Registered number: 12007216

BRIDON GROUP (2013) PENSION SCHEME

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

Risk. Reinsurance. Human Resources.

Empower Results®

CONTENTS

Trustee and its Advisers 1

Trustee’s Report 2

Statement of Trustee’s Responsibilities 16

Independent Auditor’s Report to the Trustee 17

Fund Account 19

Statement of Net Assets Available for Benefits 20

Notes to the Financial Statements 21

Independent Auditor’s Statement about Contributions 32

Summary of Contributions 33

Actuarial Statement 34

TRUSTEE AND ITS ADVISERS
YEAR ENDED 31 DECEMBER 2018

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2018

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 2018.

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.

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 five Directors, two Company Appointed Directors and three Member Nominated Directors, including one vacancy. Sadly K Mallin passed away.

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.

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 four times during the year to consider the business of the Scheme.

	21 March	24 July	20 September	18 December
G Dallard	Y	Y	Y	Y
M Duncombe	Y	N/A	N/A	N/A
J Hendley	Y	N/A	N/A	N/A
G Peters	Y	Y	Y	Y
E Rutter	Y	N/A	N/A	N/A
H Taylor-Toone	N/A	Y	Y	N/A
G Cook	N/A	N/A	N/A	Y
Capital Cranfield Pension Trustees Limited, represented by S Anyan	N/A	Y	Y	Y

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2018

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.

Guarantee

The Scheme benefits from a guarantee from Bridon Limited. In the event that on the failure of Bridon International Limited, certain obligations would pass to Bridon Limited.

Scheme changes

There were no 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:

- Full disinvestment from Majedie Asset Management and Morgan Stanley Investment Funds

Membership

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

	Deferred 2018	**Pensioners 2018**	**Total 2018**
Members at the start of the year	263	90	353
Adjustments to members	(2)	2	-
New spouses	-	3	3
Retirements	(2)	2	-
Deaths	(2)	(2)	(4)
Transfers out	(13)	-	(13)
Total members at the end of the year	**244**	**95**	**339**

Pensioners include 9 individuals receiving a pension upon the death of their spouse who was a member of the Scheme.

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'S REPORT
YEAR ENDED 31 DECEMBER 2018

Pension increases

Pensions in payment in excess of the Guaranteed Minimum Pension were increased on 1 May 2018 by either 0% or 3%, in accordance with the Scheme Rules, for pensions earned prior to 6 April 1997 and increased between 3.6% and 3.9% for pensions earned after 5 April 1997.

No discretionary increases were awarded during the period.

Deferred benefits are increased in line with legislation and the Scheme rules.

Transfer values

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

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'S REPORT
YEAR ENDED 31 DECEMBER 2018

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 Trustee 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'S REPORT
YEAR ENDED 31 DECEMBER 2018

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.

Since the year end there has been a change to the Scheme's investment strategy. Hewitt Risk Management Services Limited was appointed as fiduciary manager for the Scheme with effect from 7 March 2019.

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

Disinvestment of amount £10,175,273 from Majedie Asset Management to the Trustee Bank Account, and disinvestment of amount £10,184,703 from Morgan Stanley Investment Funds to the Trustee Bank Account.

On 31 July 2018, the GAM Absolute Return Bond fund was suspended with the Scheme holding a valuation of £8,953,845. A series of redemptions have been made from the fund. Total redemption received to 1 May 2019 has been £8,145,319. As at 30 April 2019, the Scheme had a remaining holding of £725,304 which is expected to be paid during July 2019.

Investment report

Investment performance

Performance of the Scheme's investments to 31 December 2018 is summarised as follows:

Total Scheme returns	Scheme % p.a.
1 year %	-4.4
3 year % p.a.	11.7
5 year % p.a.	11.2

Gross of fees

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 target asset allocation 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.

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2018

Strategic asset allocation

At the year end, the strategic asset allocation of the Scheme was as follows:

Growth assets	Target weighting (%)	Benchmark Index	Ranges (%)
Equities	***17.0***		***12 - 22***
LGIM - Global	*17.0*	FTSE All-World Index - GBP hedged	

	Target weighting (%)	Benchmark Index	Ranges (%)
Alternatives	***14.5***		**11 - 18**
Multi-Asset Credit (M&G)	14.5	1 Month LIBOR	

Matching assets	Target weighting (%)	Benchmark Index	Ranges (%)
Liability Driven Investment (LDI) Funds	***68.5***		***63 – 74***
Legal & General Investment Management ("LGIM")	68.5	Bespoke benchmark	

Total	**100.0**		

Custody of assets

There were no custodians directly engaged by the Trustee during the year. Separate custody arrangements were 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.

Copies of the Statement are available on request from the Secretary to the Trustee.

