
BRIDON GROUP (2013) PENSION SCHEME

**REPORT AND ACCOUNTS
YEAR ENDED 31 DECEMBER 2014**

BRIDON GROUP (2013) PENSION SCHEME

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BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE AND ITS ADVISERS YEAR ENDED 31 DECEMBER 2014

Trustee	Bridon Scheme Trustees Limited
Directors of the Trustee Company	G Barnes, Company nominated (resigned on 02/04/2014) J Crawford, Company nominated (resigned on 24/11/2014) G Dallard, Member nominated M C Duncombe, Independent Chairman G Hardcastle, Company nominated (appointed on 24/04/2014) (resigned on 25/07/2014) J Hendley, Company nominated (appointed on 21/01/2015) P Higginbottom, Company nominated (appointed on 21/01/2015) K Mallin, Member nominated G Peters, Member nominated E Rutter, Independent A Westley, Company nominated (appointed on 25/07/2014) (resigned on 24/11/2014)
Secretary to the Trustee	S Beech (resigned on 02/07/2014) I Emery (appointed on 02/07/2014) Aon Hewitt Limited Colmore Gate 2 Colmore Row Birmingham B3 2QD
Sponsoring Employer	Bridon International Limited Icon Building First Point Balby Carr Bank Doncaster South Yorkshire DN4 5JQ
Scheme Actuary	A Shah Aon Hewitt Limited Colmore Gate 2 Colmore Row Birmingham B3 2QD
Scheme Administrator	Aon Hewitt Limited Colmore Gate 2 Colmore Row Birmingham B3 2QD
Independent Auditor	Ernst & Young LLP Apex Plaza Reading RG1 1YE

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE AND ITS ADVISERS YEAR ENDED 31 DECEMBER 2014

Trustee and its advisers (continued)

Investment Managers	Legal & General Assurance (Pensions Management) Limited One Coleman Street London EC2R 5AA
	Invesco Fund Management Limited 30 Finsbury Square London EC2A 1AG
	Majedie Asset Management Limited 5th Floor 10 Old Bailey London EC4M 7NG
	Morgan Stanley Investment Funds 6B, Route de Treves Floor 5 L-2633 Senningerberg Luxembourg
AVC Providers	The Equitable Life Assurance Society PO Box 171 Walton Street Aylesbury Bucks HP21 7YU
	Friends Provident Life and Pensions Limited PO Box 1550 Milford Salisbury SP10 2TW
Legal Adviser	Squire Patton Boggs (formerly Squire Sanders (UK) LLP) Rutland House 148 Edmund Street Birmingham B3 2JR
Banker	Bank of Scotland 54/62 Sauchiehall Street Glasgow G2 3AH

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2014

Introduction

The Trustee of Bridon Group (2013) Pension Scheme (the 'Scheme') is pleased to present the annual report together with the audited accounts for the year ended 31 December 2014. The Scheme is a defined benefit scheme and is administered by Aon Hewitt Limited in accordance with the establishing document and rules, solely for the benefit of its members and other beneficiaries.

The Scheme came into existence during 2013 following the demerger of the FKI Group Pension Scheme. The Definitive Deed was signed on 4 April 2014. A Deed of Amendment was subsequently signed on 27 June 2014 following agreement to the demerger. Some deferred members of the FKI Group Pension Scheme were transferred to the Bridon Group (2013) Pension Scheme.

Management of the Scheme

The Trustee is Bridon Scheme Trustees Limited.

In accordance with the Trust Deed and Rules, the power of appointment or removal of the Trustee and Directors of the present Trustee rests with the Sponsoring Employer, Bridon International Limited, subject to the regulations governing member nominated directors.

The Trustee Board is comprised of seven Directors, made up of two independent directors, two Company nominated directors and three member nominated directors.

Trustee meetings

The Trustee met formally four times during the period. Attendance by the Trustee Directors at those meetings is shown below:

	27 Mar	2 Jul	1 Sep	3 Dec
J Crawford	Y	N	Y	N/A
G Dallard	Y	Y	Y	Y
M Duncombe	Y	Y	Y	Y
G Hardcastle	N/A	Y	N/A	N/A
J Hendley	N/A	N/A	N/A	Y
P Higginbottom	N/A	N/A	N/A	Y
K Mallin	Y	Y	Y	Y
G Peters	Y	Y	Y	Y
E Rutter	Y	Y	Y	Y
A Westley	N/A	N/A	Y	N/A

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2014

The Sponsoring Employer

The Sponsoring Employer of the Scheme is: Bridon International Limited, Icon Building First Point, Balby Carr Bank, Doncaster, South Yorkshire, DN4 5JQ.

The Scheme is provided for all eligible employees of the Sponsoring Employer.

In November 2014 the Bridon International Limited (the Company) was sold to the Ontario Teachers' Pension Plan (OTPP). As part of the negotiation process the Trustee signed a Memorandum of Understanding with the Company in which it was agreed that the Company would make the following contributions into the Scheme:

- A one-off contribution of £6M on completion of the sale (it was subsequently agreed that £6.7M should be paid by the OTPP, which was received on 12 November 2014).
- £1.9M p.a. payable monthly with effect from 1 January 2015 until the Scheme is fully funded on the technical provisions basis.

Membership

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

	Pensioners 2014	Members with deferred benefits 2014	Total 2014
Membership at the start of the year	15	355	370
Adjustments to members	2	(2)	-
Retirements	14	(14)	-
Transfers out	-	(2)	(2)
New spouse	1	-	1
Deaths	(1)	(1)	(2)
Total membership at the end of the period	31	336	367

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

Adjustments relate to member movements identified after the prior year Trustee's Report and Accounts.

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2014

Pension increases

There are categories of pensions in payment in respect of contractual increases to pensions earned prior to 6 April 1997:

- (a) No increases.
- (b) 3% increases.
- (c) Increases according to the rate of inflation but not less than 3% and not more than 5%.

The above increases are on that part of the pension in excess of the Guaranteed Minimum Pension ("GMP"). The GMP is broadly equal to the pension a member would have earned in the state pension scheme had they not been contracted out of that scheme. The pre-1988 GMP is inflation proofed by the state pension scheme.

All pensions in payment were reviewed during the period and an increase of between 0% and 3% were awarded in respect of categories (a) to (c) above. Pensions earned after 5 April 1997 were increased by between 2.5% and 5.0%. No discretionary increases were awarded to current pensioners.

