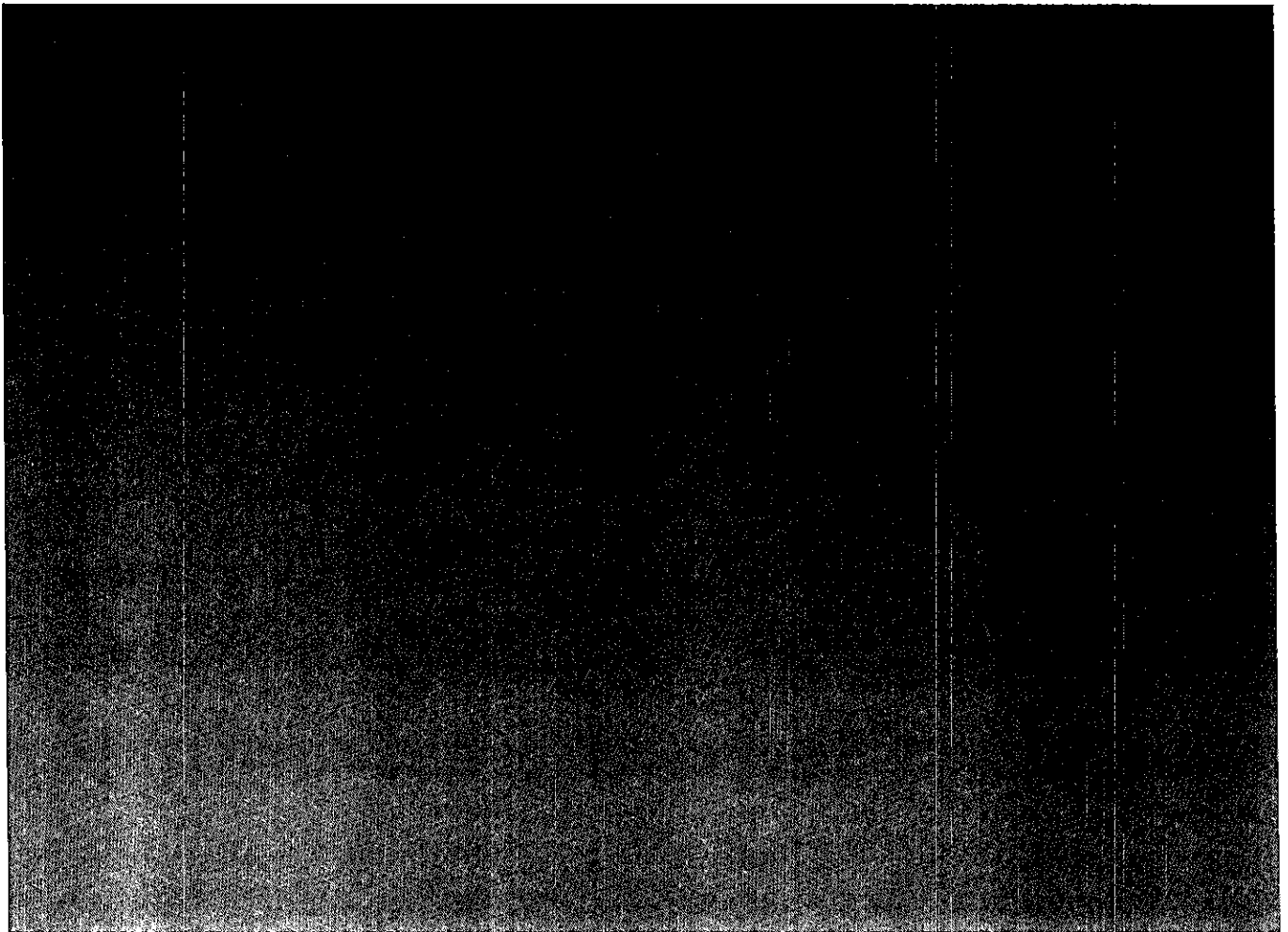


Bower Group Retirement Benefits Scheme

Report and Financial Accounts

Year ended 31 December 2014

Registrar of Occupational and Personal Pension Schemes Registration Number 10068399



Bower Group Retirement Benefits Scheme

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Bower Group Retirement Benefits Scheme

