

Registered numbers:	Amey Section	19018801
	Accord Section	19018802
	APS Section	19018803

AMEY OS PENSION SCHEME

Report and financial statements

Year ended 30 September 2018

Amey OS Pension Scheme annual report and financial statements
Year ended 30 September 2018

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Trustee and Advisers

Trustee:	PTL Governance Limited
Scheme Actuary:	A Allsopp F.I.A. Quattro Pension Consulting Actuaries
Independent Auditor:	Grant Thornton UK LLP
Investment Managers:	SEI (Europe) Investments Ltd Just Retirement Limited M&G Investment Hayfin Capital Management
Investment Consultant:	SEI (Europe) Investments Ltd
AVC Provider:	Prudential Assurance Company Limited Equitable Life Legal and General
Legal Advisers:	Squire Patton Boggs
Scheme Administrator:	RPMI Limited
Banks:	Royal Bank of Scotland
Life Assurance Company:	Legal & General Assurance Society Limited
Principal Employer:	Amey plc
Participating Employers:	Amey Services Limited

Contact for further information and complaints about the Scheme:

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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 30 September 2018. 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 – PTL Governance Limited ("PTL")

PTL acts through its Directors. The Directors who served during the year were:

David Archer

Richard Butcher

Steve Carrodus (resigned 1st April 2018)

David Hosford

Kim Nash

Colin Richardson

Ruston Smith

Alison Bostock

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

During the year the Trustee held four meetings.

Communication with Members

The Trustee issues a newsletter to the membership annually, 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. Within the accounting period the newsletter was issued to the members in December 2017, and May 2018.

Employer guarantees

Amey UK Plc provided a guarantee of £10m to the Amey Section on 30 June 2012 and was due to expire on 31 December 2018. On 21 December 2018 Amey UK Plc confirmed that they would extend the guarantee until 31 December 2019. The APS Section has been provided with a £80m guarantee that expires on 30 June 2024, and the Accord section with a £23m guarantee that expires in April 2020.

All of the guarantees in place cover present and future obligations of the respective sections.

Late Contributions

In respect of the Amey Section, the Schedule of Contributions required amounts of £83,394 per month to be paid into an escrow account. Due to a misinterpretation of the period covered by the Amey Section Schedule of Contributions certified by the Scheme Actuary on 22 December 2017, the December 2017 contributions were not paid to the escrow account.

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The administrative oversight has been corrected, and the Scheme received the amount of £83,334 from the Employer on 21 February 2019, making the receipt 398 days late in relation to the requirements of the Schedule of Contributions. The Auditor has qualified their Auditor's Statement about Contributions in respect of this matter.

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 maintains a training log and has agreed a training plan to enable them to meet the identified requirements.

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 18 to 35 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 increased from £543,733,000 at 30 September 2017 to £557,158,000 at 30 September 2018.

Transfer Values

Cash equivalents paid during the year with respect to transfers have been calculated and verified in manner prescribed by the Pension Schemes Act 1993 and do not include discretionary benefits.

REPORT ON ACTUARIAL LIABILITIES

AMEY SECTION

The last full actuarial valuation of the Amey OS Pension Scheme (Amey Section) was 30 September 2017.

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Assumptions and method

The valuation method used by the Scheme Actuary is the Projected Unit Method.

The assumptions are based on the method specified in the Trustee's Statement of Funding Principles, with financial assumptions updated to reflect market conditions at the relevant date. The changes made to key financial assumptions are as explained below.

A summary of the assumptions is set out in the following table, with previous valuation assumptions shown for comparison:

Assumption	30 September 2017	31 March 2017
Discount Rate		
- Before retirement	3.3%	3.1%
- After retirement	3.3%	3.1%
RPI Inflation		
- Before retirement	3.0%	3.0%
- After retirement	3.4%	3.4%
CPI Inflation		
- Before retirement	2.1%	2.1%
- After retirement	2.5%	2.5%
Earnings increases	3.5%	3.5%
Pension increases		
- RPI Max 5%	3.1%	3.1%
- CPI Max 3%	2.5%	2.5%
- CPI Max 3%	2.0%	2.0%

No changes have been made to the demographic assumptions, summarised as:

Demographic Assumptions	
Retirements	Tranched based on NPA
Tax free cash	All members taking 75% of maximum permitted cash at retirement
Proportion married	75%
Post-retirement mortality	105% S2PXA year of birth tables with CMI 2016 projections and 1.5% pa long-term improvement rate

Results

The following table shows the results of the latest full actuarial valuation as at 30 September 2017 together with the results of the previous valuation at 31 March 2017:

	30 September 2017	31 March 2017
Technical Provisions*	23,719,000	24,791,000
Assets	30,631,000	31,533,000
Surplus / (Deficit)	6,912,000	6,742,000
Funding Level	129%	127%

* "Technical Provisions" 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 next full triennial valuation of the Section will be as at 30 September 2020.

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ACCORD SECTION

The last full actuarial valuation of the Amey OS Pension Scheme (Amey Section) was 30 September 2017.

Assumptions and method

The valuation method used by the Scheme Actuary is the Projected Unit Method.

The assumptions are based on the method specified in the Trustee's Statement of Funding Principles, with financial assumptions updated to reflect market conditions at the relevant date. The changes made to key financial assumptions are explained below.

A summary of the assumptions is set out in the following table, with previous assumptions shown for comparison:

Assumption	30 September 2017	31 March 2015
Discount Rate		
- Before retirement	3.30%	3.60%
- After retirement	3.30%	3.60%
RPI Inflation		
- Before retirement	3.00%	2.95%
- After retirement	3.40%	2.95%
CPI Inflation		
- Before retirement	2.10%	2.20%
- After retirement	2.50%	2.20%
Earnings increases	3.50%	3.45%
Pension increases		
- RPI Max 5%	3.10%	2.95%
- CPI Max 3%	2.00%	2.20%

No changes have been made to the demographic assumptions, summarised as:

Demographic Assumptions	
Retirements	Tranched based on NPA
Tax free cash	All members taking 75% of maximum permitted cash at retirement
Proportion married	75%
Post-retirement mortality	105% S2PXA year of birth tables with CMI 2016/2013 projections and 1.5% pa long-term improvement rate

Results

The following table shows the results of the latest full actuarial valuation as at 30 September 2017 together with the results of the valuation at 31 March 2015:

Funding Position	30 September 2017	31 March 2015
Technical Provisions*	66,151,000	95,443,000
Assets	61,593,000	92,566,000
Deficit	(4,558,000)	(2,877,000)
Funding level	93%	97%

* "Technical Provisions" 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 next full triennial valuation of the Section will be as at 30 September 2020.

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APS SECTION

This is the first full actuarial valuation of the APS Section prepared as at 30 September 2017. As this Section was created during the year, there is no prior valuation information available.

Assumptions and method

The valuation method used by the Scheme Actuary is the Defined Accrued Benefit Method.

The assumptions are based on the method specified in the Trustee's Statement of Funding Principles, with financial assumptions updated to reflect market conditions at the relevant date. The changes made to key financial assumptions are explained below.

A summary of the assumptions is set out in the following tables.

Assumption	30 September 2017
Discount Rate	
- Before retirement	3.3%
- After retirement	3.3%
RPI Inflation	
- Before retirement	3.0%
- After retirement	3.4%
CPI Inflation	
- Before retirement	2.1%
- After retirement	2.5%
Pension increases	
- RPI Max 5%	3.1%
- CPI Max 3%	2.0%

Demographic assumptions, summarised as:

Demographic Assumptions	
Retirements	Tranched based on NPA
Tax free cash	All members taking 75% of maximum permitted cash at retirement
Proportion married	75%
Post-retirement mortality	90% S2PXA year of birth tables with CMI 2016 projections and 1.5% pa long-term improvement rate

Results

The following table shows the results of the latest full actuarial valuation at 30 September 2017.

