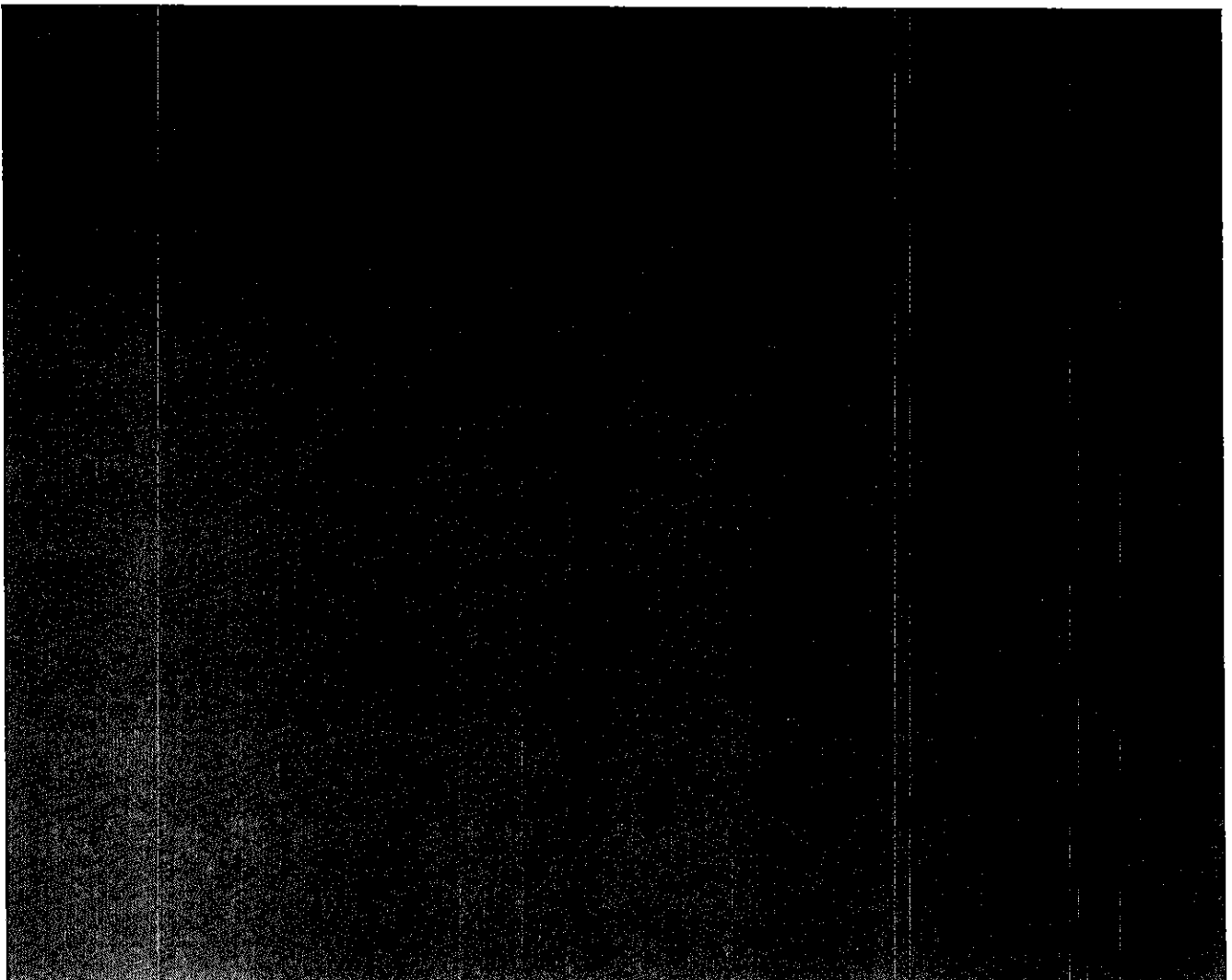


Mowlem Staff Pension and Life Assurance Scheme

Report and Financial Accounts

Year ended 31 December 2014

Registrar of Occupational and Personal Pension Schemes Registration Number 101393015