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2018

Market Background: 12 Months to December 2018

General Background

The MSCI AC World Index fell 7.2% in local currency terms over the last year. In contrast to the strong and relatively stable equity market uptrend seen through much of 2016 and 2017, 2018 saw lower returns and higher volatility with equity markets falling sharply in the first and fourth quarters. The Q1 2018 fall was triggered by expectations of a pick-up in US inflation and interest rates. Having largely recovered in the middle of the year, global equities were then rocked by rising concerns of slowing global growth and trade wars in Q4 2018 while earnings growth expectations moderated over the period. The fourth quarter's 12.5% fall in global equities was the steepest quarterly decline since 2011. On a sector level, the more defensive Health Care (3.4%) and Utilities (4.4%) sectors were the best performers whilst the more cyclical Industrials (-12.7%) and Financials (-12.6%) sectors underperformed.

The US Federal Reserve (Fed) continued on their course to normalise monetary policy. Over the period, the Fed hiked the Federal Funds rate on four occasions, reaching 2.25%-2.50% in December 2018 despite gathering market worries of over-tightening. The European Central Bank (ECB) ended their asset purchase programme in December, although reinvestment of principal payments is continuing indefinitely. Meanwhile, the Bank of England (BoE) raised rates to 0.75% in August as economic data stabilised and inflation remained above target though Brexit uncertainty meant further rate rises looked unlikely.

Production cuts undertaken by the Organization of the Petroleum Exporting Countries (OPEC) and increased geopolitical tensions drove up Brent oil prices over much of the year, peaking at $86/bbl in October. However, fears of a slowdown in global growth, coupled with high US inventories and the waiving of US sanctions for eight Iranian oil importers, caused oil prices to slump in the fourth quarter. The price of Brent Crude ended the year down 19.5% at $54/bbl. Amidst weakening Chinese economic data and heightened trade tensions, industrial metals also fell by 18.0% over the year resulting in the S&P GSCI Commodity index to finish the year to December 2018 down 13.8%.

UK fixed interest gilt yields had a volatile year, tending to rise and fall in tandem with global yields and Brexit developments. Shorter maturity yields ended the year higher whilst longer maturity yields were broadly unchanged as Brexit uncertainty and a weak UK economy anchored the longer end of the curve. Fixed interest gilts outperformed index-linked gilts as they returned 0.6% versus -0.3%.

Sterling ended the twelve-month period 1.5% lower on a trade- weighted basis. Sterling rallied in early 2018 on the back of expectations of an increase in the base rate but then fell back amidst increasing Brexit uncertainty and broad dollar strength. Sterling weakness softened the blow of weak global equity markets to unhedged UK investors as the MSCI AC World Index loss shrunk to - 3.3% in sterling terms.

UK investment grade corporate bond credit spreads – the difference between corporate and government bond yields – widened by 46bps to end the twelve-month period at 159.6bps. Spreads widened steadily through the year before widening more rapidly in the fourth quarter against a backdrop of heightened volatility of risky assets.

UK commercial property returned 7.2%, supported by a steady income return. Capital value appreciation slowed through the year with capital values falling in Q4 2018. The retail sector underperformed over the year as fears over the health of the high street took hold, UK economic performance remained lacklustre and corporate earnings in the retail sector disappointed.

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2018

UK Equities

UK equities posted a return of -9.5% over the year. Poor performance in Q1 2018, driven by expectations of tighter monetary policy and sterling appreciation, was recovered in Q2 as sterling depreciation and higher energy prices then boosted UK equities. However, UK equities stalled in the third quarter before falling 10.2% in the fourth quarter with the sizeable Energy sector hit hard by falling oil prices and the Industrial sector hit by slowing global growth and trade tensions. Brexit uncertainty was also a sizeable drag over the second half of the year.

Performance once again varied greatly across sectors. Health Care (13.0%) was the best performing sector and the only sector to post positive returns over the year. The sizeable Oil and Gas sector led the index for much of the year but was hit hard by the sharp fall in oil prices in the fourth quarter and ended the year down 1.8%. Telecommunications (-22.2%) and Technology (-23.1%) were the worst performers.

UK large cap equities (-8.7%) outperformed both mid cap (-13.3%) and small cap equities (-9.5%) over the 12-month period. Having initially lagged at the beginning of the year, UK large cap equities benefited from Brexit-induced sterling weakness which boosted their overseas earnings and Oil & Gas sector revenues. Mid-cap equities were hit by their large exposure to the underperforming Industrials sector as well as poor stock-specific performance amongst the mid- cap Healthcare sector. Small cap equities were somewhat insulated by their sizeable exposure to Investment Managers but suffered broad based poor performance elsewhere given their higher exposure to the weakening UK economy and Brexit-related risk.