Funding Position	30 September 2017
Technical Provisions*	287,300,000
Assets	312,639,000
Surplus	25,339,000
Funding level	109%

* "Technical Provisions" 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 next full triennial valuation of the Section will be as at 30 September 2020.

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MEMBERSHIP

Details of the membership of the Scheme are given below:

	Amey Section Sep 2018	Accord Section Sep 2018	APS Section Sep 2018	Sep 2018	Sep 2017
Active members					
Active members at the start of the year	36	62	-	98	111
Members leaving with preserved benefits	(5)	(12)	-	(17)	(9)
Deaths	(1)	-	-	(1)	-
Members retiring	(6)	(3)	-	(9)	(3)
Refunds	-	-	-	-	(1)
Active members at the end of the year	<u>24</u>	<u>47</u>	<u>-</u>	<u>71</u>	<u>98</u>
Pensioners					
Pensioners at the start of the year	312	768	1,440	2,520	1,056
Adjustment to b/fwd.	-	(1)	-	(1)	-
Transfer from Amey Pension Scheme	-	-	-	-	1,414
Actives retiring	6	3	-	9	65
Deferred into payment	3	34	57	94	-
New dependant pensioners	7	10	13	30	9
Pensioners who died	(13)	(26)	(25)	(64)	(15)
Commutation of benefits	-	(1)	(2)	(3)	(8)
Cessation of pension	(1)	-	(2)	(3)	(1)
Pensioners at the end of the year	<u>314</u>	<u>787</u>	<u>1,481</u>	<u>2,582</u>	<u>2,520</u>
Members with preserved benefits					
Members with preserved benefits at the start of the year	148	707	1,643	2,498	879
Adjustment to b/fwd.	-	1	-	1	-
Transfer from Amey Pension Scheme	-	-	-	-	1,688
Leavers with preserved benefits	5	12	-	17	9
Death of preserved member	(1)	(3)	(3)	(7)	-
Deferred members becoming pensioners	(3)	(34)	(57)	(94)	(62)
Transfers out	(4)	(6)	(21)	(31)	(16)
Members with preserved benefits at the end of the year	<u>145</u>	<u>677</u>	<u>1,562</u>	<u>2,384</u>	<u>2,498</u>
Total membership at the end of the year	<u>483</u>	<u>1,511</u>	<u>3,043</u>	<u>5,037</u>	<u>5,116</u>

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In addition to the pensioner members note above, the Accord Section also includes a further 26 (March 2017: 26) annuitant pensioners.

The Just Retirement Insurance policy covers the pensions of 261 (Sep 2017: 267 (re-stated) Amey Section pensioners, 638 (Sep 2017: 660) Accord Section pensioners, and 515 (Sep 2017: 534 (re-stated)) APS pensioners.

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

Pension increases

The pension increase rates may differ depending on the elements a pensioner has on their record. There were no discretionary increases in the year. Details are as follows:

Non-GMP elements

Benefits are increased by RPI subject to a maximum of 5%. If RPI falls below zero, benefits will not be reduced. Some elements are non-escalating.

GMP elements

For retired members until GMP Age any GMP elements are increased by RPI subject to a maximum of 5%. If RPI falls below zero, benefits will not be reduced.

Once a member has attained GMP Age any Pre 88 GMP element does not increase. Any Post 88 GMP is increased in line with the relevant order made under section 109(3) of the Pension Schemes Act 1993. Currently this is based on the previous September CPI value subject to a maximum of 3%. Dependants of deceased member's will also have any Post 88 GMP element increased by the same percentage.

The table below contains details of the increase rates applicable per element.

Amey OS = all N's, L's, P's

Amey Bali = A8

Amey Accord = A1-A7, A9-A11, H=Pre-RPMI, R=RPMI

Payment elements		Benefit type	Increase	
			Before GMP Age	On or after GMP Age
0112	Pre88 GMP	L1, L2, P1, A1, A2, A9, A10	5%	nil
0113	Post88 GMP	L1, L2, P1, A1,A2, A9, A10	5%	3%
0114	Pre88 GMP	N1, N2, L3, L4, P2, P4, P7, A3, A5, A6, A8	RPI max 5%	nil
0115	Post88 GMP	N1, N2, L3, L4, P2, P4, P7	RPI max 5%	3%
0120	Post88 GMP	A3, A5, A6, A8	RPI max 5%	RPI max 3%
0116	Pre88 GMP	L5, L6, P3, P5, A4	RPI	nil
0117	Post88 GMP	L5, L6, P3, P5	RPI	3%
0121	Post88 GMP	A4	RPI	CPI max 3% **
0118	Pre88 GMP	N3	CPI max 5%	nil
0119	Post88 GMP	N3	CPI max 5%	3%
0122	Pre88 GMP	A7	CPI	nil
0123	Post88 GMP	A7	CPI	CPI max 3% **
			Increase (regardless of GMP Age)	
0150	Pre97 XS	L1, L2, P1, A1, A2, A9, A10	5%	
0151	97-09 XS	L1, L2, P1, A9, A10	5%	
0152	Post09 XS	L1, L2, P1, A9, A10	5%	

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0172	97-02 XS	A1 , A2	5%
0173	Post02 XS	A1 , A2	LPI (RPI max 5%)
0153	Pre97 XS	N1, N2, L3, L4, P2, P4, P7, A3, A5, A6, A8	LPI (RPI max 5%)
0154	97-09 XS	N1, N2, L3, L4, P2, P4, P7,	LPI (RPI max 5%)
0155	Post09 XS	N1, N2, L3, L4, P2, P4, P7, A1, A2	LPI (RPI max 5%)
0174	Post 97 XS	A3, A5, A6, A8	LPI (RPI max 5%)
0156	Pre97 XS	L5, L6, P3, P5, A4	RPI
0157	97-09 XS	L5, L6, P3, P5,	RPI
0158	Post09 XS	L5, L6, P3, P5,	RPI
0175	Post97 XS	A4	RPI
0164	Pre97 XS	N3	CPI max 5%
0165	97-09 XS	N3	CPI max 5%
0166	Post09 XS	N3	CPI max 5%
0167	Pre97 XS	A7	CPI
0168	Post97 XS	A7	CPI
0159	AVC /Added Years		nil
0170	Augmentation benefits		nil
0171	Transfer In		nil
0596	Attachment of Earnings		nil
0200	Non Esc	A11	0%
0201	5% Xcess	A9, A10, A11	5%
0202	LPI Xcess	A11	LPI (RPI max 5%)
0203	GMP	A11	

The table below contains details of the increase rates applicable per element for the APS section.

For all Comax members and those Amey DB members who came into payment on or after 1 June 2010, the RPI reference month is September.

For Amey DB members who came into payment before 1 June 2010 and are below GMP Age, the RPI reference month is January. Once GMP age is attained the Post88 GMP element reverts to using September as the RPI reference month (statutory requirement).