Mowlem Staff Pension and Life Assurance Scheme

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Mowlem Staff Pension and Life Assurance Scheme

Advisers
Year ended 31 December 2014

Scheme Actuary

Edwin Topper, FIA
Mercer Limited

Scheme Administrator

JLT Employee Benefits *

Auditor

KPMG LLP

Banker

National Westminster Bank plc

Additional Voluntary Contribution Providers

Aviva
Equitable Life Assurance Society
Legal and General Assurance Society
Marine and General Mutual (Pensions Management) Limited
Prudential Assurance Company Limited
Standard Life Assurance Society

Investment Managers

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

Longevity Swap Counterparty

Deutsche Bank AG

Custodians

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

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

Mowlem Staff Pension and Life Assurance Scheme

Advisers
Year ended 31 December 2014

Investment Adviser
Mercer Limited

Legal Adviser
Sacker & Partners LLP

Principal Employer
Carillion JM Limited

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

Mowlem Staff Pension and Life Assurance Scheme

Trustee Report Year ended 31 December 2014

Introduction

The Trustee presents its Annual Report together with the audited financial statements of the Mowlem Staff Pension and Life Assurance 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 Carillion JM Limited. 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).

Mowlem Staff Pension and Life Assurance 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 Scheme documentation. The Pensions Regulator has published a Code of Practice on Trustee Knowledge and Understanding ("TKU") to assist trustees on this matter which became effective from 6 April 2006 and subsequent revisions were made in November 2009. The 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 Scheme

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.

Mowlem Staff Pension and Life Assurance Scheme

Trustee Report Year ended 31 December 2014

Pensions in payment

In accordance with the Scheme's Trust Deed and Rules, pensions in payment for the majority of members at 1 June 2013 were increased as follows:

- I. For pension in respect of pensionable service from 6 April 2006 the increase was 2.5%. This is in line with the increase in the General Index of Retail Prices over the period to the previous 31 March (restricted to a maximum of 2.5%).
- II. For pension in respect of pensionable service prior to 5 April 2006 the increase was 2.5%. This is in line with the increase in the General Index of Retail Prices over the period to the previous 31 March (restricted to a maximum of 5%).

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

The above varies for certain categories of members and these individuals will have been separately notified of their entitlement. These will include previous members of the Booth and McTay Schemes.

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 benefit 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.

Mowlem Staff Pension and Life Assurance 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	2,404	2,306
Members retiring during the year	139	137
Commutations	(2)	(4)
Deaths	(81)	(75)
New Beneficiaries	29	40
PENSIONERS AT THE END OF THE YEAR	2,489	2,479
MEMBERS WITH PRESERVED BENEFITS		
Number at the start of the year	3,784	3,898
New Member as a result of divorce sharing order	1	2
Leavers during the year with preserved benefits	35	33
Deferred pensioners becoming pensioners	(130)	(126)
Transfers out during the year	(10)	(12)
Members set to no liability	(2)	-
Deaths	(9)	(4)
Full Commutation	(5)	(7)
MEMBERS WITH PRESERVED BENEFITS AT THE END OF THE YEAR	3,664	3,784
EMPLOYED DEFERRED MEMBERS		
Number at the start of the year	286	330
Retirements	(9)	(11)
Members leaving employment with preserved benefits	(35)	(33)
EMPLOYED DEFERRED MEMBERS AT THE END OF THE YEAR	242	286
TOTAL MEMBERSHIP AT THE END OF THE YEAR	6,395	6,549

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.

Mowlem Staff Pension and Life Assurance Scheme

Trustee Report Year ended 31 December 2014

Financial development of the Scheme

The financial statements on pages 21 and 22 show that the value of the Scheme's assets increased by £36.5m to £550.2m as at 31 December 2014. The increase comprises of net withdrawals from dealings with members of £10.4m together with a net increase in investments returns of £46.8m.

