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**The Pexion Group Pension and Life Assurance Scheme**

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**Report and financial statements**

**Year ended 30 June 2008**

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# The Pexion Group Pension and Life Assurance Scheme

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## THE PEXION GROUP PENSION AND LIFE ASSURANCE SCHEME

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### Trustee and its Advisers Year ended 30 June 2008

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<b>Trustee</b>	Pexion Trustees Limited
<b>Directors</b>	Denise Barrick Michael Field Simon Winfield (appointed 18/03/2008) - Member nominated Mark Seekings (appointed 25/04/2008)
<b>Scheme Actuary</b>	S G Corbett Aon Consulting Limited 3 The Embankment Sovereign Street Leeds LS1 4BJ
<b>Scheme Administrators</b>	Aon Consulting Limited 3 The Embankment Sovereign Street Leeds LS1 4BJ
<b>Chartered Accountants and Registered Auditors</b>	Bailey Page & Roper Suite 416/419 The Cotton Exchange Old Hall Street Liverpool L3 9LQ
<b>Bankers</b>	Bank of Scotland 55 Bath Street Glasgow G2 2DJ
<b>AVC providers</b>	Legal & General Assurance (Pensions Management) Ltd Legal & General House Kingswood Tadworth Surrey KT20 6EU
<b>Investment managers</b>	Legal & General Assurance (Pensions Management) Ltd Legal & General House Kingswood Tadworth Surrey KT20 6EU
<b>Solicitors</b>	Irwin Mitchell 21 Queens Street Leeds LS1 2TW

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## THE PEXION GROUP PENSION AND LIFE ASSURANCE SCHEME

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### Trustee and its Advisers Year ended 30 June 2008

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#### Trustee and its advisers (continued)

<b>Death in Service Benefits</b>	Legal & General Assurance (Pensions Management) Ltd Legal & General House Kingswood Tadworth Surrey KT20 6EU
<b>Consultants</b>	Aon Consulting Limited 3 The Embankment Sovereign Street Leeds LS1 4BJ
<b>Principal employer</b>	Beldam Crossley Limited 24 South Molton Street London W1K 5RE

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# The Pexion Group Pension and Life Assurance Scheme

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## Trustee's report Year ended 30 June 2008

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### Introduction

The Trustee is pleased to present the Report for the year ended 30 June 2008.

### Trustee and Advisers

The name of the present Trustee is shown on page 1. The Principal Employer is responsible for the appointment and removal of Trustee Directors. A Director of the Trustee Company can choose to retire from office at any time.

At present there are four Directors. Decisions are made by the majority of the Trustee Directors. During the Scheme year there were 5 Trustee meetings.

The names of the present advisers to the Trustee are shown on pages 1 and 2. The advisers to the Scheme are appointed by the Trustee.

### Contributions

Until 31 December 2007, the principal employer contributed at a rate of £12,464 (inclusive of an allowance for administration expenses) each month in respect of the pension scheme deficit. With effect from 1 January 2008, the principal employer contribution at a rate of £12,500 per month, inclusive of an allowance for administrative expenses of £1,333 per month. This amount will increase with inflation on each subsequent 1 January. The cost of running the Scheme, other than administration costs which are included in the above, are payable separately by the company as and when they are incurred.

As the scheme is closed to future accrual, members do not pay contributions.

### Benefit Review

All pensions in payment were increased in line with the Scheme Rules. Preserved pensions were increased in accordance with statutory requirements. No discretionary increases were granted.

### Investment Managers

The current investment manager is shown on page 1.

The investment manager is given full discretion in making investment decisions, subject to broad guidelines laid down by the Trustee.

As required by the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles setting out the policy on investment, which has been amended to include the Trustee's policy on Socially Responsible Investment. A copy of the Statement is available on request.

The Trustee has no separate custodians for the Scheme as the investment managers make their own custodial arrangements for the assets underlying the funds they manage. Further details are given in section 2. The Investment Report for the year ended 30 June 2008 is shown in section 2.

