

Registered number: 10225287

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**AMEY OS PENSION SCHEME**

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**Report and financial statements**

**Year ended 31 March 2016**

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**Amey OS Pension Scheme annual report and financial statements**  
Year ended 31 March 2016

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## Amey OS Pension Scheme annual report and financial statements

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### Trustee and Advisers

Trustee:	Pitmans Trustees Limited
Scheme Actuary:	A Allsopp F.I.A. Quattro Pension Consulting Actuaries
Independent Auditor:	Grant Thornton UK LLP
Investment Managers:	Legal & General Investment Management Limited (until 14 December 2015) Baillie Gifford Life Limited (until 4 December 2015) Standard Life Investments (until 2 December 2015) Mercer Ltd (until 10 March 2016) SEI Investments (appointed 2 December 2015)
Investment Consultant:	Lane Clark & Peacock LLP (until 2 December 2015) SEI Investments (appointed 2 December 2015)
AVC Provider:	Prudential Assurance Company Limited
Legal Advisers:	Squire Patton Boggs
Scheme Administrator:	RPMI Limited
Banks:	Royal Bank of Scotland Lloyds Bank plc (removed 11 August 2016)
Life Assurance Company:	Legal & General Assurance Society Limited
Principal Employer:	Amey plc.
Participating Employers:	Amey Services Limited Accord Limited Amey Metering Limited Enterprise (AOL) Limited Enterprise Managed Services Limited

Contact for further information and complaints about the Scheme

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## **Amey OS Pension Scheme annual report and financial statements**

Year ended 31 March 2016

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### **Trustee's Annual Report**

#### **Introduction**

The Trustee of the Amey OS Pension Scheme (the "Scheme") is pleased to present its report together with the financial statements for the year ended 31 March 2016. The Scheme is a Defined Benefit scheme,

#### **Management of the Scheme**

Under the Rules of the Scheme, which comply with the Occupational Pension Schemes (Member Nominated Trustees and Directors) Regulations 2006, there are normally five Trustees, two of whom are member nominated unless a Corporate Body is appointed as Trustee to the Scheme.

During the year under review, the Trustee of the Scheme was a corporate body – Pitmans Trustees Limited

Pitmans Trustees Limited acts through its Directors. The Directors who served during the year were:

David Archer

Christopher Avery

Steve Carrodus

Andrew Davies

David Hosford

Suzanne Brooker

Richard Butcher

Phillip Weaver (resigned 31 July 2015)

Sue O'Brien (reappointed 31 July 2015)

In accordance with the Trust Deed, the Principal Employer, Amey plc. has the power to appoint and remove the Trustees of the Scheme.

During the year the Trustee held four meetings.

#### **Trust Deed and Rules**

A revised consolidated deed and rules was executed as at 12 March 2014.

#### **Communication with Members**

The Trustee issues a newsletter to the membership on an annual basis, which provides an overview of events that have taken place during the year and upcoming events in relation to the Scheme. Members are encouraged in the Newsletter to raise any comments directly with the Administrator. The most recent newsletter was issued to the members in March 2016.

#### **Trustee Knowledge and Understanding**

The Pensions Act 2004 requires trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with the Scheme documentation. The Pensions Regulator has published a Code of Practice on Trustee Knowledge and Understanding to assist trustees on this matter which became effective in November 2009. The Trustee is a Professional Trustee who maintain a training log and has agreed a training plan to enable them to meet the identified requirements.

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### **Governance and Risk Management**

The Trustee has in place a business plan which sets out its objectives in areas such as administration, investment, funding and communication. This, together with a list of the main priorities and timetable for completion, helps the Trustee run the Scheme efficiently and serves as a useful reference document.

The Trustee regularly reviews its risk register to ensure that controls are in place to monitor the key risks to which the Scheme is subject and that actions are identified to mitigate these risks.

### **Internal Dispute Resolution**

The Trustee has a dispute resolution procedure which is available to any member or dependant. No complaints were raised during the year under this procedure.

### **Report to the Pensions Regulator**

No report was made to the Pensions Regulator during the year.

