Registered number: 12007216

BRIDON GROUP (2013) PENSION SCHEME

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

Risk. Reinsurance. Human Resources.

CONTENTS

TRUSTEE AND ITS ADVISERS
YEAR ENDED 31 DECEMBER 2019

Trustee	Bridon Scheme Trustees Limited
Company Appointed Directors	Capital Cranfield Pension Trustees Limited, represented by S Anyan G Cook
Member-Nominated Directors	G Dallard G Peters
Principal Employer	Bridon International Limited
Secretary to the Trustee	I Emery Aon Hewitt Limited
Actuary	A Shah, FIA Aon Hewitt Limited
Administrator	Aon Hewitt Limited
Independent Auditor	Ernst & Young LLP
Banker	Bank of Scotland plc
Investment Adviser	Aon Hewitt Limited
Investment Managers	GAM International Management Limited – ceased on 23 June 2019 (‘GAM’) Legal & General Assurance (Pensions Management) Limited – ceased on 15 April 2019 (‘LGIM’) M&G Investment Management Limited – ceased on 1 February 2019 (‘M&G’) Hewitt Risk Management Services Limited – appointed on 7 March 2019 (‘HRMSL’)
AVC Providers	Utmost Life and Pensions Limited (transferred from The Equitable Life Assurance Society) (‘Utmost’) Aviva UK Limited (‘Aviva’)
Legal Adviser	Squire Patton Boggs (UK) LLP
Contact details	Bridon Group (2013) Pension Scheme Aon Hewitt Limited Colmore Gate 2 Colmore Row Birmingham B3 2QD bridonpensions@aon.com 0345 268 8476

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2019

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 2019.

Constitution and management

The Scheme is a Defined Benefit (DB) scheme. The Scheme is governed by a Trust Deed as amended from time to time and is administered by Aon Hewitt Limited in accordance with the establishing document and Rules solely for the benefit of its members and other beneficiaries.

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

The Trustee is shown on page 1.

Under the Trust Deed and Rules of the Scheme, Trustee Directors are appointed and may be removed by the Principal Employer, Bridon International Limited.

In accordance with the Pensions Act 2004 at least one third of the total number of Trustee Directors must be nominated by Scheme members. The Member-Nominated Directors (MNDs) are elected from the membership.

The Trustee Board is comprised of five Directors, two Company Appointed Directors and three Member Nominated Directors, including one vacancy.

A Trustee Director can choose to retire from office at any time. A Member-Nominated Director 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's 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.

	7 March	**16 May**	**12 September**	**21 November**
Capital Cranfield Pension Trustees Limited, represented by S Anyan	Y	Y	Y	Y
G Cook	Y	Y	Y	Y
G Dallard	Y	Y	Y	Y
G Peters	Y	Y	Y	Y

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2019

Guarantee

Post year end, a parent company guarantee was put in place with NV Bekaert SA. As a result, the previous guarantee from Bridon Limited was released. In the event of the failure of Bridon International, certain obligations would pass to NV Bekaert SA unless the Scheme was sufficiently well funded. The Trustee received actuarial, covenant and legal advice and believe that the Scheme now benefits from a much stronger guarantee.

Scheme changes

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

Financial statements and developments

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:

- The appointment of Hewitt Risk Management Services Limited (HRMSL) as the Scheme's investment fiduciary manager

- Full disinvestments of assets from GAM International Management Limited, Legal & General Assurance (Pensions Management) Limited and M&G Investment Management Limited which were then reinvested in HRMSL

Membership

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

	Deferreds	Pensioners	Total
Members at the start of the year	244	95	339
Adjustment to members	(1)	-	(1)
Retirements	(14)	14	-
Transfers out	(10)	-	(10)
Members at the end of the year	219	109	328

Pensioners include 8 (2018: 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 adjustment to members shown above is the result of retrospective updating of a member's record.

Pension increases

Pensions in payment in excess of the Guaranteed Minimum Pension (GMP) were increased on 1 May 2019 by 3.0% for pensions earned prior to 6 April 1997 and for pensions earned after 5 April 1997 either 3.0% or 2.5% in accordance with Scheme Rules.

There were no discretionary pension increases in the year.

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

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2019

Transfers

Members leaving service can normally transfer the value of their benefits under the Scheme to another authorised pension arrangement.

The transfer value of the Scheme members' benefits includes no allowance for any discretionary benefits which might be awarded in the future.

Transfers into the Scheme are not allowed.

Contributions

Contributions were paid in accordance with the Schedule of Contributions certified by the Scheme Actuary on 20 December 2017.

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 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).

Going concern and Covid-19

As referred to in note 23 in the financial statements, subsequent to the Scheme's year end, there has been significant volatility in markets as a result of the Coronavirus (COVID-19) pandemic. Despite this, the Scheme currently aims to become fully funded on a self-sufficiency basis over the next six years and has developed an investment flight plan that is designed to achieve that objective. Supporting that strategy is a strong parent company guarantee.

The recent events are clearly concerning at a macro level but it is not yet possible to precisely quantify their likely impact on the employer. The production facilities are still fully operational, the order book remains very healthy and financial performance in Q1 2020 has been strong. Costs and cash levels are also being very carefully monitored and managed.

Furthermore, the Trustee is confident that, even if the Scheme was to be faced with no further employer pension contributions in the short term, the Scheme remains capable of achieving its self-sufficiency objective.

As the Scheme's investment manager, HRMSL made the strategic decisions at the end of 2019 and beginning of 2020 to reduce the amount of risk-based assets in the portfolio. The Trustees also decided at their December Trustee meeting to reduce the strategic investment objective from 1.5% p.a. above the liability benchmark to 1.25% pa. The funding level remains very strong and Scheme's investment strategy is already significantly de-risked. The funding level of the Scheme is being tracked on a daily basis by HRMSL, using a funding tool that monitors the Scheme's assets and liabilities. Consequently, the Trustee does not expect there to have been a material change to the Scheme's funding position as a result of Covid-19.