# The Pexion Group Pension and Life Assurance Scheme

## Trustee's report Year ended 30 June 2008

### Transfers

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

During the year transfer values were paid of £162,121 (2007 £Nil).

The transfer value of a Scheme member's benefits includes no allowance for any discretionary benefits that may be awarded in the future.

The Trustee has adopted a policy of reducing transfer values on account of the funding of the Scheme. Such an approach is permitted under the Occupational Pension Schemes (Transfer Value) Regulations 1996 (as amended). The reduced transfer value is currently calculated as 100% of the value of the members PPF benefits calculated on the transfer basis, plus 71% of the value of those benefits in excess of PPF benefits calculated on the transfer basis.

### Scheme Membership

An overview of the current scheme membership and comparison against the previous years membership is detailed below.

	<b>Pensioners 2008</b>	<b>Members with preserved and deferred benefits 2008</b>	<b>Total 2008</b>
Members at the start of the year	67	209	276
New Pensioners	11	-	11
Retirements	-	(7)	(7)
Deaths	(3)	(1)	(4)
Commutated/Ceased	(2)	-	(2)
Transfer Out	-	(2)	(2)
<b>TOTAL MEMBERSHIP AT THE END OF THE YEAR</b>	<b>73</b>	<b>199</b>	<b>272</b>

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

The Financial Statements on pages 14 to 15 show that the value of the Scheme's assets decreased by £1,076,027 to £10,078,527 as at 30 June 2008. The decrease was comprised of net withdrawals from dealings with members of £337,485 together with a net reduction in the value of investments of £738,542.

The Financial Statements have been prepared and audited in accordance with the regulations made under Sections 41 (1) and (6) of the Pensions Act 1995.

Further details of the financial developments of the Scheme may be found in the audited Financial Statements on pages 14 to 19.

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## The Pexion Group Pension and Life Assurance Scheme

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### Trustee's report Year ended 30 June 2008

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#### **Review of the Scheme's financial prospects having regard to the actuarial valuation and statement**

The date of the last actuarial valuation of the Scheme was 1 July 2006. At the time of the actuarial valuation, the liabilities of the Scheme exceeded the value of the assets. A schedule of contributions was put in place which specified a level of contributions sufficient to ensure that the deficit is paid off by 2018, providing the assumptions are borne out in practise. This valuation has been carried out in accordance with the Scheme Specific Funding Regulations.

The next valuation is due as at 1 July 2009.

#### **Self-investment**

The investments of the Scheme are invested in accordance with Section 40 of the Pensions Act 1995.

#### **Expression of Wish Forms**

The Trustee wishes to remind members that they can indicate to the Trustee the persons to whom they wish any lump sum benefits and pension benefits to be paid in the event of their death. The Trustee will then be able to take members' wishes into account, although it is not obliged to do so. Members are also urged to review their Expression of Wish Form should their circumstances change.

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## The Pexion Group Pension and Life Assurance Scheme

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### Trustee's report Year ended 30 June 2008

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#### Further information

Further information about the Scheme is available, on request, to members, their spouses and other beneficiaries together with all recognised trade unions. In particular the documents constituting the Scheme, the Rules and a copy of the latest actuarial report and the Trustee's Statement of Investment Principles can be inspected.

Individual benefit statements are provided to members on request. In addition to the information shown on these statements members can request details of the amount of their current transfer value. Requests cannot be made more frequently than once a year.

If you have any queries concerning the Scheme in general or your own pension position, or wish to obtain further information, you should contact Mr M R Field. He will also be able to provide you with a further copy of the Scheme booklet should you require one and answer any queries you may have about your entitlement to benefits.

If you have any complaints in relation to the Scheme you should in the first instance contact:

Lois Salisbury  
Beldam Crossley Ltd  
PO Box 7  
Hill Mill  
Bolton BL1 6PB

The Data Protection Act 1984 covers information held electronically, i.e. computer-based information. The Data Protection Act 1998 extends data protection laws to cover paper-based records held for individuals and new restrictions on the processing of sensitive personal data to which individuals must have given express consent. Sensitive information can include information on, for example, the health of a member.