### **Principal Employer**

The registered address of the Principal Employer is Amey plc., The Sherard Building, Edmund Halley Road, Oxford, OX4 4DQ.

### **Financial Development**

The financial statements on pages 15 to 29 have been prepared and audited in accordance with the Regulations made under Sections 41(1) and (6) of the Pensions Act 1995. They show that the value of the Fund decreased from £138,240,776 at 31 March 2015 to £137,646,953 at 31 March 2016.

## **REPORT ON ACTUARIAL LIABILITIES**

### **AMEY SECTION**

The last full valuation of the Amey OS Pension Scheme (Amey Section) had an effective date of 5 April 2014.

The annual update report, as at 31 March 2015, was commissioned by the Trustee in accordance with the current legislation relating to scheme funding which requires that funding updates are obtained at each anniversary of the valuation date (or more frequently) unless a full valuation of the scheme is being performed at that date.

### **Method**

The triennial valuation was completed using the Projected Unit Method. The calculations in the 31 March 2015 annual update report have been carried out by "rolling forward" the results of the triennial valuation as at 5 April 2014. (The date of 31 March has been chosen to coincide with the date of the audited accounts.) This method makes allowance on an approximate basis for cashflows into and out of the Scheme in respect of benefits paid.

It would be expected that this method would give a good indication of how the Scheme's funding position has improved or deteriorated over the period to 31 March 2015. However, it should be noted that the Actuary has not made detailed allowances for membership movements etc. over the year and calculations based on full membership data may show different results from those presented here.

Benefit payments and the current value of the Scheme's assets have been taken from the Scheme's audited annual report and accounts.

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### Assumptions

The assumptions used for this update are based on the method specified in the Trustee's Statement of Funding Principles drawn up in conjunction with the 2014 valuation. The assumptions used have been recalculated to reflect market conditions as at 31 March 2015, as summarised in the table below:

Assumption	31 March 2015	5 April 2014
RPI Inflation on deferred pre retirement	2.65% p.a.	3.10% p.a.
CPI Inflation on deferred benefits pre retirement	1.75% p.a.	2.20% p.a.
RPI increases to pensions in payment subject to a maximum of 5% p.a.	3.25% p.a.	3.45% p.a.
CPI increases to pensions in payment subject to a maximum of 5% p.a.	2.35% p.a.	2.55% p.a.
CPI increases to pensions in payment subject to a maximum of 3% p.a.	2.35% p.a.	2.55% p.a.
Interest rate	3.20% p.a.	4.45% p.a.
Salary growth	3.60% p.a.	4.05% p.a.
Mortality	105% S2PXA CMI 2013 [1.5% rate of long term improvement]	105% S2PXA CMI 2013 [1.5% rate of long term improvement]

Other demographic assumptions are the same as adopted in the 2014 actuarial valuation.

### Results

#### Technical Provisions

The following table shows the funding update as at 31 March 2015 together with the results of the previous valuation at 5 April 2014:

	31 March 2015	5 April 2014
Technical Provisions*	47,065,000	38,993,000
Assets	45,521,000	42,257,000
Surplus / (Deficit)	(1,544,000)	3,264,000
Funding Level	97%	108%

\* The "Technical Provision" is the estimate of the amount of money needed in the Scheme to provide Scheme benefits, assessed on a prudent basis according to the Statement of Funding Principles. The above figures include a 3% reserve for expenses.

The approximate update indicates that the funding position has deteriorated over the year to 31 March 2015. The main reasons for this are:

#### Assumed future investment returns (discount rate)

Your assumptions for the future investment returns on all asset classes are set by reference to gilt yields, with the discount rate being approximately 1% above the yield on the over 15 year gilt index. As gilt yields fell by over 1% over the period 5 April 2014 to 31 March 2015 this translates into a reduction in the assumed rate of future investment returns, from 4.45% pa at the 2014 valuation to 3.2% pa at 31 March 2015.

This increases the value of the Technical Provisions by around £10m, all other things being equal.