Overseas Equities

US equities outperformed other markets over much of the year as a strong US economy – driven by a strong labour market, increased government spending and tax cuts – boosted US corporate earnings. Earnings were particularly strong in the highly-weighted Health Care and Technology sectors. However, the gap between the US and other markets' returns narrowed sharply in December as earnings expectations were revised down, particularly in the Technology sector, as concern over an over-tightening Fed policy, the health of the Chinese economy and ongoing trade tensions took hold. Nevertheless, US equities remained the best performing region over the year, returning -4.5% in local currency terms with Health Care (7.7%) the best performing sector and Oil & Gas (-18.0%) the worst.

Fading economic momentum in the Eurozone as well as heightened political risk weighed on Europe ex UK equity performance over the year with the index returning -10.7% in local currency terms. The anti- establishment Italian government, election upsets in Germany and fears over European banks' exposure to Turkey following sharp falls in the Turkish lira all weighed on sentiment. Economic data worsened through the year with the manufacturing purchasing managers index – a forward indicator of economic growth in the region – falling from 60.6 in December 2017 to 51.4 in December 2018. Utilities (5.9%) and Oil & Gas (3.5%) were the best performing sectors whilst Financials (-18.3%) and Basic Materials (-17.7%) were the worst.

Japanese equities were the worst performing region in local currency terms in all but the third quarter, ending the year down 15.3% in local currency terms. Disappointing economic data (Japanese GDP declined in both the first and third quarters), an appreciating yen, political scandals and global trade tensions all weighed on the region over the year. The export-sensitive Technology (-23.0%) and Industrials (-20.2%) sectors were hit by concerns over global growth and trade whilst the Basic Materials (-26.7%) and Oil & Gas (-22.0%) sectors were hit by falling commodity prices in the fourth quarter. However, sterling depreciation against the yen boost returns to -7.6% in sterling terms.

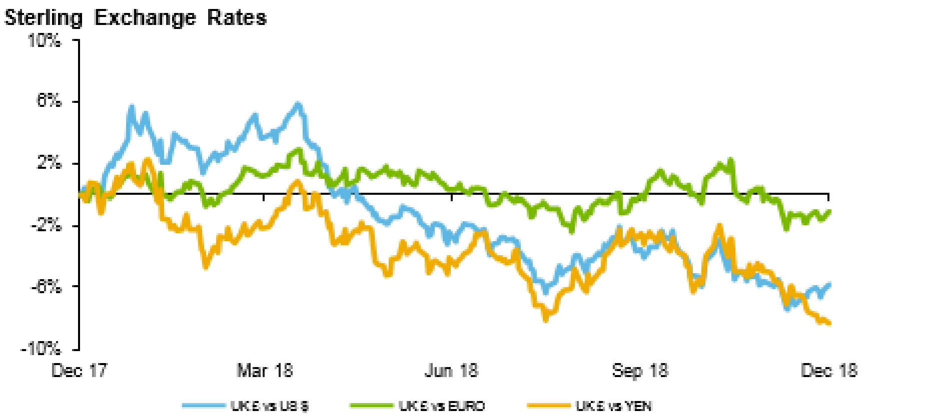
Emerging Market (EM) equities returned -9.7% in local currency terms over the past year. Much of the region's negative return occurred in the second quarter as the region was hurt by US dollar strength and idiosyncratic shocks in Turkey and Brazil. Poor performance continued into the third quarter as trade tensions between the US and China escalated and concerns over the Chinese economy increased. EM equities were the best performer in the fourth quarter as a 10% decline in Chinese stocks was countered by double-digit positive returns from Brazilian stocks following the election of Jair Bolsonaro but the market still fell 7.4% over the year in local currency terms. EM currency appreciation raised the year's return to -8.9% in sterling terms.

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2018

Overseas Equities (continued)

In the FTSE All World ex UK Index, the best performing sectors (in sterling terms) were Health Care (9.0%) and Utilities (23.4%) whilst Basic Materials (-10.8%) and Consumer Goods (-8.6%) underperformed.

Currencies and Interest Rates



Source: FactSet

Sterling ended the 12-month period down 1.5% on a trade-weighted basis. Having performed well in the first quarter on the back of an agreement on a Brexit transition period and expectations of tighter UK monetary policy, sterling fell back in Q2 2018 as weak UK economic data and a lack of further progress in the Brexit negotiations increased the risk of a 'no deal' Brexit and lowered expectations of future rate hikes. A further bout of Brexit uncertainty followed the negative reaction to the EU / UK Government's proposed Brexit deal and renewed economic weakness led sterling lower towards the end of the period.