Your personal data will be used by the Scheme's advisers to administer the Scheme and in the provision of your benefits. Information may be passed to other professional providers or advisers in order to maintain the benefits.

The Trustee, the Company and the Scheme's advisers each have a legal obligation and a legitimate interest to process data relating to members for the purposes of administering and operating the Scheme, which includes passing on data to third parties, as mentioned above.

The Trustee, the Company and the Scheme's advisers are all regarded as "Data Controllers", for the purposes of the Data Protection Act 1998, in relation to the process referred to above.

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# The Pexion Group Pension and Life Assurance Scheme

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## Investment report

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### Investment principles

The assets of the Scheme are invested in an insurance policy with Legal & General Assurance (Pensions Management) Limited, part of the Legal & General Group, which is one of the largest financial institutions in the United Kingdom.

The policy is designed for corporate and public sector Pension Schemes and takes full advantage of the tax exemptions available to an insurance policy of this type. It is a unitised policy and the value of the units fluctuates directly in relation to the value of the underlying assets. All units are redeemable at bid prices that are calculated from independent, external pricing sources. The assets underlying the units are held by independent corporate custodians which are regularly reviewed by external auditors.

Legal & General's investment brief is to apply cash flows to or from and make switches between the funds shown below (which are sections within the policy) in accordance with instructions received from the Trustee or their authorised Administrators.

The value of the units held under the Policy at the beginning and end of the reporting period were:

Investment Fund	Value and Distribution at 1 July 2007		Value and Distribution at 1 July 2008	
	GBP	%	GBP	%
Consensus Index	10,051,884	91.2	8,983,188	89.8
Over 15y Gilts Index	967,621	8.8	1,024,228	10.2
<b>Total Assets</b>	<b>11,019,505</b>	<b>100.0</b>	<b>10,007,416</b>	<b>100.0</b>

The unit prices for these valuations were based on market closing prices on the previous working day. The values shown include any activity that took place on the valuation days. These accounts are disclosed on the revised SORP basis. As a result, investments previously valued at mid prices on 1 July 2007 are now valued at bid prices.

# The Pexion Group Pension and Life Assurance Scheme

## Investment report

### Review of investment performance

The time-weighted investment returns on the Scheme's assets were as follows:-

#### TIME-WEIGHTED RETURNS TO 30 JUNE 2008

Investment Sector Fund	Last Twelve Mths		Last Three Years		Last Five Years	
	Fund %	Index %	Fund % pa	Index % pa	Fund % pa	Index % pa
Consensus Index	-7.7	-7.6	+7.8	+7.8	+10.7	+10.6
Over 15y Gilts Index	+6.0	6.0	n/a	n/a	n/a	n/a
<b>Total Assets</b>	<b>-6.5</b>	<b>n/a</b>	<b>+7.2</b>	<b>n/a</b>	<b>+10.4</b>	<b>n/a</b>

The time-weighted investment returns on the asset classes within the Consensus Index Fund were:-

#### TIME-WEIGHTED RETURNS TO 30 JUNE 2008

Consensus Index Fund Constituent Sector Returns	Last Twelve Mths		Last Three Years		Last Five Years	
	Fund %	Index %	Fund % pa	Index % pa	Fund % pa	Index % pa
<b>Equities</b>						
UK Equity Index	+18.4	+18.4	+18.9	+18.9	+12.2	+12.2
North America Equity Index	+11.7	+11.7	+9.5	+9.3	+5.8	+5.7
Europe (ex-UK) Equity Index	+25.6	+25.4	+22.7	+22.5	+13.8	+13.6
Japan Equity Index	-2.1	-2.2	+8.6	+8.3	+6.6	+6.3
Asia Pacific (ex-Japan) Dev. Equity Index	+35.2	+34.6	+29.4	+28.8	+19.9	+19.3
Global Emerging Markets Equity Index	+33.9	+35.3	+35.2	+35.3	+24.8	+24.8
<b>Bonds</b>						
All Stocks Gilts Index	-0.7	-0.7	+3.8	+3.7	+4.1	+4.1
-AA-A Fixed Interest - All Stocks	-0.2	+0.2	+4.6	+4.5	+4.9	+4.9
All Stocks Index-Linked Gilts Index	+2.1	+2.1	+5.2	+5.2	5.7	+5.6
Overseas Bond Index	-5.5	-5.6	-0.3	-0.4	+0.3	+0.3
<b>Cash</b>	<b>+5.2</b>	<b>+5.2</b>	<b>+4.9</b>	<b>+4.9</b>	<b>+4.5</b>	<b>+4.4</b>