#### Asset outperformance

Assets returned around 14.5% over the year, compared to the assumption made in the actuarial valuation of 4.45%, resulting in a £4.3m profit to the Scheme.

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### Long term inflation assumption

The market's long-term expectations for future inflation fell by 0.4% over the year. The liabilities are to a large extent linked to inflation (although in payment this is diluted by the impact of caps and collars and fixed rates of pension increase), so that the value of the Scheme's liabilities was reduced by around £0.9m.

### Short term inflationary effects

Actual inflation over the year to 31 March 2015 was lower than expected (actual CPI of 1.2% v assumed 2.2%), resulting in a small source of surplus to the Scheme (around £100,000).

### Summary

Initial surplus 5 April 2014	3,264
Asset returns above expected	4,300
Interest on the starting surplus	145
Change in assumptions (primarily the discount rate, but offset by the fall in long term inflation)	(9,120)
Future service costs and expenses in excess of contributions	(64)
Lower inflation than assumed	100
Miscellaneous (e.g. member movements)	(169)
Final deficit 31 March 2015	(1,544)

### Sensitivity of results

The above results are presented using assumptions derived from the Scheme's existing Statement of Funding Principles.

The results are highly sensitive to the assumptions made. For example, if the interest rate is reduced by 0.25% per annum, the value of the liabilities would increase by approximately £2m. If the inflation assumption is increased by 0.25% per annum the liabilities would increase by approximately £500,000. The effect of an increase in the discount rates, or a decrease in the assumed rate of inflation has a similar effect in the opposite direction (i.e. reduces the technical provisions).

### Status of this document

This report has been prepared in accordance with the instructions given by the Trustee. Readers other than the Trustee should note that it cannot be relied upon as being actuarial advice to such third parties and such third parties should seek their own independent advice as appropriate.

As mentioned above, the figures in this report have been based on the Statement of Funding Principles drawn up in conjunction with the valuation of the Scheme as at 5 April 2014. The Trustee may need to review its Statement of Funding Principles if there is a significant change in the strength of the employer covenant or any other factor that would make it unsafe to rely on results based on these assumptions.

This report complies with the following Technical Actuarial Standards (TAS) issued by the Board for Actuarial Standards, to the extent that I believe it is proportionate to do so.

- TAS R (the Technical Actuarial Standard on Reporting),
- TAS D (the Technical Actuarial Standard on Data),
- TAS M (the Technical Actuarial Standard on Modelling),
- The Pensions TAS.

In deciding on which aspects of the TASs it is proportionate to follow I have borne in mind that there are no decisions expected to be made on the back of the information provided in this report. If this report does prompt the Trustee to consider further issues, such as investment or funding strategy, the Trustee should seek further advice before making any decisions.

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### ACCORD SECTION

The latest actuarial valuation of the Amey OS Pension Scheme (Accord Section) had an effective date of 31 March 2015.

This is the first valuation of the Accord Section since it was created by transferring the assets and liabilities of the Accord Final Salary Scheme into a new section of the Amey OS Pension Scheme. The previous valuation of the former Accord Final Salary Scheme had an effective date of 1 April 2012.

### Methods

At this valuation the Trustee have used a "market value" approach, as required by legislation. This means that assets are assessed at their realisable market value on the Valuation Date (as recorded in the Scheme's audited accounts) and liabilities are valued by using assumptions consistent with market conditions on the Valuation Date to ensure consistency with the valuation of the assets. This is the same as the approach used in the last valuation of the Scheme.

For the avoidance of doubt, the assets shown in this report exclude any assets held in the Escrow account.

### Assumptions

The following table provides a comparison between the assumptions used at the last valuation and those used in the current valuation for the on-going valuation.