Sept RPI Reference month		Increase	
Payment elements		Before GMP Age	On or after GMP Age
0114	Pre88 GMP	RPI max 5%	nil
0115	Post88 GMP	RPI max 5%	CPI max 3% ^{*3}
Increase (regardless of GMP Age)			
0111	Non Esc	nil	
0153	Pre97 XS	RPI max 5%	
0154	97-09 XS	RPI max 5%	
0155	Post09 XS	RPI max 5%	
0161	AVC Esc	lower of RPI or 5%	
0162	Legal & General	unknown @ 07/12/2011 ^{*2}	
0560	Overpayment of Pension	nil	
0596	Attachment of Earnings	nil	

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Jan RPI Reference month		Increase	
Payment elements		Before GMP Age	On or after GMP Age
0214	Pre88 GMP	RPI max 5%	nil
0215	Post88 GMP	RPI max 5% ^{*1}	- n/a -
		Increase (regardless of GMP Age)	
0111	Non Esc	nil	
0253	Pre97 XS	RPI max 5%	
0254	97-09 XS	RPI max 5%	
0255	Post09 XS	RPI max 5%	
0261	AVC Esc	lower of RPI or 5%	
0162	Legal & General	unknown @ 07/12/2011 ^{**2}	
0560	Overpayment of Pension	nil	
0596	Attachment of Earnings	nil	

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 PTL 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 the Accord and Amey sections of the Amey OS Pension Scheme (the "Scheme") in November 2015 and in June 2017 in respect of the APS Section of the Scheme. 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 pooled funds for each Section of the Scheme.
- Defining the allocations to each pooled fund
- Managing a Liability Driven Investment (LDI) portfolio using pooled funds.
- Making changes and adjustments where appropriate.

In addition to SEI's appointment the Trustee purchased a Bulk Annuity in 2016. This is a contract with an insurer whereby, in exchange for an upfront premium, an insurer commits to make payments to the Scheme in respect of the benefits due to specified members. (Please note SEI's appointment excludes responsibility for the AVC assets)

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 4th January 2019 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:

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- 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.
- 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
- Achieving a return on Investments for each Section which, over the long term, is expected to be consistent with meeting the Statutory Funding Objective

Each Section of the Scheme has an investment strategy specifically designed for that Section taking account of the nature of the liabilities, the funding level and future funding commitments from the sponsoring employer to that Section.

The new investment strategy documented in the 4 January 2019 SIP had been agreed between the Trustee and the Employer during 2018 and the investment manager had commenced the restructuring of investments towards the new strategy prior to the current year end. It is therefore the case that at the year end the investments held were not in line with the requirements of the SIP dated 24 March 2017.

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.

Asset Allocation

The table below shows the high level asset allocation of the 3 sections at the beginning and end of the Financial Year.

Asset Class	Asset allocation at beginning and end of Financial Year					
	APS Section		Accord Section		Amey Section	
	<i>Beg</i>	<i>End</i>	<i>Beg</i>	<i>End</i>	<i>Beg</i>	<i>End</i>
Equities <ul style="list-style-type: none">• Global Developed Market, Emerging Market, Small Companies	35%	24%	47%	29%	28%	16%
Alternatives <ul style="list-style-type: none">- Property, Overseas Bonds, Emerging Market Debt, High Yield Bonds, Loans	25%	30%	26%	22%	24%	20%
Risk Management assets <ul style="list-style-type: none">- Gilts, Liability Driven Investment Funds, investment grade UK corporate bonds to match interest rate and inflation risk.	40%	47%	27%	49%	48%	64%

* Excludes the bulk annuities

The Risk Management assets are low risk assets and are invested in such a way to partially mirror movements in the Scheme's liabilities due to changes in interest rates and inflation rates. The Equities and Alternative assets are inherently risky and aim to provide returns in excess of risk free rates. It can be seen that during the Financial Year the proportion of assets invested in Risk Management assets was increased for each all three sections, with very substantial increases in the for Amey and Accord Sections. Hence the amount of risk being run in the Scheme has significantly decreased subsequent to 30 September 2017 valuation.

Trustee's Annual Report (continued)

Economic Background

Brexit divorce negotiations made sufficient progress in December 2017, as they were accepted by the European Council, but only after May's government gave in to many EU demands regarding a financial settlement, citizen rights and the Irish border. This set up phase two of discussions concerning the post-divorce transition period and future relationship between the UK and EU. Whilst in the U.S. a major tax overhaul passed Congress and was signed into law by President Donald Trump on 22 December, to take effect in 2018. UK stocks rallied sharply in December after a lacklustre October and an even weaker November, while European stocks cooled off at the end of the year. US stocks charged into year-end with sustained strength. Japan retrenched in November after impressive gains through October, before making new highs at year-end.

During the first quarter of 2018, equities tumbled around the globe after climbing to record highs in late January. Several partial rebounds had varying degrees of success and staying power, depending on the country and region—the US and China fared better than Europe, the UK and Japan—but most stock markets ended March near the low end of their quarterly range. Government bonds in the UK and euro-area saw their yields mostly increase, although longer-term yields declined. The one-year countdown to Brexit Day began at the end of the quarter, shortly after UK and EU negotiators struck a provisional agreement on the post-divorce transition period; this tentatively extended the horizon for uncertainty about the terms of their relationship out to January 2021. The agreement includes a backstop plan for avoiding a hard Irish border; UK negotiators have already offered a fix that combines their preference for a unified UK market with a UK-EU trade proposal (which may be too ambitious for the European Commission).

The imposition of trade barriers served as the defining global economic development of the second quarter of 2018. US President Donald Trump's administration applied tariffs against China, a major trading partner and geopolitical rival, as well as traditional US allies in Europe and Canada—inviting comparable tariffs in response. These retaliations prompted follow on threats of tit-for-tat escalations from President Trump. Immigration became a key point of contention in Europe and the US during the quarter.

UK equities performed well during the second quarter, accompanied by a strong US stock market driven by companies in the energy, consumer discretionary and technology sectors. Throughout the rest of the world, equities mostly performed poorly—particularly in emerging markets, and most severely in Latin America. Major government bond yield curves generally continued to flatten during the second quarter. The US dollar mounted a fierce recovery (versus a basket of foreign currencies) after bottoming early in 2018.

The Bank of England's Monetary Policy Committee made no changes at its May and June meetings, yet registered a third dissenting vote in June (an increase from two recent dissenters) that favoured a higher bank rate. The European Central Bank (ECB) announced at its mid-June meeting plans to taper net asset purchases in September from €30 billion per month to €15 billion, with the program potentially concluding after December; it also said benchmark rates will likely remain at their current levels until at least mid-2019. The US Federal Reserve (Fed) increased the federal funds rate at its June meeting and suggested that it could hike rates by a total of four times in 2018 (up from three expected hikes). The Bank of Japan steered a steady policy course at both of its second-quarter meetings.

During the third quarter of 2018, Prime Minister Theresa May declared that Brexit negotiations had reached an impasse by the second half of September. She used an interview on the side-lines of a September United Nations summit to assert her ambition that, in the post-Brexit world, Britain will offer the lowest corporate taxes in the G20 (the international forum for economic decision-making that comprises 19 countries plus the EU).

After the very strong returns that most asset classes experienced from 2009 to 2017, the year to 30 September 2018 was also positive for the majority of asset classes (in GBP terms), supported by strong fundamentals both from a corporate and economic standpoint. Total returns and returns in different classes are summarised below:

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Investment Performance

The asset performance of the 3 sections over the last year is shown below. The current portfolios with SEI were only established in 2016 in respect of Amey and Accord Sections and 2017 for APS and hence 3 and 5 year performance is not available.

	APS Section	Accord Section	Amey Section
1 year	3.5%	3.0%	0.8%

Amey Section underperformed the other 2 sections due to the lower allocation to growth assets such as equities and a higher allocation to risk management assets designed to match the liabilities. As liabilities did not grow considerably over the year due to changes in interest and inflation rates, risk management assets did likewise.

- **Equity Markets**

Over the year, the Scheme's equity assets rose by between 8% and 8.5% depending on the Section. The Scheme's global developed market equity portfolio rose by 11.5%, the lower risk managed volatility portfolio by 11.8% but the Emerging Market equity portfolio fell by 2% as Emerging Markets suffered from a strong USD, falling commodity prices and the trade tensions. The small allocations to Smaller Companies did extremely well in the USA rising by over 20%, but fell in Europe.

