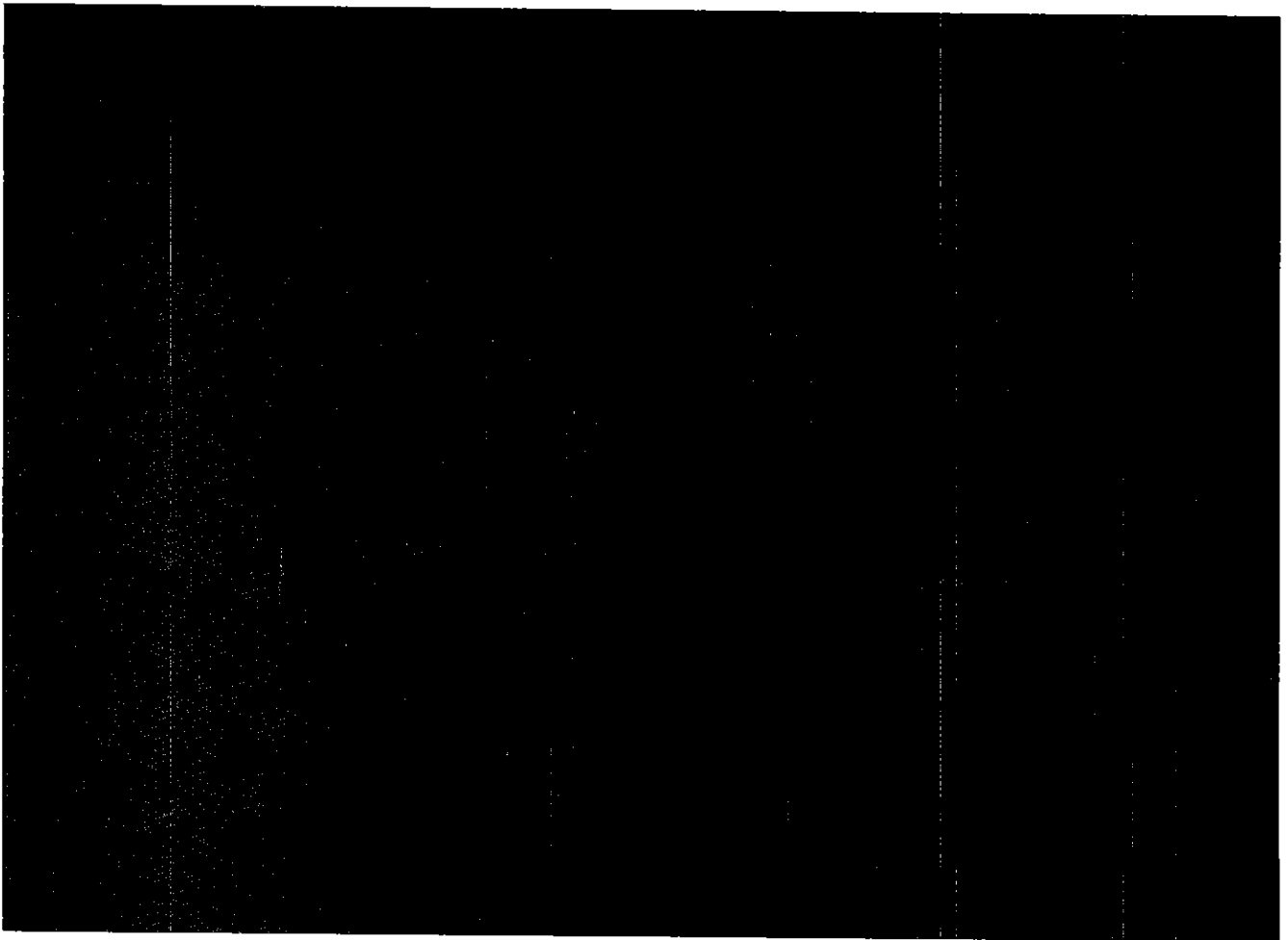


# The Alfred McAlpine Pension Plan

Report and Financial Accounts

Year ended 31 December 2014

Registrar of Occupational and Personal Pension Schemes Registration Number: 10132644



# The Alfred McAlpine Pension Plan

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# The Alfred McAlpine Pension Plan

**Advisers**  
**Year ended 31 December 2014**

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**Plan Actuary**

Edwin Topper, FIA  
Mercer Limited

**Plan Administrators**

JLT Employee Benefits \*

**Auditor**

KPMG LLP

**Bankers**

National Westminster Bank plc

**Additional Voluntary Contribution Providers**

Equitable Life Assurance Society  
Legal & General Assurance (Pensions Management) Limited  
Prudential Assurance Company

**Investment Managers**

Aviva Investors Global Service Limited  
Baillie Gifford & Co  
BlackRock Advisors (UK) Limited  
Insight Investment Management (Global) Limited  
Legal & General Investment Management Limited  
Odey Asset Management  
Origin Asset Management  
State Street Global Markets  
Taube Hodson Stonex Partners

**Longevity Swap Counterparty**

Deutsche Bank AG

**Custodians**

BNY Mellon  
Citibank N.A.  
HSBC Bank plc  
J.P. Morgan  
Northern Trust  
RBC Investor Services Ireland Limited  
State Street Bank and Trust Company

**Investment Adviser**

Mercer Limited

**Legal Adviser**

Sacker and Partners LLP

\* Formerly known as Ensign Pensions Administration prior to acquisition by JLT Employee Benefits on 1 May 2014.

# The Alfred McAlpine Pension Plan

Advisers  
Year ended 31 December 2014

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**Principal Employer**  
Carillion (AM) Limited

**Contact Address**  
JLT Employee Benefits  
Leatherhead House  
Station Road  
Leatherhead  
Surrey  
KT22 7ET

# The Alfred McAlpine Pension Plan

## Trustee Report Year ended 31 December 2014

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### **Introduction**

The Trustee presents its Annual Report together with the audited financial statements of The Alfred McAlpine Pension Plan (the "Plan") for the year ended 31 December 2014. The Plan is a defined benefit Plan and is administered by JLT Employee Benefits (formerly Ensign Pensions Administration) in accordance with the establishing document and rules, solely for the benefit of its members and their dependants on the member's retirement and death.