Assumptions	31 March 2015	1 April 2012
CPI inflation	2.20%	2.35%
LPI pension increases (RPI max 5%)	2.95%	3.10%
Salary growth	3.45%	3.60%
Interest rate post-retirement		
-pensioners	3.60%	4.25%
-non-pensioners	3.60%	3.90%
Interest rate pre-retirement	3.60%	5.80%
Mortality – base table	105% S2PXA	S1PXA Rated up one year
Mortality – future improvements	CMI_2013 [1.5%]	Medium cohort Floor 1.25% males Floor 1.00% females
Allowance for commutation	75%	75%
Proportion married	75%	75%
Male age less female age	3 years	3 years
Withdrawals	None	In line with common LGPS rates

At this valuation of the Scheme all active members are assumed to remain in service until their retirement at Minimum Pension Age. At the previous valuation of the Scheme some allowance was made for active members to leave employment before retirement.

The regulations require that Technical Provisions must be prudent and include an allowance for experience of factors such as investment returns or future inflation being worse than expected.

On a neutral basis, (i.e. stripping away from the assumptions the margins for prudence) I estimate the Scheme is 116% funded at the Valuation Date. The assumptions used to determine this estimate are detailed below.



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### Results

The main findings were as follows:

Value of projected accrued benefits	£000	Value of assets	£000
Active members	12,043	Market value	92,566
Deferred members	51,800		
Pensioners	31,600		
Expenses	-		
<b>Total Liabilities</b>	<b>95,443</b>	<b>Total Assets</b>	<b>92,566</b>
		<b>Deficit</b>	<b>(2,877)</b>

As the assumptions made for valuing assets and liabilities are broadly consistent, the comparison between the value of assets and the Technical Provisions provides a useful measure for funding purposes.

The ratio of the value of the assets to the value of the Technical Provisions is called the funding level. The funding level of the Scheme in relation to the Statutory Funding Objective is therefore 97%.

### Summary

Initial deficit 1 April 2012	(4,157)
Effect of interest on the deficit as at the last valuation	(700)
Higher investment return than assumed	16,200
Inflation lower than expected	511
Salaries lower than expected	1,075
Change in valuation basis	(15,400)
Miscellaneous (e.g. member movements)	(406)
Final deficit 31 March 2015	(2,877)

### Sensitivity of results

The sensitivity of the calculation of the Technical Provisions is illustrated in the table below:

	Approximate increase in liabilities
Effect of a 0.25% increase in inflation (both pension increases in payment and statutory revaluation), but assuming no change to discount rates	3.2% (£3.0m)
Effect 0.25% decrease in the pre-retirement discount rate	1.3% (£1.2m)
Effect of a 0.25% decrease in the post-retirement discount rate	3.6% (£3.4m)
Effect of a 0.25% increase in assumed salary growth	0.2% (£0.2m)
Effect of increasing life expectancy assumption by 1 year	3.0% (£2.8m)

An increase in the discount rates, or a decrease in the assumed rate of salary growth or inflation, has a similar effect in the opposite direction (i.e. reduce liabilities) to those shown above.

### Status of this document

Advice in relation to the actuarial valuation of the Scheme has been prepared in accordance with an appointment letter dated 28 March 2014 and is prepared exclusively for the benefit of the Trustee of the Scheme. Readers other than the Trustee of the Scheme should note that it cannot be relied upon as being actuarial advice to such third parties and such third parties should seek their own independent advice as appropriate.

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### MEMBERSHIP

Details of the membership of the Scheme are given below:

	Amey Section 2016	Accord Section 2016	2016	2015
<b>Active members</b>				
Active members at the start of the year	64	110	174	64
Prior year adjustment	-	-	-	9
New entrants	-	-	-	10
Transfer in from Accord	-	-	-	114
Deaths in service	(1)	(1)	(2)	-
Members leaving with preserved benefits	(3)	(5)	(8)	(12)
Members retiring	-	(1)	(1)	(10)
Opt outs	-	-	-	(1)
Refunds	(1)	-	(1)	-
Active members at the end of the year	<b>59</b>	<b>103</b>	<b>162</b>	<b>174</b>
<b>Pensioners</b>				
Pensioners at the start of the year	280	664	944	265
Members retiring	10	42	52	35
Spouses and dependants	10	10	20	4
Transfer in from Accord	-	-	-	651
Pensioners who died	(10)	(6)	(16)	(11)
Cessation of pension	(1)	(3)	(4)	-
Pensioners at the end of the year	<b>289</b>	<b>707</b>	<b>996</b>	<b>944</b>
<b>Members with preserved benefits</b>				
Members with preserved benefits at the start of the year	172	806	978	194
Prior year adjustments	-	-	-	(9)
Leavers with preserved benefits	3	5	8	12
Transfer in from Accord	-	-	-	818
Death of preserved member	(1)	(3)	(4)	-
Deferred members becoming pensioners	(10)	(41)	(51)	(25)
Transfers out	(1)	(5)	(6)	(12)
Members with preserved benefits at the end of the year	<b>163</b>	<b>762</b>	<b>925</b>	<b>978</b>
<b>Total membership at the end of the year</b>	<b>511</b>	<b>1,572</b>	<b>2,083</b>	<b>2,096</b>