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 21 to 30.

Contributions

Contributions received from the participating Employer 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 £12.4m 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 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.

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

Mowlem Staff Pension and Life Assurance Scheme

Trustee Report Year ended 31 December 2014

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.

BlackRock - fees are invoiced directly to the Scheme 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 charged for the GTAA Fund is solely performance based and equals 30% of any outperformance relative to the benchmark.

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

Legal & General – fees are invoiced directly to the Scheme at rates between 0.025% p.a. and 0.08 % p.a. of the fund value depending on the fund invested in.

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 Scheme at a rate of 0.35% p.a. of the fund value.

Pramerica - fees are charged directly to the fund at a rate of 0.35% p.a. of the fund value for the first five years, and 0.4% p.a. thereafter.

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

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

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 12 to 17.

Mowlem Staff Pension and Life Assurance Scheme

Trustee Report Year ended 31 December 2014

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 PAS is unable to resolve then they can ask for a ruling from the Pensions Ombudsman who can be reached at the same address.

In the event of complaint a copy of the IDRPs 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 Mowlem Staff Pension and Life Assurance 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

Mowlem Staff Pension and Life Assurance Scheme

Statement of Trustee Responsibilities Year ended 31 December 2014

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 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 Annual Report, information about the Scheme prescribed by pensions legislation, which it should ensure is consistent with the financial statements it accompanies.

The Trustee also has certain responsibilities in respect of contributions which are set out in the statement of Trustee responsibilities accompanying the Trustee Summary of Contributions.

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

Mowlem Staff Pension and Life Assurance 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.

Mowlem Staff Pension and Life Assurance Scheme

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 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"), BlackRock Advisors (UK) Limited ("BlackRock"), BlueBay Asset Management ("BlueBay"), Insight Investment Management (Global) Limited ("Insight"), Legal & General Investment Management ("LGIM"), Odey Asset Management ("Odey"), Origin Asset Management ("Origin"), Pramerica Real Estate Investors ("Pramerica"), State Street Global Markets ("SSGM") and Taube Hodson Stonex Partners ("THS").

The Scheme's overall strategic split between growth, mid-risk and bond assets remained the same throughout 2014, with 60% growth assets, 10% mid-risk assets and 30% bond assets.

Over 2014, there was a change to the investment strategy. 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 Scheme's cashflow requirements, amounts in excess of immediate requirement are to be held in passive global equities.

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

Asset Class	Strategy Allocation %
Growth	60.0
UK Equity	7.2
Global Equity	31.8
Diversified Growth	15.0
GTAA	6.0
Mid-Risk	10.0
Multi-Asset Credit	5.0
HLV Property	5.0
Bond	30.0
Sterling Non-Gilts	5.0
Index-Linked Gilts	10.0
Buy and Maintain Credit	15.0
Total	100.0

Figures may not sum to total due to rounding

Mowlem Staff Pension and Life Assurance Scheme

Investment Report Year ended 31 December 2014

Manager	Strategic Allocation %
BlackRock	13.2
Odey	9.0
Origin	10.8
THS	9.0
LGIM	9.0
Baillie Gifford	15.0
BlueBay	5.0
Pramerica	5.0
SSGM	9.0
Insight	15.0
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.

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. £541.6m. The distribution of these assets across the whole portfolio is highlighted below:

Manager	Asset Class	31 December 2014		Target
		£m	%	%
BlackRock	UK Equity	39.9	7.4	7.2
	GTAA	26.2	4.8	6.0
Odey	Global Equity	57.2	10.6	9.0
Origin	Global Equity	68.8	12.7	10.8
THS	Global Equity	46.8	8.6	9.0
	Global Equity	12.9	2.4	3.0
LIMG	Sterling Non-Gilts	25.0	4.6	5.0
	Index-Linked Gilts	2.5	0.5	1.0
Baillie Gifford	Diversified Growth	74.6	13.8	15.0
BlueBay	Multi-Asset Credit	24.2	4.5	5.0
Pramerica	HLV Property	28.4	5.2	5.0
SSGM	Index-Linked Gilts	55.6	10.3	9.0
Insight	Buy and Maintain Credit	79.6	14.7	15.0
Total Scheme		541.6	100.0	100.0