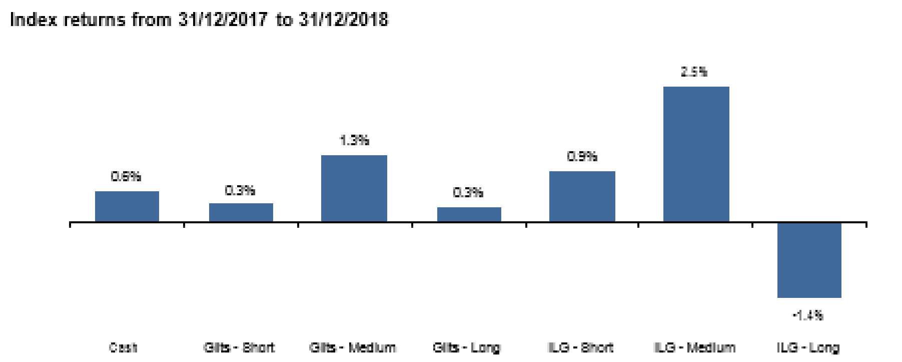
The US dollar was up 7.5% on a trade-weighted basis and 5.9% against sterling over the year. The dollar weakened through the first quarter as markets worried over increased Government borrowing to fund Trump's increased government spending. However, these fears abated in the second quarter as widening interest rate differentials with other economies as a result of tighter US monetary policy, strong economic performance and global risk aversion led the dollar higher. This positive momentum continued into the second half of the year but the Fed's softer approach to further interest rate hikes caused dollar strength to level off towards the end of the year.

Meanwhile, sterling moved broadly sideways against the euro, falling back slightly towards the end of the period. Weaker economic data in the Eurozone and a continued easy monetary stance from the ECB kept the euro weak. The ECB's QE program ended in December but this was accompanied by indications that future rate hikes would be pushed into late-2019 to 2020. The euro depreciated by 0.6% on a trade-weighted basis and appreciated by 1.1% against sterling.

Bouts of risk aversion in global markets, amid heightened geopolitical tensions, led to safe-haven flows into the Japanese yen over the year. These flows were particularly strong in the fourth quarter given the greater risk aversion. These flows were countered by poor economic data and a continued accommodative monetary policy stance from the Bank of Japan. Overall the yen appreciated by 4.1% on a trade- weighted basis over the 12-month period and appreciated by 8.3% against sterling.

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2018

Gilt returns

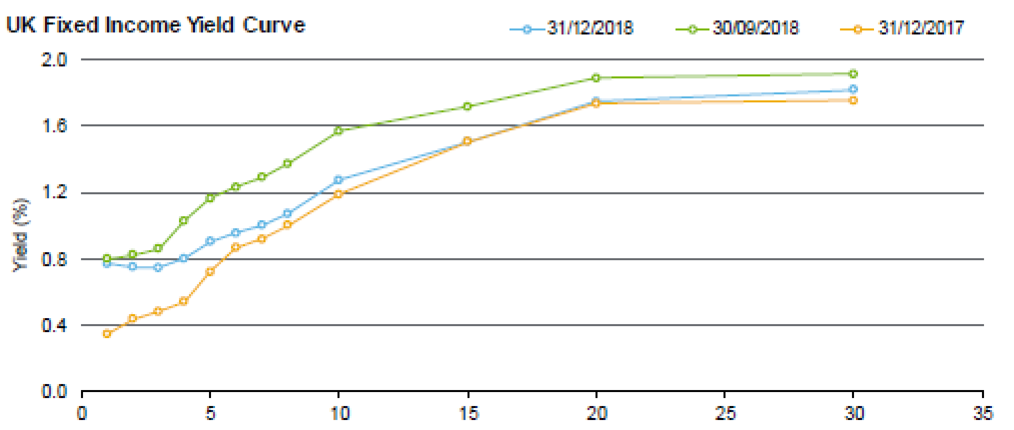


Source: FactSet

UK fixed rate gilts returned 0.6%, whilst their index-linked counterparts returned -0.3%. UK short yields underperformed as yields rose over much of the year. Yields increased a little for both medium and long-dated gilts but long gilts underperformed medium gilts, despite their smaller increase in yields, due to the index's higher duration.

Index-linked gilts outperformed fixed interest gilts, except at long maturities, as breakeven inflation ended the year higher on the back of sterling weakness and higher than expected inflation. Medium maturity index-linked gilts were once again the best performer as yields were pushed down by higher breakeven inflation. The yield-sensitive long index-linked gilts index underperformed significantly as yields rose over the year, with rises concentrated in the second and third quarter.