The Scheme's administrator, Aon Hewitt Limited, has a business continuity plan that is tested at regular intervals and updated periodically. The Trustee continues to monitor the operational impact of the developments and has no significant concerns regarding the Plan's ongoing ability to fulfil its operational, cashflow or benefit payment requirements.

Having had due consideration of the above and having discussed with the Principal Employer, the Trustee considers that the Scheme remains a going concern for the foreseeable future.

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2019

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 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% p.a.

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 100.0% 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 2019

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 manager's agreements which are designed to ensure that the objectives and policies captured in the SIP are followed.

The Trustee has considered environmental, social and governance factors for investments (including but not limited to climate change) and has delegated to the investment managers the responsibility for taking these considerations into account when assessing the financial potential and suitability of an investment and for exercising the rights (including voting 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.

The Trustee has not appointed a custodian to the Scheme as the investment managers appoint a custodian for the assets underlying the investments they manage for the Trustee. The Custodians appointed by the investment managers during the year are shown below:

Managers	Custodians
GAM International Management Limited	State Street Custodial Services (Ireland) Limited
Legal & General Assurance (Pensions Management) Limited	Northern Trust Fiduciary Services (Ireland) Limited HSBC Bank Plc
M&G Investment Management Limited	State Street Fund Services (Ireland) Limited
Hewitt Risk Management Services Limited	BNY Mellon Trust Company (Ireland) Limited

The Custodians are responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the Custodians' nominee company, in line with common practice for pension scheme investments.

The Trustee has considered the nature, disposition, marketability, security and valuation of the Scheme's investments and believe them to be appropriate relative to the reasons for holding each class of investments.

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2019

Investment report

Investment performance

Performance of the Scheme's investments to 31 December 2019 is summarised as follows:

Total Scheme Performance to 31 December 2019 (p.a.)		
1 Year	3 Years	5 Years
15.2%	6.5%	10.4%

Source: Aon/FundManagers

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 Trustee current investment objective is to return 1.5% p.a. in excess of the gilt based Liability Benchmark, net of fees. As and when the funding level increases, the Trustee's policy is to de-risk the investment strategy by reducing the target return in line with triggers that are set out in the Statement of Investment Principles

Current target asset allocation

The Trustees have appointed HRMSL as the Fiduciary Manager for the Scheme. They have therefore given HRMSL an investment objective to meet and delegated asset allocation and manager selection to them. There is therefore no target asset allocation against which the assets are monitored.

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 and implements the Scheme's investment strategy;
- Considers risk; and
- Monitors the performance of the Scheme's investments.

In setting and implementing the Scheme's investment strategy the Trustee does not explicitly take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"[1]). However, the Trustee recognises that there is a risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly ("ESG risk"). They therefore expect it to be considered by HRMSL when considering the managers in the portfolio.

Copies of the Statement are available on request from the Scheme Administrator.

[1] The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2019

Market Background: 12 Months to December 2019

General Background

The MSCI AC World Index rose by 26.9% in local currency terms over 2019 after large Q4 2018 losses. Fears of a global economic slowdown and trade war dominated equity markets for much of 2019. However, increasingly accommodative central banks and progress in US-China trade negotiations bolstered risk appetite. Fading trade uncertainty and the eventual agreement of a "phase one" US-China trade deal sparked an equity market rally in Q4 2019, helping to achieve the best annual equity market gain in 10 years. Sterling appreciation reduced global equity returns for unhedged UK investors, bringing global equity returns in sterling terms down to 22.4%.

On a sector level, Information Technology (47.5%) and Consumer Discretionary (28.2%) were the best performers. Technology stocks were supported by a lower threat from US-China tensions as well as expectations that interest rates would be lower for longer.

Sterling ended the twelve-month period 4.8% higher on a trade-weighted basis as a result of lower Brexit uncertainty. After the risk of a possible “No Deal” Brexit had cast a shadow over sterling for much of 2019, Prime Minister Boris Johnson’s Conservative Party won a sizeable majority in the UK general election towards the end of the year, paving the way for the Brexit Withdrawal Agreement to be ratified. Sterling rebounded sharply in Q4 2019.

The US Federal Reserve (Fed) abruptly reversed course in January 2019 when they signalled an intention to pause further rate hikes, citing concerns over a stalling global economy and a lack of inflationary pressure. The Fed lowered their Federal Funds rate projection in the first half of 2019, before implementing three 25bps rate cuts in the second half of the year, bringing the Federal Funds Rate target down to 1.50%-1.75%. This change in policy calmed equity markets and, in order to arrest volatility in money markets, the Fed also resumed asset purchases, focusing on money-market securities.

Most other central banks also shifted to a more accommodative stance in 2019. The European Central Bank (ECB) ended their asset purchase program in December 2018 but announced in their September 2019 meeting a resumption of the program and a cut in the deposit rate by 10bps to -0.5%. Meanwhile, the Bank of England (BoE) maintained interest rates at 0.75% throughout 2019. Whilst the BoE retained its previous forward guidance that “limited rate hikes are likely to be required” until June 2019, it was conceded in September that interest rates could take a different path, depending on the outcome of Brexit.

Oil prices rose sharply in Q1 2019, boosted by a rebound in risk sentiment as well as OPEC's crude oil production cuts. However, it reversed some gains in Q2 and Q3 as weakening global economic growth and heightened trade tensions put pressure on oil prices. Rising tensions in the Middle East were also a key theme over 2019 as a breakdown in US-Iran relations and drone attacks on critical oil infrastructure in Saudi Arabia triggered spikes in oil prices. Q4 2019 witnessed additional supply cuts proposed by OPEC+, driving energy prices higher, helped by a less pessimistic economic outlook. Brent Crude oil prices rose by 22.7% overall in 2019 and ended the period at US$66/BBL. The S&P GSCI Commodity index rose by 17.6% over the year.