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## The Pexion Group Pension and Life Assurance Scheme

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### Statement of Trustee's responsibilities

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The audited financial statements 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 the Scheme year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; in accordance with the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement 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 has 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 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 of contributions received 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 law 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 an appropriate system of internal control.

We approve the Trustee's report together with the accompanying investment report and the compliance statement.

Trustee Director: M SEEKINGS

Trustee Director: M FIELD

Date: 28 JANUARY 2009

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# The Pexion Group Pension and Life Assurance Scheme

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## Independent Auditors' Report to the Trustee

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### Independent auditors' report to the Trustee of the Pexion Group Pension and Life Assurance Scheme

We have audited the Scheme's financial statements for the year ended 30 June 2008 which comprise the fund account, the net assets statement and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Trustee, as a body, in accordance with regulation 3 (c) of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor ) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditors' 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 the opinions we have formed.

#### Respective responsibilities of the trustee and auditor

As described in the statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for obtaining audited financial statements which comply with applicable United Kingdom law and accounting standards and for making available certain other information about the scheme in the form of an Annual Report.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements show a true and fair view and contain the information required by the relevant legislation. We also report to you if, in our opinion, the Trustee's report is not consistent with the financial statements or if we have not received all the information and explanations that we require for our audit.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within the financial statements. The other information comprises Trustee's Report, Investment Report, Actuarial Statements and Compliance Statement.

#### Basis of audit opinion

We conducted our audit in accordance with International Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by or on behalf of the Trustee in the preparation of the financial statements and of whether the accounting policies are appropriate to the Scheme's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

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## The Pexion Group Pension and Life Assurance Scheme

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### Independent Auditors' Report to the Trustee

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#### Opinion

In our opinion the financial statements show a true and fair view of the financial transactions of the Scheme during the plan year ended 30 June 2008, 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, and contain the information specified in Regulation 3 of and the Schedule to The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995.

**Bailey Page & Roper**  
Chartered Accountants and  
Registered Auditors

29 JANUARY 2009

Suite 416/419  
The Cotton Exchange  
Old Hall Street  
Liverpool  
L3 9LQ

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## The Pexion Group Pension and Life Assurance Scheme

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### Summary of contributions For the year ended 30 June 2008

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#### Summary of contributions payable during the scheme year ended 30 June 2008

Contributions payable to the scheme by the employer under the Schedule of Contributions in respect of the year ended 30 June 2008 were as follows:

	<b>Schedule £</b>
<b>Defined Benefits Section</b>	
Normal contributions	150,587
Employer contributions	<u>150,587</u>
	<u><u>150,587</u></u>

M SEEKINGS

M FIELD

28 JANUARY 2009

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# The Pexion Group Pension and Life Assurance Scheme

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## Independent Auditors' Statement about Contributions For the year ended 30 June 2008

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### Independent Auditors' Statement about Contributions under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the trustee of the The Pexion Group Pension and Life Assurance Scheme.

We have examined the summary of contributions payable to the Scheme, for the scheme year ended 30 June 2008 on page 12.

This report is made solely to the scheme's Trustee, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our 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 auditors' 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 scheme's Trustee as a body, for our work, for this report, or for the opinions we have formed.

#### Respective responsibilities of Trustee and auditors

As described on page 9 the scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedules of Contributions which sets out the rates and due dates of certain contributions payable towards the scheme by or on behalf of the employer and the active members of the scheme. The Trustee has a general responsibility to for monitoring whether contributions are made to the scheme in accordance with the Schedules of Contributions.