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

### **HMRC approval**

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

### **The Principal Employer**

The Principal Employer is Carillion (AM) Limited. Other participating Employers with eligible employees who are entitled to be members of the Plan are Carillion AMBS Limited, Carillion Capital Projects Limited, Carillion Government Services Limited, Carillion Infrastructure Services Limited, and Carillion Project Investments Limited. The Employer's registered address is Carillion House, 84 Salop Street, Wolverhampton, WV3 0SR.

### **Appointment and removal of Trustee/management of the Plan**

The Plan is managed by the Trustee, Carillion (DB) Pension Trustee Limited. This company's function is to act as Trustee to the Plan 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. Two of the current Member Nominated Directors ("MNDs") were co-opted from the previous Trustee companies of five of the six schemes for which it acts as Trustee. All other MNDs (including some who were originally co-opted) have been selected through nominations (and if appropriate elections).

# The Alfred McAlpine Pension Plan

## Trustee Report Year ended 31 December 2014

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The directors of Carillion (DB) Pension Trustee Limited are:

### **Appointed by the Employer:**

Robin Ellison (Independent Chair)  
Simon Eastwood  
Robin Herzberg  
Lee Mills  
Alison Shepley  
Brian Watkins

### **Appointed by the Members:**

Alan Bratt  
Gerald Brown (re-appointed 1 April 2014)  
Steven Brunswick  
Stephen Chandler (resigned 30 April 2014)  
Peter Forsyth (appointed 8 January 2014)  
Graham Hindley (re-appointed 1 April 2014)  
Paul Kitto  
Quentin Leiper  
Stephen Rowland (re-appointed 1 April 2014)  
Ian Simmonds  
Mike Tomlinson (appointed 11 November 2014)

The terms of office for Graham Hindley, Stephen Rowland, Gerald Brown and Stephen Chandler ended on 31 March 2014. Stephen Rowland, Graham Hindley and Gerald Brown were all re-nominated. As there were no other nominations for Stephen Rowland and Graham Hindley's constituencies, each will serve a further term. Gerald Brown was re-elected in the Mowlem Staff and Bower constituency and will serve a further term. As there were no nominations from the employed deferred members to replace Stephen Chandler, he remained on the Board until 30 April 2014. Mike Tomlinson was elected and appointed on 11 November 2014 to represent the PME constituency.

### **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 Plan 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 Trustee Directors recognise the need for, and participate in, ongoing training, including seminars and the Pension Regulator's 'Trustee Toolkit' training program.

### **Changes to the Plan**

A deed was executed on 17 October 2014 to provide the same survivors' benefits to survivors of same sex marriages as are currently provided to survivors of civil partnerships.

# The Alfred McAlpine Pension Plan

## Trustee Report Year ended 31 December 2014

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### **Pensions in payment**

In accordance with the Plan's Trust Deed and Rules, pensions in payment at 1 January 2013 were increased as follows:

For pension in respect of pensionable service above the Guaranteed Minimum Pension ("GMP") the increase was 3.2%. This is in line with the increase in the General Index of Retail Prices over the period to the previous 30 September (restricted to a maximum of 5%).

Increases on the GMP are given partly by the Plan and partly by the State.

### **Deferred benefits**

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

- I. The GMP part of members' deferred benefits is increased at a fixed rate dependent on the date of leaving for each complete tax year to State Pension Age.
- II. The part of the deferred benefits in excess of the GMP is increased in line with statutory requirements over the period to Normal Retirement Date subject to a maximum of 5% per annum.

### **Transfer values**

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

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

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

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 2013 and will continue to be reviewed regularly. The latest review took place in early 2015.

# The Alfred McAlpine Pension Plan

## Trustee Report Year ended 31 December 2014

### Membership

Details of the membership of the Plan as at 31 December 2014 are given below:-

	<b>Total 2014</b>	<b>Total 2013</b>
<b>PENSIONERS</b>		
Pensioners at the start of the year	2,025	1,974
Adjustment	-	4
Members retiring during the year	72	72
New beneficiaries	15	22
Deaths	(51)	(46)
Beneficiary pensions ceased	(2)	-
Full commutation of beneficiary pension	(1)	(1)
Full commutation of pension	(1)	-
	<hr/>	<hr/>
<b>PENSIONERS AT THE END OF THE YEAR</b>	<b>2,057</b>	<b>2,025</b>
<b>MEMBERS WITH PRESERVED BENEFITS</b>		
Number at the start of the year	2,357	2,436
Adjustment	-	3
Deferred pensioners becoming pensioners	(72)	(72)
Full commutations	(2)	(2)
Transfers out during the year	(5)	(6)
Deaths	(4)	(2)
	<hr/>	<hr/>
<b>MEMBERS WITH PRESERVED BENEFITS AT THE END OF THE YEAR</b>	<b>2,274</b>	<b>2,357</b>
	<hr/>	<hr/>
<b>TOTAL MEMBERSHIP AT THE END OF THE YEAR</b>	<b>4,331</b>	<b>4,382</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 completion of the report.



# The Alfred McAlpine Pension Plan

## Trustee Report Year ended 31 December 2014

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### Financial development of the Plan

The financial statements on pages 21 and 22 show that the value of the Plan's assets increased by £27.2m to £356.3m as at 31 December 2014. The increase was comprised of net withdrawals from dealings with members of £6.3m together with a net increase in the returns on investments of £33.5m.

The financial statements have been prepared and audited in accordance with the regulations made under Sections 41 (1) and (6) of the Pensions Act 1995.

Further details of the financial developments of the Plan may be found in the audited financial statements on pages 21 to 30.

### Contributions

Contributions received from participating Employers were in accordance with the Schedules of Contributions dated 29 October 2010, 13 June 2014 and 23 December 2014. The Schedule of Contributions dated 23 December 2014 is on pages 35 to 38.