UK gilt yields fell in tandem with global government bond yields on the back of looser monetary policy by major central banks, alongside downgraded growth and inflation outlooks. Gilt yields hit record lows in Q3 2019 amidst an escalation of the US-China trade war and increasing fears of a global slowdown. Yields rebounded a little in Q4 2019, supported by easing global trade tensions and clarity over Brexit. According to FTSE All-Stocks indices, UK fixed-interest gilts returned 6.9% whilst index-linked gilts returned 6.4%.

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2019

Investment report (continued)

The credit spread (the difference between corporate and government bond yields), based on the iBoxx Sterling Non-Gilt Index, ended the period 37bps lower at 122bps. Similar to other risky assets, credit markets performed well with spreads narrowing on the back of improved investor risk appetite.

UK commercial property returned 2.1%, supported by a steady income return, even though capital values fell by 3.1% over the year. Continued British high street struggles were reflected in the retail sector's total return of -6.4% over the period.

UK Equities

UK equities posted a solid return of 19.2% over the year, benefiting from broad global equity strength and reduced uncertainties around Brexit. The market underperformed global equities, however, amidst lacklustre UK economic data releases. Whilst the UK avoided a recession by recording a positive GDP growth in Q3 2019, a number of forward-looking indicators pointed towards further deterioration in domestic economic conditions. The UK's manufacturing sector ended the year with eight consecutive months of contraction, as indicated by the Purchasing Managers' Index (PMI).

The UK's Technology sector (33.7%) generated the highest return over the year, but its small size relative to other sectors limited its influence. The heavily-weighted Financials sector (19.4%) rallied as the prospects of a "No Deal" Brexit faded from view. Meanwhile, Telecommunication (-0.8%) and Oil & Gas (1.0%) were the worst-performing sectors.

Mid-Cap equities (28.9%) significantly outperformed both Large-Cap (17.3%) and Small-Cap equities (18.8%) over the 12-month period. Mid-Cap equities benefitted from a large exposure to the outperforming Industrials and Financials sector. Large-Cap equity returns were also strong, but sterling appreciation over the period detracted from the performance of multinationals with significant overseas revenue. Meanwhile, Small-Cap equities benefited from a reduction in Brexit uncertainty which had been a drag on smaller domestically-focused companies.

Overseas Equities

US equities were the best-performing market over the last twelve months. Slowing economic releases at the start of the year were offset by the shift towards looser monetary policy from the Fed in boosting investor sentiment. The three major US equity indices (S&P 500, Nasdaq Composite, Dow Jones Industrial Average) all reached record highs in the second half of the year, boosted by three rate cuts by the Fed and a breakthrough in US-China trade talks. Valuation multiple expansion drove strong equity performance, whilst underlying earnings growth estimates were revised lower. US equities returned 31.6% in local currency terms with Technology (47.9%) and Industrials (33.7%) the best performing sectors and Oil & Gas (11.4%) the worst.

Europe ex-UK equities returned 27.0% over the period. European equities were buoyed by improving investor risk appetite despite a weaker economic backdrop in Europe. ECB measures to limit the impact of negative interest rates on banks also supported returns, with Financials up 22.5% over the year. Economic data remained lacklustre as Germany narrowly avoided a recession in Q3 2019. Industrials (36.6%) and Technology (36.1%) were the best performing sectors whilst Telecommunication (6.3%) and Oil & Gas (12.8%) were the worst.

Headwinds in the guise of the US-China trade war and yen appreciation put pressure on Japanese equities in the first half of the year. However, Japanese equities rebounded in Q3 and Q4 2019, supported by more conciliatory US-China talks and a weaker yen. The Japanese economy was affected by the fiscal drag of a consumption tax hike and the damage caused by a severe typhoon season. However, the government introduced a fiscal stimulus program in a bid to prop up the economy. Technology (43.7%) and Health care (30.1%) were the best performing sectors whilst Utilities (-11.0%) and Oil and Gas (-1.2%) were the worst.

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2019

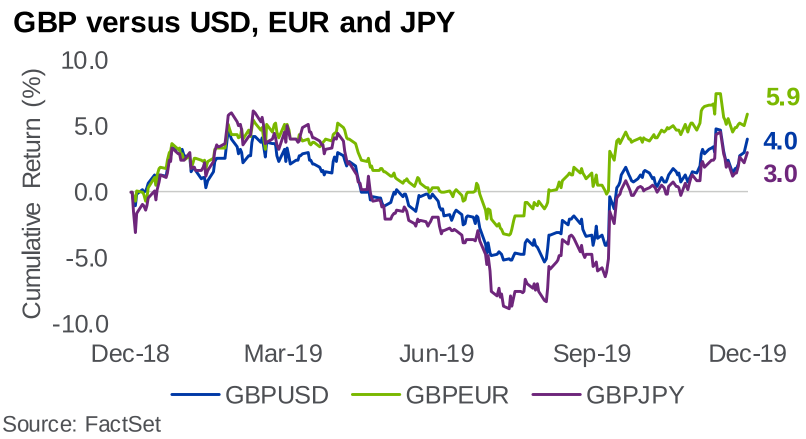
Investment report (continued)

Emerging Market equities returned 18.5% in local currency terms over the year. EM equities were embattled by trade war concerns and signs of a global economic slowdown for much of the year. However, the market rallied in Q4 2019, benefiting from a breakthrough in US-China trade negotiations and an improving global outlook. All major EM countries recorded double-digit returns over the past twelve months. Taiwanese equities (34.3%) were the best performing emerging market whilst Chinese equities (23.3%) also performed well on the back of thawing trade tensions and reflationary policies in China which included the lowering of reserve requirement ratios and greater fiscal expansion.