Advisers

Year ended 31 December 2014

Scheme Actuary

Edwin Topper, FIA
Mercer Limited

Scheme Administrators

JLT Employee Benefits *

Auditor

KPMG LLP

Bankers

National Westminster Bank plc

Additional Voluntary Contribution Providers

Bank of Ireland Group (until August 2014)
Clerical Medical Investment Group Limited

Investment Managers

Baillie Gifford & Co
Insight Investment Management (Global) Limited
Legal & General Investment Management Limited
Royal London Asset Management Limited

Custodians

BNY Mellon
Citibank N.A.
HSBC Bank plc
Northern Trust

Investment Adviser

Mercer Limited

Legal Advisor

Sacker & Partners LLP

Principal Employer

Dudley Bower Group plc

Contact Address

JLT Employee Benefits
Leatherhead House
Station Road
Leatherhead
Surrey
KT22 7ET

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

Bower Group Retirement Benefits Scheme

Trustee Report Year ended 31 December 2014

Introduction

The Trustee presents its Annual Report together with the audited financial statements of the Bower Group Retirement Benefits Scheme (the "Scheme") for the year ended 31 December 2014. The Scheme is a defined benefit scheme 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 Scheme are available for inspection on application to the administrator.

HMRC approval

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

The Principal Employer

The Principal Employer is Dudley Bower Group plc (formerly Bower Group Plc). The other participating Employer with eligible employees who are entitled to be members of the Scheme is PME Technical Services Ltd. The Employer's registered address is Carillion House, 84 Salop Street, Wolverhampton, WV3 0SR.

Appointment and removal of Trustee/management of the Scheme

The Scheme is managed by the Trustee, Carillion (DB) Pension Trustee Limited. This company's function is to act as Trustee to the Scheme and to 5 other Carillion Group schemes. The Articles of this company provide for the appointment and removal of Trustee directors. The board of the Trustee is made up of 16 directors, six of whom are appointed by the Principal Employer, (one of whom is the independent chair) and ten are member representatives. 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).

Bower Group Retirement Benefits Scheme

Trustee Report Year ended 31 December 2014

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, on-going 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.

Bower Group Retirement Benefits Scheme

Trustee Report Year ended 31 December 2014

Pensions in payment

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

- I. For pension in respect of pensionable service from 6 April 1997 the increase was 2.7%. This is in line with the increase in the General Index of Retail Prices over the period to the previous 31 December (subject to a maximum of 5%).
- II. No discretionary increases were granted to pensions in payment for service prior to 6 April 1997.

Increases on the Guaranteed Minimum Pension ("GMP") are given partly by the Scheme and partly by the State.

Deferred benefits

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

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

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

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

In October 2009, the Trustee reduced the external transfer values available to members to reflect the level of funding within the Scheme; 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.

Bower Group Retirement Benefits Scheme

Trustee Report Year ended 31 December 2014

Membership

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

	Total 2014	Total 2013
PENSIONERS		
Pensioners at the start of the year	88	78
Members retiring during the year	8	10
New beneficiaries	-	1
Deaths	(4)	(1)
PENSIONERS AT THE END OF THE YEAR	92	88
MEMBERS WITH PRESERVED BENEFITS		
Number at the start of the year	197	206
Adjustment	-	1
Deferred pensioners becoming pensioners	(8)	(10)
Deaths	(1)	-
MEMBERS WITH PRESERVED BENEFITS AT THE END OF THE YEAR	188	197
TOTAL MEMBERSHIP AT THE END OF THE YEAR	280	285

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.

Bower Group Retirement Benefits Scheme

Trustee Report Year ended 31 December 2014

Financial development of the Scheme

The Financial statements on pages 18 to 19 show that the value of the Scheme's assets increased by £1.6m to £12.1m as at 31 December 2014. The increase was comprised of net additions from dealings with members of £0.4m together with a net increase in the returns on investments of £1.2m.

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 Scheme may be found in the audited financial statements on pages 18 to 25.

Contributions

Contributions received from participating Employers were in accordance with the Schedules of Contributions dated 18 April 2011 and 11 February 2014. The Schedule of Contributions dated 11 February 2014 is set out on pages 31 to 33.

The Schedule of Contributions in force from 11 February 2014 expected deficit contributions of £698,490 to be received in relation to 2014 (see Appendix). Details of the amount received during 2014 are shown on page 15.