The Schedules of Contributions in force from 13 June 2014 and 23 December 2014 expected deficit contributions of £11.2m to be received in relation to 2014. This amount was received during 2014 as shown on page 18.

### Investments – policy

The Trustee's investment policy is detailed in their Statement of Investment Principles ("SIP"). The Trustee monitors compliance 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 Plan, 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.

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\* The fee analysis below excludes BlueBay as the fees charged cannot be disclosed to third parties due to the confidentiality agreement in place.

# The Alfred McAlpine Pension Plan

## Trustee Report Year ended 31 December 2014

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**Legal & General** – fees are invoiced directly to the Plan at rates between 0.0425% p.a. and 0.3% p.a. of the value of the fund, depending on the fund invested in.

**Aviva** – fees are charged directly to the fund at a rate of 0.4% p.a. on the value of the fund invested in.

**BlackRock** - fees are invoiced directly to the Plan at a rate of 0.35% p.a. on the value of the active UK equity fund. The active UK equity fund also has a performance related fee of 20% on outperformance of the benchmark. The fee for the GTAA fund is solely performance related and equals 30% of any outperformance relative to 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 invoiced directly to the Plan at a rate of 0.35% p.a. of the fund.

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

**Insight** – fees are charged directly to the fund at rates between 0.12% p.a. and 0.30% p.a. of the fund value, depending on the fund invested in.

**State Street** – fees are invoiced directly to the Plan at a rate of 0.015% p.a. of the fund value. In addition to this, there are transaction charges.

**Baillie Gifford** - fees are charged directly to the fund and are calculated on a sliding fee scale, which is dependent on the value of assets invested in the fund. As such, fees are levied at a rate between 0.45% p.a. and 0.65% p.a. of the fund value. Please note that assets with Baillie Gifford are amalgamated across all of the Schemes within the Carillion Group for fee calculation purposes.

### **Custody of assets**

The Trustee uses the custodial arrangements of the investment managers it has appointed to manage the Plan 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 12 to 17.

# The Alfred McAlpine Pension Plan

## Trustee Report Year ended 31 December 2014

### Further information

Members are entitled to inspect copies of documents giving information about the Plan.

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 neither the IDRP nor the PAS is able 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, Carillion plc, Carillion House, 84 Salop Street, Wolverhampton, WV3 0SR.

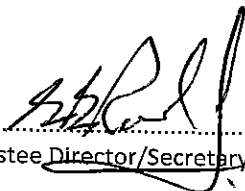
Any query about the Plan, including requests from individuals for information about their benefits, should be addressed to:

The Trustee of The Alfred McAlpine Pension Plan care of: JLT Employee Benefits, Leatherhead House, Station Road, Leatherhead, Surrey, KT22 7ET.

This report, including the Compliance Statement, was approved by the Trustee on 10 June 2015 and signed on its behalf by:



.....  
Trustee Director



.....  
Trustee Director/Secretary

# The Alfred McAlpine Pension Plan

## Statement of Trustee Responsibilities Year ended 31 December 2014

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

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

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

The Trustee has 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.

# The Alfred McAlpine Pension Plan

## Investment Report Year ended 31 December 2014

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### Market Background

Both growth and defensive assets delivered positive returns over the 12 month period to 31 December 2014, against the backdrop of solid economic growth and continued monetary easing by the world's major central banks. In the first half of the year, global economic recovery began to broaden and the Eurozone emerged from recession. By the end of the second quarter of 2014, market volatility had significantly fallen to pre-2008 levels and most developed markets experienced above-trend growth. In the second half of the year, global growth outside of the US and the UK slowed somewhat, which led to a pickup in market volatility, a sharp fall of commodity prices and an accelerating decline of long dated bond yields in most economies.

While performance was positive both for growth and defensive assets, bonds generally outperformed equities in 2014. In the UK, where economic growth remained strong throughout the year (gross domestic product increased by 2.6% year-over-year, as reported by the Office for National Statistics), the property market also saw strong returns.

Within the developed world, economic growth was strongest in the US, which led to a US dollar rally against Sterling and most other currencies. Sterling, however, continued to appreciate against the Euro and the Japanese Yen. Emerging market assets generally underperformed their developed counterparts in an environment of falling commodity prices, strong US dollar and somewhat weaker than expected global growth in the second half of the year.

### Investment Markets \*

#### Equity Markets

At a global level, developed markets as measured by the FTSE World index, returned 11.3% meanwhile, a return of 7.9% was recorded by the FTSE AW Emerging Markets index.

At a regional level, European markets returned 0.2% as indicated by the FTSE World Europe ex UK index.

At a country level, UK stocks as measured by the FTSE All Share index returned 1.2%. The FTSE USA index returned 20.3%, while the FTSE Japan index rose by 2.7%.

Equity market Total Return figures are in Sterling terms over the 12 month period to 31 December 2014.

#### Bonds

Returns on UK Government Bonds, as measured by the FTSE Gilts All Stocks Index, returned 13.86%, while long dated issues as measured by the corresponding Over 15 Year Index returned 26.13%. The yield for the FTSE Gilts All Stocks index fell over the year from 3.2% to 2.1%.

The FTSE All Stocks Index Linked Gilts index returned 19.0% with the corresponding over 15 year index also exhibiting a positive return of 27.3%.

Corporate debt as measured by the BofA Merrill Lynch Sterling Non-Gilts index returned 12.4%.

Bond market Total Return figures are in Sterling terms over the 12 month period to 31 December 2014.

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\* Statistics sourced from Thomson Reuters Datastream unless otherwise specified

# The Alfred McAlpine Pension Plan

## Investment Report Year ended 31 December 2014

### Property

Over the 12 month period to 31 December 2014, the IPD UK All Property Index returned 19.3% in Sterling terms. The three main sectors of the UK Property market each recorded strong positive returns over the period (retail: 14.1%; office: 24.3%; and industrial: 24.4%).