In the FTSE World ex UK Index, the best performing sectors (in sterling terms) were Technology (40.9%) and Industrials (26.3%), whilst Oil & Gas (9.8%) and Basic Materials (15.0%) underperformed.

Note: FTSE returns were used for UK, US, Europe ex-UK and Japanese equities, whilst MSCI returns were used for Emerging Market equities. Local currency returns used unless otherwise specified.

Currencies and Interest Rates



Source: FactSet

Brexit continued to be the dominant factor in the movement of sterling. Increasing expectations of a "No Deal" Brexit put downward pressure on sterling in the first half of the year. Boris Johnson, who vowed to leave the EU with or without a deal, replaced Theresa May as Prime Minister after her government repeatedly lost parliamentary votes on the Brexit Withdrawal Agreement. However, sterling bounced back in September 2019 after parliament passed measures to curtail the government's ability to force through a No-Deal Brexit. Sterling rallied sharply in Q4 2019 after a revised Withdrawal Agreement was agreed with the EU and the incumbent Conservative Party subsequently won a significant majority in the General Election. Reduced Brexit uncertainty and reduced risks of a capital unfriendly Corbyn premiership drove sterling higher towards the end of the year. Sterling ended the 12-month period up 4.8% on a trade-weighted basis.

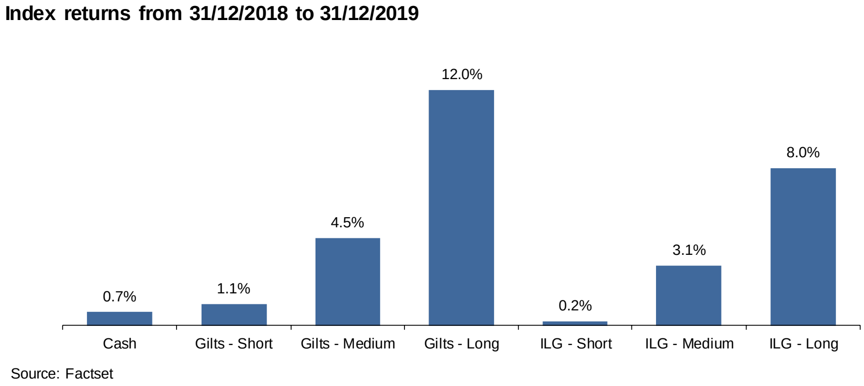
Despite the Fed's pivot to an easier monetary stance, the US dollar kept a firm tone over the course of the year although the return of risk appetite reduced 'safe-haven' demand for the 'greenback' in Q4. The US dollar index (DXY) rose marginally by 0.2% over the last twelve months. However, it depreciated by 4.0% against the sterling.

Poor economic data in the Euro Area and the ECB's easy monetary stance kept the euro weak on a trade-weighted basis (-1.6%). The euro depreciated by 5.9% against sterling. The Japanese yen rose by 4.7% on a trade-weighted basis. The yen appreciated against the euro and the dollar but depreciated by 3.0% against the sterling.

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2019

Investment report (continued)

Gilt returns

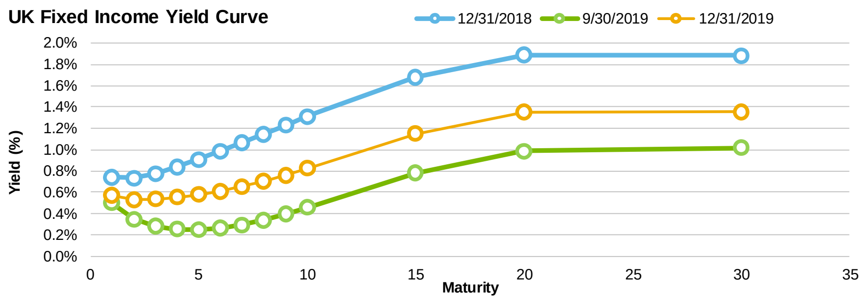


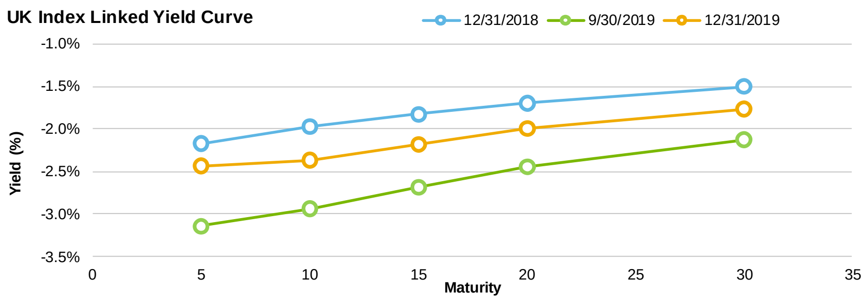
Source: FactSet

UK gilt yields fell in tandem with global government bond yields on the back of looser monetary policy intentions by major central banks, alongside downgraded growth and inflation outlooks. Gilt yields hit record lows in Q3 2019 amidst an escalation of the US-China trade war and increasing fears of a global economic slowdown. Yields rebounded a little in Q4 2019, supported by easing global trade tensions and clarity over Brexit. According to FTSE All-Stocks indices, UK fixed-interest gilts returned 6.9% whilst index-linked gilts returned 6.4%.

Long-dated gilts outperformed, benefiting from their higher sensitivity to interest rate changes and the flattening of the UK yield curve (as longer-dated yields falling by more than shorter-dated yields). Long-dated fixed-interest gilts posted a 12.0% return, above the 1.1% and 4.5% returns of short and medium-dated maturity gilts respectively. Mirroring their fixed interest counterparts, long-dated index-linked gilts outperformed short and medium-dated index-linked gilts.