A deferred pension consists of three parts:

- (a) the GMP; this part increases between the date of leaving and state pension age at 4% for each complete tax year (for leavers prior to 6 April 2007 different rates of increase apply, 4.5%, 6.25%, 7%, 7.5% or 8.5%);
- (b) that part of the pension in excess of GMP which arose from pensionable service prior to 1 January 1985; this part does not increase;
- (c) that part of the pension in excess of GMP which arose from pensionable service on or after 1 January 1985; this part increases between the date of leaving and normal retirement date at the lesser of 5% per annum and the change in the retail prices index.

Because of changes in legislation, all employees leavers after 31 December 1990 have that part of the deferred pension earned prior to 1 January 1985 (see (b) above) increased in the same way that part of the pension earned on or after 1 January 1985 (see (c) above).

No discretionary increases were provided to deferred pensions.

Review of the financial developments during the period as shown by the audited accounts

The accounts on pages 15 to 23 show that the value of the Scheme's assets was £67,544,813 as at 31 December 2014.

The accounts 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 accounts on pages 15 to 23.

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2014

Contributions

In respect of the shortfall in funding, the Sponsoring Employers made a one-off additional contribution of £6.7M in November 2014 following the sale of the Sponsoring Employer and paid £1.51M over the year to 31 December 2014. A new Schedule of Contributions was signed in January 2015 under which the Sponsoring Employer will pay £1.9M per annum (payable monthly) in respect of the shortfall in funding with effect from 1 January 2015 until 31 December 2017.

Actuarial Valuation

Under the Rules of the Scheme an actuarial valuation must be carried out at least every three years. The purpose of this is to assess the financial position of the Scheme and to review the Employer's contribution rate.

The first actuarial valuation of the Scheme was carried out with an effective date of 31 December 2013. This showed that, on the ongoing basis, the Scheme's funding level was 81%. There was a shortfall of £12.4M relative to the Scheme's technical provisions and an estimated shortfall of £46.1M relative to the solvency position.

Copies of the Actuarial Certificates relating to the 2013 valuation can be found on pages from 26 to 28. The next valuation is scheduled at 31 December 2016.

Investment Managers

The current investment managers are shown on page 2.

Under the terms of the agreements with the Investment Managers, Legal & General Assurance (Pensions Management) Limited ("Legal & General"), Invesco Fund Management Limited ("Invesco"), Majedie Asset Management Limited ("Majedie") and Morgan Stanley Investment Funds ("Morgan Stanley") are responsible for the management of the Scheme's investments. Responsibility for investments and their performance lies with the Trustee of the Scheme.

The Trustee Directors review the performance of the Investment Managers on a regular basis as well as monitoring their corporate governance voting experience and dealing costs.

As required by the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles setting out their policy on investment, which includes the Trustee's policy on Socially Responsible Investment. A copy of the Statement is available on request.

Expression of wish

The Trustee wishes to remind members that they can indicate to the Trustee the persons to whom they wish any lump sum benefits and pension benefits to be paid in the event of their death. The Trustee will then be able to take members' wishes into account, although they are not obliged to do so. Members are also urged to review their Expressions of Wish Form should their circumstances change.

Expression of Wish Forms are available on request from Aon Hewitt Limited at the address shown on page 7.

BRIDON GROUP (2013) PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 DECEMBER 2014

Transfer values

With effect from 1 October 2008, the Trustee is responsible for setting the economic, financial and demographic assumptions to be used in calculating transfer values, having taken the advice of the Actuary.

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

Further information

Further information about the Scheme is available, on request, to members, their spouses and other beneficiaries together with all recognised trade unions. In particular, the documents constituting the Scheme, the Rules and a copy of the latest actuarial report and the Trustee's Statement of Investment Principles can be inspected.

Members can request details of the amount of their current transfer value. Such requests are available free of charge once a year.

If members have any queries concerning the Scheme or their own pension position, or wish to obtain further information, they should contact Aon Hewitt (address below) who will also be able to provide them with a further copy of the Scheme booklet should they require one and answer any queries that they may have about entitlement to benefits.

Any enquiries or complaints about the Scheme, including requests from individuals for information about their benefits or Scheme documentation, should be sent to the following address.

Bridon Group (2013) Pension Scheme
Aon Hewitt Limited
Colmore Gate
2 Colmore Row
Birmingham
B3 2QD

The Data Protection Act seeks to protect and respect the individual's rights to privacy. The Data Protection Act 1998 came into force on 1 March 2000 and regulates the use of personal data relating to living individuals that are processed automatically or manually and held in a relevant filing system. Explicit consent of the member is required where personal sensitive data is held or processed. Sensitive information can include information relating to, for example, the health of a member.

The Trustee, in its capacity as 'Data Controllers' and the Scheme's advisers in their capacity as 'Data Processors' under the Act each have legal obligation and a legitimate interest to process data relating to members for the purpose of administering and operating the Scheme, which includes passing on data to third parties. For example, the provision of Death in Service benefits requires information to be passed to other professional providers and Life office advisers who underwrite such benefits.

BRIDON GROUP (2013) PENSION SCHEME

INVESTMENT REPORT

Investment Policy and Objectives

The Trustee aims to invest the assets of the Scheme prudently to ensure that the benefits promised to members are provided. In setting investment strategy, the Trustee first considers the lowest risk asset allocation that it can adopt in relation to the Scheme's liabilities. The asset allocation strategy it has selected is designed to achieve a higher return than the lowest risk strategy whilst maintaining a prudent approach to meeting the Scheme's liabilities.

The current planned asset allocation strategy is set out in the table below. The Trustee will monitor the actual asset allocation versus the target weight and the ranges set out in the table below on an ongoing basis.

Asset class	Target weighting (%)	Benchmark Index
Equities	34.0	
Invesco – UK	11.4	FTSE All Share
Majedie – UK	11.3	FTSE All Share
Morgan Stanley - Global	11.3	MSCI World NDR
Bonds – L&G	66.0	
AAA-AA-A Corporate bonds	28.4	iBoxx Sterling Non-Gilt (ex-BBB) 15 Years+
Over 15 year index-linked gilts	27.7	FTSE A Index-Linked (Over 15 Years)
2062 index-linked gilt	9.9	Single Stock Treasury 0.375% 22 March 2062
Total	100.0	

Investment managers

Shown below is the Scheme's asset allocation as at 31 December 2014 against the Scheme's current target allocation.