- **Bond Markets**

The risk management section of the portfolio is designed to partially protect the funding level against changes in interest rate and inflation rates. Over the year yields on both government bonds and investment grade corporate bonds were relatively flat hence liabilities and risk management assets did not change much as a result of interest rate or inflation rate moves. Accord and APS section Risk Management Assets rose by 1.1% and 0.6% respectively whilst Amey Section's assets fell by 2.3% due to the performance of some of the instruments used in its portfolio

The 1% invested in Emerging Market Debt detracted by 1.9%. The 1.5% invested in Global Credit depreciated by 1.1% and the benchmark for the 5% allocated to UK Credit returned 0.2%.

- **Alternatives**

The Fixed Income part of the alternatives portfolio had variable performance with Emerging Market Debt falling by 3% whilst High Yield Bonds went up by 1.8% and the loan portfolios in APS section grew by 5.5% and the more leveraged loan portfolios in the other two sections rising 11%.

Amey and Accord Section's Property holdings went up by 9.4% both went up, but APS's more inflation return focused property related holding only went up by 3.8%.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2018

Trustee's Annual Report (continued)

Statement of Trustee's Responsibilities

The financial statements, which are prepared in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), are the responsibility of the trustees. 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 Regulations 3 and 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 them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time 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.



..... Trustee Director

Date

11/4/19

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2018

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

We have audited the financial statements of Amey OS Pension Scheme (the 'Scheme') for the year ended 30 September 2018 which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 30 September 2018, 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 year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulations 3 and 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. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2018

Independent Auditor's Report to the Trustee of the Amey OS Pension Scheme (continued)

Responsibilities of Trustee for the financial statements

As explained more fully in the Statement of Trustee's Responsibilities set out on page 15, the Trustee are responsible for the preparation of financial statements which show 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 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: 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 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 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 Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

Date: *15 April 2019*

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2018

Fund Account

	Notes	Amey OS Section 30 Sep 2018 £000	Accord Section 30 Sep 2018 £000	APS Section 30 Sep 2018 £000	Total 30 Sep 2018 £000	6 months ended 30 Sep 2017 £000
Contributions and Benefits						
Additions						
Employer contributions		344	12,631	10,090	23,065	10,254
Employee contributions		23	71	31	125	71
Total contributions	3	367	12,702	10,121	23,190	10,325
Transfers in	4	-	-	-	-	413,627
Other income	5	5	-	-	5	132
		372	12,702	10,121	23,195	424,084
Withdrawals						
Benefits	6	(1,030)	(2,243)	(9,046)	(12,319)	(5,732)
Payments to and on account of leavers	7	(419)	(1,127)	(4,502)	(6,048)	(4,855)
Administration expenses	8	(302)	(400)	(720)	(1,422)	(832)
		(1,751)	(3,770)	(14,268)	(19,789)	(11,419)
Net (withdrawals)/additions from dealings with members		(1,379)	8,932	(4,147)	3,406	412,665
Returns on investments						
Investment income	9	-	4	1,396	1,400	682
Change in market value of investments	10	1,278	6,214	2,733	10,225	(15,787)
Investment management expenses	17	(158)	(317)	(1,131)	(1,606)	(682)
Net returns on investments		1,120	5,901	2,998	10,019	(15,787)
Net (decrease)/increase in fund during the year		(259)	14,833	(1,149)	13,425	396,878
Opening net assets		47,272	96,616	399,845	543,733	146,855
Closing net assets		47,013	111,449	398,696	557,158	543,733

Amey OS Pension Scheme annual report and financial statements
Year ended 30 September 2018

Statement of Net Assets (available for benefits)

	Notes	30 Sept 2018 £000	30 Sept 2017 £000
AMEY SECTION			
Investment Assets	10		
Pooled investment vehicles	11	29,704	30,329
Insurance policies	13	16,500	16,600
AVC investments	12	41	41
Cash Deposits		100	-
Total investments		<u>46,345</u>	<u>46,970</u>
Current Assets	18	791	401
Current Liabilities	19	<u>(123)</u>	<u>(99)</u>
Net assets of the Amey section at the end of the year		<u>47,013</u>	<u>47,272</u>
ACCORD SECTION			
Investment Assets	10		
Pooled investment vehicles	11	72,979	61,052
Insurance policies	13	35,100	34,900
AVC investments	12	123	123
Other investment balances		135	-
Total investments		<u>108,337</u>	<u>96,075</u>
Current Assets	18	3,358	740
Current Liabilities	19	<u>(246)</u>	<u>(199)</u>
Net assets of the Accord section at the end of the year		<u>111,449</u>	<u>96,616</u>
APS SECTION			
Investment Assets	10		
Pooled investment vehicles	11	313,158	303,624
Insurance policies	13	82,200	84,400
AVC investments	12	2,772	2,806
Other investment balances		-	8,339
Total investments		<u>398,130</u>	<u>399,169</u>
Current Assets	18	1,898	1,740
Current Liabilities	19	<u>(1,332)</u>	<u>(1,064)</u>
Net assets of the APS section at the end of the year		<u>398,696</u>	<u>399,845</u>
Net assets of the Scheme at the end of the year		<u>557,158</u>	<u>543,733</u>

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2018

Statement of Net Assets (available for benefits) continued

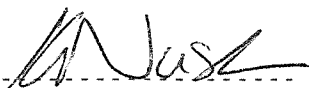
The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such liabilities, is dealt with in the Report on Actuarial Liabilities on pages 4 to 7 and the Actuarial Certificates and Statements on pages 38 to 40, these financial statements should be read in conjunction with these reports in order to obtain a full understanding of the financial position of the Scheme.

The notes on pages 21 to 35 form part of these financial statements.

The financial statements on pages 18 to 35 were approved by the Trustee on

11/4/19

Signed on behalf of the Trustee



Trustee Director

Notes to the financial statements

1. BASIS OF PREPARATION

These financial statements have been prepared as at 30 September 2018 in accordance with the Occupational Pension Schemes (Requirement to obtain Audited financial statements and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (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 (2015).

2. ACCOUNTING POLICIES

The principal accounting policies, which have been applied consistently, are set out below.

2.1 Currency

The functional and presentational currency used in these financial statements is Sterling (GBP).

2.2 Accruals concept

The financial statements have been prepared on an accruals basis.

2.3 Valuation of investments

The fair value of pooled investment vehicles is taken as the bid price or single price at the accounting date, as advised by the investment manager.

The AVC investments include policies of assurance underwritten by Prudential, Equitable Life and Legal & General. For Prudential and Equitable Life the fair value of these policies of assurance has been taken as the surrender values of the policies at the year end, as advised by the AVC provider. For Legal & General the fair value is taken as the pooled fund unit price at the year-end date. If a year-end valuation is unavailable the policy values are taken as at the latest available valuation and adjusted for cash movements, as per the SORP.

The bulk annuity policy held in the name of the Trustee is held with, and valued at the year-end by Just Retirement. The policy is included in the financial statements at the valuer's best estimate of future benefit liabilities based on applying a discount to an estimated premium value.

There are some historic annuity policies held in the name of the Trustee for the Accord Section that are considered to be immaterial in value. The Trustee has decided to only value and include material annuity policies and therefore those immaterial historic policies are included in the financial statements at £Nil value.

2.4 Contributions and benefits

Normal contributions are accounted for when they are deducted from pay by the Employer, in accordance with the Schedule of Contributions.

Employer deficit funding contributions and expense contributions are accounted for on the due dates in accordance with the Schedule of Contributions.

Employer additional contributions are accounted for in the year they are received.

PPF Levy reimbursements due from the Scheme are accounted for in the year that the Scheme requests the reimbursements from the Employer.

Pensions paid, retirement benefits and death benefits are accounted for in the year in which they become due for payment.