Investments – policy

The Trustee's investment policy is detailed in their Statement of Investment Principles ("SIP"). The Trustee monitors compliance with the SIP periodically, or more frequently if necessary.

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

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

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

Investment – management

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

Each 'active' investment manager has been set a performance target in excess of a benchmark return, and is expected to achieve the target performance over a rolling three-year period. A target maximum under-performance by the investment manager in any one year is also set by the Trustee.

Baillie Gifford - fees are charged directly to the fund and 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.

Bower Group Retirement Benefits Scheme

Trustee Report Year ended 31 December 2014

Insight – fees are charged directly to the fund at a rate of 0.12% p.a. of the fund value.

L&G – fees are paid by encashment of units from the fund at rates of 0.105% p.a. and 0.025% p.a. of the value of the fund, depending on the fund invested in.

Custody of assets

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

Investment performance

Details of investment performance can be found in the Investment Report on pages 10 to 14.

Further information

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

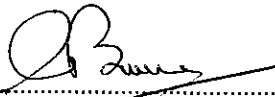
Any member with a complaint or unresolved query can use the Internal Disputes Resolution Procedure (“IDRP”) or, alternatively, they can obtain free advice through the Pensions Advisory Service (“PAS”) who can be contacted at 11 Belgrave Road, London SW1V 1RB. If a member has a complaint which neither 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 a 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.

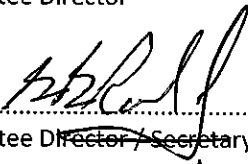
Any query about the Scheme, including requests from individuals for information about their benefits, should be addressed to:

The Trustee of Bower Group Retirement Benefits Scheme 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

Bower Group Retirement Benefits Scheme

Statement of Trustee Responsibilities Year ended 31 December 2014

Statement of Trustee's responsibilities for the financial statements

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

- show a true and fair view, of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice, 'Financial Reports of Pension Schemes' (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 Scheme prescribed by pensions legislation, which it should ensure is consistent with the financial statements it accompanies.

The Trustee also has certain responsibilities in respect of contributions which are set out in the statement of Trustee's responsibilities accompanying the Trustee's summary of contributions.

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

Bower Group Retirement Benefits Scheme

Investment Report Year ended 31 December 2014

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 13.9%, while long dated issues as measured by the corresponding Over 15 Year Index returned 26.1%. 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.

* Statistics sourced from Thomson Reuters Datastream unless otherwise specified.

Bower Group Retirement Benefits Scheme

Investment Report Year ended 31 December 2014

Delegation of Responsibilities

The overall investment policy of the Scheme 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 Scheme's assets were managed by Baillie Gifford & Co ("Baillie Gifford"), Insight Investment Management (Global) Limited ("Insight") and Legal & General Investment Management ("LGIM").

The Scheme's overall strategic split between growth and bond assets remained the same throughout 2014, with 50% growth assets and 50% bond assets.

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

Asset Class	Strategic Allocation %
Growth	50.0
Global Equity	25.0
Diversified Growth	25.0
Bond	50.0
Index-Linked Gilts	25.0
Buy and Maintain Credit	25.0
Total	100.0

Figures may not sum to total due to rounding.

Manager	Strategic Allocation %
L&G (global equities and bonds)	50.0
Baillie Gifford (DGF)	25.0
Insight (Buy and Maintain Credit)	25.0
Total Scheme	100.0

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 Scheme'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 Scheme. 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.

Bower Group Retirement Benefits Scheme

Investment Report Year ended 31 December 2014

The Scheme's Investments

As at 31 December 2014, the market value of the Scheme's investments (based on bid prices where applicable) amounted to c. £12.0m. The distribution of these assets across the whole portfolio is highlighted below:

Manager	Asset Class	31 December 2014		Target %
		£m	%	
LGIM	Global Equity	3.5	29.3	25.0
	Index-Linked Gilts	1.6	13.4	10.0
	2037 Index-Linked Gilt	0.6	4.7	5.0
	2047 Index-Linked Gilt	0.6	5.2	5.0
	2055 Index-Linked Gilt	0.6	5.4	5.0
Baillie Gifford	Diversified Growth	2.3	19.6	25.0
Insight	Buy and Maintain Credit	2.7	22.4	25.0
Total		12.0	100.0	100.0

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

All assets are marketable. Insight Buy and Maintain and LGIM assets are valued weekly. The assets at Baillie Gifford can be valued on a daily basis.