Bid values are given for funds that are not single priced.

Manager Allocations	31 December 2014		Current Benchmark (%)
	Market value (£)	Percentage (%)	
Unconstrained Equities	19,392,314	32.3	34.0
Morgan Stanley	6,482,165	10.8	11.3
Invesco	6,476,603	10.8	11.4
Majedie	6,433,546	10.7	11.3
Bonds & Cash - Legal and General	40,688,997	67.7	66.0
AAA-AA-A Bonds Over 15 Year	16,912,375	28.2	28.4
Over 15yr Index-Linked Gilts	17,391,395	28.9	27.7
2062 Index-Linked Gilt	6,385,227	10.6	9.9
Total Assets	60,081,311	100.0	100.0

BRIDON GROUP (2013) PENSION SCHEME

INVESTMENT REPORT

Performance returns

Gross Performance	Portfolio	1 Year (%)			3 Years p.a.(%)		
		Benchmark	Relative	Portfolio	Benchmark	Relative	
Unconstrained Equity							
Invesco - UK Equities	10.9	1.2	9.7	15.9	11.1	4.8	
Majedie - UK Equities	3.7	1.2	2.5	16.6	11.1	5.5	
Morgan Stanley - Global Equities	6.6	4.9	1.7	n/a	n/a	n/a	
Bonds							
LGIM - AAA-AA-A Bonds Over 15y	19.9	19.9	0.0	10.0	10.0	0.0	
LGIM - Over 15y Index-Linked Gilts	27.3	27.3	0.0	n/a	n/a	n/a	
LGIM - 2062 Index-Linked Gilt	40.2	40.2	0.0	n/a	n/a	n/a	
Total	19.4	17.7	1.7				

Investment principles

The Trustee has produced a Statement of Investment Principles in accordance with Section 35 of the Pensions Act 1995.

The Statement summarises how the Trustee:

- Sets the investment policy and chooses the most suitable types of investments for the Scheme;
- Delegates buying and selling investments to the Scheme's Investment Managers; and
- Monitors the performance of the Scheme's investments.

The Trustee has considered ethical and socially responsible investments and has delegated to the Investment Managers responsibility for taking social, environmental and ethical considerations into account when assessing the financial potential and suitability of investment and for exercising the rights attaching to the Scheme's investments.

Copies of this Statement are available on request from the Administrator at the address shown on page 7.

Custody of assets

During the year Legal & General Assurance Limited, Invesco Fund Management Limited, Majedie Asset Management Limited, Morgan Stanley Investment Funds were the Investment Managers of record to the Bridon Group (2013) Pension Scheme. There were no custodians during the year.

BRIDON GROUP (2013) PENSION SCHEME

INVESTMENT REPORT

Market Commentary

General Background

Harsh winter weather caused US growth to stall in Q1, but economic recovery resumed in Q2. UK growth was also fairly sturdy and was strongest in the G7 over the first three quarters of the year. In the Eurozone, however, growth and activity slowed with Italy falling back into recession. Japan too fell into technical recession in the aftermath of April's sales tax hike.

The US Federal Reserve (Fed) began to slow down the rate of quantitative easing (QE) in January 2014. However, Fed chair Janet Yellen continued to emphasise her commitment to maintain accommodative monetary policy. Both Janet Yellen and Bank of England Governor (BoE) Mark Carney adjusted course on their respective forward guidance policies, playing down dependence on the unemployment rate, which had been falling faster than anticipated in both the US and UK. In the Eurozone, however, weak growth and deflationary concerns caused the European Central Bank (ECB) to announce new stimulus measures and cut rates three times, ending with a negative deposit rate. More recently, the Bank of Japan (BoJ) ramped up its quantitative easing programme in response to weak economic data.

Tensions in the Ukraine surfaced in early 2014, developing into a secession crisis in Crimea and leading to western sanctions against Russia. Later, an uprising in Iraq added to geopolitical tensions. Elsewhere, Japanese Prime Minister Shinzo Abe was re-elected in a snap election called in late 2014.

Fuelled further by the decision by OPEC, the oil cartel, not to cut production, the oil price fell dramatically by almost 50% over the second half of the year. This sparked the fear among equity markets in December that global demand may be unexpectedly weak.

Global equities rose steadily through the first three quarters of the year, but volatility returned in Q4 as equities faltered in both October and December, only to recover most of their losses after each bout. The MSCI All Country World Index returned 11.2% in sterling terms and 9.9% in local currency terms.

UK fixed interest gilts provided a stellar 13.9% return over the year. The sharp rise in yields in 2013 was reversed in 2014 as concern over global growth levels, whether in the US in Q1, China, or more recently in the Eurozone and Japan, weighed on yields. Index-linked gilts returned 19.0% thanks to falling yields and their longer maturity profile.

UK corporate bonds returned 12.2% over the year as the steep decline in underlying gilt yields offset a slight widening in credit spreads.

UK property returns were strong, with the IPD Monthly Index rising 19.3% over the period.

UK Equities

Despite the UK economy being sturdy in its recovery over 2014, the UK equity market returned a meagre 1.2% as the potential impact of an ailing Eurozone economy on UK companies weighed on sentiment and the market's sizeable energy component exposed returns to the falling oil price. The UK provided the lowest return in local currency terms amongst regional equity markets.

Healthcare (14.9%) and utilities (13.2%) produced the strongest returns, whilst oil & gas (-10.2%) was the worst performing sector.

Mid cap equities climbed 3.7% over the year, marginally outperforming both small (0.9%) and large cap (0.7%) equities.

BRIDON GROUP (2013) PENSION SCHEME

INVESTMENT REPORT

Overseas Equities

Over the past 12 months, US equities provided the highest return in both local currency (13.3%) and sterling (20.3%) terms. Despite investors having to adjust to the prospect of monetary policy normalisation and a Q1 dip in economic growth, equities were able to sustain gains over the period. The S&P 500 repeatedly broke new ground, breaching the 2,000 mark in Q3. Even in Q4, when the market dipped twice, losses were recovered swiftly.

Continental European equities returned 7.6% in local currency terms whilst euro weakness dragged the sterling return down to 0.2%, which was worse than any other region. The Eurozone economy struggled to gain momentum and, with marked slowdowns in France and Germany, as well as Italy slipping into recession in Q1, the ECB was forced to ease monetary policy as a result.