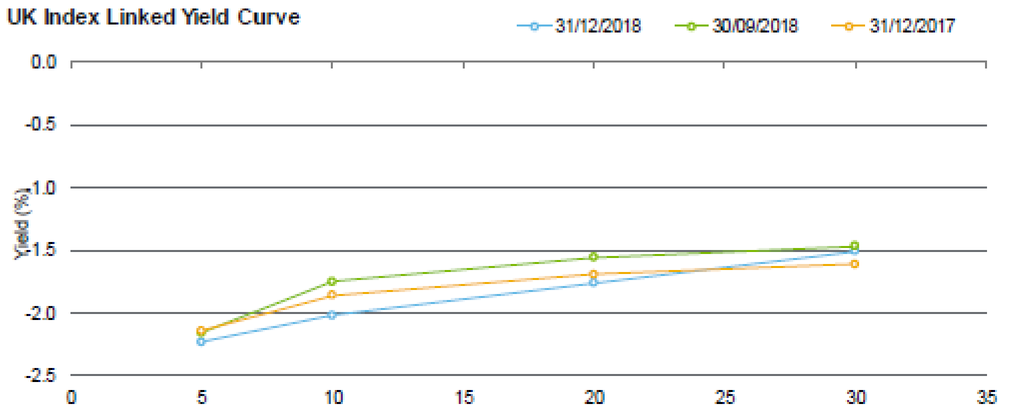
Fixed Interest and Index-Linked Yield Curves



Source: Bloomberg

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2018

Fixed Interest and Index-Linked Yield Curves (continued)

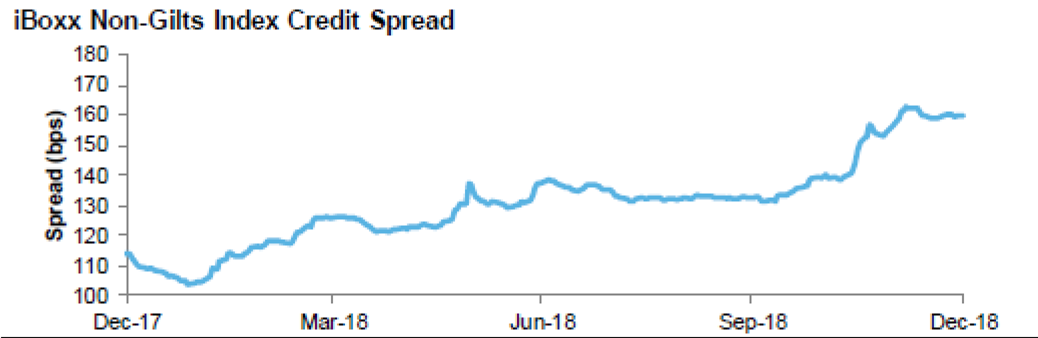


Source: Bloomberg

The fixed interest gilt yield curve flattened over the year with an upwards shift at the short and intermediate parts of the curve whilst the longer end was broadly flat. The policy-sensitive two-year yield rose to 0.75%, ending the year 31bps higher. The more globally- driven 10-year yield was highly volatile over the year, peaking at 1.73% in October before falling back amidst falling risk sentiment to end the year 9bps higher at 1.28%.

In contrast, the index-linked gilt yield curve steepened over the year. Short and intermediate real yields fell over the year driven by higher breakeven inflation on the back of sterling weakness following increased Brexit uncertainty through the second half of the year. In contrast, long end real yields rose slightly as breakeven inflation was more stable.

UK Investment Grade Credit



Source: FactSet

UK iBoxx non-gilt credit spreads (the difference between the yields on non-government bonds and equivalent maturity government bonds) widened by 46bps to 159.6bps over the 12-month period.

After touching a 10 year low in January 2018, spreads widened over 2018. In the first quarter, equity market volatility and concern over global trade widened spreads. They continued to widen in the second quarter as further trade protectionist policies were announced and Brexit concerns gathered pace. After remaining largely unchanged in the third quarter, spreads widened sharply in the fourth quarter as greater risk aversion swept through riskier markets. As a result of the rise in credit spreads, UK non-gilts returned -1.5%, underperforming fixed interest gilts.

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2018

UK Investment Grade Credit (continued)

Lower quality corporate bonds underperformed with BBB-rated credit spreads widening the most (rising by 78 bps). A-rated credit spreads rose by 41bps, AA-rated bonds moved 18 bps higher and AAA-rated spreads moved 19bps higher.

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 18 to the financial statements.

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2018

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.

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@aon.com

Aon Hewitt Limited processes the personal data as contained in this Report and Financial Statements for the purpose of providing the Trustee with a report and financial statements on the operation of the Scheme. Aon Hewitt Limited processes personal data in the context of providing pension scheme administration services on behalf of the Trustee, the data controller. Aon Hewitt Limited, when operating in its capacity as a data processor who provides the members of the Scheme with pension scheme administration services on behalf of the Trustee, will comply with the applicable legislation including any data protection legislation and the instructions of the Trustee.

The Trustee or the Employer will ensure the data subjects of whom personal data is processed for the purposes of this Report and Financial Statements are informed of the processing activities in accordance with the requirements of the applicable data protection legislation.