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

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary of contributions.

#### Basis of statement about contributions

We planned and performed our work so as to obtain the information and explanations which we considered necessary in order to give reasonable assurance that contributions reported in the summary of contributions have been paid in accordance with the relevant requirements. For this purpose the work that we carried out included examination, on a test basis, of evidence relevant to the amounts of contributions paid to the scheme and the timing of those payments under the Schedules of Contributions. Our statement about contributions is required to refer to those breaches of the Schedules of Contributions which come to our attention in the course of our work.

#### Statement about contributions

In our opinion contributions for the scheme year ended 30 June 2008 as reported in the summary of contributions have been paid in accordance with the Schedules of Contributions certified by the actuary on 26 January 2004 and 20 December 2007.

#### Bailey Page & Roper

Chartered Accountants and Registered Auditors

Suite 416/419  
The Cotton Exchange  
Old Hall Street  
Liverpool  
L3 9LQ  
Date: 29 January 2009

## The Pexion Group Pension and Life Assurance Scheme

### Fund account For the year ended 30 June 2008

	Note	2008 £	2007 £
<b>CONTRIBUTIONS AND BENEFITS</b>			
Contributions	4	150,587	149,569
		<u>150,587</u>	<u>149,569</u>
Benefits payable	5	(300,560)	(287,903)
Payments to and on account of leavers	6	(162,121)	-
Administrative expenses	7	(25,391)	(20,650)
		<u>(488,072)</u>	<u>(308,553)</u>
<b>NET (WITHDRAWALS) FROM DEALINGS WITH MEMBERS</b>		<u>(337,485)</u>	<u>(158,984)</u>
<b>RETURN ON INVESTMENTS</b>			
Investment income	8	1,198	525
Change in market value of investments	10	(723,815)	1,377,532
Investment management expenses	9	(15,925)	(15,593)
		<u>(738,542)</u>	<u>1,362,464</u>
<b>NET RETURNS ON INVESTMENTS</b>		<u>(738,542)</u>	<u>1,362,464</u>
<b>NET (DECREASE)/INCREASE IN THE FUND DURING THE YEAR</b>		(1,076,027)	1,203,480
<b>OPENING NET ASSETS AT 1 JULY 2007</b>		11,154,554	9,951,074
<b>NET ASSETS AT 30 JUNE 2008</b>		<u><u>10,078,527</u></u>	<u><u>11,154,554</u></u>

The notes on pages 16 to 19 form an integral part of these financial statements.

## The Pexion Group Pension and Life Assurance Scheme

### Net assets statement As at 30 June 2008

	Note	2008 £	2007 £
<b>INVESTMENTS</b>			
Pooled investment vehicles		10,007,415	11,019,505
AVC investments		90,904	86,203
		<hr/>	<hr/>
<b>TOTAL</b>	<b>10</b>	<b>10,098,319</b>	<b>11,105,708</b>
<b>CURRENT ASSETS</b>	<b>11</b>	<b>34,596</b>	<b>125,735</b>
<b>CURRENT LIABILITIES</b>	<b>12</b>	<b>(54,388)</b>	<b>(76,889)</b>
		<hr/>	<hr/>
<b>NET ASSETS AT 30 JUNE 2008</b>		<b>10,078,527</b>	<b>11,154,554</b>
		<hr/> <hr/>	<hr/> <hr/>

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the statements by the Actuary on pages 20 to 22 of the Annual Report and these financial statements should be read in conjunction with them.

The notes on pages 16 to 19 form an integral part of these financial statements.

These financial statements were approved by the Trustee at a meeting held on and were signed on their behalf by:

Trustee Director: M SEEKINGS

Trustee Director: M FIELD

Date: 28 JANUARY 2009

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# The Pexion Group Pension and Life Assurance Scheme

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## Notes to the financial statements For the year ended 30 June 2008

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### 1. BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, and with the guidelines set out in the Statement of Recommended Practice, "Financial Reports of Pension Scheme" (SORP) (Revised May 2007).