Fixed Interest and Index-Linked Yield Curves





Source: Bloomberg

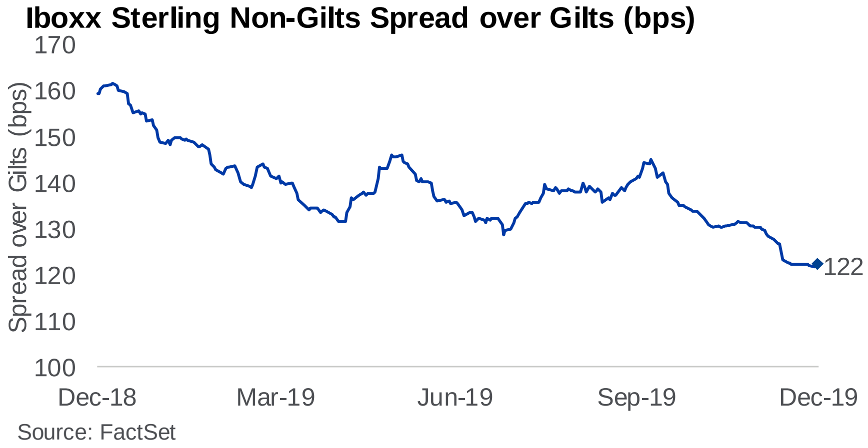
TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2019

Investment report (continued)

UK yields fell across maturities over the past 12 months. The fixed interest yield curve flattened over the twelve-month period with longer maturity yields falling by a greater extent than shorter maturities. The policy-sensitive 2-year yield dipped below the Bank of England's base rate of 0.75% at the beginning of the year as UK economic data pointed to signs of weakness amidst Brexit uncertainties. The 2-year gilt yield ended the 12-month period at 0.53%, whilst the 10-year gilt yield fell by 49bps to 0.82%.

The index-linked gilt yield curve also flattened. 20-year breakeven inflation ended the year 23bps lower at 3.41%.

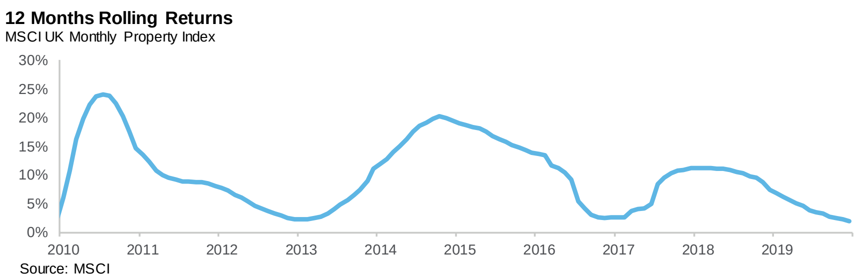
UK Investment Grade Credit



The credit spread (the difference between corporate and government bond yields), based on the iBoxx Sterling Non-Gilt Index, ended the period 37bps lower at 122bps. Similar to other risky assets, credit markets performed well with spreads narrowing on the back of improved investor risk appetite.

Credit spreads narrowed the most for BBB-rated bonds which decreased by 60bps to 176bps. AAA-rated spreads narrowed the least and ended the twelve-month period 10bps lower at 45bps.

UK Property



UK commercial property returned 2.1%, supported by a steady income return, even though capital values fell by 3.1% over the year.

Continued British high street struggles were reflected in the retail sector's return of -6.4% over the period. Meanwhile, the Industrials and Office sectors performed well, posting returns of 7.2% and 5.0% respectively.

Vacancy rates finished the year broadly unchanged at 7.6%. Rental growth slowed to a standstill with no discernible increase in rents over the twelve-month period.

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2019

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 20 to the financial statements.

Further information

Further information about the Scheme is available, on request, to members, their spouses and other beneficiaries. 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 made available.

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 Limited at the contact details on page 1 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.

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 and 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
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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 Principal Employer and the members qualify for full tax relief, and enables income earned from investments by the Trustee to receive preferential tax treatment.

Pension Tracing

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

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

0800 731 0193
www.gov.uk/find-pension-contact-details

The Pensions Regulator

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

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

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

TPR can be contacted at:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

0345 600 1011
customersupport@tpr.gov.uk
www.thepensionsregulator.gov.uk

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2019

Compliance Statement (continued)

The Pension Protection Fund

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

The Pension Protection Fund can be contacted at:

PPF Member Services
Pension Protection Fund
PO Box 254
Wymondham
NR18 8DN

0330 123 2222
ppfmembers@ppf.co.uk
www.ppf.co.uk

Questions about pensions

If you have any questions about your pension, The Pensions Advisory Service ('TPAS') provides professional, independent and impartial help with pensions for free. Services include independent information and general guidance on pension matters.

TPAS can be contacted at:

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB

0800 011 3797
www.pensionsadvisoryservice.org.uk

Resolving difficulties/Internal Dispute Resolution

It is expected that most queries relating to benefits can be resolved with the Scheme's Administrator. 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 due to bad administration either by the Trustee or the Scheme's Administrator, or disputes of fact of law. The Pensions Ombudsman can be contacted at:

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU

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

TRUSTEE'S REPORT
YEAR ENDED 31 DECEMBER 2019

Statement of Trustee's Responsibilities

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.

Approval

Signed for and on behalf of the Trustee:

Trustee Director: Susan Anyan, for and on behalf of Capital Cranfield Pension Trustees Limited

Date: 31March 2020

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE FOR THE YEAR ENDED 31 DECEMBER 2019

Opinion

We have audited the financial statements of the Bridon Group (2013) Pension Scheme for the year ended 31 December 2019 which comprises the Fund Account, the Statement of Net Assets and the related notes 1 to 24, 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 2019, 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.

Emphasis of matter – Effects of COVID-19

We draw attention to Note 23 of the financial statements, which discloses the economic consequences the Scheme is facing as a result of COVID-19 which is impacting the financial markets. Our opinion is not modified in respect of this matter.

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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE FOR THE YEAR ENDED 31 DECEMBER 2019

Other information

The other information comprises the information included in the report and financial statements set out on pages 1 to 41, other than the financial statements, our auditor's report thereon and our auditor's statement about contributions. 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.