Japanese equities lost their momentum at the start of 2014 as investors became worried about the stalling progress of reforms and whether Prime Minister Abe's policies would lead to sustainable economic growth. However, equities performed strongly thereafter, boosted by additional quantitative easing, even as the economy fell into technical recession. Japanese equities returned 10.3% in local currency and returned 2.7% in sterling terms due to yen weakness in the second half of 2014.

Emerging Markets lagged developed markets, returning 5.6% in local currency terms and 4.3% in sterling terms over the period. This underperformance was partly caused by ongoing uncertainty over China's growth and continued weak commodity prices. Investors also grew concerned about the impact of Fed monetary policy on the region. However, emerging equities performed well in the spring and summer of 2014, helped by continuing global accommodative monetary policy and economic stabilisation in the region.

Health care (27.7%) and technology (25.8%) were the best performing sectors in the FTSE All World ex UK index in sterling terms. The oil & gas (-7.9%) sector provided the lowest return.

Currencies and Interest Rates

BoE policy rates remained at 0.5%, unchanged since March 2009. Mark Carney issued forward guidance that interest rates would stay low until unemployment fell. After falling faster than anticipated, the unemployment rate was dropped as the main trigger for allowing an interest rate rise. Decent UK economic data caused sterling to appreciate against the euro and yen over the year. However, sterling depreciated against the US dollar because of broad dollar strength. Concern that Scotland would vote for independence in September's Scottish referendum triggered a period of volatility in Q3. Sterling ended the year up 3.6% on a trade-weighted basis.

The Federal Funds rate remained at 0-0.25%. In January 2014, the Fed started to wind down its asset purchases, which came to a complete halt in October. The US dollar appreciated by 11.7% on a trade-weighted basis on the back of its stronger economy and the prospect of higher rates. After depreciating against sterling steadily, the US dollar strongly rebounded in H2 and ended the year up by 6.2% against sterling.

Weak inflation data and a reduction in growth forecasts prompted the ECB to cut its primary policy, or repo rate, by 25 basis points to 0.25% in November 2013. The ECB then cut the repo rate further to 0.15% and the deposit rate into negative territory as part of a package of measures in June 2014. The ECB once again reduced the repo rate to 0.05% in September. Mario Draghi, ECB President, declared in Q4 that he would continue trying to inject inflation into the economy and prop up inflation expectations. The euro depreciated by 6.7% against sterling over the year.

The Bank of Japan (BoJ) left rates at 0-0.1%, unchanged since December 2008. However, it ramped up its already massive quantitative easing programme in Q4 as signs of slowdown became difficult to ignore. This had a duly weakening effect on the currency. The yen depreciated by 6.9% against sterling over the year as a result.

BRIDON GROUP (2013) PENSION SCHEME

INVESTMENT REPORT

Gilt Returns

UK fixed interest gilt yields fell steadily in the first half of 2014 (along with US treasury yields) before plummeting in H2, confounding consensus market expectations, which expected yields to rise. Pending policy rate hikes in the UK and US were shrugged off as focus turned to fresh monetary easing announced in the Eurozone which, in combination with continued Japanese easing, created an easy backdrop to global monetary policy. UK fixed gilts returned 13.9% over the quarter as yields moved sharply down at the long end of the curve in 2014 and short term rates stagnated. Index-linked gilts returned 19.0% due to their longer maturity profile.

Long dated fixed interest gilt returns were the highest (26.1%), outperforming medium (12.2%) and short (2.9%) term maturities. Likewise in index-linked gilts, long maturities (27.3%) outperformed medium (10.3%) and short maturities (0.4%).

Index-linked gilt underperformed fixed gilts at shorter maturities but outperformed otherwise.

Fixed Interest and Index Linked Yield Curves

Gilt yield curves (both fixed and index-linked) lost some of their steepness over the 12 months to December 2014 as yields fell at the long end of the curve but either remained broadly unchanged or rose slightly at the short end.

UK Investment Grade Credit

UK iBoxx non-gilts credit spreads (the difference between the yields on non-government bonds and equivalent maturity government bonds) widened 17 bps to 138 bps over the year, which led to underperformance against government bonds. However, returns were still strong (12.2%) as the fall in underlying gilt yields more than offset the widening in spreads.

Credit spreads widened the most for A-rated issues whilst AAA-rated spreads actually narrowed by 6 bps.

Provided by Aon Hewitt Limited

BRIDON GROUP (2013) PENSION SCHEME

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The audited accounts are the responsibility of the Trustee and are required to be prepared in accordance with applicable United Kingdom law and accounting standards. Pension Scheme regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties, audited accounts 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 accounts and has agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

The Trustee is also responsible for making available each year, commonly in the form of a Trustee's Annual Report, information about the Scheme prescribed by legislation which it should ensure is consistent with the audited accounts it accompanies.

The Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised, Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Employer and the dates on or before which such contributions are to be paid. The Trustee is also responsible for monitoring whether contributions are made to the by the Employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

The Trustee also 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 an appropriate system of internal control.

Signed for and on behalf of the Trustee:

Trustee Director:

Trustee Director:

Date:

BRIDON GROUP (2013) PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE BRIDON GROUP (2013) PENSION SCHEME

We have audited the accounts of the Bridon Group (2013) Pension Scheme for the year ended 31 December 2014 which comprise the fund account, the net assets statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Scheme's Trustee, as a body, in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996. Our audit work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an Auditor's report on the accounts and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustee and Auditor

As explained more fully in the Statement of Trustee's responsibilities set out on page 13 the Scheme's Trustee is responsible for the preparation of accounts which give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustee; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustee's report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Accounts

In our opinion the accounts:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2014, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom 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.

Ernst & Young
Statutory Auditor
Reading

Date:

BRIDON GROUP (2013) PENSION SCHEME

FUND ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

			<i>As restated</i>
	Note	For the year ended 31 December 2014 £	5 months ended 31 December 2013 £
Contributions and Benefits			
Contributions	3	8,209,996	755,817
Transfers in	4	-	50,992,710
		8,209,996	51,748,527
Benefits	5	(968,882)	(634,139)
Payment to and on account of leavers	6	(895,133)	-
Administrative expenses	7	(336,599)	(69,526)
		(2,200,614)	(703,665)
Net additions from dealings with members		6,009,382	51,044,862
Returns on investments			
Investment income	8	2,127	420
Change in market value of investments	9	9,723,086	1,028,571
Investment management expenses	10	(124,443)	(139,192)
		9,600,770	889,799
Net returns on investments		9,600,770	889,799
Net increase in the fund during the year		15,610,152	51,934,661
Net assets of the Scheme At 1 January		51,934,661	-
Net assets of the Scheme At 31 December		67,544,813	51,934,661

The notes on pages 17 to 23 form an integral part of these accounts.