### Delegation of Responsibilities

The overall investment policy of the Plan is determined by the Trustee, in consultation with Mercer Limited ("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

As at 31 December 2014, the Plan's assets were managed by Aviva Investors Global Services Limited ("Aviva"), Baillie Gifford & Co ("Baillie Gifford"), BlackRock Advisors (UK) Limited ("BlackRock"), Insight Investment Management (Global) Limited ("Insight"), Legal & General Investment Management ("LGIM"), Odey Asset Management ("Odey"), Origin Asset Management ("Origin"), State Street Global Markets ("SSGM") and Taube Hodson Stonex Partners ("THS").

The Plan's overall strategic split between growth, mid-risk and bond assets remained the same throughout 2014, with 60% growth assets, 5% mid-risk assets and 35% bond assets.

The decision was taken to terminate the BlackRock GTAA mandate in December 2014. The proceeds from the GTAA disinvestment are intended to be used to meet the Plan's cashflow requirements, amounts in excess of immediate requirement are to be held in passive UK equities.

The investment strategy, as at 31 December 2014, is shown in the tables below:

Asset Class	Strategic Allocation %
<b>Growth</b>	<b>60.0</b>
UK Equity	13.2
Global Equity	24.6
Emerging Market Equities	1.2
Diversified Growth	15.0
GTAA	6.0
<b>Mid-Risk</b>	<b>5.0</b>
HLV Property	5.0
<b>Bonds</b>	<b>35.0</b>
Fixed Interest Gilts	3.0
Index-Linked Gilts	15.0
Buy and Maintain Credit	17.0
<b>Total</b>	<b>100.0</b>

Figures may not sum to total due to rounding

# The Alfred McAlpine Pension Plan

## Investment Report Year ended 31 December 2014

Manager	Strategic Allocation %
BlackRock	17.4
LGIM	7.0
Odey	8.4
Origin	10.2
THS	6.0
Baillie Gifford	15.0
Aviva	5.0
Insight	20.0
SSGM	11.0
<b>Total</b>	<b>100.0</b>

Figures may not sum to total due to rounding

### Statement of Investment Principles

The Trustee has produced a Statement of Investment Principles ("SIP") in accordance with Section 35 of the Pensions act 1995, the Occupational Pension Plan's (Investment) Regulations 2005 and subsequent legislation. A copy of the SIP is available upon request.

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 in line with the return assumed in the Recovery Plan. In this context, the primary aim is to enhance the ongoing funding level through controlled risk taking.

# The Alfred McAlpine Pension Plan

## Investment Report Year ended 31 December 2014

### The Plan's Investments

As at 31 December 2014, the market value of the Plan's investments (based on bid prices where applicable) amounted to c. £353.4m. The distribution of these assets across the whole portfolio is highlighted below:

Manager	Asset Class	31 December 2014		Target
		£m	%	%
BlackRock	UK Equity	42.1	11.9	11.4
	GTAA	18.1	5.1	6.0
L&G	UK Equity	2.9	0.8	1.8
	Emerging Market Equity	1.9	0.5	1.2
	Sterling Non-Gilts	4.2	1.2	0.0
	Index-Linked Gilts	6.4	1.8	4.0
Odey	Global Equity	32.5	9.2	8.4
Origin	Global Equity	43.2	12.2	10.2
THS	Global Equity	20.6	5.8	6.0
Baillie Gifford	Diversified Growth	49.3	14.0	15.0
Aviva	HLV Property	17.1	4.9	5.0
Insight	Fixed Interest Gilts	11.4	3.2	3.0
	Buy and Maintain Credit	59.4	16.8	17.0
SSGM	Index-Linked Gilts	44.3	12.5	11.0
<b>Total</b>		<b>353.4</b>	<b>100.0</b>	<b>100.0</b>

Source: Investment managers and Mercer, figures may not sum to total due to rounding.

All assets are marketable. Aviva HLV Property, BlackRock GTAA and BlueBay Multi-Asset Credit assets are valued monthly. Insight Buy and Maintain and LGIM assets are valued weekly. All other assets can be valued on a daily basis.

### Investment Performance

The Plan's performance is compared with a composite benchmark. This benchmark allocation is used for rebalancing purposes, and is based on a target allocation of 60% growth assets, 5% mid-risk assets and 35% bond assets.

The Trustee monitors the performance of the Plan's investments, which is measured by Mercer on a quarterly basis to March, June, September and December month ends.

Performance over the one, three and five year periods to 31 December 2014 is shown in the table below. Performance takes into account the strategy changes over the year.

	Last Year %	Last 3 Years % p.a.	Last 5 Years % p.a.
Total Plan	11.2	10.7	8.8
Benchmark	10.8	9.2	8.0

Figures shown are gross of fees and are based on performance provided by the Investment Managers, BNY Mellon Asset Servicing, Mercer estimates and Thomson Reuters Datastream.



# The Alfred McAlpine Pension Plan

## Investment Report Year ended 31 December 2014

### Ten Largest Investments

The ten largest investments for the Plan as at 31 December 2014 were as follows:

- 1) Insight Special Buy and Maintain Fund 1
- 2) Baillie Gifford Diversified Growth Pension Fund
- 3) Origin Global Specialist Equity Fund
- 4) BlackRock UK Focus Fund
- 5) Odey Allegra International Fund
- 6) THS International Growth & Value Fund
- 7) BlackRock Global Ascent Fund
- 8) Aviva Lime Property Fund
- 9) Insight UK Government All Maturities Bond Fund
- 10) LGIM Over 5 Year Index-Linked Gilts Fund

### Investments Exceeding 5% of Total Assets

The following investments exceeded 5% of the total Plan assets as at 31 December 2014:

- 1) Insight Special Buy and Maintain Fund 1
- 2) Baillie Gifford Diversified Growth Pension Fund
- 3) Origin Global Specialist Equity Fund
- 4) BlackRock UK Focus Fund
- 5) Odey Allegra International Fund
- 6) THS International Growth & Value Fund
- 7) BlackRock Global Ascent Fund

### Custodial Arrangements

The assets with SSGM are held in a segregated portfolio, all other assets are held in pooled fund units. For the pooled funds it is the managers' responsibility to organise the custody of the underlying securities. For SSGM, the custodian is appointed by the Trustee. The custodians for each manager are listed below:

Manager	Custodian
BlackRock	BNY Mellon, J.P. Morgan and Citibank N.A.
LGIM	HSBC Bank Plc
Odey	RBC Investor Services Ireland Limited
Origin	HSBC Bank Plc
THS	Northern Trust
Baillie Gifford	BNY Mellon
Insight	Northern Trust
SSGM	State Street Bank & Trust Company

# The Alfred McAlpine Pension Plan

## Investment Report Year ended 31 December 2014

Given the nature of the investment, there is no custodian for the Aviva fund, but the administrator for the fund 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.

