Registered number: 12007216

BRIDON GROUP (2013) PENSION SCHEME

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

Risk. Reinsurance. Human Resources.

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CONTENTS

TRUSTEE AND ITS ADVISERS
YEAR ENDED 31 DECEMBER 2017

Trustee	Bridon Scheme Trustees Limited
Company appointed Directors	J Hendley P Higginbottom – resigned on 28 September 2017 W O'Brien – appointed on 28 September 2017 and resigned on 26 January 2018 H Taylor – Toone – appointed on 28 February 2018
Member Nominated Directors	G Dallard K Mallin – deceased 01 January 2018 G Peters
Independent Directors	M C Duncombe E Rutter
Sponsoring Employer	Bridon International Limited
Secretary to the Trustee	I Emery Aon Hewitt Limited Colmore Gate 2 Colmore Row Birmingham B3 2QD
Actuary	A Shah Aon Hewitt Limited
Administrator	Aon Hewitt Limited
Independent Auditor	Ernst & Young LLP
Banker	Bank of Scotland
Investment Adviser	Aon Hewitt Limited
Investment Managers	GAM International Management Limited Invesco Fund Management Limited - removed 21 June 2017 Legal & General Assurance (Pensions Management) Limited Majedie Asset Management Limited Morgan Stanley Investment Funds M&G Investment Management Limited
AVC Providers	The Equitable Life Assurance Society Friends Provident Life and Pensions Limited
Legal Advisers	Squire Patton Boggs
Contact address	Bridon Group (2013) Pension Scheme Aon Hewitt Limited Colmore Gate 2 Colmore Row Birmingham B3 2QD bridonpensions@aonhewitt.com

TRUSTEE REPORT
YEAR ENDED 31 DECEMBER 2017

Introduction

The Trustee of Bridon Group (2013) Pension Scheme (the 'Scheme') is pleased to present the annual report together with the audited financial statements for the year ended 31 December 2017.

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. The Scheme is closed to new entrants.

Having satisfied all regulatory requirements, the merger of Bridon with the global ropes and advanced cord business of Bekaert, was completed on 29 June 2016. Under the agreement, the owners of Bridon, Ontario Teachers', hold 33% of the joint venture, with Bekaert holding 67%.

Having taken appropriate legal, covenant and actuarial advice, the Trustee was satisfied that the strength of the employer covenant, that is the Company's ability and willingness to providing ongoing support to the Scheme, was not weakened as a result of the merger.

Scheme constitution and management

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 Trustee Directors are shown on page 1.

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.

A Trustee Director can choose to retire from office at any time. Member Nominated Trustee Directors can only be removed with the agreement of all other Trustee Directors. Sadly K Mallin passed away post year end.

The Trustee Directors have appointed professional advisers and other organisations to support them in delivering the Scheme objectives. These individuals and organisations are listed on page 1. The Trustee Directors have written agreements in place with each of them.

Trustee meetings

The Trustee Board met formally 4 times during the year to consider the business of the Scheme.

	15 March	28 June	27 September	14 December
G Dallard	Y	Y	Y	Y
M Duncombe	Y	Y	Y	Y
J Hendley	N	Y	Y	N
P Higginbottom	Y	N	Y	N/A
K Mallin	Y	Y	N	N
W O'Brien	N/A	N/A	Y	N
G Peters	Y	Y	Y	Y
E Rutter	Y	Y	Y	Y

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YEAR ENDED 31 DECEMBER 2017

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.

Scheme changes

The 31 December 2016 actuarial valuation was concluded on 20 December 2017. The Scheme's funding level on the ongoing valuation basis has improved since the 31 December 2013 valuation. It has increased from 81% to 93%. In accordance with the Schedule of Contribution dated 20 December 2017, the Trustees and Company have agreed to additional contributions to reduce the shortfall. The funding shortfall will be eliminated in 4 years 8 months from the valuation date, which is by 31 August 2021.

There were no other changes to the Scheme in the year.

Review of the financial developments during the year as shown by the audited financial statements

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

Significant events affecting the financial position of the Scheme during the year include:

- Disinvestment of £8,851,226.87 Invesco fund reallocated to Legal & General Assurance (Pensions Management) Limited

Membership

Details of the membership changes of the Scheme in the year are as follows:

	Active 2017	Deferred 2017	Pensioners 2017	Total 2017
Members at the start of the year	-	284	76	360
Adjustments to members	-	(1)	2	1
New spouse or dependant	-	-	1	1
Retirements	-	(12)	12	-
Deaths	-	-	(1)	(1)
Transfer out	-	(8)	-	(8)
Total members at the end of the year	-	263	90	353

Pensioners include 7 individuals receiving a pension upon the death of their spouse who was a member of the Scheme. Pensioners also include no dependants in receipt of a pension.

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

The adjustments shown above are the result of retrospective updating of member records.

TRUSTEE REPORT
YEAR ENDED 31 DECEMBER 2017

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 1.2% and 3.0%. 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 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.

Transfer values

Members leaving service can normally transfer the value of their benefits under the Scheme to another Scheme that they join or to an insurance contract or personal pension.

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 accounted for in the calculation of transfer values.