BRIDON GROUP (2013) PENSION SCHEME

NET ASSETS STATEMENT AS AT 31 DECEMBER 2014

		At 31 December 2014	At 31 December 2013
	Note	£	£
Investment assets	9	60,236,358	51,323,593
Current assets	11	7,512,019	907,347
Current liabilities	11	(203,564)	(296,279)
Net Assets at 31 December		67,544,813	51,934,661

The accounts 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 Summary Funding Statement and Actuarial Certificates included in the Annual Report and these accounts should be read in conjunction with them.

The notes on pages 17 to 23 form an integral part of these accounts.

These accounts were approved by the Trustee and were signed on their behalf by:

Trustee Director:

Trustee Director:

Date:

BRIDON GROUP (2013) PENSION SCHEME

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. BASIS OF PREPARATION

The accounts 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" (SORP) (revised May 2007).

2. ACCOUNTING POLICIES

The following principal accounting policies, which have been consistently applied, have been adopted in the preparation of the accounts.

2.1 Accruals concept

The accounts have been prepared on an accruals basis. The Principal accounting policies, all of which were adopted last year, unless otherwise indicated, are as follows:

2.2 Contributions and benefits

Normal contributions from members and from the Employer are accounted for on an accruals basis in the month employee contributions are deducted from the payroll.

Employer deficit funding contributions are accounted for in accordance with the agreement under which they are being paid or, in the absence of such an agreement, when received.

Employer contributions received in addition to those required by the Schedule of Contributions are accounted for when received.

Benefits to members, including pensions, commutations and lump sum retirement benefits and lump sum death benefits, are accounted for in the period in which they fall due, whenever the members' wishes are known.

2.3 Transfers to and from other schemes

Individual transfers to and from other schemes are accounted for when funds are received or paid, or where the Trustee has agreed to accept the liability in advance of receipt of funds on an accruals basis from the date of the agreement.

Group transfer transactions are accounted for in line with the relevant transfer agreements provided aggregate values can be determined with reasonable certainty.

2.4 Administrative and investment manager expenses

Administration and investment manager expenses are accounted for on an accruals basis.

2.5 Investments

Pooled investment vehicles are valued at the closing bid price or, if single prices, the closing single price provided by the investment manager.

BRIDON GROUP (2013) PENSION SCHEME

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014

2. ACCOUNTING POLICIES (continued)

2.6 Investment income

Income from cash and short term deposits is dealt with in these accounts on an accruals basis.

Income arising from the underlying investments of the pooled investment vehicles, that is reinvested within the pooled investment vehicles, is reflected in the unit price. Such income is reported within the change in market value.

3. CONTRIBUTIONS

	For the year ended 31 December 2014 £	5 months ended 31 December 2013 £
Employer's Contributions		
normal	-	818
additional	6,700,000	-
deficit funding	1,509,996	754,999
	8,209,996	755,817

The amount of deficit contributions of £1.5M paid in accordance with the Schedule of Contributions signed on 29 August 2013. The £6.7M was paid as one-off additional contribution to the Scheme in November 2014 following the sale of the Sponsoring Employer.

4. TRANSFERS IN

	For the year ended 31 December 2014 £	5 months ended 31 December 2013 £
Group transfers in from other schemes	-	50,992,710

The prior year group transfer in represents the transfer of net assets from the FKI Group Pension Scheme. The transfer value was made up of invested assets totalling £50,658,151, cash of £183,633 and AVCs of £150,926. There was no transfers in during the year ending 31/12/2014.

BRIDON GROUP (2013) PENSION SCHEME

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014

5. BENEFITS

	For the year ended 31 December 2014 £	5 months ended 31 December 2013 £
Pensions	178,862	51,199
Commutations and lump sum retirement benefits	634,974	582,940
Lump sum death benefits	155,046	-
	968,882	634,139

6. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	For the year ended 31 December 2014 £	5 months ended 31 December 2013 £
Transfers out - individual	895,133	-
	895,133	-

7. ADMINISTRATIVE EXPENSES

	For the year ended 31 December 2014 £	5 months ended 31 December 2013 £
		<i>As restated</i>
Administration fees	42,759	9,234
Actuarial fees	124,363	28,174
Audit fees	7,000	5,000
Legal fees	43,291	10,139
TPR levy	30,514	-
Trustee fees and expenses	25,212	7,556
Other professional fees	63,460	9,423
	336,599	69,526

Investment consultancy fees are disclosed within investment expenses, in last year's account they were disclosed within administrative expenses.

BRIDON GROUP (2013) PENSION SCHEME

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014

8. INVESTMENT INCOME

	For the year ended 31 December 2014 £	5 months ended 31 December 2013 £
Interest on cash deposits	2,127	420
	2,127	420

9. INVESTMENTS

MOVEMENTS IN INVESTMENTS

	Value at 26/06/2013 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 31/12/2014 £
Pooled investment vehicles	51,176,638	502,626	(1,305,408)	9,707,455	60,081,311
AVC investments	146,955	-	(7,539)	15,631	155,047
	51,323,593	502,626	(1,312,947)	9,723,086	60,236,358

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.

The companies managing the pooled fund investments are registered in the United Kingdom except for Morgan Stanley which is registered in Luxembourg.

BRIDON GROUP (2013) PENSION SCHEME

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014

9 Investments (continued)

POOLED INVESTMENT VEHICLES

	31 December 2014 £	31 December 2013 £
Managed funds - other	60,081,311	51,176,638

AVC INVESTMENTS

The Trustee holds assets which are separately invested from the main fund, in the form of individual accounts. 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 2014 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.

	31 December 2014 £	31 December 2013 £
Equitable Life	45,039	36,912
Friends Life	110,008	110,043
	155,047	146,955

CONCENTRATION OF INVESTMENTS

The following investments, account for more than 5% of the Scheme's net assets as at 31 December 2014.