### Longevity Swap

In December 2013, the Plan entered into a longevity swap contract with Deutsche Bank AG ("Deutsche Bank") as counterparty in respect of pensioners who retired before August 2013. The swap is a bespoke contract which references the experience of actual Plan members and protects against the financial impact of people living longer than expected. This transaction means that where the covered group of members live longer than expected the funding strain due to the additional pension payments required will be met by matching payments from the counterparty. Note, the converse will apply should the members die earlier than expected.

The contract covers cashflows projected over an 80 year period. However, in practice, the swap is subject to de-minimis termination in advance of this on the earlier of either 40 years or the date that the present value of the remaining projected fixed leg cashflows to be paid by the Trustee to DB has fallen below 1% of the initial value of those cashflows. There are also a number of other potential termination events with different final payouts depending on whether termination is deemed to be a Plan "fault"; Deutsche Bank "fault" or mutual event.

In order to manage counterparty risk, the swap is two-way collateralised to protect both parties. Acceptable collateral assets are cash and gilts. In order to support this structure, collateral assets are held in Index-Linked Gilts at SSGM.

It is assumed that the contract was fair value at inception and as at 31 December 2013 i.e. the initial value of the swap is therefore zero. Details of the valuation and collateral postings at 31 December 2014 are set out in note 9 on page 27 of the accounts.

### Employer Related Investments

Under the Pensions Act 1995 particular types of investment are classed as "employer-related investments". Under laws governing employer related investments ("ERI") not more than 5% of the current value of Plan assets may be invested in ERI (subject to certain specific exceptions). In addition, some ERI is absolutely prohibited, including an employer related loan or guarantee. In September 2010 the prohibition of Employer Related Investments was extended to cover pooled funds, excluding funds held in life wrappers.

The Trustee reviews its allocation to employer-related investments on an on-going basis and is satisfied that the proportion of the Plan's assets in employer-related investments does not exceed 5% of the market value of the Plan's assets as at 31 December 2014, and the Plan therefore complies with legislative requirements. This will continue to be monitored periodically going forward.

### 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 and charged for separately.

The Plan's investment managers are remunerated on a fee basis that is dependent on the size of assets under management ("base fee"), except for the BlackRock GTAA Fund where the fee is solely performance related and equals 30% of any outperformance relative to the benchmark. In addition to the base fee, the fees for the BlackRock UK Focus Fund and the Odey Global Equity Fund include a performance related element equal to 20% of any outperformance relative to the benchmark. For SSGM, fees include a transaction based element in addition to the base fee.

# The Alfred McAlpine Pension Plan

## Summary of Contributions For the year ended 31 December 2014

### Statement of Trustee 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 the Employer of the Plan and the dates on or before which such contributions are to be paid. The Plan'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.

### Trustee summary of contributions payable under the Schedules of Contributions in respect of the Plan year ended 31 December 2014

This summary of contributions has been prepared by, or on behalf of, and is the responsibility of, the Trustee. It sets out the Employer contributions payable to the Plan under the Schedules of Contributions certified by the Actuary on 29 October 2010, 13 June 2014 and 23 December 2014 in respect of the Plan year ended 31 December 2014. The Plan Auditor reports on contributions payable under the Schedules in the Auditor's Statement about Contributions.

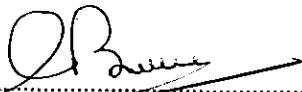
### Summary of contributions payable during the Plan year ended 31 December 2014

Contributions payable to the Plan by the Employer under the Schedules of Contributions in respect of the year ended 31 December 2014 were as follows:

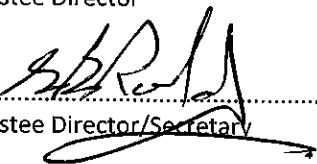
	Financial Statements	Schedules of Contributions	Amount in excess of the Schedules of Contributions
	£000	£000	£000
Deficit funding contributions paid by Employer	<u>11,341</u>	<u>11,200</u>	<u>141</u>

On 13 June 2014 a new Schedule of Contributions was signed which increased the deficit contributions for the year. The monthly contributions were then increased to bring the total for the year to the correct amount. However, because the increase was made a month in advance, and contributions normally are paid in arrears, there was a small surplus of contributions at the year-end.

Signed on behalf of the Trustee:



Trustee Director



Trustee Director/Secretary

Date: 10 June 2015

# The Alfred McAlpine Pension Plan

## Statement about Contributions For the year ended 31 December 2014

### 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 Alfred McAlpine Pension Plan.

We have examined the summary of contributions payable under the Schedule of Contributions to the Plan in respect of the Plan year ended 31 December 2014 which is set out on page 18.

This statement is made solely to the Plan'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 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, 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 Responsibilities set out on page 18, 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 Schedules 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 Schedules of Contributions.

#### Statement about contributions payable under the Schedules of Contributions

In our opinion, contributions for the Plan year ended 31 December 2014 as reported in the summary of contributions and payable under the Schedules of Contributions have in all material respects been paid from 1 January 2014 to 12 June 2014 at least in accordance with the Schedule of Contributions dated 29 October 2010, from 13 June 2014 to 22 December 2014 at least in accordance with the Schedule of Contributions dated 13 June 2014 and from 23 December 2014 at least in accordance with the Schedule of Contributions dated 23 December 2014.