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 it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Ernst & Young LLP
Statutory Auditor
Reading

Date: 31/3/20

FUND ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Employer contributions	4	750,000	-
Benefits paid or payable	5	(1,600,168)	(1,051,025)
Payments to and on account of leavers	6	(2,572,912)	(3,989,695)
Administrative expenses	7	(34,143)	(201,268)
		(4,207,223)	(5,241,988)
Net withdrawals from dealing with members		(3,457,223)	(5,241,988)
Returns on investments			
Investment income	8	69,065	168,092
Change in market value of investments	9	12,086,017	(1,716,294)
Investment management expenses	10	(22,840)	(57,685)
Net return on investments		12,132,242	(1,605,887)
Net increase / (decrease) in the fund during the year		8,675,019	(6,847,875)
Opening net assets		81,405,821	88,253,696
Closing net assets		90,080,840	81,405,821

The notes on pages 21 to 33 form part of these financial statements.

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Investment assets			
Pooled investment vehicles	12	89,872,276	81,102,840
AVC investments	13	71,479	136,918
Cash	14	283,000	-
		90,226,755	81,239,758
Total net investments		90,226,755	81,239,758
Current assets	18	295,690	401,991
Current liabilities	19	(441,605)	(235,928)
Net assets available for benefits at 31 December		90,080,840	81,405,821

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's Report and these financial statements and Actuarial Certificates should be read in conjunction with them.

The notes on pages 21 to 33 form part of these financial statements.

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

Trustee Director: Susan Anyan, for and on behalf of Capital Cranfield Pension Trustees Limited

Date: 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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 guidance set out in the Statement of Recommended Practice ('SORP') (2018) - Financial Reports of Pension Schemes.

2. General information

Bridon Group (2013) Pension Scheme is a DB occupational pension scheme established under trust under English Law.

The address of the Scheme's principal office is:

Bridon International Limited
Icon Building
First Point
Balby Carr Bank
Doncaster DN4 5JQ

3. Accounting policies

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

Functional and presentational currency

The Scheme's functional and presentational currency is Pounds Sterling (GBP).

Contributions

Employer's deficit funding contributions are accounted for in the year in which they fall due in line with the Schedule of Contributions.

Benefits paid or payable

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

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, or if there is no member choice, on the date of retiring or leaving.

Payments to and on account of leavers

Individual transfers to other schemes are accounted for when member liability is discharged which is normally when the transfer amount is paid.

Administrative expenses

Administrative expenses are accounted for on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

3. Accounting policies (continued)

Investment income

Income from any pooled investment vehicle which distributes income is accounted for on an accruals basis when declared by the fund manager.

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 accounted for in these financial statements on an accruals basis.

Change in market value of investments

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.

Investment management expenses

Investment management fees and rebates are accounted for on an accruals basis.

Management fees for pooled investment vehicles are incorporated in the unit price and reflected in change in the market value of investments in the Fund Account.

Valuation of investment assets

Investments

Investment assets are included in the financial statements at fair value. The methods of determining fair value for the principal classes of investment are:

Pooled investment vehicles which are traded on an active market are included at the latest available bid price or single price provided by the pooled investment manager.

Pooled investment vehicles which are unquoted or not actively traded are stated at bid price or single price where there is no bid/offer spread as provided by the investment manager at the year end.

With profits insurance policies held as AVC investments are reported at the policy value provided by the insurer based on cumulative reversionary bonuses declared and the current terminal bonus.

AVC funds are included within the Statement of Net Assets on the basis of fair values provided by the AVC provider at the year end.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

4. Contributions

	2019	2018
	£	£
Employer:		
Deficit funding	750,000	-

Deficit funding contributions of £62,500 per month are being paid by the Employer to the Scheme until 31 August 2021 in accordance with Recovery Plan dated 20 December 2017 in order to improve the Scheme funding position.

5. Benefits paid or payable

	2019	2018
	£	£
Pensions	1,236,634	761,528
Commutations of pensions and lump sum retirement benefits	363,534	202,861
Lump sum death benefits	-	86,636
	1,600,168	1,051,025

Included in pensions above is the provision of £0.4 million for backdated benefits adjustments in relation to GMP equalisation and interest on the backdated amounts as detailed in note 24.

6. Payments to and on account of leavers

	2019	2018
	£	£
Individual transfers to other schemes	2,572,912	3,989,695

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

7. Administrative expenses

	2019 £	2018 £
Legal fees	-	(300)
Other professional fees	35	-
Scheme levies	-	34,218
Trustee fees and expenses	-	1,130
Sundry expenses	33,605	165,681
Bank charges	503	539
	34,143	201,268

From 1 January 2018, the expenses of administrating the Scheme are met directly by the Employer with any expenses above £0.33 million per annum (excluding VAT) being reimbursed by the Scheme to the Employer. These expenses are included within sundry expenses.

The amount of £33,605 relates to the expenses above £0.33 million per annum (excluding VAT) coming up to £41,605 being reimbursed by the Scheme to the Employer which were reduced by the amount of £8,000 relating to the audit fee which was incorrectly paid by the Scheme and netted off against the sundry expenses.

Negative figures in 2018 are due to overaccrued fees in prior years.

8. Investment income

	2019 £	2018 £
Income from pooled investment vehicles	65,704	165,880
Interest on cash deposits	3,361	2,212
	69,065	168,092

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

9. Investments

	Opening value at 1 Jan 2019	Purchases at cost	Sales proceeds	Change in market value	Closing value at 31 Dec 2019
	£	£	£	£	£
Pooled investment vehicles	81,102,840	97,129,002	(100,436,299)	12,076,733	89,872,276
AVCs	136,918	-	(74,723)	9,284	71,479
	81,239,758	97,129,002	(100,511,022)	12,086,017	89,943,755
Cash	-				283,000
Total net investments	81,239,758				90,226,755

Increases in sales and purchases were caused by a full disinvestment of GAM, LGMI and M&G funds and subsequent investment in HRSML fund amounting to £85 million.