	31 December 2014		31 December 2013	
	Market value £	%	Market value £	%
Legal and General Over 15yr Index-Linked Gilts	17,391,395	25.75 %	13,846,689	26.66 %
Legal and General Corporate Bonds Over 15y Index	16,912,375	25.04 %	14,202,627	27.35 %
Morgan Stanley Global Brands Fund	6,482,165	9.60 %	6,132,569	11.81 %
Invesco Perpetual Income Fund	6,476,603	9.59 %	5,886,577	11.33 %
Majedie UK Equity Fund	6,433,546	9.52 %	6,206,027	11.95 %
Legal and General 2062 Index-Linked Gilt	6,385,227	9.45 %	4,902,149	9.44 %

BRIDON GROUP (2013) PENSION SCHEME

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014

10. INVESTMENT MANAGEMENT EXPENSES

	<i>As restated</i>	
	For the year ended 31 December 2014 £	5 months ended 31 December 2013 £
Administration, management & custody	91,836	81,489
Investment consultancy fees	93,369	77,820
Investment fee rebate	(60,762)	(20,117)
	124,443	139,192
	124,443	139,192

Investment consultancy fees are disclosed within investment expenses, in last year's account they were disclosed within administrative expenses.

11. CURRENT ASSETS AND LIABILITIES

	31 December 2014 £	31 December 2013 £
Current assets		
Employer contributions due	125,833	125,833
Prepayments	31,546	9,307
Sundry debtors	1,450	-
Accrued investment manager fee rebate	1,305	1,169
Cash balances	7,351,885	771,038
	7,512,019	907,347
	7,512,019	907,347
Current liabilities		
Unpaid benefits	43,709	94,778
Accrued expenses	159,855	199,047
Due to Company	-	2,454
	203,564	296,279
	203,564	296,279
Current assets and liabilities	7,308,455	611,068

BRIDON GROUP (2013) PENSION SCHEME

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014

12. RELATED PARTY TRANSACTIONS

One of the Trustee Directors on page 1 is a member of the Scheme and like any other member he is thus eligible for benefits in accordance with the Scheme Rules.

Other than those items disclosed elsewhere in the accounts, there were no related party transactions. Trustee Director fees payable are disclosed in the administrative expenses note.

13. CONTINGENT LIABILITIES

In the opinion of the Trustee the Scheme had no contingent liabilities or contractual commitments as at 31 December 2014.

14. EMPLOYER RELATED INVESTMENTS

There were no employer related investments at any time during the year within the meaning of section 40(2) of the Pensions Act 1995.

BRIDON GROUP (2013) PENSION SCHEME

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS FOR THE YEAR ENDED 31 DECEMBER 2014

Independent Auditor's Statement about Contributions to the Trustee of Bridon Group (2013) Pension Scheme.

We have examined the Summary of Contributions to Bridon Group (2013) Pension Scheme for the Scheme period ended 31 December 2014 which is set out on page 25.

This statement is made solely to the Trustee, as a body, in accordance with regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body, for our work, for this statement, or the opinion we have formed.

Respective Responsibilities of Trustee and Auditor

As described more fully in the Statement of Trustee's Responsibilities, set out on page 13, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised the Schedule of Contributions showing the rates and due dates of contributions payable towards the Scheme by or on behalf of the Employers and the active members of the Scheme. The Scheme's 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 Employers in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions 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 attached Summary of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions. This includes 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

In our opinion contributions for the Scheme period ended 31 December 2014, as reported in the attached Summary of Contributions, have, in all material respects, been paid at least in accordance with the Schedules of Contributions signed on 29 August 2013.

Ernst & Young LLP
Statutory Auditor
Reading

Date:

BRIDON GROUP (2013) PENSION SCHEME

SUMMARY OF CONTRIBUTIONS FOR THE YEAR ENDED 31 DECEMBER 2014

Trustee's Summary of Contributions payable under the Schedules 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 and member contributions payable to the Scheme under the Schedules of Contributions in respect of the Scheme year ended 31 December 2014. The Scheme Auditor reports on contributions payable under the Schedules in the Auditor's Statement about Contributions.

During the year ended 31 December 2014, the contributions payable to the Scheme were as follows:

Contributions payable under the Schedule of Contributions	£
Employers Contributions - deficit funding	<u>1,509,996</u>
Total contributions payable under the Schedule of Contributions	<u><u>1,509,996</u></u>

Reconciliation of contributions

Reconciliation of contributions payable under the Schedule to Contributions reported in the accounts in respect of the Scheme year

Contributions payable under the Schedule (as above)	1,509,996
Contributions payable in addition to those due under the Schedule:	
Employers additional contributions	<u>6,700,000</u>
Total contributions payable to the Scheme	<u><u>8,209,996</u></u>

Signed on behalf of the Trustee:

Trustee Director:

Trustee Director:

Date:

BRIDON GROUP (2013) PENSION SCHEME

ACTUARIAL STATEMENTS

Actuarial certificate given for the purposes of Regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Bridon Group (2013) Pension 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 Trustees of the Scheme and set out in the statement of funding principles dated 13 January 2015.

Signature	ALKA SHAH	Date	14 January 2015
Name	Alka Shah	Qualification	Fellow of the Institute and Faculty of Actuaries
Address	Colmore Gate 2 Colmore Row Birmingham B3 2QD	Name of Employer	Aon Hewitt Limited

BRIDON GROUP (2013) PENSION SCHEME

ACTUARIAL STATEMENTS

THE BRIDON GROUP (2013) PENSION SCHEME ("THE SCHEME") SCHEDULE OF CONTRIBUTIONS FOR THE PERIOD 1 January 2015 to 31 December 2019

This schedule of contributions has been prepared by Bridon Scheme Trustees Limited ("the Trustees") to satisfy the requirements of Section 227 of the Pensions Act 2004, after obtaining the advice of Alka Shah, the Scheme Actuary and after obtaining the agreement of Bridon International Limited ("the Employer"). It covers contributions to the Scheme from all employers who participate in the Scheme from time to time.

1. Employer contributions (total for all employers)

In respect of the shortfall in funding, in accordance with the Recovery Plan dated 3 December 2014, the Participating Employer paid a lump sum of £6.7M on 12 November 2014 along with £1.9M per annum (payable monthly) for a period of 3 years from 1 January 2015 to 31 December 2017, reducing to nil thereafter.

The above contributions are to be paid to the Scheme on or before the 19th of the calendar month following that to which the payment relates.