Notes to the financial statements (continued)

2.5 Other income

Death in service income received from insurance companies is accounted for in the same year as the associated benefit.

Interest on bank deposits is accounted for as it accrues.

2.6 Transfer values

Individual transfers are accounted for when the transfer has been agreed by both parties and the receiving scheme has accepted liability for the transfer, which is normally on the date of payment of the transfer.

Bulk transfers are accounted for in accordance with the terms of the transfer agreement.

2.7 Investment income

Annuity income from the Just Retirement bulk annuity policy used to pay pension benefits is recognised within investment sales.

Receipts from annuity policies with Prudential and Legal & General held by the Trustee to fund benefits payable to Scheme members are included within investment income on an accruals basis to match the related benefits payable.

2.8 Administrative, investment management expenses and other payments

Administrative, investment management expenses and other payments are accounted for on an accruals basis. Invoices incurred by a specific section are paid for by that section, invoices which are incurred by the Scheme as a whole are split equally between the three sections.

Amey OS Pension Scheme annual report and financial statements
Year ended 30 September 2018

Notes to the financial statements (continued)

3 CONTRIBUTIONS

	30 September 2018			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Contributions from employer:				
Normal	254	543	-	797
Deficit funding	90	49	9,682	9,821
Other employer contributions	-	11,670	-	11,670
Expenses contributions	-	339	408	747
Reimbursement of PPF Levy	-	30	-	30
	<u>344</u>	<u>12,631</u>	<u>10,090</u>	<u>23,065</u>
Contributions from member:				
Normal	23	68	-	91
Added years	-	3	-	3
Additional voluntary contributions	-	-	31	31
	<u>23</u>	<u>71</u>	<u>31</u>	<u>125</u>
	<u>367</u>	<u>12,702</u>	<u>10,121</u>	<u>23,190</u>

	6 months ended 30 Sept 2017			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Contributions from employer:				
Normal	149	356	-	505
Deficit funding	-	49	4,034	4,083
Additional employer contributions	-	-	5,000	5,000
Expenses contributions	-	105	-	105
Reimbursement of PPF Levy	-	31	530	561
	<u>149</u>	<u>541</u>	<u>9,564</u>	<u>10,254</u>
Contributions from member:				
Normal	15	43	-	58
Added years	-	2	-	2
Additional voluntary contributions	-	-	11	11
	<u>15</u>	<u>45</u>	<u>11</u>	<u>71</u>
	<u>164</u>	<u>586</u>	<u>9,575</u>	<u>10,325</u>

Per the Schedules of Contributions certified by the Scheme Actuary on 27 March 2018, the employer is to make the following deficit funding and expense funding contributions to the Scheme:

Amey Section for the period 1 April 2018 to 1 April 2023:

Deficit funding	Nil
Expense funding	£10,000 per month

Accord Section for the period 1 April 2018 to 31 May 2026:

Deficit funding	Nil
Expense funding	£20,000 per month
Payments to escrow account	£51,625 per month

APS Section for the period 1 April 2018 to 30 April 2024:

Deficit funding	£806,850 per month
Expense funding	£50,000 per month

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2018

Notes to the financial statements (continued)

3 CONTRIBUTIONS (continued)

The employer made a one-off contribution of £5m in the period ended 30 September 2017 into the APS Section upon completion of the merger of the Scheme. In the period ended 30 September 2018 contributions were made from related escrow accounts to the Accord Section of £11.67m.

4 TRANSFERS IN

	30 September 2018			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Transfer in of Amey Pension Scheme	-	-	-	-
Transfer of Amey Saver Plan unallocated fund	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	6 months ended 30 September 2017			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Transfer in of Amey Pension Scheme	-	-	412,757	412,757
Transfer of Amey Saver Plan unallocated fund	-	-	870	870
	<u>-</u>	<u>-</u>	<u>413,627</u>	<u>413,627</u>

5 OTHER INCOME

	30 September 2018			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Claims on Insurance term benefits	5	-	-	5
	<u>5</u>	<u>-</u>	<u>-</u>	<u>5</u>

	6 months ended 30 September 2017			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Claims on Insurance term benefits	-	132	-	132
	<u>-</u>	<u>132</u>	<u>-</u>	<u>132</u>

Death in service is insured with Legal & General.

Amey OS Pension Scheme annual report and financial statements
Year ended 30 September 2018

Notes to the financial statements (continued)

6 BENEFITS

	30 September 2018			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Pensions	(825)	(1,809)	(7,370)	(10,004)
Commutations and lump sums on retirement	(200)	(418)	(1,662)	(2,280)
Lump sums on death in service	-	(2)	(14)	(16)
Death benefits in retirement	(5)	(14)	-	(19)
	<u>(1,030)</u>	<u>(2,243)</u>	<u>(9,046)</u>	<u>(12,319)</u>

	6 months ended 30 September 2017			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Pensions	(390)	(819)	(2,961)	(4,170)
Commutations and lump sums on retirement	(142)	(309)	(949)	(1,400)
Lump sums on death in service	-	(132)	-	(132)
Death benefits in retirement	(6)	(15)	(9)	(30)
	<u>(538)</u>	<u>(1,275)</u>	<u>(3,919)</u>	<u>(5,732)</u>

7 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	30 September 2018			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Individual transfers to other schemes	(419)	(1,127)	(4,501)	(6,047)
Refunds to members	-	-	(1)	(1)
	<u>(419)</u>	<u>(1,127)</u>	<u>(4,502)</u>	<u>(6,048)</u>

	6 months ended 30 September 2017			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Individual transfers to other schemes	-	(455)	(4,400)	(4,855)
	<u>-</u>	<u>(455)</u>	<u>(4,400)</u>	<u>(4,855)</u>

8 ADMINISTRATION EXPENSES

	30 September 2018			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Actuarial	(58)	(82)	(91)	(231)
Administration	(95)	(121)	(189)	(405)
PPF and other levies	(4)	(53)	(260)	(317)
Legal and professional	(31)	(39)	(42)	(112)
Audit	(5)	(5)	(5)	(15)
Member communication	(25)	(17)	(23)	(65)
Trustee fees	(44)	(44)	(44)	(132)
Sundry expenses	(40)	(39)	(66)	(145)
	<u>(302)</u>	<u>(400)</u>	<u>(720)</u>	<u>(1,422)</u>

Amey OS Pension Scheme annual report and financial statements
Year ended 30 September 2018

Notes to the financial statements (continued)

8 ADMINISTRATION EXPENSES (continued)

	6 months ended 30 September 2017			
	Amey Section £000	Accord Section £000	APS Section £000	Total £000
Actuarial	(16)	(9)	(67)	(92)
Administration	(60)	(60)	(88)	(208)
PPF and other levies	-	(31)	(181)	(212)
Legal and professional	(46)	(52)	(15)	(113)
Audit	(5)	(3)	(8)	(16)
Member communication	(11)	-	(30)	(41)
Trustee secretarial	(36)	(19)	(66)	(121)
Sundry expenses	(9)	(10)	(10)	(29)
	<u>(183)</u>	<u>(184)</u>	<u>(465)</u>	<u>(832)</u>

The Company reimburses the Scheme for the Accord Section and APS Section Pension Protection Fund Levy. The reimbursement is shown in Note 3.