TRUSTEE REPORT
YEAR ENDED 31 DECEMBER 2017

Report on Actuarial liabilities

As required by Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustees and the Employer and set out in the Statement of Funding Principles, which is available to the Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 31 December 2016.
This showed that on that date:

The value of the Technical Provisions was: £88.1 million

The value of the assets at that date was: £82.3 million

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Discount interest rate: term dependent rates set by reference to the UK government fixed interest gilt curve at the valuation date plus an addition of 0.5% per annum.

Future Retail Price inflation (RPI): term dependent rates derived from the market yields on fixed interest and index-linked gilts at the valuation date.

Future Consumer Price inflation (CPI): term dependent rates derived from the market yields on fixed interest and index-linked gilts at the valuation date with a deduction equal to Aon Hewitt's prevailing best estimate of the difference between RPI and CPI inflation. As at 31 December 2016 this difference was 1.1% p.a.

Pension increases: derived from the RPI or CPI price inflation as appropriate, allowing for the maximum and minimum annual increases, and for inflation to vary from year to year.

Mortality: for the period in retirement 100% of SAPS S2 Heavy tables with an allowance for improvements in mortality in line with the CMI 2016 Proposed 2015 improvement factors, subject to a long term rate of improvement of 1.5% p.a.

TRUSTEE REPORT
YEAR ENDED 31 DECEMBER 2017

Management and custody of investments

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

The Trustee has delegated management of investments to the investment managers shown on page 1. These managers, who are regulated by the Financial Conduct Authority in the United Kingdom, manage the investments in line with the investment managers agreements which are designed to ensure that the objectives and policies captured in the SIP are followed.

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

The investment managers are paid fees for their services. The fees are calculated as a percentage of the market value of the part of the Scheme that they manage.

Investment report

Investment performance

Performance of the Scheme's investments to 31 December 2017 are summarised as follows:

1 year %	9.8
3 year % p.a.	14.3
5 year % p.a.	-

The Scheme was established during 2013 so the investment performance for five full years is not available yet.

Investment Policy and Objectives

The Trustee aims to invest the assets of the Scheme prudently with the aim of ensuring that the benefits promised to members are provided. In setting investment strategy, the Trustee first considers the lowest risk 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 while maintaining a prudent approach to meeting the Scheme's liabilities.

The current planned asset allocation strategy chosen to meet the objective above is set out in the table below. The Trustee will monitor the actual asset allocation versus the target weight in the table below on an ongoing basis.

Current planned asset allocation strategy

Growth assets	Target weighting (%)	Benchmark Index	Ranges (%)
Equities	***35.0***		30-40
Majedie		FTSE All Share	
Morgan Stanley - Global		MSCI World NDR (USD)	
LGIM - Global		FTSE All-World Index - GBP hedged	

TRUSTEE REPORT
YEAR ENDED 31 DECEMBER 2017

Growth assets	Target weighting (%)	Benchmark Index	Ranges (%)
Alternatives	***25.0***		20-30
Absolute Return Bonds (GAM)	12.5	3 Months LIBOR	
Multi-Asset Credit (M&G)	12.5	1 Month LIBOR	

Matching assets	Target weighting (%)	Benchmark Index	Ranges (%)
Liability Driven Investment (LDI) Funds	***40.0***		35-45
Legal & General Investment Management ("LGIM")	40.0	See below	

Total	**100.0**		

Custody of assets

There were no custodians directly engaged by the Trustee during the year. Separate custody arrangements are in place with each of the Scheme's investment managers.

Investment principles

The Trustee has produced a Statement of Investment Principles ("the Statement") 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 Scheme Administrator.

TRUSTEE REPORT
YEAR ENDED 31 DECEMBER 2017

Market Background: 12 Months to December 2017

UK Equities

UK equities posted a return of 13.1% over 2017, helped by its exposure to the strong performance of the materials sector. However, the UK’s difficult political situation and lowered official growth forecasts dragged down investor sentiment towards the UK market. At the same time, sterling appreciation detracted from returns due to the UK stock exchange's large exposure to companies that earn overseas revenue.

Overseas Equities

The US equity market rally held firm throughout 2017. Solid sets of corporate earnings reports, better economic data after a disappointing start to the year, and expectations for tax reform helped to sustain momentum in the market. US equities posted a return of 22.1% in local currency terms but sterling appreciation led to a lower return of 11.5% in sterling terms. Despite a series of disappointing inflation releases, the Fed continued hiking interest rates throughout the year.

European equities returned 15.2% in local currency terms but euro strength brought the sterling return up to 17.5%. The dominant headwind of political risk in European elections which initially dampened investor enthusiasm for the region receded over the year. Dutch and French elections saw far-right political parties defeated which quelled investor fears of a populist wave across the region. Economic recovery continued over the year with encouraging economic data releases and positive sentiment indicators. Loose monetary policy supported European equities further. However, comments from the ECB hinting at monetary policy normalisation have raised expectations of QE tapering in the Eurozone at some point in the future.

After rather episodic performance in recent times, Japan returned 21.0% in local currency terms. Signs of economic recovery and corporate earnings over the year supported the market. A positive result in the snap Japanese election and investor expectations of a continuation in easy monetary policy, against the low inflation backdrop, resulted in strong performance towards the end to the year. However, yen weakness, combined with sterling strength, significantly detracted from Japanese equity returns in sterling terms (14.4%).