Transaction costs

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

	Pooled Investment Vehicles	2019 Total
	£	£
Fees	61,851	61,851

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Investment management expenses

	2019 £	2018 £
Administration and management fees	27,391	104,435
Management fee rebates	(4,551)	(46,750)
	22,840	57,685

11. Taxation

The Scheme is a registered pension scheme in accordance with the Finance Act 2004. This means that the contributions paid by both the Employer and the members qualify for full tax relief, and is exempt from income tax and capital gains tax except for withholding tax on overseas investment income.

12. Pooled investment vehicles

	2019 £	2018 £
Bond funds	-	65,216,249
Cash & liquidity funds	-	3,469,812
Equity funds	-	12,416,779
Tailored LDI Fund	89,872,276	-
	89,872,276	81,102,840

The legal nature of the Scheme’s pooled arrangements is:

	2019 £	2018 £
Open ended portfolio	89,872,276	-
Unit linked insurance policies	-	68,399,475
Open ended investment company		11,725,981
Mutual fund	-	977,384
	89,872,276	81,102,840

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

12. Pooled investment vehicles (continued)

The Scheme is the sole investor in Aon Hewitt Bespoke Fund B17 which is managed by Hewitt Risk Management Services Limited. A breakdown of the underlying assets at the year end is set out below:

	2019 £	2018 £
Bonds	38,674,555	-
Hedging component	27,411,434	-
Diversified growth	14,122,794	-
Equities	6,831,491	-
Cash	1,616,785	-
Property	1,215,217	-
	89,872,276	-

13. AVC investments

	2019 £	2018 £
Aviva	38,260	101,266
Utmost	33,219	35,652
	71,479	136,918

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 above.

Valuation at the year end for Utmost has not been received, as a result the valuation shown above is on a cash basis.

Utmost and Aviva can be further analysed as:

	2019 £	2018 £
With profits	35,483	39,111
Unit trusts	35,996	97,807
	71,479	136,918

Following High Court approval and with effect from 1 January 2020, Equitable Life with-profit policies were uplifted, their investment guarantees and switching rights removed and the policies converted to unit linked policies. Subsequently to this all policies were transferred to Utmost Life and Pensions Limited.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14. Cash and other investment balances

	2019 £	2018 £
Cash in transit	283,000	-

15. 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 assessment dates;

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.

The Scheme's investment asset fall within the above hierarchy as follows:

Investment assets	**Level 1** **£**	**Level 2** **£**	**Level 3** **£**	**2019** **Total** **£**
Pooled investment vehicles	-	89,872,276	-	89,872,276
AVC investments	-	-	71,479	71,479
Cash	283,000	-	-	283,000
	283,000	89,872,276	71,479	90,226,755

Investment assets	**Level 1** **£**	**Level 2** **£**	**Level 3** **£**	**2018** **Total** **£**
Pooled investment vehicles	977,384	80,125,456	-	81,102,840
AVC investments	-	-	136,918	139,918
	977,384	80,125,456	136,918	81,239,758

Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair values applies, valuation techniques are adopted and the investment assets are included in Level 3.

Valuation techniques as described in note 3 are applied.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

16. Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks.

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 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 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), 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 Trustee determines its investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

Credit risk

Direct credit risk arises from the Scheme's investments in pooled investment vehicles, as there is the possibility that the pooled fund managers will fail to discharge their obligations to investors. This risk is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The manager carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the operating environment of a pooled manager.

Indirect credit risk arises in relation to exposure to underlying bond and liability matching pooled investment vehicles. This risk is mitigated through the underlying exposures on aggregate basis being predominantly investment grade credit securities; however they may invest in debt securities which may be unrated by a recognised credit rating agency or below investment grade and which are subject to greater risk of loss of principal and interest than higher-rated debt securities. The funds may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The funds may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. Risk is mitigated by holding a diverse portfolio of investments with exposure to a range of issues and issuers.

Cash is held within financial institutions which are at least investment grade credit rated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

16. Investment risks (continued)

Currency risk

No direct currency risk exists as all of the pooled investment vehicles held by the Scheme are denominated in GBP.

Indirect currency risk arises because some investments are held in overseas markets via pooled investment vehicles. Aon Hewitt Limited may enter into currency exchange transactions and/or use techniques and instruments to seek to protect against fluctuation in the relative value of its portfolio positions as a result of changes in currency exchange rates between the trade and settlement dates of specific securities transactions or anticipated securities transactions.

Interest rate risk

Interest rate risk exists because some investments are held in leveraged gilts, through pooled vehicles, and cash. These investments are held in order to mitigate the impact of interest rate and inflation changes on the Scheme's liabilities. The Scheme also has some exposure to bond pooled investment vehicles as part of its diversified return seeking growth portfolio.

Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio which is invested in a diversified range of return-seeking pooled vehicles including, but not limited to, equities, fixed income, debt, property, infrastructure, hedge funds and other asset classes, predominantly via a diversified growth pooled vehicle.

The following table summarises the extent to which the various classes of the Scheme's investments are affected by indirect financial risks

Strategy	Fund	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk	31 December 2019 Market Value (£m)	31 December 2018 Market Value (£m)
Low Risk Bond strategy	*Adept SF25*	●	◐	●	◐	29.2	n/a
Managed Growth strategy	*Adept SF9*	◐	◐	◐	●	32.8	n/a
Cash		○	○	○	○	0.4	n/a
Hedging Component		◐	○	●	●	27.4	n/a
Total						**89.9**	**n/a**

Source: Aon / Bank of New York Mellon.

Please note that figures may not sum due to rounding.

In the table above, the risk noted affects the investment class [●] significantly, [◐] partially or [○] hardly/not at all.