Contributions in respect of the expenses of administering the Scheme (including the Pension Protection Fund Levy) are met directly by the Employer, with the Scheme reimbursing the Employer.

The Scheme is closed to future accrual and has no active members.

2. Augmentation payments

In respect of augmentations granted, the relevant employer will pay additional amounts to cover the costs of benefit augmentations within one month of the later of the date of granting the augmentation and the date on which the Trustees notify the relevant employer of the costs determined by the Scheme Actuary.

Signed on behalf of Bridon International Limited

Name: A. D. Caffyn, A. D. CAFFYN

Position: Director

Date: 13/01/2015

Signed on behalf of Bridon Scheme Trustees Limited

Name: M. C. Duncombe, M. C. DUNCOMBE

Position: Chairman of Trustees

Date: 03/12/2014

BRIDON GROUP (2013) PENSION SCHEME

ACTUARIAL STATEMENTS

ACTUARIAL CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS

Name of scheme: Bridon Group (2013) Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2013 to be met by the end of the period specified in the recovery plan dated 13 January 2015.

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 effective from 3 December 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 wound up.

Signature: Alka Shah

Date: 14 January 2015

Name: ALKA SHAH

Qualification: Fellow of the Institute and Faculty of Actuaries

Address: Colmore Gate
2 Colmore Row
Birmingham
B3 2QD

Name of employer: Aon Hewitt Limited

BRIDON GROUP (2013) PENSION SCHEME

ACTUARIAL STATEMENTS

Summary Funding Statement

As Trustee Directors, we look after the Scheme on behalf of its members. In particular, we are responsible for managing the Scheme's funding position. This involves comparing the value of the Scheme's assets with an estimate of the assets the Scheme needs to provide all pension and other benefits, based on agreed financial and other assumptions.

This funding statement, which is a legal requirement, is provided to help members understand the level of financial security of the Scheme. The funding statement will be updated and sent to members each year.

Understanding the level of financial security, and how this is measured, is important for members as it may affect the benefits you will receive. Scheme members have earned benefits, especially the right to receive a pension on retirement. The value required to provide all these earned benefits is known as the Scheme's liabilities.

Bridon International Limited ('the Company') pays contributions so that the Scheme can build up a fund to pay the pensions and other benefits to members. The Scheme's assets consist of the cash, shares, bonds and other investments it owns.

To measure the Scheme's financial security the Trustee compares the value of the Scheme's liabilities and assets. If the value of assets is lower than the liabilities, the Scheme has a 'shortfall'. If the value of assets is more than the liabilities, the Scheme has a 'surplus'.

It is important that individual members are clear that they do not have their own individual pension funds within the Scheme. Instead, the Scheme, like all defined benefit schemes, is set up as one common fund. The Scheme's accumulated assets are invested by the Trustee and used to pay pensions and other benefits.

What figures are included in the summary funding statement?

Every three years, the Scheme Actuary assesses the progress of the Scheme's funding arrangements in a process called an 'actuarial valuation'. The Trustee is also provided with regular valuation reports from the Actuary that give an estimate of the amount of assets that is needed today to meet the expected benefit payments. This estimate allows for future investment returns. Using this information, the amount of contributions needed to keep the Scheme assets on track (to meet the objective to pay pensions and other benefits) can be determined and monitored.

The funding statement includes the results of the first actuarial valuation of the Scheme, which was based on information about the Scheme at 31 December 2013. It also includes the results of the approximate actuarial update carried out as at 31 December 2014.

The next formal actuarial valuation of the Scheme will be carried out no later than 31 December 2016.

Behind the numbers

An actuarial valuation looks at the funding position on an 'ongoing basis' and a 'discontinuance basis'. Figures based on both of these measures are included in the funding statement.

The **ongoing basis** looks at the Scheme's funding assuming that the Scheme continues into the future. The Scheme Actuary helps the Trustee to agree a funding target (called the 'technical provisions') for the Scheme. This target is the estimated amount that the Scheme will need to pay for members' benefits earned up to the valuation date.

The plan to meet the funding target, through contributions from the Company and investment returns, assumes the Company will continue in business and be able to make the necessary contributions to the Scheme.

BRIDON GROUP (2013) PENSION SCHEME

ACTUARIAL STATEMENTS

The **discontinuance basis** (also known as the solvency basis) looks at whether there would have been enough assets to buy insurance policies to provide members' benefits if the Scheme came to an end at the valuation date. (This basis is shown because it is required by law. It does not mean that the Company is actually thinking of discontinuing the Scheme.)

The cost of providing all the benefits through buying insurance policies is higher than the cost of paying them gradually over future years, as insurance companies use tougher financial assumptions, especially regarding the investment returns the assets will make. Even if a scheme is fully funded on the ongoing basis, the discontinuance figure will almost certainly be less than 100%.

Figures based on the 31 December 2013 valuation

Ongoing basis

Scheme assets	£51.8 million
Scheme liabilities (estimated amount required to meet the funding target)	£64.2 million
Shortfall	£12.4 million
Funding level (Scheme assets divided by liabilities)	81%

Discontinuance basis

Scheme assets	£51.8 million
Scheme liabilities (amount required to pay benefits through buying insurance policies)	£97.9 million
Shortfall	£46.1 million
Funding level (Scheme assets divided by liabilities)	53%

Figures based on the 31 December 2014 approximate funding update

Ongoing basis	
Scheme assets	£67.4 million
Scheme liabilities (estimated amount required to meet the funding target)	£80.6 million
Shortfall	£13.2 million
Funding level (Scheme assets divided by liabilities)	84%

The FKI Group Pension Scheme was restructured with effect from 1 July 2013 to align with the individual businesses and the Bridon Group (2013) Pension Scheme was created. The estimated share of the deficit in respect of the Scheme members in the FKI Group Pension Scheme was £17.4 million at 31 December 2011, the date of the last actuarial valuation of the FKI Group Pension Scheme. This has become a deficit of £12.4 million as at the 31 December 2013 valuation.

The Scheme's funding level on the ongoing valuation basis improved slightly over the year to 31 December 2014 increasing to 84%, mainly because of deficit contributions paid over the period and the £6.7 million due to the sale of Bridon and positive investment performance. This has been partly offset by the increase in the value placed on the liabilities because of a significant fall in gilt yields at all terms.

BRIDON GROUP (2013) PENSION SCHEME

ACTUARIAL STATEMENTS

How much money is paid into the Scheme each year?