9 INVESTMENT INCOME

	30 September 2018			
	Amey Section £000	Accord Section £000	APS Section £000	Total £000
Interest from pooled fund investments	-	-	1,396	1,396
Annuity income	-	4	-	4
	<u>-</u>	<u>4</u>	<u>1,396</u>	<u>1,400</u>

	6 months ended 30 September 2017			
	Amey Section £000	Accord Section £000	APS Section £000	Total £000
Interest from pooled fund investments	-	-	680	680
Annuity income	-	2	-	2
	<u>-</u>	<u>2</u>	<u>680</u>	<u>682</u>

10 RECONCILIATION OF INVESTMENTS

The movements in total investments during the year were as follows:

AMEY SECTION

	Value at 1 Oct 2017 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	Value at 30 Sept 2018 £000
Pooled investment vehicles	30,329	14,884	(15,746)	237	29,704
Insurance policies	16,600	-	(1,141)	1,041	16,500
AVC investments	41	-	-	-	41
	<u>46,970</u>	<u>14,884</u>	<u>(16,887)</u>	<u>1,278</u>	<u>46,245</u>
Cash deposits	-	-	-	-	100
Total	<u>46,970</u>	-	-	-	<u>46,345</u>

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2018

Notes to the financial statements (continued)

10 RECONCILIATION OF INVESTMENTS (continued)

ACCORD SECTION

	Value at 1 Oct 2017 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	Value at 30 Sept 2018 £000
Pooled investment vehicles	61,052	41,560	(31,109)	1,476	72,979
Insurance policies	34,900	-	(4,538)	4,738	35,100
AVC investments	123	-	-	-	123
	<u>96,075</u>	<u>41,560</u>	<u>(35,647)</u>	<u>6,214</u>	<u>108,202</u>
Cash deposits	-				135
Total	<u>96,075</u>				<u>108,337</u>

APS SECTION

	Value at 1 Oct 2017 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	Value at 30 Sept 2018 £000
Pooled investment vehicles	303,624	65,653	(57,515)	1,396	313,158
Insurance policies	84,400	-	(3,397)	1,197	82,200
AVC investments	2,806	31	(205)	140	2,772
	<u>390,830</u>	<u>65,684</u>	<u>(61,117)</u>	<u>2,733</u>	<u>398,130</u>
Cash deposits	8,339				-
Total	<u>399,169</u>				<u>398,130</u>

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 the sales of investments during the year.

Included within the purchases and sales figures are transaction costs which are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the fund such as fees, commissions, stamp duty and other fees. Direct transaction costs were £Nil (Sep 2017: £Nil). Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and are not separately disclosed to the Scheme.

The Accord Section holds some historic annuity policies which are not considered to be material and have therefore not been valued and are included in these financial statements at £Nil value.

11 POOLED INVESTMENT VEHICLES

As at 30 September 2018 the Scheme's investment in pooled investment vehicles comprised:

AMEY SECTION	30 Sept 2018 £000	30 Sept 2017 £000
Equity funds	4,849	8,497
Bond funds	21,291	17,612
Credit funds	2,390	2,165
Property funds	1,174	2,055
	<u>29,704</u>	<u>30,329</u>

Amey OS Pension Scheme annual report and financial statements
Year ended 30 September 2018

Notes to the financial statements (continued)

11 POOLED INVESTMENT VEHICLES (continued)

ACCORD SECTION	30 Sept 2018	30 Sept 2017
	£000	£000
Equity funds	21,254	28,779
Bond funds	44,091	24,782
Credit funds	3,733	3,383
Property funds	3,901	4,108
	72,979	61,052

APS SECTION	30 Sept 2018	30 Sept 2017
	£000	£000
Equity funds	73,597	103,319
Bond funds	208,546	185,140
Alternative funds	31,015	15,165
	313,158	303,624

12 ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs)

The Trustee holds assets invested separately from the main fund in the form of individual insurance policies. These secure additional benefits, on a money purchase basis, for those members who have elected to pay additional voluntary contributions.

Members participating in this arrangement each receive an annual statement made up to 5 April each year, confirming the amounts held to their account and the movements during the year. The total amount of AVC investments at the year-end is shown below.

The fair value of the Legal & General policy has been taken as the pooled fund unit price of the policies at the year-end, as advised by the AVC provider. The fair values of the Prudential and Equitable Life policies were not available as at the year-end, so as per the SORP, the values have been taken as at the latest available valuation, 31 March 2018 and adjusted for cash movements

AMEY SECTION	30 Sept 2018	30 Sept 2017
	£000	£000
Prudential	41	41

ACCORD SECTION	30 Sept 2018	30 Sept 2017
	£000	£000
Prudential	123	123

APS SECTION	30 Sept 2018	30 Sept 2017
	£000	£000
Equitable Life	425	440
Prudential	52	70
L&G	2,295	2,296
	2,772	2,806

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Notes to the financial statements (continued)

13 INSURANCE POLICIES

AMEY SECTION	30 Sept 2018	30 Sept 2017
	£000	£000
Just Retirement	16,500	16,600
ACCORD SECTION	30 Sept 2018	30 Sept 2017
	£000	£000
Just Retirement	35,100	34,900
APS SECTION	30 Sept 2018	30 Sept 2017
	£000	£000
Just Retirement	82,200	84,400

14 INVESTMENT FAIR VALUE HIERARCHY

The fair value of financial instruments has been determined using the following fair value hierarchy:

Level 1 - The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

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

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

The Scheme's investments have been analysed using the above hierarchy categories as follows:

	30 September 2018			Total
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
AMEY SECTION				
Pooled investment vehicles	-	26,140	3,564	29,704
Insurance policies	-	-	16,500	16,500
AVC investments	-	-	41	41
Cash deposits	100	-	-	100
	100	26,140	20,105	46,345
ACCORD SECTION				
Pooled investment vehicles	-	65,345	7,634	72,979
Insurance policies	-	-	35,100	35,100
AVC investments	-	-	123	123
Cash deposits	135	-	-	135
	135	65,345	42,857	108,337
APS SECTION				
Pooled investment vehicles	-	282,143	31,015	313,158
Insurance policies	-	-	82,200	82,200
AVC investments	-	-	2,772	2,772
	-	282,143	115,987	398,130
	235	373,628	178,949	552,812

Notes to the financial statements (continued)

14 INVESTMENT FAIR VALUE HIERARCHY (continued)

	30 September 2017			Total £000
	Level 1 £000	Level 2 £000	Level 3 £000	
AMEY SECTION				
Pooled investment vehicles	-	26,109	4,220	30,329
Insurance policies	-	-	16,600	16,600
AVC investments	-	-	41	41
	-	26,109	20,861	46,970
ACCORD SECTION				
Pooled investment vehicles	-	53,561	7,491	61,052
Insurance policies	-	-	34,900	34,900
AVC investments	-	-	123	123
	-	53,561	42,514	96,075
APS SECTION				
Pooled investment vehicles	-	288,459	15,165	303,624
Insurance policies	-	-	84,400	84,400
AVC investments	-	-	2,806	2,806
Cash deposits	8,339	-	-	8,339
	8,339	288,459	102,371	399,169
	8,339	368,129	165,746	542,214

15 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 instrument 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 instrument 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 instrument 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 their 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.