Emerging markets performed very strongly over the year as improving macroeconomic fundamentals alongside high levels of capital inflows bolstered returns in the region. A rise in commodity prices and a steady China also helped the region to be best performing in both local and sterling terms. Emerging markets returned 31.0% in local currency terms but sterling strength led to a slightly lower return of 25.8%.

Currencies and Interest Rates

Sterling proved to be resilient despite a weakened UK government and ongoing Brexit uncertainty. The failure by the Conservative party to secure a majority in the June election caused mid-year sterling weakness. However, key policymakers at the Bank of England hinted in September at an increase in the bank base rate which boosted the pound. Sterling was particularly strong against the US dollar as doubts over the US Federal Reserve’s tightening cycle crept in and the US benefitted less from global economic momentum. The US dollar was down 7.7% on a trade-weighted basis and 9.5% against sterling over the year.

Meanwhile, sterling depreciated against the euro as perceived economic and monetary divergences with other regions reduced and Eurozone political uncertainty shrunk. On a trade-weighted basis, the euro rose by 7.5% and the currency appreciated 3.8% against sterling.

The yen remained weak as interest rate differentials versus the dollar and pound widened over the year. Meanwhile, sterling ended the 12 month period up 0.9% on a trade-weighted basis, largely unchanged as euro strength offset US dollar weakness.

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YEAR ENDED 31 DECEMBER 2017

The Federal Funds rate target was raised by 25bps three times over the year 2017 from 0.50-0.75% to 1.25-1.50%. Furthermore, the Fed announced an initiative to reduce of its multi-trillion dollar balance sheet, which began in October 2017.

In October 2017, the European Central Bank announced further extensions to its quantitative easing programme, from January to September 2018 whilst reducing monthly bond purchases from €60bn to €30bn as inflation remained low. The Bank of Japan maintained its aggressive quantitative easing programme and yield curve constraints in a bid to control longer bond yield levels relative to shorter interest rates. Divergence grew wider with other major central banks that indicated move towards normalising monetary policy. Bouts of risk aversion in global markets amid heightened geopolitical tensions led to safe-haven flows into Japan at points in the year which propped up the yen. However, the divergence in interest rate paths with other developed economies and a strong euro led to a 1.2% yen depreciation (on a trade-weighted basis) over the 12 month period and by 5.7% against sterling.

Gilt Returns

UK fixed gilts returned 1.8% while index-linked gilts posted a slightly more positive return of 2.3% over the last twelve months. The prospect of an increase in the BoE base rate pushed yields up in September. However, more dovish[1] remarks by the central bank after the rise saw yields decrease again at the end of the year as investors moderated their interest rate expectations.

Fixed interest yields moved down over the year, posting positive returns at medium and long maturities. A flattening of the fixed interest yield curve led to negative returns at short maturities. Long-dated fixed interest gilts consequently outperformed short and medium-term maturities. Index-linked gilts underperformed fixed gilts at medium and long-term maturities. Short maturity index-linked bonds posted a positive return.

Breakeven inflation, the difference between nominal and real yields, inched higher at lower maturities supported by actual UK inflation releases and higher commodity prices over the year.

Fixed Interest and Index-Linked Yield Curves

Over the year, the fixed interest gilt yield curve flattened, causing a downwards shift in yields over longer maturities and upwards at the shorter end. The policy-sensitive two-year yield rose to 0.44%; ending the year 35 bps higher.

The index-linked gilt yield curve also flattened over the year. The near-term headwinds to the UK real economy continued to dampen upward movements in short-term real yields.

UK Investment Grade Credit

UK iBoxx non-gilt credit spreads (the difference between the yields on non-government bonds and equivalent maturity government bonds) narrowed by 16bps to 114bps over the 12 month period. Spreads have contracted steadily over the year due to BoE intervention in the corporate bond market in the first part of the year, combined with a benign credit backdrop. UK non-gilts returned 4.3%, outperforming fixed interest gilts.

Spreads narrowed most dramatically in the second quarter of 2017 due to improving investor sentiment after encouraging economic data releases, both in the UK and globally. Credit spreads traded in very tight ranges in all subsequent periods, with spreads reaching a minimum of 111bps in early November. Lower quality corporate bonds outperformed with BBB-rated credit spreads narrowing the most (falling by 61 bps) whilst AAA-rated spreads were 8bps lower.

Employer related investments

The investments of the Scheme are invested in accordance with Section 40 of the Pensions Act 1995. Details of any employer related investments are disclosed in note 19 to the financial statements.

TRUSTEE REPORT
YEAR ENDED 31 DECEMBER 2017

Further information

Further information about the Scheme is available, on request, to members and prospective 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.

Individual benefit statements are provided to active members annually. In addition to the information shown on these statements members can request details of the amount of their current transfer value and, if applicable, the current amount of any refund of contributions to which they would be entitled on leaving service. Such requests are available free of charge once a year.

If members have any queries concerning the Scheme's 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's booklet should they require one and answer any queries that they may have about entitlement to benefits.