Investment Performance

The Scheme's performance is compared with a composite benchmark. This benchmark allocation is used for rebalancing purposes, and is based on a target allocation of 50% growth assets and 50% bond assets.

The Trustee monitors the performance of the Scheme'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 Scheme	11.6	9.8	9.0
Benchmark	10.4	7.9	7.5

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.

Bower Group Retirement Benefits Scheme

Investment Report Year ended 31 December 2014

Largest Investments

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

- 1) LGIM Global Equity (60:40) (GBP Hedged) Fund
- 2) Insight Special Buy and Maintain Fund 1
- 3) Baillie Gifford Diversified Growth Pension Fund
- 4) LGIM Over 5 Year Index-Linked Gilts Fund
- 5) LGIM 2055 Index-Linked Gilt Fund
- 6) LGIM 2047 Index-Linked Gilt Fund
- 7) LGIM 2037 Index-Linked Gilt Fund

Investments Exceeding 5% of Total Assets

The following vehicles exceeded 5% of the total Scheme assets as at 31 December 2014:

- 1) LGIM Global Equity (60:40) (GBP Hedged) Fund
- 2) Insight Special Buy and Maintain Fund 1
- 3) Baillie Gifford Diversified Growth Pension Fund
- 4) LGIM Over 5 Year Index-Linked Gilts Fund
- 5) LGIM 2055 Index-Linked Gilt Fund
- 6) LGIM 2047 Index-Linked Gilt Fund

Custodial Arrangements

All the 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
LGIM	HSBC Bank PLC
Baillie Gifford	BNY Mellon
Insight	Northern Trust

Source: Investment Managers.

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

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 scheme 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 Scheme's assets in employer-related investments does not exceed 5% of the market value of the Scheme's assets as at 31 December 2014, and the Scheme therefore complies with legislative requirements. This will continue to be monitored periodically going forward.

Bower Group Retirement Benefits Scheme

Investment Report Year ended 31 December 2014

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

Mercer
February 2015

Bower Group Retirement Benefits Scheme

Summary of Contributions For the Year ended 31 December 2014

Statement of Trustee Responsibilities in respect of Contributions

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

Trustee Summary of Contributions payable under the Schedules of Contributions in respect of the Scheme 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 Scheme under the Schedules of Contributions certified by the actuary on 18 April 2011 and 11 February 2014 in respect of the Scheme year ended 31 December 2014. The Scheme auditor reports on contributions payable under the schedules in the Auditors' Statement about Contributions.

Summary of contributions payable during the Scheme year ended 31 December 2014

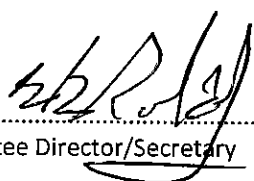
Contributions payable to the Scheme by the Employer under the Schedules of Contributions in respect of the year ended 31 December 2014 were as follows:

	Financial statements	Schedules of Contributions	Amount in excess of the Schedules of Contributions
	£000	£000	£000
Deficit funding contributions paid by Employer	700	698	2

On 11 February 2014 a new Schedule of Contributions was signed, which did not change the deficit contributions for the year.

Signed on behalf of the Trustee:


Trustee Director


Trustee Director/Secretary

Date:

Bower Group Retirement Benefits Scheme

Statement about Contributions For the year ended 31 December 2014

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

We have examined the summary of contributions payable under the Schedule of Contributions to the Scheme in respect of the Scheme year ended 31 December 2014 which is set out on page 15.

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

Respective responsibilities of Trustee and Auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 15, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions.

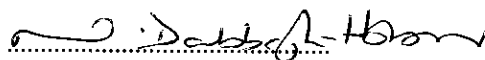
It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions to the Scheme and to report our opinion to you.

Scope of work on statement about contributions

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

Statement about contributions payable under the Schedules of Contributions

In our opinion contributions for the Scheme year ended 31 December 2014 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid from 1 January 2014 to 10 February 2014 at least in accordance with the Schedule of Contributions dated 18 April 2011 and from 11 February 2014 at least in accordance with the Schedule of Contributions dated 11 February 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

Bower Group Retirement Benefits Scheme

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

We have audited the financial statements of Bower Group Retirement Benefits Scheme for the year ended 31 December 2014 set out on pages 18 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of Trustee and auditor

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

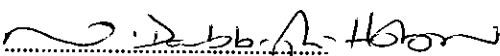
Scope of the audit of the financial statements

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.