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

Mowlem Staff Pension and Life Assurance Scheme

Investment Report Year ended 31 December 2014

All assets are marketable. BlackRock GTAA, BlueBay Multi-Asset Credit and Pramerica HLV Property 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 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 60% growth assets, 10% mid-risk assets and 30% 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.
Scheme	10.3	10.3	8.7
Benchmark	10.7	9.5	7.7

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.

Ten Largest Investments

The ten largest investments for the Scheme 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) Odey Allegra International Fund
- 5) THS International Growth & Value Fund
- 6) BlackRock UK Focus Fund
- 7) Pramerica UK Ground Lease Fund
- 8) BlackRock Global Ascent Fund
- 9) LGIM AAA-AA-A Bonds All Stocks Fund
- 10) BlueBay Total Return Credit Fund

Investments Exceeding 5% of Total Assets

The following vehicles exceeded 5% of the total Scheme 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) Odey Allegra International Fund
- 5) THS International Growth & Value Fund
- 6) BlackRock UK Focus Fund
- 7) Pramerica UK Ground Lease Fund

Mowlem Staff Pension and Life Assurance Scheme

Investment Report Year ended 31 December 2014

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.
Odey	RBC Investor Services Ireland Limited
Origin	HSBC Bank PLC
THS	Northern Trust
LGIM	HSBC Bank PLC
Baillie Gifford	BNY Mellon
BlueBay	Brown Brothers Harriman
SSGM	State Street Bank & Trust Company
Insight	Northern Trust

Source: Investment Managers.

Given the nature of the investment, there is no custodian for the Pramerica fund, but the administrator for the fund is UBS AG, Jersey Branch.

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 26 of the accounts.

Mowlem Staff Pension and Life Assurance Scheme

Investment Report Year ended 31 December 2014

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.

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”), 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.

Mercer

February 2015

Mowlem Staff Pension and Life Assurance 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 pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Scheme by the Employer of the Scheme and the dates on or before which such contributions are to be paid. The 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 29 October 2010, 13 June 2014 and 23 December 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	<u>12,591</u>	<u>12,400</u>	<u>191</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

Mowlem Staff Pension and Life Assurance 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 Mowlem Staff Pension and Life Assurance 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 18.

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

Respective responsibilities of Trustee and Auditor

As explained more fully in the Statement of Trustee Responsibilities set out on page 18, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions.

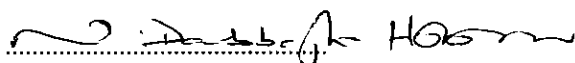
It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions to the Scheme and to report our opinion to you.

Scope of work on statement about contributions

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

Mowlem Staff Pension and Life Assurance Scheme

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

We have audited the financial statements of the Mowlem Staff Pension and Life Assurance Scheme 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 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 responsibilities set out on page 11, 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.

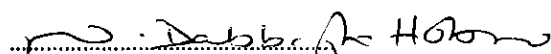
Scope of the audit of the financial statements

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

Mowlem Staff Pension and Life Assurance 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	<u>12,591</u>	<u>10,100</u>
		<u>12,591</u>	<u>10,100</u>
Benefits paid	4	(21,627)	(20,942)
Payments to and on account of leavers	5	(794)	(816)
Administrative expenses	6	(558)	166
		<u>(22,979)</u>	<u>(21,592)</u>
NET WITHDRAWALS FROM DEALINGS WITH MEMBERS		<u>(10,388)</u>	<u>(11,492)</u>
INVESTMENT RETURNS			
Investment income	7	3,623	2,933
Investment management expenses	8	(464)	179
Change in market value of investments	9	43,699	48,461
NET RETURNS ON INVESTMENTS		<u>46,858</u>	<u>51,573</u>
NET INCREASE IN THE FUND DURING THE YEAR		<u>36,470</u>	<u>40,081</u>
NET ASSETS AT 1 JANUARY 2014		<u>513,718</u>	<u>473,637</u>
NET ASSETS AT 31 DECEMBER 2014		<u>550,188</u>	<u>513,718</u>