The Trustee of Bridon Group (2013) Pension Scheme care of:

Aon Hewitt Limited
Colmore Gate
2 Colmore Row
Birmingham
B3 2QD
bridonpensions@aonhewitt.com

The Data Protection Act seeks to protect and respect the individuals 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 its 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.

The Trustee, the Company and the Scheme's advisers each have a 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, as mentioned above.

The Trustee and the Company are regarded as "Data Controllers", for the purposes of the Data Protection Act 1998, in relation to the process referred to above. The advisers appointed by the Trustee are "Data Processors".

TRUSTEE REPORT
YEAR ENDED 31 DECEMBER 2017

Compliance Statement

HM Revenue & Customs 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

Pension Tracing

The Scheme is registered with the Pension Tracing Service which maintains a list of up to date addresses of Scheme 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

0345 6002 537
https://www.gov.uk/find-pension-contact-details

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's Administrators, or disputes of fact of law. The Pensions Ombudsman can be contacted at:

The Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB

STATEMENT OF TRUSTEE'S RESPONSIBILITIES
YEAR ENDED 31 DECEMBER 2017

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the trustee. Pension scheme regulations require, and the trustee is responsible for ensuring, that those financial statements:

- 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 its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and

- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report. 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 it 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.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme 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.

Further information

Requests for additional information about the Scheme generally, or queries relating to members' own benefits, should be made to the contact address shown on page 1.

Signed for and on behalf of the Trustee:

Trustee Director:

Trustee Director:

Date:

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE
YEAR ENDED 31 DECEMBER 2017

We have audited the financial statements of the Bridon Group (2013) Pension Scheme for the year ended 31 December 2017 which comprises the Fund Account, the Statement of Net Assets and the related notes 1 to 21, including a summary of significant accounting policies. 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), including FRS102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2017, 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 including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; and
- contain the information specified in regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

This report is made solely to the Scheme's trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme's trustees those matters we are required to state to them 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's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Scheme's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE
YEAR ENDED 31 DECEMBER 2017

Other information

The other information comprises the information included in the annual report set out on pages 1 to 12, including the Trustee and its advisers page, the Trustee Report and the Statement of Trustee's Responsibilities set on pages 1, 2 and 12, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out on page 12, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements the trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to wind up the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Ernst & Young LLP
Statutory Auditor
Reading

Date:

FUND ACCOUNT
YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Employer contributions	3	1,900,000	1,900,000
Other income	4	-	180
		1,900,000	1,900,180
Benefits payable	5	(1,139,692)	(1,015,110)
Individual transfers out	6	(1,512,879)	(1,290,139)
Administrative expenses	7	(522,725)	(491,342)
		(3,175,296)	(2,796,591)
Net withdrawals from dealing with members		**(1,275,296)**	(896,411)
Returns on investments			
Investment income	8	170,646	123,314
Change in market value of investments	9	7,021,409	15,890,295
Investment management expenses	10	(137,268)	(103,505)
Net return on investments		**7,054,787**	15,910,104
Net increase in the Scheme during the year		5,779,491	15,013,693
Net assets of the Scheme at 1 January		82,474,205	67,460,512
Net assets of the Scheme at 31 December		**88,253,696**	82,474,205

The notes on pages 17 to 27 form part of these financial statements.

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Investment assets			
Pooled investment vehicles	12	87,569,760	81,639,609
AVC investments	13	130,679	138,698
		87,700,439	81,778,307
Investment liabilities		-	-
Total net investments		**87,700,439**	81,778,307
Current assets	17	775,493	840,601
Current liabilities	18	(222,236)	(144,703)
Net assets available for benefits at 31 December		**88,253,696**	**82,474,205**

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

The notes on pages 17 to 27 form an integral part of these financial statements.

These financial statements were approved by the Trustee and were signed on its behalf by:

Trustee Director:

Trustee Director:

Date:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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, Financial Reporting Standard 102 (FRS 102) – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidelines set out in the Statement of Recommended Practice (SORP) (2015) - Financial Reports of Pension Schemes.

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.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. The policies have been consistently applied unless otherwise stated.

Functional and Presentation Currency

The Scheme's functional and presentational currency is pounds sterling (GBP).

Assets and liabilities in other currencies are converted to sterling at the rates of exchange ruling at the year end. Transactions in other currencies are translated into sterling at the spot exchange rate at the date of the transaction.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

2.1 Contributions

Normal and additional voluntary contributions, both from employees and employers, are accounted for on an accruals basis in the period to which they relate.

Employers' augmentation contributions are accounted for in accordance with the agreement under which they are paid, or in the absence of such an agreement, when received.

Employers' deficit funding is accounted for in the year in which it falls due in line with the Schedules of Contributions.

Employers Section 75 debt contributions are accounted for when a reasonable estimate of the amounts due can be determined.

2.2 Transfers from and to 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 transfers are accounted for in accordance with the terms of the transfer agreement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2.3 Benefits

Pensions in payment are accounted for in the period to which they relate.

Benefits to members are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type and amount of the benefit to be taken. If there is no member choice, benefits are accounted for on the date of leaving.