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

Date: 1 July 2015

# The Alfred McAlpine Pension Plan

## Independent Auditor's Report to the Trustee For the year ended 31 December 2014

We have audited the financial statements of The Alfred McAlpine Pension Plan for the year ended 31 December 2014 set out on pages 21 to 30. 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 Responsibilities set out on page 11, 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 Ethical Standards for Auditors.

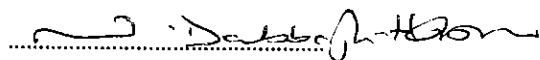
### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### 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 2014 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

Date: 1 July 2015

# The Alfred McAlpine Pension Plan

## Fund Account For the year ended 31 December 2014

	Note	For the year ended 31 December 2014 £000	For the year ended 31 December 2013 £000
<b>CONTRIBUTIONS AND BENEFITS</b>			
Contributions received	3	11,341	9,506
Benefits paid	4	(16,987)	(16,984)
Payments to and on account of leavers	5	(273)	(238)
Administrative expenses	6	(420)	(24)
		<u>(17,680)</u>	<u>(17,246)</u>
<b>NET WITHDRAWALS FROM DEALINGS WITH MEMBERS</b>		<u>(6,339)</u>	<u>(7,740)</u>
<b>INVESTMENT RETURNS</b>			
Investment income	7	1,439	3,746
Investment management expenses	8	276	(13)
Change in market value of investments	9	31,772	26,674
<b>NET RETURNS ON INVESTMENTS</b>		<u>33,487</u>	<u>30,407</u>
<b>NET INCREASE IN THE FUND DURING THE YEAR</b>		<u>27,148</u>	<u>22,667</u>
<b>NET ASSETS AT 1 JANUARY 2014</b>		<u>329,125</u>	<u>306,458</u>
<b>NET ASSETS AT 31 DECEMBER 2014</b>		<u>356,273</u>	<u>329,125</u>

The notes on pages 23 to 30 form an integral part of these financial statements.

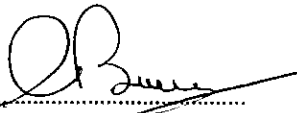
# The Alfred McAlpine Pension Plan

## Net Assets Statement As at 31 December 2014

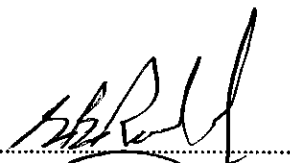
	Note	For the year ended 31 December 2014	For the year ended 31 December 2013
		£000	£000
<b>INVESTMENTS</b>	9	355,085	328,380
<b>CURRENT ASSETS</b>	10	2,404	1,573
<b>CURRENT LIABILITIES</b>	11	(1,216)	(828)
<b>NET ASSETS AT 31 DECEMBER 2014</b>		<b>356,273</b>	<b>329,125</b>

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 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 *10 June* 2015 and were signed on their behalf by:



Trustee Director



Trustee Director/Secretary

The notes on pages 23 to 30 form an integral part of these financial statements.

# The Alfred McAlpine Pension Plan

## Notes to the Financial Statements For the year ended 31 December 2014

### 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 (SORP), "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. Members who leave the Plan are entitled to a preserved benefit until the Trustee is otherwise advised.

#### 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 Plan of their intention to transfer.

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

#### 2.4 Investment income

Investment income on cash deposits and fixed interest securities 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.

#### 2.5 Valuation of investments

The market value of pooled investment vehicles is based on the bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads, operating at the accounting date as advised by the investment managers.

Fixed interest securities are stated at their clean prices.

The Scheme Actuary has valued the longevity swap as the present value of its expected net future cash flows using assumptions which are consistent with the latest Scheme Funding valuation, updated for financial conditions at the reporting date. Receipts and payments arising from the swap are reported as sales and purchases of investments in the investment reconciliation table in note 9. All gains and losses arising on the swap are reported within "Change in market value" in the Fund account.



# The Alfred McAlpine Pension Plan

## Notes to the Financial Statements For the year ended 31 December 2014

### 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 Administration Expenses and Investment Expenses

Administration and Investment expenses are accounted for on an accrual basis. In 2013 they were paid by the Employer.

### 2.8 Annuities

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

## 3. CONTRIBUTIONS RECEIVED

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Employer deficit funding contributions	11,341	9,506

Deficit funding contributions are being paid by the Employer into the Plan in accordance with a recovery plan in order to improve the Plan's funding position. The contributions were paid in accordance with the Schedules of Contributions dated 13 June 2014 and 23 December 2014.

## 4. BENEFITS PAID

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Pension payments	15,732	15,334
Commutations and lump sum retirement benefits	1,184	1,548
Lump sums on death	71	102
	<u>16,987</u>	<u>16,984</u>

# The Alfred McAlpine Pension Plan

## Notes to the Financial Statements For the year ended 31 December 2014

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

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Individual transfers to other schemes	273	238

### 6. ADMINISTRATIVE EXPENSES

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Administration and processing	156	3
Actuarial fees	187	-
Audit fee	15	-
Legal & other professional fees	37	-
Regulatory fees	11	-
Chairman's fees	8	-
Trustees fees and expenses	6	-
Sundry expenses	-	21
	<b>420</b>	<b>24</b>

During 2013, the Company paid all administrative and explicit investment expenses.

# The Alfred McAlpine Pension Plan

## Notes to the Financial Statements For the year ended 31 December 2014

### 7. INVESTMENT INCOME

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Income from pooled investment vehicles	1,264	3,707
Income from other investments	160	29
Annuity income	6	8
Interest on cash deposits	9	2
	<u>1,439</u>	<u>3,746</u>

### 8. INVESTMENT MANAGEMENT EXPENSES

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Administration, management and custody	(80)	13
Investment consultancy	70	-
Performance measurement fees	(266)	-
	<u>(276)</u>	<u>13</u>

During 2013, the Company paid all administrative and explicit investment management expenses and custody fees. In addition some investment management fees were deducted directly from the assets under management.

In 2012 there was an accrual made for investment management and performance fees. These fees were not paid and so were re-accrued in 2013. Following the signing of the Schedule of Contributions dated 14 June 2014, these accruals were released in 2014 resulting in a rebate of investment management expenses.