The Accord section does not include 26 (2015: 26) annuitant pensioners.

Pensioners include Individuals receiving a pension upon the death of their spouse/parent.

### Pension increases

For the Amey section members, pensions in payment are increased annually on the anniversary of the retirement date by 5% or by the increase in retail price index if less. The actual rate of increase in accordance with the Rules was 0.8% (2015: 2.3%) based on January RPI. Some Amey section members' pension payments are increased by the increase in CPI, which was 0.0% (2015: 1.2%).

For the Accord section members, pensions in payment are increased on 1 April each year - except for former BALI Scheme members whose pensions in payment are increased on 6 April each year - by 5% or by

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the increase in retail price index if less. The actual rate of increase in accordance with the Rules was 0.8% (2015: 2.3%) based on January RPI. Some Accord section members' pension payments are increased by the increase in CPI, which was 0.0% (2015: 1.2%).

### 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 inspected.

Please contact Matt Riley of Pitmans Trustees Limited whose contact details can be found on page 2 if you require such information

## INVESTMENT REPORT

### General

The Trustee appointed SEI Investments (Europe) Limited as fiduciary manager for the assets of both sections of the Amey OS Pension Scheme (with the exception of the AVC assets) in November 2016. In this capacity SEI provides advice to the Trustee on the long term investment strategy of the Scheme and in addition is responsible for managing the Scheme's assets according to the agreed investment policy by:

- Selecting appropriate SEI funds for each Section of the Scheme.
- Defining the allocations to each fund
- Managing a Liability Driven Investment (LDI) portfolio using suitable SEI and third party funds.
- Making changes and adjustments where appropriate.

Prior to November 2015, the assets of the Amey Section were managed by Legal & General Investment Management (Legal & General), Standard Life Investments (Standard Life) and Baillie Gifford Ltd (Baillie Gifford). In respect of the Accord Section, prior to SEI's appointment, the Trustee had delegated day-to-day management of the Scheme's assets (excluding AVCs) to Mercer Ltd ("Mercer"), who in turn delegated responsibility for the investment of the Scheme's assets to a range of specialist investment managers.

### Investment Principles

The Trustee has produced a Statement of Investment Principles in accordance with Section 35 of the Pensions Act 1995 and subsequent legislation. The latest Statement was signed on the 25th May 2016 and a copy is available on request. The overall objective of the Trustee is to meet the benefit payments promised in each Section as they fall due, through:

1. Acquiring suitable assets, having due regard to risk, which will generate income and capital growth to pay, together with deficit repayment contributions from the Principal Employer, the benefits as they fall due,
2. Limiting the risk of the assets being assessed as failing to meet the liabilities over the long term having regard to the Statutory Funding Objective.
3. Achieving a return on investments for each Section which, over the long term, is expected to be consistent with meeting the Statutory Funding Objective.

### Economic Background – commentary provided by SEI Investments (Europe) Limited

Whilst global economic growth was slightly up in 2015 over 2014 (3.1% GDP growth estimated by the IMF vs 2.8%), the Scheme Year was characterised by bouts of volatility in capital markets particularly driven by

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fears about the extent of the moderation in China's economic growth and how secure the economic recovery is in other major economies. Rapidly falling commodity prices had a severe impact on commodity exporting emerging markets, suppressed inflation expectations across the globe and caused some shocks in the high yield bond markets. However unemployment continued to fall in the USA and UK and Europe's economy appeared to turn a corner delivering moderate positive growth.