Refunds and opt-outs are accounted for when the Trustee are notified of the member's decision to leave the Scheme.

2.4 Administrative and investment manager expenses

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

2.5 Investment income

Income from equities and any pooled investment vehicle which distributes income is accounted for on an accruals basis on the date stock is declared ex dividend.

Income from bonds is accounted for on an accruals basis and includes income bought and sold on purchases and sales of bonds.

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

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

2.6 Valuation and classification of investments

Listed investments are valued at closing prices on the recognised stock exchange as at the year end, which are either the last quoted trade price or bid price depending on the market on which they are quoted. Where appropriate, bid values listed in overseas currencies are translated into sterling at the rates of exchange ruling at the year end.

Pooled investment vehicles are stated at bid price or single price where there is no bid/offer spread as provided by the investment managers at the year end.

Change in market value

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 and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.

Transaction costs

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Other investment management expenses are accounted for on an accruals basis and shown separately within investment returns.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. Contributions

	2017	2016
	£	£
Employer		
Deficit funding	**1,900,000**	1,900,000

In respect of the shortfall in funding, in accordance with the Recovery Plan dated 20 December 2017, the Employer will pay contributions over a 4 year 8 month period (the deficit recovery period) starting from 1 January 2017 and ending on 31 August 2021, as follows:

- £158,333.33 per month from 1 January 2017 to 31 December 2017 (12 months);
- Nil from 1 January 2018 to 31 December 2018 (12 months); and
- £62,500 per month from 1 January 2019 to 31 August 2021 (2 years 8 months).

4. Other income

	2017	2016
	£	£
	-	180

5. Benefits

	2017	2016
	£	£
Pensions	665,302	526,557
Commutations of pensions and lump sum retirement benefits	455,804	477,512
Lump sum death benefits	18,586	11,041
	1,139,692	1,015,110

6. Transfers out

	2017	2016
	£	£
Individual transfers out to other schemes	**1,512,879**	1,290,139

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

7. Administrative expenses

	2017 £	2016 £
Administration and processing	57,345	52,337
Actuarial fees	168,736	115,363
Audit fees	8,000	9,900
Legal fees	26,677	17,762
Scheme levies	153,422	147,749
Trustee fees and expenses	26,654	32,029
Sundry expenses	81,484	115,759
Bank charges	407	443
	522,725	491,342

The administration and management of the Scheme is provided by the Principal Employer. These costs are charged to the Scheme.

8. Investment income

	2017 £	2016 £
Income from pooled investment vehicles	170,586	122,561
Interest on cash deposits	60	334
Other investment income	-	419
	170,646	123,314

9. Investments

	Opening value at 1 Jan 2017 £	Purchases at cost and derivative payments £	Sales Proceeds and derivative receipts £	Change in market value £	Closing value at 31 Dec 2017 £
Pooled investment vehicles	81,639,609	13,567,021	(14,661,119)	7,024,249	87,569,760
AVCs	138,698	-	(5,179)	(2,840)	130,679
	81,778,307	**13,567,021**	**(14,666,298)**	**7,021,409**	**87,700,439**
Total net investments	**81,778,307**				**87,700,439**

Included in the purchases and sales figures above are £2,775,068 in relation to members switching their holdings.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

10. Investment management expenses

	2017 £	2016 £
Administration and management fees	124,499	109,944
Management fee rebates	(97,596)	(103,903)
Consultancy fees	110,365	97,464
	137,268	103,505

11. Transaction Costs

Transaction costs are included in the cost of purchases and deducted from sale proceeds in the reconciliation in note 12. Transaction costs include costs charged to the Scheme such as fees, commissions and stamp duty.

In addition to the direct transaction costs above, indirect costs are incurred through the bid-offer spread on pooled investment vehicles. It is not possible for the Trustee to quantify these indirect costs.

12. Pooled investment vehicles

	2017 £	2016 £
Bond funds	57,900,143	47,609,185
Cash & liquidity funds	426	36,164
Equity funds	29,669,191	33,994,260
	87,569,760	81,639,609

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

13. AVC Investments

	2017 £	2016 £
Equitable Life	35,897	39,933
Friends Life	94,782	98,765
	130,679	138,698

The Trustee holds assets which are separately invested from the main Scheme to secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement made up to 31 December each year confirming the amounts held to their account and movements during the year.

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

In Scheme AVCs

AVCs are invested together with the main assets of the Scheme as at the year end these AVCs were valued at £130,679 (2016: £138,698).

14. Fair value of investments

As permitted by FRS102 the Scheme has adopted early the amended fair value hierarchy. FRS102 requires for each class of financial instrument an analysis of the level in the following fair value hierarchy into which the fair value measurements are categorised. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Level 1: The unadjusted quoted price in an active market for an identical asset or liability that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability either directly or indirectly;

Level 3: Inputs are unobservable (i.e. for which market data in unavailable) for the asset or liability.