The Scheme was created following a de-merger of the FKI Group Pension Scheme. Around 8% of assets and liabilities on a technical provisions basis were transferred from the FKI Group Pension Scheme into the Scheme.

As this is the first actuarial valuation of the Scheme there was no Recovery Plan in place. However, the interim Schedule of contributions put in place in August 2013 stated that the Company will pay deficit reduction contributions of £1.51 million per annum from 1 September 2013 until 30 June 2021, together with £0.252 million in August 2013.

In November 2014 the Company was sold to the Ontario Teachers' Pension Plan. As part of the negotiation process the Trustees signed a Memorandum of Understanding with the Company in which it was agreed that the Company would make the following contributions to the Scheme:

- A one-off contribution of £6.7 million on completion of the sale of the Company. This was received on 12 November 2014, then
- £1.9 million per annum from 1 January 2015 until the Scheme is fully funded on the technical provisions basis.

Following the 31 December 2013 valuation the Trustee and the Company have agreed a recovery plan that is designed to restore the funding level to 100% by 31 December 2017. The Company continues to make contributions to the Scheme in order to reduce the £12.4 million shortfall as of 31 December 2013. The Company contributions will be:

- £1.51 million per annum from the valuation date until 31 December 2014, then
- £1.9 million per annum from 1 January 2015 until 31 December 2017.

The Trustee closely monitors the performance of the Company and receives updates on its performance at each quarterly Trustee meeting.

Is my pension guaranteed?

The Trustees aims for the Scheme are to have enough money in the Scheme to pay pensions now and in the future. However, this plan relies on the employer carrying on in business and continuing to support the Scheme because:

- the funding level can fluctuate, and when there is a funding shortfall, the employer will usually need to put in more money; and
- the target funding level may turn out not to be enough so that the employer will need to put in more money.

What would happen if the Scheme started to wind up?

If the Scheme winds up because the employer becomes insolvent you may not receive the full amount of pension you have earned, even if the Scheme is fully funded against its target funding level. However, whilst the Scheme remains ongoing, even though funding may fall below target, pensions will continue to be paid in full.

Why does the Trustees funding plan not call for full solvency at all times?

The full solvency position assumes that members' benefits will be secured by buying insurance policies. When estimating the cost to provide benefits, insurers are required to take a very cautious view of the future, include a profit margin and make an allowance for their expenses. By contrast, the funding plan assumes that the Company will continue to financially support the Scheme and it includes less cautious assumptions about the future than those typically used by insurers.

BRIDON GROUP (2013) PENSION SCHEME

ACTUARIAL STATEMENTS

Pension Protection Fund (PPF)

In the event of a wind up, it may be that the Company is unable to pay the full amount required by an insurance company to secure the liabilities. If the Company became insolvent, the Pension Protection Fund (PPF) may be able to take over the Scheme and pay compensation to members. The PPF has been set up by the Government to help protect members' pensions where a company becomes insolvent. It does not, however, guarantee to pay full benefits. Further information and guidance is available on the PPF website at: www.pensionprotectionfund.org.uk. Alternatively, you can write to the PPF at Knollys House, 17 Addiscombe Road, Croydon, Surrey, CR0 6SR.

Have there been any payments to Bridon International Limited?

The Trustee is legally required to include details of any payments made to the Company in the funding statement.

The Scheme's assets are kept separate from the Company and are managed by the Trustee. There have been no payments to the Company from the Scheme in the last twelve months, except to reimburse the Company for Scheme expenses it has paid directly. The Trustee would not expect to make any other payments to the Company and there are rules restricting the circumstances in which this can happen.

BRIDON GROUP (2013) PENSION SCHEME

COMPLIANCE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

HMRC registration

The Scheme is a registered pension scheme in accordance with The Finance Act 2004. This means that the contributions paid by both the Company and the members qualify for full tax relief, and enables income earned from investments by the Trustee to receive preferential tax treatment.

Other information

(i) Pension Tracing

The Scheme is registered with the Pension Tracing Service which maintains a list of up to date addresses of schemes to assist ex-members trace their rights if they have lost contact with the previous employers' scheme. The address for the Pension Tracing Service is:

The Pension Tracing Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

0845 600 2537
<https://www.gov.uk/find-lost-pension>

(ii) Resolving difficulties/Internal Dispute Resolution

It is expected that most queries relating to benefits can be resolved with the Scheme's administration office. In the event that a complaint cannot be resolved members can make a formal complaint using the Scheme's Internal Dispute Resolution (IDR) procedure details of which can be obtained from the Trustee office.

The Pensions Advisory Service (TPAS) can assist members in taking their complaint through the IDR procedure. TPAS is an independent organisation which can help members of the public deal with pension problems. The name and address of the local TPAS adviser can be obtained from any local Citizens Advice Bureau or from:

The Pensions Advisory Service Limited
11 Belgrave Road
London
SW1V 1RB

If the complaint is not resolved satisfactorily, the Government appointed Pensions Ombudsman can investigate complaints of injustice by bad administration either by the Trustee or the Scheme Administrators, or disputes of fact of law. The Pensions Ombudsman can be contacted at:

The Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB

BRIDON GROUP (2013) PENSION SCHEME

COMPLIANCE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

(iii) **The Pensions Regulator**

The Pensions Regulator (TPR) is the UK regulator of work-based pension schemes.

TPR's role is to act to protect the interest of pension scheme members and to enforce the law as it applied to occupational pensions.

The regulations set out clearly the areas that TPR covers and the powers that are vested in it. For example, TPR can prohibit or disqualify Trustees for acting unlawfully, and can impose fines on wrongdoers.

TPR can be contacted at:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

0870 600 0707
customersupport@tpr.gov.uk

(iv) **The Pension Protection Fund**

The Pension Protection Fund was established to provide compensation to members of eligible defined benefit pension schemes, when there is a qualifying insolvency event in relation to the Employer and where there are insufficient assets in the pension scheme to cover Pension Protection Fund levels of compensation.

The Pension Protection Fund is a statutory fund run by the Board of the Pension Protection Fund, a statutory corporation established under the provisions of the Pensions Act 2004. The Pension Protection Fund became operational on 6 April 2005.

(v) **Scheme information**

The Trust Deed and Rules, the Scheme details and a copy of the payment schedule and Statement of Investment Principles are available for inspection, free of charge, by contacting the Trustee at the address shown for enquiries in this report.

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