In terms of Central Bank monetary policy, the year was characterised by the beginning of a divergence in policy between the Federal Open Market Committee (the "Fed") and other central banks. Despite speculation of the Fed increasing rates in June and September, events in markets particularly fears over economic growth in China and continued falling commodity prices, resulted in the markets needing to wait until December before the US federal funds rate was raised for the first time since 2006, leaving behind a near-zero-interest-rate stance that had been in place since late 2008. Elsewhere, the European Central Bank (the "ECB") and the Bank of Japan continued their quantitative easing programs. In the UK, the Bank of England was somewhat in the middle of the divergence in monetary policy, signalling that no rate rise was imminent but at the same time not expanding their asset purchase program or introducing other stimulus measures. Central banks were very aware of the downward pressures from commodities on inflation targets and focused on the effects that China's troubles and falling commodity prices could have on global growth. After the very strong returns that most asset classes experienced from 2009 to 2014, most growth asset classes had negative returns over the Scheme year especially emerging markets and commodity dependent assets. Returns in different classes and the impact on the Scheme are detailed below:

### • **Equity Markets**

Whilst both Sections of the Scheme have diversified allocation to different return enhancing assets, they are reasonably dependent on equities to deliver returns in excess of liabilities. The strategic benchmarks of each of the Amey and Accord Sections are to have 22.5% and 37% respectively of their assets invested in equities across the UK, other developed equity markets and emerging markets.

The MSCI AC World Index, used to gauge global equity performance in developed markets, fell by 3.5% in USD terms, but only by 0.3% in GBP terms due to the depreciation of Sterling. The MSCI Emerging Market Index was down by over 9% in GBP terms and the UK equity market, as measured by the FTSE All share, was down by 4% over the year.

### • **Bond Markets**

Yields on longer dated UK government bonds (30 year) were slightly down over the year. This is important for both sections of the Scheme as this means that the discounted value of future liabilities increased slightly but not as much in the previous 5 years.

In terms of corporate bonds, credit spreads (that is the return in excess of government bonds earned for taking the credit risk of a company), increased over the year particularly for higher risk companies (high yield bonds). As a consequence the BoFA index of such high yield bonds fell by over 4%. Returns on corporate bonds were however slightly positive as the effect of higher credit spreads was offset by lower interest rates. The Amey Section has a strategic weighting of 22% of its assets in higher quality corporate bonds and 8% in high yield and emerging market bonds. For the Accord Section this is 19% and 12% respectively.

### **Investment Strategy**

During the year, the Trustee adopted a new investment strategy for both the Amey and Accord Sections and transitioned the assets to the new portfolios, managed by SEI.

The strategic asset allocation for the Plan is set such as to ensure that the Scheme can meet the return objective required by the Statutory Funding Objective. The allocation takes account of the liability profile of the Scheme and seeks to limit the risk of the assets failing to meet the liabilities over the long term to the extent possible given the return target.

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The high level strategic asset allocation as at 31st March 2016 is as follows:

<u>Asset Class</u>	<u>Target asset allocation</u>	
	<u>Amey Section</u>	<u>Accord Section</u>
<b>Equities</b>	22.5%	37.0%
<b>Alternatives</b>		
- Property, Overseas Bonds Emerging Market Debt, High Yield Bonds	13.0%	22.5%
<b>Risk Management assets</b>		
- Gilts, Liability Driven Investment Funds, investment grade UK corporate bonds to match interest rate and inflation risk.	64.5%	40.5%

The Risk Management assets aim to provide a better match of the Scheme's assets to the interest rate and inflation risk inherent in the liabilities and hence reduce the exposure of the Scheme's funding level to movements in rates.

### Investment Performance

The total investment performance as measured from the time that assets were full transitioned to SEI's management (1st January 2016) was 7.37% for the Amey Section and 4.78% for the Accord Section against asset benchmark performance of 7.69% and 4.79% respectively. Due to the transition of assets to new strategies and investment management arrangements, performance numbers for longer periods are not available.