# The Alfred McAlpine Pension Plan

## Notes to the Financial Statements For the year ended 31 December 2014

### 9. INVESTMENTS

	Value at 01/01/2014 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	Value at 31/12/2014 £000
Index linked	34,020	160	(446)	10,541	44,275
Pooled investment vehicles	292,356	362	(6,330)	22,909	309,297
Longevity swap	-	1,465	-	(1,765)	(300)
AVC investments	1,290	-	(68)	87	1,309
	<u>327,666</u>	<u>1,987</u>	<u>(6,844)</u>	<u>31,772</u>	<u>354,581</u>
Cash deposits	3				2
Accrued investment income	711				502
	<u><u>328,380</u></u>				<u><u>355,085</u></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.

There is no direct overseas investment by the Plan. All funds are invested with companies registered in the UK.

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 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.

# The Alfred McAlpine Pension Plan

## Notes to the Financial Statements For the year ended 31 December 2014

### 9. INVESTMENTS (continued)

The investments above can be analysed as follows:

#### INDEX LINKED GILTS

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
State Street	44,275	34,020

#### POOLED INVESTMENT VEHICLES

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Fixed interest	15,620	13,750
UK equities	44,992	47,160
Overseas equities	98,392	91,935
Index linked	6,376	5,241
Global Tactical Asset Allocation	18,114	17,768
Diversified Growth Fund	49,303	46,756
Property	17,142	16,611
Buy and Maintain Credit	59,358	53,135
	<b>309,297</b>	<b>292,356</b>
	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Longevity swap	(300)	-

# The Alfred McAlpine Pension Plan

## Notes to the Financial Statements For the year ended 31 December 2014

### 9. INVESTMENTS (continued)

#### a) Capital commitment

At 31 December 2014, the Scheme had settlement commitments in respect of the longevity swap contract of £93k based on the value date of 30 November 2014 and £95k based on the value date of 31 December 2014. These were paid to Deutsche Bank AG in January and February 2015 respectively.

#### b) Collateral assets

As part of the longevity swap contract, the plan is required to assign collateral assets to be held by State Street. As at 31 December 2014, the assigned collateral assets held, included in investments above, were as follows:

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Index linked gilts	44,275	34,020

### 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 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 as follows:

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Prudential Assurance	377	348
Equitable Life Assurance	400	410
Legal & General Assurance	532	532
	<u>1,309</u>	<u>1,290</u>

# The Alfred McAlpine Pension Plan

## Notes to the Financial Statements For the year ended 31 December 2014

### 10. CURRENT ASSETS

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Deficit funding contributions due from Employer	933	792
Cash balances	1,296	613
Amount due from Employer	166	167
Other debtors	9	1
	<u>2,404</u>	<u>1,573</u>

### 11. CURRENT LIABILITIES

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Unpaid benefits	88	37
Amounts due to HMRC	234	227
Administration and investment management fees due	681	541
Other creditors	213	23
	<u>1,216</u>	<u>828</u>

The amounts due for administration and investment management fees relate to the expected recharge of expenses from the Employer for the year. These amounts have been included in the expenses in notes 6 and 8.

Other creditors includes £188k payments due to Deutsche Bank AG in respect of the longevity swap contract for the months of November and December 2014.

### 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

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

Carillion plc has re-charged the Plan £36k for administration and processing fees in 2014 (2013: £nil). The amount is included within the administrative expenses shown in note 6.

# The Alfred McAlpine Pension Plan

## Actuarial Statement Year ended 31 December 2014

### Actuarial valuation

The Plan 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 Plan 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 Plan 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 Plan's assets, estimates the value of its liabilities and then compares the two. This gives the funding level. If the Plan 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 Plan needs to have set aside to cover the benefits members have already earned; and
- the contributions the Plan should receive for benefits building up in the future, if any.

In a valuation, the Actuary looks at the Plan's finances under two main situations.

The **plan specific funding basis** is effectively the basis used by the Trustee for striking the technical provisions and assumes that the Plan will continue in its present form. It includes the cost of paying benefits now and in the future. These liabilities can be spread over many years, which allows the Actuary to include allowance for future investment growth on the Plan's assets.

The **discontinuance basis** assumes that the Plan 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 Plan. To do this, he looks at whether the Plan 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 Plan is fully funded on the technical provisions basis, the full solvency figure is likely to be less than 100%.

The most recent actuarial valuation of the Plan was undertaken as at 31 December 2013 but took into account post effective date experience up to 31 January 2013. The Actuarial Certificate required under Section 227 relating to the 2013 valuation as required by law, is set out on pages 35 to 38.



# The Alfred McAlpine Pension Plan

## Actuarial Statement Year ended 31 December 2014

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### **The results of the valuation as at 31 December 2013**

The latest valuation is taken at 31 December 2013. This was signed on 23 December 2014.

#### **On-going Basis**

On 31 December 2013, the Actuary found that the Plan was not 100% funded and the full amount needed to provide benefits was £442m. The market value of the Plan's assets was £328m which gave a shortfall of £114m on the technical provisions basis. This is equivalent to a funding level of 74%.

#### **Discontinuance Basis**

If the Plan was wound up on 31 December 2013, the Actuary estimated the shortfall would have been £240m. This is equal to a funding level of 58%.

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. The Plan's Statutory Funding objective and Recovery Plan are subject to the Regulator's scrutiny.

The Trustee and Employer agreed on a Recovery Plan which aims to achieve 100% funding on the technical provisions basis by 30 June 2029, with the Employer paying shortfall contributions of £1.2m per annum from 2014 to 2016, £5.8m in 2017, £6.3m from 2018 to 2021 and £6.8m from 1 January 2022 to 30 June 2029.

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

Over the last year since the formal valuation as at 31 December 2013, there has been a reduction in the Scheme's funding level due to falling gilt yields increasing the cost of providing members' benefits. However, this effect has been partially offset by a reduction in future inflation expectations and also positive investment returns and contributions from the Company. As at 31 December 2014, the Scheme's funding level was approximately 70% on the technical provisions basis.