### 2. ADOPTION OF THE NEW SORP

The Trustee has adopted the Revised SORP. As a result investments previously valued at mid prices are now valued at bid prices where there is a bid/offer spread. This is a change in accounting policy but the difference in valuation is considered to be immaterial to the financial statements and therefore comparatives have not been restated.

As a result the comparative figures for investments are reported on mid prices basis and the adjustment in valuation from mid to bid is included in the current year "change in market value."

Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles.

### 3. ACCOUNTING POLICIES

The following principal accounting policies have been adopted in the preparation of the Financial Statements.

#### (a) Investments

Investments are stated at market value.

The market value of the units is based on the bid or single price quoted by the investment managers at the year end.

#### (b) Benefits

Lump sum commutations payable on retirement are accounted for on a cash basis based on the date of payment.

#### (c) Contributions

Current service and other contributions are accounted for on an accruals basis.

#### (d) Administration expenses

Administration expenses and term insurance premiums are accounted for on an accruals basis.

#### (e) Transfer values

Transfer values represent the capital sums either received in respect of newly-joined members from the pension schemes of their previous employers or paid to the pension schemes of new employers of members who have left the service. Transfer values are accounted for on a cash basis.

## The Pexion Group Pension and Life Assurance Scheme

### Notes to the financial statements For the year ended 30 June 2008

#### 4. CONTRIBUTIONS

	2008 £	2007 £
Employers Normal contributions	150,587	149,569
	150,587	149,569

#### 5. BENEFITS PAYABLE

	2008 £	2007 £
Pension payments	244,414	212,436
Commutations	35,028	69,961
Lump sums on death in retirement	21,118	-
Purchase of annuities	-	5,506
	300,560	287,903

#### 6. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2008 £	2007 £
Transfers out - individual	162,121	-
	162,121	-

#### 7. ADMINISTRATIVE EXPENSES

	2008 £	2007 £
Administration and processing	22,349	17,383
Audit fee	2,585	2,765
Bank charges	457	502
	25,391	20,650

All other costs of administration are borne by Beldam Crossley Limited.

#### 8. INVESTMENT INCOME

	2008 £	2007 £
Interest on cash deposits	1,198	525
	1,198	525

# The Pexion Group Pension and Life Assurance Scheme

## Notes to the financial statements For the year ended 30 June 2008

### 9. INVESTMENT MANAGEMENT EXPENSES

	2008 £	2007 £
Investment manager fees	15,925	15,593
	15,925	15,593

### 10. INVESTMENTS

#### MOVEMENTS IN INVESTMENTS

	Value at 01/07/2007 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 30/06/2008 £
Pooled investment vehicles (L&G)	11,019,505	-	(283,574)	(728,516)	10,007,415
AVC investments	86,203	-	-	4,701	90,904
	11,105,708	-	(283,574)	(723,815)	10,098,319

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

The Trustee has adopted the revised SORP. As a result investments previously valued at mid prices are now valued at bid prices where there is a bid/offer spread. This is a change in accounting policy but the difference in the valuation is considered to be immaterial to the financial statements and therefore comparatives have not been restated.

As a result the comparative figures for investments are reported on a mid price basis and the adjustment in valuation from mid to bid is included in the current year "change in market value".

Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The operating company managing the unitised fund is registered to the United Kingdom.

#### AVC INVESTMENTS

Purchases at cost in respect of AVC investments represent AVC's paid onwards by the trustee to third party AVC providers. Sale proceeds in respect of AVC investments represent AVC funds returned to the trustee by AVC providers to settle benefits due to members.

	2008 £	2007 £
Legal & General	90,904	86,203
	90,904	86,203

# The Pexion Group Pension and Life Assurance Scheme

## Notes to the financial statements For the year ended 30 June 2008

### CONCENTRATION OF INVESTMENTS

The following investments, excluding UK Government securities, account for more than 5% of the Scheme's net assets as at 30 June 2008.