AVC investments are not covered in this analysis as they are not considered material to the financial statements.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2018

Notes to the financial statements (continued)

15. INVESTMENT RISKS (continued)

AMEY SECTION

The following table outlines the section's pooled investment vehicles held as at 30 September 2018 and the relevant investment risks:

Asset name	Sep 2018	Sep 2017	RISKS				
	Value £000	Value £000	Credit	Currency	Interest rate	Inflation	Other
SGIF Global Select Equity Fund	2,992	4,004	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Emerging Markets Equity	280	899	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK Dynamic Asset Alloc Fund	1,140	2,144	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Emerging Markets Debt	1,195	1,511	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF High Yield Fixed Income	1,264	1,522	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK Credit Fixed Income	5,535	5,693	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK Long Duration Gilts FI	978	970	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Pan Euro Small Co Equity	199	732	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF US Small Companies Equity	238	717	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SEI UK Property Fund	1,174	2,055	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SEI Credit fund offshore	2,390	2,165	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK I-L Fixed Interest	1,466	554	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BMO LDI Funds	10,852	7,363	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Significant
 Partial
 Negligible

ACCORD SECTION

The following table outlines the section's pooled investment vehicles held as at 30 September 2018 and the relevant investment risks:

Asset name	Sep 2018	Sep 2017	RISKS				
	Value £000	Value £000	Credit	Currency	Interest rate	Inflation	Other
SGIF Global Select Equity Fund	12,495	14,738	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Emerging Markets Equity	2,476	4,723	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK Dynamic Asset Alloc Fund	2,732	3,939	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Emerging Markets Debt	4,363	4,128	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK CREDIT FI	3,642	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF High Yield Fixed Income	4,532	4,302	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Pan Euro Smaller Co Equity	1,652	2,872	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF US Small Companies Equity	1,899	2,507	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SEI UK Property Fund	3,900	4,108	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SEI Credit fund offshore	3,733	3,382	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK Gilts FI	12,756	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK Long Duration ILFI Gilts	4,551	2,853	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BMO LDI Funds	14,247	13,500	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Significant
 Partial
 Negligible

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2018

Notes to the financial statements (continued)

15. INVESTMENT RISKS (continued)

APS SECTION

The following table outlines the section's pooled investment vehicles held as at 30 September 2018 and the relevant investment risks:

Asset name	Sep 2018	Sep 2017	RISKS				
	Value £000	Value £000	Credit	Currency	Interest rate	Inflation	Other
SGIF Global Select Equity Fund	26,898	32,859	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Emerging Markets Equity	8,190	14,350	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK Dynamic Asset Alloc Fund	11,562	23,579	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Emerging Markets Debt	1,663	4,218	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF High Yield Fixed Income	1,571	4,451	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK Credit Fixed Income	32,798	32,911	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Global Managed Volatility	15,046	14,523	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Pan Euro Small Co Equity	5,786	8,836	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF US Small Companies Equity	6,115	9,171	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BMO LDI Funds	95,347	87,389	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK Gilts FI	18,161	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hayfin DLF	31,015	15,165	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
M&G Inflation opportunities	59,005	56,172	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Significant
 Partial
 Negligible

(i) Credit Risk

The Scheme is subject to credit risk because the Scheme invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. The Scheme is also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles.

Direct credit risk arising from pooled investment vehicles 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 funds. The Trustee reviews the prospectus of funds on offer and carries out due diligence checks on the Fiduciary Manager who in turn monitors the credit risk within the pooled funds on behalf of the Trustee.

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicle. The Trustee recognises that this risk may lead to volatility in the short term and is mitigated by limiting allocation to such assets.

The information about exposures to and mitigation of credit risk above applied at both the current year end and previous year end

(ii) Currency risk

The Scheme is subject to indirect currency risk because some of the Scheme's investments are held in overseas markets via pooled investment vehicles (indirect exposure). There is no direct exposure (segregated accounts) within the Scheme.

(iii) Interest rate risk

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in bonds and interest rate swaps (either as segregated investments or through pooled vehicles), and cash.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2018

Notes to the financial statements (continued)

15. INVESTMENT RISKS (continued)

Under this strategy, if interest rates fall, the value of risk management investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the risk management investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

(iv) Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes directly held equities, equities held in pooled vehicles, alternative investments such as hedge funds and real estate.

The Scheme manages this exposure to overall price movements by constructing a diverse portfolio of investments across various sectors.

16. CONCENTRATION OF INVESTMENTS

The following assets make up over 5% of the total assets within each section of the Scheme.

AMEY SECTION

	Value at 30 Sep 2018	% of Total Fund Sep 2018	Value at 30 Sep 2017	% of Total Fund Sep 2017
	£000		£000	
SGIF Global Select Equity Fund	2,992	6.4%	4,004	8.5%
SGMF UK Credit Fixed Income	5,535	11.8%	5,693	12.0%
BMO Regular Profile	4,096	8.7%	4,882	10.3%
SGMF UK Gilts	4,880	10.4%	N/A	N/A
SEI Structured Credit Fund	2,390	5.1%	2,165	4.6%
Just Retirement Insurance Policy	16,500	35.1%	16,600	35.1%

ACCORD SECTION

	Value at 30 Sep 2018	% of Total Fund Sep 2018	Value at 30 Sep 2017	% of Total Fund Sep 2017
	£000		£000	
SGIF Global Select Equity Fund	12,495	11.2%	14,738	15.3%
BMO Regular Profile Swap Fund	7,134	6.4%	9,889	10.2%
SGMF UK Gilts	12,756	11.4%	N/A	N/A
Just Retirement Insurance Policy	35,100	31.5%	34,900	36.1%

APS SECTION

	Value at 30 Sep 2018	% of Total Fund Sep 2018	Value at 30 Sep 2017	% of Total Fund Sep 2017
	£000		£000	
SGIF Global Select Equity Fund	26,898	6.7%	32,859	8.2%
Hayfin DLFII GDP Feeder	31,016	7.8%	N/A	N/A
SGMF UK Credit Fixed Income	32,798	8.2%	32,911	8.2%
BMO Real Dynamic LDI Fund	36,754	9.2%	36,830	9.2%
BMO Short Profile	41,219	10.3%	41,161	10.3%
M+G Inflation Fund	59,005	14.8%	56,171	14.1%
Just Retirement Insurance Policy	82,200	20.6%	84,400	21.2%

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Notes to the financial statements (continued)

17 INVESTMENT MANAGEMENT EXPENSES

	30 September 2018			
	Amey Section £000	Accord Section £000	APS Section £000	Total £000
Investment consulting	-	-	-	-
Investment fund management	(158)	(317)	(1,131)	(1,606)
	<u>(158)</u>	<u>(317)</u>	<u>(1,131)</u>	<u>(1,606)</u>

	6 months to 30 September 2017			
	Amey Section £000	Accord Section £000	APS Section £000	Total £000
Investment consulting	-	-	(8)	(8)
Investment fund management	(82)	(153)	(439)	(674)
	<u>(82)</u>	<u>(153)</u>	<u>(447)</u>	<u>(682)</u>

18 CURRENT ASSETS

	30 September 2018			
	Amey Section £000	Accord Section £000	APS Section £000	Total £000
Contributions receivable				
- Employer	29	71	50	150
- Members	2	5	-	7
Prepaid expense	-	14	62	76
Cash	760	3,268	1,786	5,814
	<u>791</u>	<u>3,358</u>	<u>1,898</u>	<u>6,047</u>

	30 September 2017			
	Amey Section £000	Accord Section £000	APS Section £000	Total £000
Contributions receivable				
- Employer	26	85	-	111
- Members	3	7	-	10
- PPF levy reimbursement	-	31	379	410
Pensions prepaid	-	107	-	107
Prepaid expense	-	-	198	198
Cash	372	510	1,163	2,045
	<u>401</u>	<u>740</u>	<u>1,740</u>	<u>2,881</u>

19 CURRENT LIABILITIES

	30 September 2018			
	Amey Section £000	Accord Section £000	APS Section £000	Total £000
Benefit payments	(68)	(112)	(909)	(1,089)
Taxation	1	(3)	-	(2)
Administrative expenses	(19)	(51)	(151)	(221)
Investment management expenses	(37)	(80)	(272)	(389)
	<u>(123)</u>	<u>(246)</u>	<u>(1,332)</u>	<u>(1,701)</u>

Amey OS Pension Scheme annual report and financial statements
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Notes to the financial statements (continued)

19 CURRENT LIABILITIES (continued)

	30 September 2017			
	Amey Section £000	Accord Section £000	APS Section £000	Total £000
Benefit payments	-	(29)	(311)	(340)
Creditors	(6)	(9)	(382)	(397)
Taxation	(9)	(19)	(98)	(126)
Administrative expenses	(43)	(65)	(30)	(138)
Investment management expenses	(41)	(77)	(243)	(361)
	(99)	(199)	(1,064)	(1,362)

20 RELATED PARTY TRANSACTIONS

The directors of the Independent Trustee are not members of the Scheme. Trustee Fees of £132,000 (6 months ended 30 September 2017: £86,000) were paid to PTL, the independent Corporate Trustee during the year.