The Scheme did not hold any of the funds above last year that is why values at 31 December 2018 are presented as N/A.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

17. Concentration of investments

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

	2019 Value £	%	2018 Value £	%
Aon Hewitt Bespoke Fund B17	89,872,276	100	-	-
LGIM GPBF – All World Equities Indx	-	-	12,416,779	15
M&G Alpha Opportunities Fund	-	-	11,725,981	14
LGIM NF – 2042 Gilt	-	-	7,807,485	10
LGIM YB – 2040 Index-Linked Gilt	-	-	7,372,946	9
LGIM XN – 2050 Index-Linked Gilt	-	-	6,683,007	8

The Scheme is the sole investor in Aon Hewitt Bespoke Fund B17 which is managed by Hewitt Risk Management Services Limited. The following underlying funds, excluding UK Government securities, account for more than 5% of the net assets of the Scheme.

	2019 Value £	%	2018 Value £	%
Adept SF9	32,843,708	36	-	-
Adept SF25	29,182,723	32	-	-

18. Current assets

	2019 £	2018 £
Employer contributions due	62,500	-
Prepayments	65,369	57,798
Cash balances	162,007	344,193
Sundry debtors	5,814	-
	295,690	401,991

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 2019

19. Current liabilities

	2019 £	2018 £
Accrued expenses	-	81,156
Accrued benefits	400,000	-
Due to employer	41,605	154,772
	441,605	235,928

The amount of £154,772 relates to the expenses above £0.33 million per annum (excluding VAT) coming up to £165,933 being reimbursed by the Scheme to the Employer which were reduced by the amount of £11,161 relating to the fee which was incorrectly paid by the Scheme.

The amount of £41,605 relates to the expenses above £0.33 million per annum (excluding VAT).

In October 2018, the High Court determined that benefits provided to members who had contracted out of the state pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. Based on an initial assessment of the likely backdated amounts and related interest the Trustee has included a liability of £0.4 million in respect of these matters in these financial statements.

20. Employer related investments

There were no direct Employer related investments during the year or at the year end (2018: Nil). 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 believes that any indirect exposure to shares in the Employer has not exceeded 0.1% of the Scheme assets at any time during the year or at the year end. This is the maximum holding in the year.

21. 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.

The Principal Employer is considered a related party. All transactions involved with this entity relate to remittance of monthly contributions required under the Rules of the Scheme. The Principal Employer recharges the Scheme for costs.

The Principal Employer recharges the Scheme for costs of administration (excluding the PPF levy) in excess of £0.33 million per annum.

Fees and expenses were paid to the Trustee Directors for the amount of £35,610 (2018: £31,640) by the Employer.

Other than those items disclosed elsewhere in the financial statements, there are 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 2019

22. Contingent assets and liabilities

In the opinion of the Trustee, the Scheme had no contingent assets and liabilities as at 31 December 2019 (2018: £nil).

23. Subsequent events

Subsequent to the Scheme's year end, there has been significant volatility in markets as a result of the Coronavirus (COVID-19) pandemic. The Trustee considers the outbreak to be a non-adjusting post net asset statement event and as the situation is fluid and unpredictable, an estimate of the precise financial effect is not possible at the date of issue of the financial statements.

The Trustee believes the Scheme's investment strategy is already significantly de-risked and does not expect there to have been a material change to the Scheme's funding position as a result of Covid-19. The funding level of the Scheme is being tracked on a daily basis by HRMSL, using a funding tool that monitors the Scheme's assets and liabilities.

24. GMP Equalisation

In October 2018, the High Court determined that benefits provided to members who had contracted out of the state 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 have included a liability of £0.4 million in respect of these matters in these financial statements.

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019, which is set out on page 35.

In our opinion contributions for the Scheme year ended 31 December 2019 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 35 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

Ernst & Young LLP
Statutory Auditor
Reading

Date: 31/3/20

SUMMARY OF CONTRIBUTIONS
FOR THE YEAR ENDED 31 DECEMBER 2019

During the year ended 31 December 2019 the contributions payable to the Scheme were as follows:

	Employer 2019 £	Total 2019 £
Contributions payable under the Schedule of Contributions and as reported by the Scheme auditor		
Deficit funding	750,000	750,000
Total contributions reported in the financial statements	**750,000**	**750,000**

Approved by the Trustee and signed on its behalf:

Trustee Director: Susan Anyan, for and on behalf of Capital Cranfield Pension Trustees Limited

Date: 31 March 2020

ACTUARIAL CERTIFICATES

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 CERTIFICATES

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 CERTIFICATES

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 CERTIFICATES

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 CERTIFICATES

Summary Funding Statement

This section summarises the results of the funding update at 31 December 2018. It also looks at the most recent previous results. 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 and the last funding update.

	Annual Actuarial Update	Annual Actuarial Update	Actuarial Valuation
Date	31 December 2018	31 December 2017	31 December 2016
The funding level	96%	99%	93%
The funding target	£84.5 million	£88.8 million	£88.1 million
The value of the Scheme's assets*	£81.3 million	£88.1 million	£82.3 million
The overall position	Shortfall of £3.2 million	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 2018 was £0.1M.*

The latest update shows that the funding level has improved since the valuation at 31 December 2016 but there is a slight deterioration from the previous year's update.

The next financial check will be a formal actuarial valuation based on the Scheme's position at 31 December 2019. We will report on the valuation 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 increase in the shortfall over the year is largely as a result of decreases in yields available on government bonds which increase the value placed on the Scheme's liabilities. This has been partially offset by positive investment returns on the Scheme's assets.

As benefits are paid out from the Scheme, it is normal for the both the value of the assets and liabilities to decrease with time.

ACTUARIAL CERTIFICATES

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).

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

In addition, the Company continues to pay:

- All administration costs subject to a cap of £0.33M per annum.
- The Pension Protection levy

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 funding level 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. 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 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.**