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2018

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's office.

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
10 South Colonnade
Canary Wharf
E14 4PU

0800 917 4487
enquiries@pensions-ombudsman.org.uk

STATEMENT OF TRUSTEE'S RESPONSIBILITIES
YEAR ENDED 31 DECEMBER 2018

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:

Date:

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE
YEAR ENDED 31 DECEMBER 2018

We have audited the financial statements of the Bridon Group (2013) Pension Scheme for the year ended 31 December 2018 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 in 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 2018, 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 in 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.

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 Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has 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.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 16, including the Trustee and its advisers page, the Trustee Report and the Statement of Trustee's Responsibilities set on pages 1, 2 and 16, other than the financial statements and our auditor's report thereon. The Trustee is 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE
YEAR ENDED 31 DECEMBER 2018

Other information (continued)

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 Trustee

As explained more fully in the Statement of Trustee's Responsibilities set out on page 16, the Trustee is 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 Trustee determines 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 Trustee is 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 Trustee either intends to wind up the Scheme or to cease operations, or has 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.

Use of our report

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

Ernst & Young LLP
Statutory Auditor
Reading

Date:

FUND ACCOUNT
YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Employer contributions	3	-	1,900,000
Benefits payable	4	(1,051,025)	(1,139,692)
Transfers out	5	(3,989,695)	(1,512,879)
Administrative expenses	6	(201,268)	(522,725)
		(5,241,988)	(3,175,296)
Net withdrawals from dealing with members		(5,241,988)	(1,275,296)
Returns on investments			
Investment income	7	168,092	170,646
Change in market value of investments	8	(1,716,294)	7,021,409
Investment management expenses	9	(57,685)	(137,268)
Net return on investments		(1,605,887)	7,054,787
Net (decrease)/increase in the fund during the year		(6,847,875)	5,779,491
Opening net assets		88,253,696	82,474,205
Closing net assets		81,405,821	88,253,696

The notes on pages 21 to 31 form part of these financial statements.

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Investment assets			
Pooled investment vehicles	11	81,102,840	87,569,760
AVC investments	12	136,918	130,679
		81,239,758	87,700,439
Total net investments		81,239,758	87,700,439
Current assets	16	401,991	775,493
Current liabilities	17	(235,928)	(222,236)
Net assets available for benefits at 31 December		81,405,821	88,253,696

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 21 to 31 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:

Date:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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 presentation currency is Pounds Sterling (GBP).

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

2.1 Contributions

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

There were no contributions due in the last 12 months.

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.

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.

2.4 Administrative and investment manager expenses

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2.5 Investment income

Income from any pooled investment vehicle which distributes income is accounted for on an accruals basis.

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

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.

3. Contributions

	2018 £	2017 £
Employer:		
Deficit funding	-	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).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

4. Benefits payable

	2018 £	2017 £
Pensions	761,528	665,302
Commutations of pensions and lump sum retirement benefits	202,861	455,804
Lump sum death benefits	86,636	18,586
	1,051,025	1,139,692

5. Transfers out

	2018 £	2017 £
Individual transfers out to other schemes	3,989,695	1,512,879

6. Administrative expenses

	2018 £	2017 £
Administration and processing	-	57,345
Actuarial fees	-	168,736
Audit fees	-	8,000
Legal fees	(300)	26,677
Scheme levies	34,218	153,422
Trustee fees and expenses	1,130	26,654
Sundry expenses	165,681	81,484
Bank charges	539	407
	201,268	522,725

From 1 January 2018, the expenses of administrating the Scheme are met directly by the Employer with any expenses above £0.33M per annum (excluding VAT) being reimbursed by the Scheme to the Employer. The expense above £0.33M amounted to £165,933 are included within Sundry expenses.

Negative figures in 2018 are due to overaccrued fees in last year.

7. Investment income

	2018 £	2017 £
Income from pooled investment vehicles	165,880	170,586
Interest on cash deposits	2,212	60
	168,092	170,646

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

8. Investments

	Opening value at 1 Jan 2018	Purchases at cost	Sales proceeds	Change in market value	Closing value at 31 Dec 2018
	£	£	£	£	£
Pooled investment vehicles	87,569,760	85,777,801	(90,510,830)	(1,733,891)	81,102,840
AVCs	130,679	-	(11,358)	17,597	136,918
	87,700,439	85,777,801	(90,522,188)	(1,716,294)	81,239,758
Total net investments	87,700,439				81,239,758

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

9. Investment management expenses

	2018	2017
	£	£
Administration and management fees	104,435	124,499
Management fee rebates	(46,750)	(97,596)
Consultancy fees	-	110,365
	57,685	137,268

Consulting fees are settled on the same basis that is described under note 6

10. Transaction costs

Transaction costs are included in the cost of purchases and deducted from sale proceeds in the reconciliation in note 8. 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.