In the period ended 30th September 2017, £35,000 was paid from the APS Section to the former Trustees and Secretary of the Amey Pension Scheme.

21 EMPLOYER RELATED INVESTMENTS

There were no employer-related investments at any time during the year.

22 CONTINGENT ASSETS

The Accord Section schedule of contributions certified by the Scheme Actuary on 23 December 2015 required that from January 2016 to November 2029 required a monthly amount of £75,000 to be paid into an escrow account. The schedule of contributions certified by the Scheme Actuary on 27 March 2018 revised the monthly payment amount to £51,625 per month for the period from 1 April 2018 to 31 May 2026.

The Amey Section schedule of contributions certified by the Scheme Actuary on 27 November 2014 required that from April 2015 to March 2019 required a monthly amount of £83,334 to be paid into an escrow account. The schedule of contributions certified by the Scheme Actuary on 22 December 2017 removed any requirement to pay further contributions to the Escrow account from 1 January 2018 and the schedule of contributions certified by the Scheme Actuary on 27 March 2018 also did not include any requirement for further contributions to be made.

On 22 December 2017 an amount of £9m was released from the Accord Section Escrow account, an amount of £2.67m was released from the Amey Section Escrow account. As the Amey Section is fully funded the Trustee, after taking legal advice, opted to direct the full amount of £11.67m into the Accord Section, and this amount has been recognised in these accounts as other employer contributions.

At the 30 September 2018 there were no funds remaining in the Amey section Escrow account (2017 : £2,419,388) and £1,004,238 (2017 : £9,165,511) was held in the Accord Section Escrow account

23 TAX STATUS OF THE SCHEME

The Scheme is a registered pension scheme for tax purposes under chapter 2, part 4 of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief, and income and capital gains earned by the Scheme receive preferential treatment.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2018

Summary of Contributions

During the year ended 30 September 2018, the contributions payable to the Scheme were as follows:

	Amey Section £000	Accord Section £000	APS Section £000	Total £000
Contributions payable under the Schedules of Contributions				
Contributions from employer				
Normal	246	528	-	774
Deficit funding	60	49	9,682	9,791
Expenses contributions	-	225	300	525
Reimbursement of PPF levies	-	30	-	30
Contributions payable to escrow accounts	500	760	-	1,260
	806	1,592	9,982	12,380
Contributions from members				
Normal	23	68	-	91
Added years	-	3	-	3
Additional voluntary contributions	-	-	31	31
	23	71	31	125
Contributions payable under the Schedules (as reported on by the Scheme auditor)	829	1,663	10,013	12,505
Other contributions payable				
Normal	8	15	-	23
Deficit funding	30	-	-	30
Expenses contributions	-	114	108	222
Other	-	11,670	-	11,670
Due to be paid to escrow accounts held in company name	(500)	(760)	-	(1,260)
	(462)	11,039	108	10,685
Contributions reported in the financial statements	367	12,702	10,121	23,190

During the year, contributions of £500k, and £760k were due to be paid by the Employer, as part of the Schedule of Contributions, in respect of the Amey and Accord sections respectively. However, these amounts were to be paid into escrow accounts and not paid directly to the Scheme. Contributions held in escrow accounts are only to be recognised in the Scheme accounts if an agreement was made between the Employer and the Trustee to remit some or all of the balances held in the accounts to the relevant sections of the Scheme. During the year £11.67m was released from the escrow accounts into the Scheme. As the Amey Section is fully funded, the Trustee, after taking legal advice, opted to direct all of these funds into the Accord Section.

In respect of the Amey Section, the Schedule of Contributions required amounts of £83,394 per month to be paid into an escrow account. Due to a misinterpretation of the period covered by the Amey Section Schedule of Contributions certified by the Scheme Actuary on 22 December 2017, the December 2017 contributions were not paid to the escrow account. The administrative oversight has been corrected, and the Scheme received the amount of £83,334 from the Employer on 21 February 2019, making the receipt 398 days late in relation to the requirements of the Schedule of Contributions. The Auditor has qualified their Auditor's Statement about Contributions in respect of this matter.

.....
Date:

11/4/19

Trustee Director

Independent Auditor's Statement about Contributions to the Trustee of the Amey OS Pension Scheme

We have examined the summary of contributions to the Amey OS Pension Scheme (the 'Scheme') in respect of the Scheme year ended 30 September 2018 which is set out on page 36.

Qualified statement about contributions payable under the schedule of contributions

In our opinion, except for the effects of the departure from the schedule of contributions described in the Basis for qualified statement about contributions paragraph, contributions for the Scheme year ended 30 September 2018 as reported in the summary of contributions and payable under the schedules of contributions have in all material respects been paid at least in accordance with the schedules of contributions certified by the Scheme actuary on 27 November 2014 (in relation to the Amey Section), 23 December 2015 (in relation to the Accord Section), 10 June 2015 (in relation to the APS Section), 22 December 2017 (in relation to the Amey Section) and 27 March 2018 (in relation to all three sections).

Basis for qualified statement about contributions

As explained on page 36, contributions payable to the Amey Section escrow account of £83,334 in relation to December 2017 were not received until 21 February 2019 and therefore have been received 398 days later than required by the schedule of contributions certified by the Scheme Actuary on 27 November 2014.

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

Respective responsibilities of Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 15, the 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 Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to it in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body, for our work, for this statement, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

Date: **15 April 2019**

Amey OS Pension Scheme annual report and financial statements
Year ended 30 September 2018

Actuarial Certification of Schedule of Contributions – Amey section

This certificate is provided for the purpose of Section 227(5) of the Pensions Act 2004 and Regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

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 can be expected to continue to be met for the period for which the Schedule is to be in force.

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 dated 23 March 2018.

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 to be wound-up.

Signature: <i>Andrew Allsopp</i>	Date: 27 March 2018
Name: Andrew Allsopp	Qualification: FIA
Address: Quattro Pensions Prospect House Fishing Line Road Redditch B97 6EW	Name of employer (if applicable): Quattro Pensions Consulting Limited

Amey OS Pension Scheme annual report and financial statements
Year ended 30 September 2018

Actuarial Certification of Schedule of Contributions – Accord section

This certificate is provided for the purpose of Section 227(5) of the Pensions Act 2004 and Regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

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 can be expected to be met by the end of the period specified in the Recovery Plan dated 23 March 2018.

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 dated 23 March 2018.

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 to be wound-up.

Signature: <i>Andrew Allsopp</i>	Date: 27 March 2018
Name: Andrew Allsopp	Qualification: FIA
Address: Quattro Pensions Prospect House Fishing Line Road Redditch B97 6EW	Name of employer (if applicable): Quattro Pensions Consulting Limited

Amey OS Pension Scheme annual report and financial statements
Year ended 30 September 2018

Actuarial Certification of Schedule of Contributions – APS Section

This certificate is provided for the purpose of Section 227(5) of the Pensions Act 2004 and Regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

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 can be expected to continue to be met for the period for which the Schedule is to be in force.

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 dated 23 March 2018.

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 to be wound-up.

Signature: <i>Andrew Allsopp</i>	Date: 27 March 2018
Name: Andrew Allsopp	Qualification: FIA
Address: Quattro Pensions Prospect House Fishing Line Road Redditch B97 6EW	Name of employer (if applicable): Quattro Pensions Consulting Limited