Opinion on financial statements

In our opinion the financial statements:

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

Bower Group Retirement Benefits Scheme

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
CONTRIBUTIONS AND BENEFITS			
Contributions received	3	700	699
Other income	4	16	15
		<u>716</u>	<u>714</u>
Benefits paid	5	(266)	(328)
Administrative expenses	6	(57)	(155)
		<u>(323)</u>	<u>(483)</u>
NET ADDITIONS FROM DEALINGS WITH MEMBERS		<u>393</u>	<u>231</u>
INVESTMENT RETURNS			
Investment income	7	3	3
Investment management expenses	8	(23)	(12)
Change in market value of investments	9	1,225	872
NET RETURNS ON INVESTMENTS		<u>1,205</u>	<u>863</u>
NET INCREASE IN THE FUND DURING THE YEAR		<u>1,598</u>	<u>1,094</u>
OPENING NET ASSETS AT 1 JANUARY 2014		<u>10,526</u>	<u>9,432</u>
NET ASSETS AT 31 DECEMBER 2014		<u>12,124</u>	<u>10,526</u>

The notes on pages 20 to 25 form an integral part of these financial statements.


Bower Group Retirement Benefits Scheme

Net Assets Statement As at 31 December 2014

	Note	For the year ended 31 December 2014 £000	For the year ended 31 December 2013 £000
INVESTMENTS	9	12,017	10,500
CURRENT ASSETS	10	177	131
CURRENT LIABILITIES	11	(70)	(105)
NET ASSETS AT 31 DECEMBER 2014		12,124	10,526

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does not take account of such obligations, is dealt with in the Trustee report and these financial statements should be read in conjunction with it.

These financial statements were approved by the Trustee at a meeting held on 10 June 2015 and were signed on their behalf by:



 Trustee Director



 Trustee Director/Secretary

The notes on pages 20 to 25 form an integral part of these financial statements.

Bower Group Retirement Benefits Scheme

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, "Financial Reports of Pension Schemes" (revised May 2007).

2. ACCOUNTING POLICIES

The following principal accounting policies have been adopted in the preparation of the financial statements.

2.1 Accruals concept

The financial statements have been prepared on an accruals basis with the exception of individual transfers which are recognised when received or paid.

2.2 Contributions and benefits

Contributions and benefits are accounted for in the period in which they fall due.

2.3 Transfers to and from other Schemes

Transfer values have been included in the Financial statements when received and paid. They do not take account of members who have notified the Scheme of their intention to transfer.

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

2.4 Investment income

Investment income on cash deposits is accounted for on an accruals basis. 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 at the accounting date is based on the bid price for funds with bid/offer spreads; or single price where there are no bid/offer spreads, as advised by the investment managers.

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.

Bower Group Retirement Benefits Scheme

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

3. CONTRIBUTIONS RECEIVED

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Employer deficit funding contributions	<u>700</u>	<u>699</u>

Deficit funding contributions are being paid by the Employer into the Scheme in accordance with a recovery plan in order to improve the Scheme's funding position. The contributions were paid in accordance with the Recovery Plan dated 18 April 2011. However a new Recovery Plan was signed on 11 February 2014. The Employer deficit funding contributions for the Scheme are the same under both Recovery Plans.

4. OTHER INCOME

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Interest on cash deposits	1	-
Annuities	<u>15</u>	<u>15</u>
	<u>16</u>	<u>15</u>

5. BENEFITS PAID

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Pension payments	185	168
Lump sum payments and death benefits	<u>81</u>	<u>160</u>
	<u>266</u>	<u>328</u>

Bower Group Retirement Benefits Scheme

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

6. ADMINISTRATIVE EXPENSES

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Legal Fees	8	13
Actuarial fees	24	58
Administration fees *	18	76
Audit fee	6	6
Bank charges	-	1
Regulatory fees	1	1
	<u>57</u>	<u>155</u>

* The administration fees were higher in 2013 due to the expenses involved in the change in third party administrator from SPM Employee Benefits Limited to JLT Employee Benefits.