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

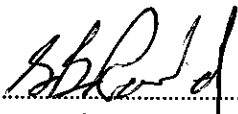
Mowlem Staff Pension and Life Assurance Scheme

Net Assets Statement As at 31 December 2014

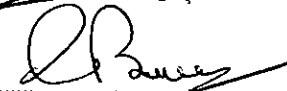
	Note	For the year ended 31 December 2014 £000	For the year ended 31 December 2013 £000
INVESTMENTS	9	547,676	511,672
CURRENT ASSETS	10	4,383	2,826
CURRENT LIABILITIES	11	(1,871)	(780)
NET ASSETS AT 31 DECEMBER 2014		550,188	513,718

These 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 take account of such obligations, is dealt with in the Trustee report and these financial statements should be read in conjunction with the actuarial certificates.

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.

Mowlem Staff Pension and Life Assurance 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 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.

The majority of income from pooled investment vehicles is not distributed but is reinvested and included within the closing value of the fund at the year end. Income from pooled investment vehicles which distribute income is accounted for on an accruals basis.

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.

Fixed interest securities are stated at their clean prices.

Quoted securities are stated at market value.

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 at 31 December 2013, 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.

Mowlem Staff Pension and Life Assurance Scheme

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.

3. CONTRIBUTIONS RECEIVED

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Employer deficit funding contributions	<u>12,591</u>	<u>10,100</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 Schedule 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	18,314	17,398
Commutations and lump sum retirement benefits	2,636	3,385
Lump sums on death	677	159
	<u>21,627</u>	<u>20,942</u>

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	<u>794</u>	<u>816</u>

Mowlem Staff Pension and Life Assurance 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
Administration and processing	237	(32)
Actuarial fees	214	(89)
Audit fee	19	(20)
Legal & other professional fees	66	(22)
Regulatory fees	13	(19)
Trustees fees and expenses	7	1
Sundry expenses	2	15
	<u>558</u>	<u>(166)</u>

During 2013, the Company paid all administrative and explicit investment expenses. However, in 2012 there was an excess accrual of expenses and as there was not an expense recharge for that period, the amounts reported in 2013 reflect the release of this excess 2012 accrual.

7. INVESTMENT INCOME

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Dividends from equities	3,523	2,780
Income from fixed interest securities	-	36
Interest on cash deposits	12	14
Annuity income	88	90
Other investment income	-	13
	<u>3,623</u>	<u>2,933</u>

Mowlem Staff Pension and Life Assurance Scheme

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

8. INVESTMENT MANAGEMENT EXPENSES

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Administration, management and custody fees	343	(121)
Investment consultancy	121	(58)
	<u>464</u>	<u>(179)</u>

During 2013, the Company paid all administrative and explicit management expenses and custody fees. In addition some investment management fees were deducted directly from the assets under management. In 2013 there was an excess accrual of expenses released in respect of 2012 as there was no actual expense recharges in respect of 2012 to be eventually paid.

9. INVESTMENTS

	Value at 01/01/2014 £000	Purchases at cost £000	Sale proceeds £000	Change in market value £000	Value at 31/12/2014 £000
Equities	37,468	-	-	966	38,434
Index linked gilts	42,630	22,889	(23,171)	13,207	55,555
Pooled investment vehicles	426,304	25,271	(35,142)	32,119	448,552
Longevity swap	-	1,903	-	(2,703)	(800)
AVC investments	5,124	-	(482)	110	4,752
Sub total	<u>511,526</u>	<u>50,063</u>	<u>(58,795)</u>	<u>43,699</u>	<u>546,493</u>
Cash deposits and accrued interest	146				1,183
	<u>511,672</u>				<u>547,676</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 Scheme as all funds are invested with companies registered in the UK, apart from the investment held with BlueBay Asset Management which is based in the Cayman Islands.