11. Pooled investment vehicles

	2018	2017
	£	£
Bond funds	65,216,249	57,900,143
Cash & liquidity funds	3,469,812	426
Equity funds	12,416,779	29,669,191
	81,102,840	87,569,760

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. AVC Investments

	2018 £	2017 £
Aviva	101,266	94,782
Equitable Life	35,652	35,897
	136,918	130,679

The Trustee holds assets which are separately invested from the main Scheme to secure additional benefits on a money purchase basis for those members who elected to pay additional voluntary contributions when they were in active service. 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.

13. Fair value of investments

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 is unavailable) for the asset or liability.

Category				2018
	Level 1	Level 2	Level 3	Total
Investment assets	£	£	£	£
Pooled investment vehicles	977,384	80,125,456	-	81,102,840
AVC investments	-	-	136,918	136,918
	977,384	80,125,456	136,918	81,239,758

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

14. 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 2018

14. 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 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.
- Collateralisation of derivative contracts and a wide variety of counterparties reduces the indirect credit risk from the LDI portfolio.

Credit quality of financial assets

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

Financial assets subject to indirect credit risk

	31 December 2018 Market value (£)	**31 December 2017 Market value (£)**
Unrated		
LGIM – Pooled LDI investment vehicles	53,477,107	39,858,689
GAM – Absolute Return Bonds	977,384	9,033,088
M&G – Multi Asset Credit	11,725,981	9,008,792
Total	**66,180,472**	**57,900,569**

Note that during the year the Scheme redeemed the investment with GAM. As at 31 December the majority of the proceeds had been received. The remaining proceeds are expected to be received in the next few months.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

14. Investment risks (continued)

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 Legal & General Investment Limited, and pooled alternative credit funds managed by M&G Investment Management Limited and GAM International Management Limited. The LGIM equity 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'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 2018 Market value (£)	31 December 2017 Market value (£)
Majedie – UK equities	-	9,817,812
Morgan Stanley – Overseas equities	-	9,833,914
LGIM – All World equities	12,416,779	10,017,154
GAM – Absolute Return Bonds	977,384	9,033,088
M&G – Multi Asset Credit	11,725,981	9,008,792
Total	**25,120,144**	**47,711,070**

Note that during the year the Scheme redeemed its investments with Morgan Stanley and Majedie

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 some interest rate risk through its investments with GAM and M&G, although most of the risk in the M&G portfolio is removed through its use of derivatives.

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

Exposure to interest rate risk

	31 December 2018 Market value (£)	31 December 2017 Market value (£)
Direct		
GAM – Absolute Return Bonds	977,384	9,033,088
M&G – Multi Asset Credit	11,725,981	9,008,792
Indirect		
Pooled LDI funds	53,477,107	39,858,689
Total	**66,180,472**	**57,900,569**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

14. Investment risks (continued)

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. The Trustee will also consider using any cash held in the Sterling Liquidity Fund held with LGIM.

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:

Exposure to other price risk

	31 December 2018 Market value (£)	**31 December 2017 Market value (£)**
Indirect		
Equity pooled investment vehicles	12,416,779	29,669,191
Total	**12,416,779**	**29,669,191**

15. Concentration of investments

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

	2018 Value £	**%**	**2017 Value £**	**%**
LGIM GPBF – All World Equities Indx	12,416,779	15.23	10,017,465	11.35
M&G Alpha Opportunities Fund	11,725,981	14.38	9,008,792	10.21
LGIM NF – 2042 Gilt	7,807,485	9.57	-	-
LGIM YB – 2040 Index-Linked Gilt	7,372,946	9.04	-	-
LGIM XN – 2050 Index-Linked Gilt	6,683,007	8.19	-	-
Morgan Stanley Global Brands Fund	-	-	9,833,914	11.14
Majedie UK Equity Fund	-	-	9,817,812	11.12
GAM Star Absolute Return Bond Fund	-	-	9,033,088	10.24
LGIM FAAR - 2060 Leveraged Gilt Fund	-	-	5,077,391	5.75
LGIM FAAY - 2042 Leveraged IndexLinked Gilt	-	-	4,741,863	5.37

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

16. Current assets

	2018 £	2017 £
Employer contributions due	-	158,333
Prepayments	57,798	90,387
Bank	344,193	526,773
	401,991	775,493

17. Current liabilities

	2018 £	2017 £
Accrued expenses	81,156	222,236
Due to employer	154,772	-
	235,928	222,236

18. 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.

19. Related party transactions

The principal employer recharges the Scheme for costs of administration in excess of £0.33M per annum.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

20. Contingent assets and liabilities

In the opinion of the Trustee, the Scheme had no contingent assets and liabilities as at 31 December 2018 (2017: £nil).