Category				**2017**
	Level 1	**Level 2**	**Level 3**	**Total**
Investment assets	**£**	**£**	**£**	**£**
Pooled investment vehicles	28,684,814	58,884,946	-	87,569,760
AVC investments	-	-	130,679	130,679
	28,684,814	58,884,946	130,679	87,700,439

Category				**2016**
	Level 1	**Level 2**	**Level 3**	**Total**
Investment assets	**£**	**£**	**£**	**£**
Pooled investment vehicles	33,822,216	47,817,393	-	81,639,609
AVC investments	-	-	138,698	138,698
	33,822,216	47,817,393	130,698	81,778,307

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

15. Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

- **Credit risk:** This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

- **Market risk**: This is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables.

The maximum risk resulting from financial instruments, except for written options and securities sold short, equals their value.

Market risk comprises currency risk, interest rate risk and other price risk:

Currency risk: This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.

Interest rate risk: This is the risk that the fair value or future cash flows of a financial asset – primarily bonds, interest rate swaps and pooled investment vehicles held mainly in bonds – will fluctuate because of changes in market interest rates.

Other price risk: This is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk – primarily equity prices), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Scheme has exposure to these risks because of the investments it makes in following the investment strategy described in this Report.

Risk management structure

The Trustee is responsible for identifying and managing risks, including risks arising from the investment activities.

The Trustee has appointed Investment Managers to manage the investments of the Scheme under agreed mandates. These mandates set out target allocations, benchmarks and risk tolerance levels consistent with the Statement of Investment Principles.

The Trustee reviews the performance of each investment manager against the agreed performance objectives.

Risk measurement and reporting

The Trustee monitors the Scheme's risks periodically with appropriate reference to:

- The expected loss likely to arise in normal circumstances; and
- Unexpected losses that are an estimate of the ultimate actual loss based on statistical models.

The Trustee measures risks both qualitatively and quantitatively.

The Trustee monitors and measures the overall risk in relation to the aggregate risk exposure across all risk types and activities, including employer covenant and funding risks.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

15. Investment risks (continued)

Risk mitigation

The Scheme has investment guidelines that set out its overall investment strategy and its general approach to risk management, as set out in the Statement of Investment Principles.

The Trustee has appointed an investment advisor to assist them in determining and implementing the investment strategy for the Scheme.

The Trustee acknowledges that the Investment Managers use derivatives and other instruments for trading purposes and in connection with their risk management activities.

Credit risk

The Scheme's LDI portfolio includes pooled funds managed by LGIM. The Scheme is therefore indirectly exposed to credit risk through the underlying derivative contracts held within the pooled investment vehicles.

There is no direct link between the Scheme and the counterparties LGIM trades with on behalf of the Scheme. The Scheme is therefore not exposed to direct counterparty risk through the LDI portfolio.

The Scheme is also exposed to credit risk through its investments with M&G and GAM.

The Trustee mitigates these risks as follows:

- Monitoring that GAM and M&G invest only in regulated markets.
- Regularly reviewing the managers' investment performance.
- Direct credit risk in the units held in the pooled LDI portfolio is mitigated by the underlying assets being held in trust and separate from the assets of LGIM.

Credit quality of financial assets

As at 31 December the Scheme's portfolio of financial assets subject to credit risk was:

	31 December 2017 Market value (£)	31 December 2016 Market value (£)
Unrated		
LGIM – Pooled LDI investment vehicles	39,858,698	39,123,680
GAM – Absolute Return Bonds	9,033,088	8,485,504
M&G – Multi Asset Credit	9,008,792	8,657,549
Total	**57,900,568**	**56,266,733**

Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets, via pooled global equity funds managed by Morgan Stanley Investment Funds and Legal & General Investment Limited, and pooled alternative credit funds managed by M&G Investment Management Limited and GAM International Management Limited. The Morgan Stanley share class is hedged from US Dollars to Sterling. The LGIM allocation is to a share class that is hedged back to Sterling. Both M&G and GAM employ hedging as part of their risk management processing.

The Scheme also invests in a pooled UK equity fund managed by Majedie Asset Management Limited. While the mandate for the fund is to invest in UK equities, the fund also has limited discretion to invest in overseas markets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

15. Investment risks (continued)

The Scheme's total investments in pooled equity and alternative credit funds as at 31 December was:

Total investments in pooled equity and alternative credit funds

	31 December 2017 (£)	31 December 2016 (£)
Invesco – UK equities	-	8,197,485
Majedie – UK equities	9,817,812	9,362,403
Morgan Stanley – Overseas equities	9,833,914	7,776,823
LGIM – All World equities	10,017,154	-
GAM – Absolute Return Bonds	9,033,088	8,485,504
M&G – Multi Asset Credit	9,008,792	8,657,549
Total	**47,711,070**	**42,479,764**

Interest rate risk

The Scheme is subject to interest rate risk on the LDI portfolio, comprising leveraged gilt and swap funds held through pooled investment vehicles.

The principal purpose of the LDI portfolio is to match movements in the value of the liabilities due to changes in interest rates. Under this strategy, if interest rates fall, the value of these investments will rise in a similar manner to the increase in the pension liabilities.

The Scheme is also subject to interest rate risk through its investments with M&G and GAM.