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. Included within the purchases and sales figures above are switches totalling £1.6m related to Index linked gilts held with State Street.

Mowlem Staff Pension and Life Assurance Scheme

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

9. INVESTMENTS (continued)

EQUITIES

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
UK quoted	<u>38,434</u>	<u>37,468</u>

INDEX LINKED GILTS

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
State Street	<u>55,555</u>	<u>42,630</u>

POOLED INVESTMENT VEHICLES

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Fixed interest	24,960	22,166
Ground lease property	30,613	27,818
Overseas equities	185,936	182,220
Index linked	2,475	2,035
Global tactical asset allocation	26,198	25,336
Diversified growth fund	74,600	70,745
Multi-asset credit	24,212	24,767
Buy and maintain credit	79,558	71,217
	<u>448,552</u>	<u>426,304</u>

Mowlem Staff Pension and Life Assurance Scheme

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

9. INVESTMENTS (continued)

OTHER INVESTMENTS

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Longevity swap	<u>(800)</u>	<u>-</u>

a) Capital commitment

At 31 December 2014, the Scheme had settlement commitments in respect of the longevity swap contract of £127k based on the value date of 30 November 2014 and £126k 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 Scheme is required to assign collateral assets to be held by State Street. As at 31 December 2014, the assigned collateral assets included in investments above, were as follows:

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Index linked gilts	<u>55,555</u>	<u>42,630</u>

CASH DEPOSITS AND ACCRUED INTEREST

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Sterling deposits and accrued investment income	<u>1,183</u>	<u>146</u>

Mowlem Staff Pension and Life Assurance Scheme

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

9. INVESTMENTS (continued)

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
Standard Life	68	84
Prudential Assurance	2,333	2,510
Legal & General	1,953	2,091
MGM	28	29
Equitable Life	258	277
Aviva	112	133
	<u>4,752</u>	<u>5,124</u>

10. CURRENT ASSETS

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Cash balance	2,690	1,282
Employer contributions receivable	1,033	842
Income Tax Reclaim recoverable	616	690
Other debtors	44	12
	<u>4,383</u>	<u>2,826</u>

Mowlem Staff Pension and Life Assurance Scheme

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

11. CURRENT LIABILITIES

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Unpaid benefits	364	507
Amounts due to HMRC	289	272
Administration and investment management fees due	965	1
Other creditors	253	-
	<u>1,871</u>	<u>780</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 £253k payments due to Deutsche Bank AG in respect of the longevity swap contract for the months of November and 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 have an interest as either 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 £48k for administration and processing fees in 2014 (2013: £nil). The amount is included within the administrative expenses shown in note 6.

Mowlem Staff Pension and Life Assurance 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 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 main situations.

The **scheme specific funding basis** is effectively the basis used by the Trustee for striking the technical provisions and assumes that the Scheme 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 allow the Actuary to include allowance for future investment growth on the Scheme's assets.

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

The most recent actuarial valuation of the Scheme was undertaken as at 31 December 2011 but took into account post-effective date experience up to 31 January 2013. The actuarial certificate required under section 227 relating to the 2011 valuation, as required by law, is set out on pages 35 to 38.

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.

Mowlem Staff Pension and Life Assurance Scheme

Actuarial Statement Year ended 31 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 £706m. The market value of the Plan's assets was £509m which gave a shortfall of £197m on the technical provisions basis. This is equivalent to a funding level of 72%.

Discontinuance Basis

If the Plan was wound up on 31 December 2013, the Actuary estimated the shortfall would have been £550m. This is equal to a funding level of 48%.