The next full actuarial valuation of the Scheme will fall due as at 31 December 2016, although the funding position will continue to be monitored regularly by the Trustee as part of its on-going strategy for managing the Scheme.

Full details of the valuation as at 31 December 2013 are given in the Actuary's valuation report. A copy is available on request from the Administrator.

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

# The Alfred McAlpine Pension Plan

## Compliance Statement For the year ended 31 December 2014

### Introduction

The Plan is a defined benefit Plan and is administered by JLT Employee Benefits 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 Plan to the Registrar of Pension Schemes. This has been forwarded to:

The Pension Schemes Registry  
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 Office of the Pensions Ombudsman  
11 Belgrave Road  
London  
SW1V 1RB

- (iii) The Pensions Advisory Service ("PAS") 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 Plan. PAS may be contacted at:

The Pensions Advisory Service  
11 Belgrave Road  
London  
SW1V 1RB

- (iv) The Pensions Regulator ("TPR") can intervene if it considers that a Plan's Trustee, advisers or the Employer are not carrying out their duties correctly. The address for TPR is:

The Pensions Regulator  
Napier House  
Trafalgar Place  
Brighton  
East Sussex  
BN1 4DW

# The Alfred McAlpine Pension Plan

## Compliance Statement For the year ended 31 December 2014

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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 Plan 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 Plan 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 Plan, JLT Employee Benefits, at the address detailed in this report.

# The Alfred McAlpine Pension Plan

## Certificate of Technical Provisions

SCHEME FUNDING REPORT  
ACTUARIAL VALUATIONS AS AT 31 DECEMBER 2013

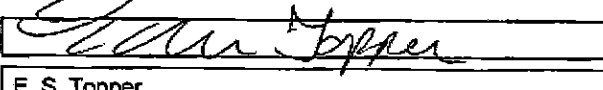
MCALPINE PLAN

### Certificate of technical provisions

Name of the Scheme

#### Calculation of technical provisions

I certify that, in my opinion, the calculation of the Plan's technical provisions as at 31 December 2013 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 23 Dec 2014.....

Signature	
Name	<input type="text" value="E. S. Topper"/>
Date of signing	<input type="text" value="23 Dec 2014"/>
Name of employer	<input type="text" value="Mercer Limited"/>
Address	<input type="text" value="Belvedere&lt;br/&gt;12 Booth Street&lt;br/&gt;Manchester&lt;br/&gt;M2 4AW"/>
Qualification	<input type="text" value="Fellow of the Institute and Faculty of Actuaries"/>

# The Alfred McAlpine Pension Plan

## 2013 Schedule of Contributions

SCHEME FUNDING REPORT  
ACTUARIAL VALUATIONS AS AT 31 DECEMBER 2013

MCALPINE PLAN

### Alfred McAlpine Pension Plan Schedule of Contributions, incorporating actuarial certificate

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

This schedule has been prepared by the Trustee of the Alfred McAlpine Pension Plan ("the Trustee") 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 Alfred McAlpine Pension Plan ("the Plan") following the 31 December 2013 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 itself and the other employers participating in the Plan, on 23 Dec 2014.

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 2013 to 30 June 2029**

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

No contributions are payable by members after 31 December 2009.

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

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

##### **Employer's contributions in respect of the shortfall in funding as per the recovery plan of 23 Dec 2014**

The Employer shall pay shortfall correction additional contributions of at least £11.2m p.a. from 2014 to 2016, £5.8m in 2017, £6.3m p.a. from 2018 to 2021 and £6.8m p.a. from 1 January 2022 to 30 June 2029, with contributions being paid on a monthly basis or earlier unless otherwise agreed by the Trustee.

The above contributions assume that the contingent trigger will not arise following the 31 December 2019 actuarial valuation (see section 2.3 of the main valuation report) but if it does, then the contributions from 1 January 2022 will be adjusted downwards accordingly.

##### **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 will, each year, pay the Plan's share of the continuing costs and expenses of operating the swaps, capped at £500,000 (excluding VAT) for the five schemes. Other expenses will be paid directly from the Plan from 1 January 2014.

# The Alfred McAlpine Pension Plan

## 2013 Schedule of Contributions

SCHEME FUNDING REPORT  
ACTUARIAL VALUATIONS AS AT 31 DECEMBER 2013

MCALPINE PLAN

PPF levies incurred by the Plan will be met by the Employer.

### 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 itself and the other employers participating in the Plan, and the Trustee of the Alfred McAlpine Pension Plan on ... 23 Dec 2014 ...

Signed on behalf of Carillion AM Limited



Name

TIM GEORGE

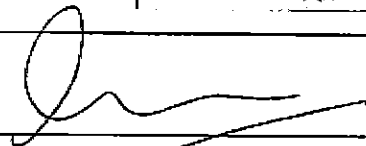
Position

Co. Sec.

Date of signing

23 DEC 2014

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



Name

ROBYN GILLISON

Position

CHAIRMAN

Date of signing

23 Dec 2014

# The Alfred McAlpine Pension Plan

## 2013 Schedule of Contributions

SCHEME FUNDING REPORT  
ACTUARIAL VALUATIONS AS AT 31 DECEMBER 2013

MCALPINE PLAN

### Certification of Schedule of Contributions

Name of Scheme

Alfred McAlpine Pension Plan

#### Adequacy of rates of contributions

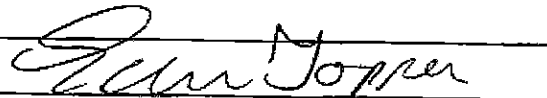
1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2013 to be met by the end of the period specified in the recovery plan dated 23 Dec 2014.

#### 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 23 Dec 2014.

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.

Signature



Scheme Actuary

E S Topper

Qualification

Fellow of the Institute and Faculty of Actuaries

Date of signing

23 Dec 2014

Name of employer

Mercer Limited

Address

Belvedere  
12 Booth Street  
Manchester  
M2 4AW