7. INVESTMENT INCOME

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Income from pooled investment vehicles	<u>3</u>	<u>3</u>

8. INVESTMENT MANAGEMENT EXPENSES

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Administration, management & custody	<u>23</u>	<u>12</u>

The administration, management and custody fees are those explicitly charged to the Scheme.

Bower Group Retirement Benefits Scheme

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
Pooled investment vehicles	10,445	349	(10)	1,223	12,007
AVC investments	55	-	(47)	2	10
	10,500	349	(57)	1,225	12,017

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

There is no direct overseas investment by the Scheme as all funds are invested with companies registered in the UK.

Costs are borne by the Scheme in relation to transactions in pooled investment vehicles. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not, therefore, separately identifiable.

POOLED INVESTMENT VEHICLES

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Diversified Growth	2,348	2,226
Overseas Equities	3,517	3,365
Index Linked	3,455	2,448
Buy & Maintain Credit	2,687	2,406
	12,007	10,445

Bower Group Retirement Benefits Scheme

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

AVC INVESTMENTS

The Trustee holds assets which are separately invested from the main fund. These secure additional benefits, on a money purchase basis, for those members who have elected to pay additional voluntary contributions.

Members participating in this arrangement receive an annual statement made up to 31 December each year, confirming the amounts held to their account and movements during the year.

The total amount of AVC investments at the year end is shown below.

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Bank of Ireland *	-	47
Clerical Medical	<u>10</u>	<u>8</u>
	<u>10</u>	<u>55</u>

* In June 2014 the Bank of Ireland AVC fund was disinvested and was held as cash in the Trustee bank account at the year end.

10. CURRENT ASSETS

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Cash deposits held	<u>177</u>	<u>131</u>

11. CURRENT LIABILITIES

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Benefits payable	-	31
Amounts due to HMRC	4	4
Administration and investment management fees due *	<u>66</u>	<u>70</u>
	<u>70</u>	<u>105</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.

Bower Group Retirement Benefits Scheme

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

12. RELATED PARTY TRANSACTIONS

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

Carillion plc have re-charged the Scheme for administration and processing fees of £12k in 2014 (2013: £8k). The amounts are included within the administrative expenses shown in note 6.

Bower Group Retirement Benefits Scheme

Actuarial Statement Year ended 31 December 2014

Actuarial valuation

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

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

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

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

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

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

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

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

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

The most recent actuarial valuation of the Scheme was undertaken as at 31 December 2012 and the next valuation is due at 31 December 2015. The actuarial certificate required under section 227 relating to the 2012 valuation, as required by law, is set out on pages 30 to 33.

Bower Group Retirement Benefits Scheme

Actuarial Statement Year ended 31 December 2014

The results of the valuation on 31 December 2012

Discontinuance basis

If the Scheme was wound up on 31 December 2012, the actuary estimated the shortfall would have been £7.7m. This is equal to a funding level of 55%.

The scheme-specific funding position (the technical provisions)

On 31 December 2012, the actuary found that if the Scheme was 100% funded the full amount needed to provide benefits was £17.1m. The market value of the Scheme's assets was £9.4m which gave a shortfall of £7.7m (i.e. the Scheme was also 55% funded on the technical provisions basis as its funding target is to maintain assets equal to the liabilities where those liabilities are assessed on a "discontinuance" basis).

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

The Trustee and Employer have agreed on a Recovery Plan which aims to achieve 100% funding under the Statutory Funding objective by 30 June 2023, with the Employer paying contributions of £0.7m per annum by monthly instalments.

Movements over the last year since the valuation

Over the year the funding has deteriorated to and estimated 55%. The deterioration is mainly due to an increase in the liabilities owing to an increase in the Actuary's estimate of insurers' prices, albeit partially offset by positive investment returns and contributions from the Company.

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

Full details of the formal valuation as at 31 December 2012 are given in the Actuary's valuation report. A copy is available on request from the Administrator.

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

Bower Group Retirement Benefits Scheme

Compliance Statement For the year ended 31 December 2014

Introduction

The Scheme is a defined benefit scheme 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 **10068399**.