### Custodial arrangements

The Trustee has appointed SEI as the custodian of the assets managed by SEI. SEI uses the back-office services of its associate, SEI Private Trust Company (SPTC). SPTC acts as agent for SEI's associate, SEI Global Nominee Limited who holds the client assets of SEI. The Custodian ring fences the Scheme assets from its own assets and those of its other clients.

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### Statement of Trustee's Responsibilities for the Financial Statements

The financial statements which are prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to scheme members, beneficiaries and certain other parties, audited financial statements for each scheme year which:

- Show a true and fair view of the financial transactions of the Scheme during the scheme year and of the amount and disposition, at the end of that year, of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year.
- Contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited financial statements and a Statement from the Auditor) Regulations 1996, including a statement as to whether the financial statements have been prepared in accordance with the Statement of Recommended Practice, "Financial Reports of Pension Schemes".


The Trustee has supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing 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 monitoring 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.

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

The Trustee's Report, including the Investment Report and Statement of Trustee's Responsibilities for the Financial Statements, has been approved and is signed on behalf of the Trustee by:



----- Trustee Director

Date: 28/9/16

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### Independent Auditor's Report to the Trustee of the Amey OS Pension Scheme

We have audited the financial statements of Amey OS Pension Scheme for the year ended 31 March 2016 which comprise the Fund Account, the Statement of Net Assets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### Respective responsibilities of Trustee and auditor

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

#### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

#### Opinion

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2016, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 and 3A of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited financial statements and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995.

Grant Thornton UK LLP

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leicester

Date: 28 September 2016

## Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

### Fund Account

	Notes	Amey OS Section 2016 £	Accord section 2016 £	Total Year ended 31 March 2016 £	Total Period ended 31 March 2015 £
<b>Contributions and Benefits</b>					
<b>Additions</b>					
Employer contributions		523,597	928,228	1,451,825	956,748
Employee contributions		46,507	143,167	189,674	106,079
Total contributions	3	570,104	1,071,395	1,641,499	1,062,827
Transfers in	4	-	-	-	87,335,810
Other Income	5	60,434	64,302	124,736	1,289
		<b>630,538</b>	<b>1,135,697</b>	<b>1,766,235</b>	<b>88,399,926</b>
<b>Withdrawals</b>					
Benefits	6	(833,792)	(1,906,010)	(2,739,802)	(1,577,296)
Payments to and on account of leavers	7	(153,173)	(313,456)	(466,629)	(2,617,796)
Other payments	8	2,915	-	2,915	(9,957)
Administration expenses	9	(262,677)	(223,450)	(486,127)	(240,008)
		<b>(1,246,727)</b>	<b>(2,442,916)</b>	<b>(3,689,643)</b>	<b>(4,445,057)</b>
<b>Net (withdrawals)/additions from dealings with members</b>		<b>(616,189)</b>	<b>(1,307,219)</b>	<b>(1,923,408)</b>	<b>83,954,869</b>
<b>Returns on investments</b>					
Investment income	10	1,128	3,846,031	3,847,159	1,093
Change in market value of investments	11	1,331,397	(3,638,659)	(2,307,262)	11,987,424
Investment management expenses	17	(127,004)	(83,308)	(210,312)	5,966
<b>Net returns on investments</b>		<b>1,205,521</b>	<b>124,064</b>	<b>1,329,585</b>	<b>11,994,483</b>
<b>Net increase/(decrease) in fund during the year/period</b>		<b>589,332</b>	<b>(1,183,155)</b>	<b>(593,823)</b>	<b>95,949,352</b>
<b>Net assets of the Scheme:</b>					
at 1 April		<b>45,559,802</b>	<b>92,680,974</b>	<b>138,240,776</b>	<b>42,291,424</b>
at 31 March		<b>46,149,134</b>	<b>91,497,819</b>	<b>137,646,953</b>	<b>138,240,776</b>

The notes on pages 17 to 29 form part of these financial statements