The Scheme's exposure to interest rates as at 31 December was:

	31 December 2017 Market value (£)	31 December 2016 Market value (£)
Direct		
GAM – Absolute Return Bonds	9,033,088	8,485,504
M&G – Multi Asset Credit	9,008,792	8,657,549
Indirect		
Pooled LDI funds	39,858,689	39,123,680
Total	**57,900,569**	**56,266,733**

LDI Collateral

The Scheme utilises pooled LDI funds managed by LGIM, who has entered into collateral arrangements in order to manage the risk of counterparty default. These arrangements require collateral in the form of cash or bonds to be pledged or deposited.

In order to rebalance the leverage within the funds, LGIM will potentially require collateral to be paid by the Scheme. The Trustee has agreed that LGIM can draw any collateral required from an allocation to global equity which the Trustee has set aside for this purpose and which is also managed by LGIM

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

15. Investment risks (continued)

Other price risk

Other price risk arises principally in relation to the Scheme's equity portfolio held in pooled vehicles.
The Scheme manages this exposure by constructing a diverse portfolio of investments across various markets and managers.
The Scheme's exposure to other price risk as at 31 December was:

	31 December 2017 Market value (£)	31 December 2016 Market value (£)
Indirect		
Equity pooled investment vehicles	29,669,191	25,336,697
Total	**29,669,191**	**25,336,697**

16. Concentration of investments

The following investments, excluding UK Government securities, account for more than 5% of the Scheme net assets as at 31 December 2017.

	2017 Value £	%	2016 Value £	%
DB investments				
LGIM GPBF – All World Equities Indx	10,017,465	11.35	-	-
Morgan Stanley Global Brands Fund	9,833,914	11.14	7,776,823	9.43
Majedie UK Equity Fund	9,817,812	11.12	9,362,403	11.35
GAM Star Absolute Return Bond Fund	9,033,088	10.24	8,485,504	10.29
M&G Alpha Opportunities Fund	9,008,792	10.21	8,657,549	10.50
LGIM FAAR - 2060 Leveraged Gilt Fund	5,077,391	5.75	4,744,616	5.75
LGIM FAAY - 2042 Leveraged IndexLinked Gilt	4,741,863	5.37	4,403,524	5.34
Invesco Perpetual Income Fund	-	-	8,197,485	9.94

17. Current assets

	2017 £	2016 £
Employer contributions due	158,333	158,333
Prepayments	90,387	90,396
Bank	526,773	591,872
	775,493	840,601

All contributions due to the Scheme were received in accordance with the schedule of contributions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

18. Current liabilities

	2017 £	2016 £
Accrued expenses	222,236	133,662
Accrued benefits	-	11,041
	222,236	144,703

19. Employer related investments

There were no direct employer related investments during the year. The Trustee recognises that indirect investment in the employer's parent company is possible through holdings in pooled investment vehicles. Based on information provided by the investment managers the Trustee believe that any indirect exposure to shares in the employer has not exceeded 0.1% of the Scheme assets at any time during the year.

20. Related Party Transactions

Contributions received into the Scheme and any benefits paid in respect of Trustee Directors who are members of the Scheme have been made in accordance with the Trust Deed and Rules.

Principal and participating employers are considered related parties. All transactions involved with these entities relate to remittance of monthly contributions required under the rules of the Scheme. The principal employer recharges the Scheme for costs.

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.

The Company is reimbursed by the Scheme for expenses incurred in the maintaining of the Scheme during the year. In a current year the amount of reimbursement was £582,917 (2016: £728,536).

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

21. Contingent assets and liabilities

In the opinion of the Trustee, the Scheme had no contingent liabilities as at 31 December 2017 (2016: £nil).

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS FOR THE YEAR ENDED 31 DECEMBER 2017

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

We have examined the summary of contributions to the Bridon Group (2013) Pension Scheme for the scheme year ended 31 December 2017 to which is set out in the Trustee's Report on page 29.

In our opinion contributions for the scheme year ended 31 December 2017 as reported in the summary of contributions and payable under the schedules of contributions have in all material respects been paid at least in accordance with the schedules of contributions certified by the scheme actuary on 14 January 2015 and 20 December 2017.

Use of our statement

This statement is made solely to the Scheme's 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 audit 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 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 as a body, for our work, for this statement, or the opinions we have formed.

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 on page 29 have in all material respects been paid at least in accordance with the schedules of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and the timing of those payments under the schedules of contributions.

Respective responsibilities of trustees and the auditor

As explained more fully in the Statement of Trustee's Responsibilities, the scheme's trustee is responsible for securing that a payment schedule is prepared, maintained and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the scheme by the employer in accordance with the schedules of contributions.

It is our responsibility to provide a Statement about Contributions paid under the schedules of contributions and to report our opinion to you.

Ernst & Young LLP
Statutory Auditor
Reading

Date:

SUMMARY OF CONTRIBUTIONS
FOR THE YEAR ENDED 31 DECEMBER 2017

During the year ended 31 December 2017 the contributions payable to the Scheme were as follows:

	2017 £
Contributions required by the schedules of contributions	
Deficit	1,900,000
Total	**1,900,000**

Approved by the Trustee and signed on its behalf:

Trustee Director:

Trustee Director:

Date:

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 2016 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 20 December 2017.