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 £12.4m per annum from 2014 to 2016, £13.8m in 2017, £14.9m from 2018 to 2021 and £16m 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 66% 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.

Mowlem Staff Pension and Life Assurance Scheme

Compliance Statement For the year ended 31 December 2014

Introduction

The Scheme is a defined benefit scheme section 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 **101393015**.

Other information

- (i) The Trustee is required to provide certain information about the Scheme to The Pension Scheme Registry. The address is:

The Pension Scheme Registry
PO Box 133
Newcastle Upon Tyne
NE99 1NN

- (ii) The Office of 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 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

Mowlem Staff Pension and Life Assurance 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.

Mowlem Staff Pension and Life Assurance Scheme

Certificate of Technical Provisions

SCHEME FUNDING REPORT
ACTUARIAL VALUATIONS AS AT 31 DECEMBER 2013

MOWLEM SCHEME

Certificate of technical provisions

Name of the Scheme

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme'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 Scheme and set out in the statement of funding principles dated 23 Dec 2014

Signature

Name

Date of signing

Name of employer

Address

Qualification

Mowlem Staff Pension and Life Assurance Scheme

2013 Schedule of Contributions

SCHEME FUNDING REPORT
ACTUARIAL VALUATIONS AS AT 31 DECEMBER 2013

MOWLEM SCHEME

Mowlem Staff Pension and Life Assurance Scheme Schedule of Contributions, incorporating actuarial certificate

Status of this document

This schedule has been prepared by the Trustee of the Mowlem Staff Pension and Life Assurance 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 is the first schedule of contributions put in place for the Mowlem Staff Pension and Life Assurance Scheme ("the Scheme") 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 JM Limited, on behalf of itself and the other employers participating in the Scheme, 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 Scheme from 31 December 2013 to 30 June 2029

Members' contributions

No contributions are payable by members after 5 April 2009.

Employer's contributions in respect of future accrual of benefits

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

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

The Employer shall pay shortfall correction additional contributions of at least £12.4m p.a. from 2014 to 2016, £13.8m in 2017, £14.9m p.a. from 2018 to 2021 and £16.0m 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.

Mowlem Staff Pension and Life Assurance Scheme

2013 Schedule of Contributions

SCHEME FUNDING REPORT
ACTUARIAL VALUATIONS AS AT 31 DECEMBER 2013

MOWLEM SCHEME

Employer's contributions in respect of administration and other costs

The Employer will, each year, pay the Scheme'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 Scheme from 1 January 2014.

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

Other Employer contributions

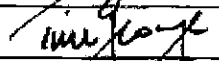
The Employer may pay additional contributions on a regular or one-off basis if it chooses.

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 JM Limited on behalf of itself and the other employers participating in the Scheme, and the Trustee of the Mowlem Staff Pension and Life Assurance Scheme on 23 Dec 2014.

Signed on behalf of Carillion JM Limited



Name

TINA GEORGE


Position

Co. Sec.

Date of signing

23 DEC 2014

Signed on behalf of the Trustee of the Mowlem Staff Pension and Life Assurance Scheme



Name

ROBIN ELLISON

Position

CHAIRMAN

Date of signing

23 Dec 2014

Mowlem Staff Pension and Life Assurance Scheme

2013 Schedule of Contributions

SCHEME FUNDING REPORT
ACTUARIAL VALUATIONS AS AT 31 DECEMBER 2013

MOWLEM SCHEME

Certification of Schedule of Contributions

Name of Scheme

Mowlem Staff Pension and Life Assurance Scheme

Adequacy of rates of contributions

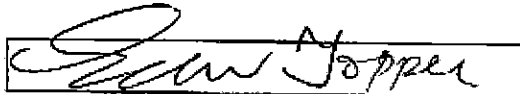
1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2013 to be met by the end of the period specified in the recovery plan dated 23 Dec 2014.

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 Scheme's liabilities by the purchase of annuities, if the Scheme 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