GMP Equalisation

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

21. Subsequent events

In December 2018, the Trustee decided to appoint Hewitt Risk Management Services Limited (HRMSL) as the Scheme's fiduciary investment manager. The Scheme's assets therefore needed to be transferred from the Scheme's liquid managers, M&G and LGIM to HMRSL. During the transition planning, Aon discussed and agreed the following with the Trustee:

- Investment in the M&G Investment Management Limited to be redeemed on 1 February 2019 and held in the LGIM Liquidity Fund in the interim period;
- Full redemption from LGIM (equity, LDI and cash) with proceeds transferred directly to HRMSL;
- HRMSL to make an initial investment of 95% of assets held with LGIM with the remaining investment following receipt of funds from LGIM;
- HRMSL and LGIM trades date to be lined up in order to minimise out of market risk; and
- A target hedge of 100% of assets to be maintained throughout the period;

The transition was successfully completed during April 2019.

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018, which is set out on page 33.

In our opinion contributions for the scheme year ended 31 December 2018 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the scheme actuary on 20 December 2017.

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

Respective responsibilities of Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities, the scheme's trustee is responsible for preparing, 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 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.

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.

Ernst & Young LLP
Statutory Auditor
Reading

Date:

SUMMARY OF CONTRIBUTIONS
FOR THE YEAR ENDED 31 DECEMBER 2018

During the year ended 31 December 2018 there were no contributions payable.

Approved by the Trustee and signed on its behalf:

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

This section summarises the results of the funding update at 31 December 2017. It also shows the results from the last actuarial valuation at 31 December 2016. These financial health checks are vital for monitoring the Scheme's progress. We hope the information helps you to understand how the Scheme is developing.

The latest position

The table below shows how the funding position has changed since the valuation at 31 December 2016.

	Annual Actuarial Update	Actuarial Valuation
Date	31 December 2017	31 December 2016
The funding level	99%	93%
The funding target	£88.8 million	£88.1 million
The value of the Scheme's assets*	£88.1 million	£82.3 million
The overall position	Shortfall of £0.7 million	Shortfall of £5.8 million

**this excludes the value of the Scheme's Additional Voluntary Contributions (AVCs). The value of the Scheme's AVCs as at 31 December 2017 was £0.1M.*

The latest update shows that the funding level has improved since the valuation at 31 December 2016.

The next financial check will be based on the Scheme's position at 31 December 2018. We will report on the results once they are complete.

It is important to remember that it is normal for pension scheme funding levels to fluctuate over time. Even when funding is temporarily below target, the Scheme will continue to pay benefits in full as long as it continues.

Reasons for the change

- The value of assets has increased, mainly due to positive investment returns over the period, as well as Company contributions being made to the Scheme.

- However, this is partially offset by the value of the liabilities increasing, mainly because gilt yields have fallen. Although expectations for future inflation have decreased, the fall in gilt yields has had a greater impact.

In combination, this has led to a reduction in the shortfall over the year.

Removing the shortfall

As part of the valuation at 31 December 2016, we agreed with Bridon International Limited (the Company) to bring the Scheme to a fully funded position. This is known as a 'recovery plan'. The Company agreed to pay:

- £158,333 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).

ACTUARIAL STATEMENTS

Removing the shortfall (continued)

These contributions and anticipated investment growth are expected to remove the shortfall by 31 August 2021.

In addition, the Company pays:

- All administration costs, excluding the Pension Protection Levy, subject to a cap of £0.33M per annum.

The next formal valuation will look at the Scheme's position at 31 December 2019. This will include working out if the recovery plan is on track or if changes need to be agreed.

If the Scheme came to an end

The Scheme's funding level is worked out in two ways.

- The 'ongoing' basis, which assumes that the Scheme will continue into the future.
- The 'full solvency' basis, which shows the funding position if the Scheme started to 'wind up' at the date of the valuation. If this happened, all members' benefits would have to be secured without delay by buying insurance policies. This would be more expensive than paying benefits gradually over time so the full solvency position is generally lower than the ongoing position, even for fully funded pension schemes.

At 31 December 2016, the Scheme's full solvency funding level was 58% with a shortfall of £59.9 million.

Please note that we are legally required to report the full solvency position as part of this funding statement. The Company has no current plans to end the Scheme.

We must also tell you if there have been any payments to the Company out of Scheme funds in the last 12 months and we can confirm that there have not been any such payments in the last 12 months, other than reimbursing the Company for administration costs in excess of the £0.33M per annum cap.

The Pensions Regulator

The Pensions Regulator is the UK watchdog of workplace pension schemes. It has the authority to change the way occupational pension schemes are run though it has not needed to use its powers in this way for our Scheme. You can find out more about the Regulator online at www.thepensionsregulator.gov.uk.