Signature	ALKA SHAH	Date	22 January 2018
Name	Alka Shah	Qualification	Fellow of the Institute and Faculty of Actuaries
Address	Colmore Gate 2 Colmore Row Birmingham B3 2QD	Name of	Aon Hewitt Limited

ACTUARIAL STATEMENTS

THE BRIDON GROUP (2013) PENSION SCHEME ("THE SCHEME") SCHEDULE OF CONTRIBUTIONS

This schedule of contributions is required by Section 227 of the Pensions Act 2004. It comes into effect on the date of certification of this schedule by the Scheme Actuary and covers the period to 22 December 2022. The Scheme's Trustee is responsible for preparing a revised schedule no later than 31 March 2021.

Employer Contributions

In respect of the shortfall in funding, in accordance with the Recovery Plan dated 20 December 2017 the Employer will pay contributions of:

- £158,333.33 per month from 1 January 2017 to 31 December 2017 (12 months);
- Nil from 1 January 2018 to 31 December 2018 (12 months);
- £62,500 per month from 1 January 2019 to 31 August 2021 (2 years 8 months); and
- Nil thereafter.

The Recovery Plan allows for an assumed asset outperformance of the discount rate plus 0.5% per annum.

Prior to 31 December 2017 the expenses (including the Pension Protection Fund levy) are met directly by the Employer with the Scheme reimbursing the Employer.

From 1 January 2018, the expenses of administering the Scheme (excluding the Pension Protection Fund Levy) are met directly by the Employer with any expenses above £0.33M per annum (excluding VAT) being reimbursed by the Scheme to the Employer.

Notwithstanding this, any expenses incurred by the Trustee as a result of any corporate activity by the Employer, or a project initiated by the Employer will be met by the Employer in addition to the allowance above, provided that the Trustee informs the Employer of the expected additional costs in advance of the work commencing.

The Trustee reserves the right to call for an earlier valuation in the event of unexpected circumstances (e.g. the sale of the Employer, adverse market movements).

From 1 January 2018, the Pension Protection Fund levy is met by the Employer.

For the avoidance of doubt investment management charges are excluded from Scheme expenses as these are deducted from the assets directly.

ACTUARIAL STATEMENTS

Payments to cover Augmentations

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 Trustee notifies the Employer of the costs determined by the Scheme Actuary.

Signed on behalf of Bridon Scheme Trustees Limited ("the Trustee")

Name: M. C. Duncombe

Capacity: Chairman of Trustees

Date: 20/12/2017

Signed on behalf of Bridon International Limited ("the Employer")

Name: Demeuleneere Kurt

Name: Humblet Bruno

Position: Director

Date: 20/12/2017

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 2016 to be met by the end of the period specified in the recovery plan dated 20 December 2017.

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 20 December 2017.

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: 22 December 2017

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

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 for all members and beneficiaries.

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 latest actuarial valuation, which was based on information about the Scheme at 31 December 2013. It also includes the results of the funding update carried out as at 31 December 2015 and an approximate funding update carried out as at 31 December 2016.

The next formal actuarial valuation of the Scheme will be carried out with an effective date of 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.

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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.

The **discontinuance basis** (also known as the solvency basis) looks at whether there would have been enoughassets 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

Ongoingbasis

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%**

Discontinuancebasis

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

Figures based on the 31 December 2015 funding update

Ongoing basis

Scheme assets	**£67.4million**
Scheme liabilities (estimated amount required to meet the funding target)	**£78.0million**
Shortfall	**£10.7million**
Funding level (Scheme assets divided by liabilities)	**86%**

Figures based on the 31 December 2016 approximate funding update

Ongoing basis

Scheme assets	**£82.2million**
Scheme liabilities (estimated amount required to meet the funding target)	**£96.8million**
Shortfall	**£14.6million**
Funding level (Scheme assets divided by liabilities)	**85%**

On the ongoing basis, the Scheme's funding level has improved slightly since the 31 December 2013 valuation. It has increased to 85%, primarily due to positive investment returns and the payment of Company contributions, although this has been partly offset by the impact of a significant fall in gilt yields which have increased the value placed on the liabilities.

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How much money is paid into the Scheme each year?

The Trustee and the Company agreed a recovery plan that was designed to restore the funding level to 100% by 31 December 2017. The Company agreed to contribute £1.9 million a year from 1 January 2015 until 31 December 2017. In addition, the Company paid a lump sum of £6.7 million on 12 November 2014.

In June 2016 the Ontario Teachers' Pension Plan (OTPP), the current owner of the Company, and Bekaert completed the merger of the Company with the global ropes and advanced cord business of Bekaert. The new ropes and advanced cords company, Bridon-Bekaert Ropes Group, is jointly owned by Bekaert and OTPP. Following receipt of appropriate legal, covenant and actuarial advice, the Trustee is satisfied that the strength of the employer covenant, that is the Company's ability and willingness to providing ongoing support to the Scheme, following the merger has not been weakened. Contributions will continue to be paid into the Scheme in line with the Scheme's Recovery Plan and there are no changes to members' pension benefits.

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 Trustee's 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 Company carrying on in business and continuing to support the Scheme because:

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

What would happen if the Scheme started to wind up?

If the Scheme winds up because the Company 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 Trustee's 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.

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 Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA.

Have there been any payments to the Company?

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.