Other information

- (i) The Trustee is required to provide certain information about the scheme to the Registrar of Pension Schemes. This has been forwarded to:

The 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 exists to assist members and beneficiaries of schemes in connection with difficulties which they have failed to resolve with the Trustee or Administrators of the Scheme. PAS may be contacted at:

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB

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

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

Bower Group Retirement Benefits Scheme

Compliance Statement For the year ended 31 December 2014

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

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

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

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

Bower Group Retirement Benefits Scheme

Appendix

Certificate of technical provisions

Name of the Scheme

Bower Group Retirement Benefits Scheme

Calculation of technical provisions

I certify that, in my opinion, the calculation of the scheme's technical provisions as at 31 December 2012 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 scheme and set out in the statement of funding principles dated *11 February 2014*.

Signature

Edwin Topper

Name

Edwin Topper

Date of signing

11 February 2014

Name of employer

Mercer Limited

Address

Belvedere
12 Booth Street
Manchester
M2 4AW

Qualification

Fellow of the Institute and Faculty of Actuaries

MERCER

Bower Group Retirement Benefits Scheme

Appendix

SCHEDULE OF CONTRIBUTIONS

Bower Group Retirement Benefits Scheme (“the Scheme”)

Status of this document

This schedule has been prepared by the Trustee of the Bower Group Retirement Benefits Scheme (“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 Scheme appointed by the Trustee.

This document supersedes all earlier versions of the Schedule of Contributions.

After discussions, a pattern of contributions was agreed by the Trustee and the Employer, Dudley Bower Group Plc, on 11 February 2014

The Trustee and the employer have signed this schedule on page 2 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 on page 3.

Contributions to be paid to the Scheme from 31 December 2012 to 30 June 2023

Members' contributions

Since the Scheme is now closed to future accrual no member contributions are payable.

Employer's contributions in respect of the shortfall in funding as per the recovery plan of 11 February 2014

The employer shall pay an annual shortfall-correction contribution of £698,490 per annum, no less frequently than monthly from 31 December 2012 to 30 June 2023 inclusive. These contributions shall normally fall due on the last day of each calendar month in respect of that month, and shall be paid by the 19th of the subsequent month. However, the Trustee and employer can agree for payments to be made earlier than their due dates if appropriate and, if so, the date of payment will become the due date.

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 contributions to be paid by the Employer include an implicit allowance for administration expenses as these are allowed for in the Technical Provisions by including a reserve in the liabilities. The contributions do not include an allowance for the Pension Protection Fund levy to be paid from the Scheme. The Employer will pay the Pension Protection Fund levy in addition.

Bower Group Retirement Benefits Scheme

Appendix

Unless the Trustee otherwise agrees, Carillion plc undertakes to provide, by no later than 31 December 2017, a guarantee to the Trustee in a similar form to that made by way of deed dated 17 May 2011 (or, if different, in a similar format to that being used for guarantees to the other single trustee schemes at the relevant time) in respect of payment obligations which are due for payment under this schedule of contributions between the date of the guarantee and 30 June 2023 (or, if earlier, the date any recovery plan relating to the Scheme ceases).

Dates of review of this schedule

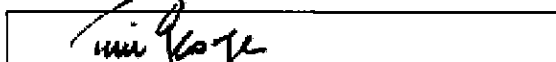
This schedule of contributions will be reviewed by the Trustee and the Employer no later than 15 months after the effective date of each actuarial valuation, due every three years.

Employer and Trustee agreement

This schedule of contributions has been agreed by the Employer Dudley Bower Group Plc, the Trustee of the Bower Group Retirement Benefits Scheme and Carillion Plc on

11 February 2014

Signed on behalf of Carillion Plc



Name

Tim George


Position

DEPUTY COMPANY SECRETARY

Date of signing

11 February 2014

Signed on behalf of Dudley Bower Group Plc



Name

ROBIN HERZBERG

Position

Director

Date of signing

11 February 2014

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



Name

Robin Herzberg

Position

Trustee Director

Date of signing

11 February 2014

Bower Group Retirement Benefits Scheme

Appendix

CERTIFICATION OF SCHEDULE OF CONTRIBUTIONS

Name of Scheme

Bower Group Retirement Benefits Scheme

Adequacy of rates of contributions


1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to be met by the end of the period specified in the recovery plan dated 11 February 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 11 February 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 Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature



Scheme Actuary

Edwin Topper

Qualification

Fellow of the Institute and Faculty of Actuaries

Date of signing

11 February 2014

Name of employer

Mercer Limited

Address

Belvedere
12 Booth Street
Manchester
M2 4AW