	<b>2008</b>	<b>%</b>	<i>2007</i>	<b>%</b>
	<b>Market value</b>		<i>Market value</i>	
L&G Consensus Index	8,983,188	89.1 %	10,051,884	90.5 %
L&G Over 15y Gilts Index	1,024,228	10.2 %	967,621	8.7 %
	<u><u>          </u></u>		<u><u>          </u></u>	

### 11. CURRENT ASSETS

	<b>2008</b>	<i>2007</i>
	<b>£</b>	<b>£</b>
Employer contributions due	12,500	12,464
Prepayments	-	17,507
Sundry debtors	-	91,681
Cash balances	22,096	4,083
	<u>          </u>	<u>          </u>
	<b>34,596</b>	125,735
	<u><u>          </u></u>	<u><u>          </u></u>

### 12. CURRENT LIABILITIES

	<b>2008</b>	<i>2007</i>
	<b>£</b>	<b>£</b>
Sundry creditors	34,863	35,666
Accrued expenses	19,440	41,139
Tax payable	85	84
	<u>          </u>	<u>          </u>
	<b>54,388</b>	76,889
	<u><u>          </u></u>	<u><u>          </u></u>

All contributions due to the scheme relate to the month of June 2008 and were paid in full to the Scheme within the timescale required by the schedule of contributions currently in force.

### 13. EMPLOYER RELATED INVESTMENTS

The Scheme has employer related investments as defined in the Pensions Act 1995. The market value of these investments at the year end is shown below.

	<b>2008</b>	<i>2007</i>
<b>DESCRIPTION</b>	<b>£</b>	<b>£</b>
Due from employer - normal	12,500	12,464
	<u><u>          </u></u>	<u><u>          </u></u>

### 14. CONCENTRATION OF INVESTMENTS

The Scheme's entire assets are invested in unitised funds administered by Legal & General Assurance Society Ltd.

### 15. CAPITAL COMMITMENTS

At 30 June 2008 there were no capital commitments.

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## The Pexion Group Pension and Life Assurance Scheme

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### Actuarial statements

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#### PEXION GROUP PENSION & LIFE ASSURANCE SCHEME SCHEDULE OF CONTRIBUTIONS

##### **Name of Scheme: Pexion Group Pension and Life Assurance Scheme**

This schedule of contributions has been prepared for and agreed by the Trustee of the Pexion Group Pension and Life Assurance Scheme, after obtaining the advice of Mr S Corbett, the actuary to the Scheme.

##### **Contributions to be paid to the Fund from 1 January 2008 to 30 June 2018**

##### **Company Contributions:**

In respect of the shortfall in funding, in accordance with the Trustee's recovery plan dated 20 December 2007 the Company will pay the following:

£12,500 per month, inclusive of an allowance for administration expenses of £1,333 per month (ie an anticipated £11,167 per month is being paid towards eliminating the funding shortfall), increasing with inflation as described below.

On each subsequent 1 January (i.e. starting from 1 January 2009), the monthly payments for the following 12 months will be increased in line with the previous September to September increase in inflation as measured by the All Items Retail Prices Index (RPI). For example, if September 2008's annual increase in RPI turns out to be 3.1%, the total monthly payment for the 12 months commencing 1 January 2009 will increase to £12,887.50.

The member contribution rate is nil since the scheme is closed to future accrual.

The above contributions are to be paid to the Scheme as soon as practicable each month, but in any event no later than the nineteenth of the calendar month following that to which the payment relates.

##### **Expenses**

The Company will reimburse the Trustee with the Pension Protection Fund levies payable by the Trustee. The reimbursement shall be within 30 days of such levies being paid by the Trustee and is payable by the Company in addition to the monthly payments detailed above.

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## The Pexion Group Pension and Life Assurance Scheme

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### Actuarial statements

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The monthly payments detailed above include an allowance of £1,333 per month for administration costs (increasing annually in line with the RPI). Consultancy costs will be met in addition directly by the Company.

**Signed on behalf of the Company:**

Name:

Position:

Date:

Signed on behalf of the Trustee of the Pexion Group Pension and Life Assurance Scheme:

Name:

Position:

Date:

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## The Pexion Group Pension and Life Assurance Scheme

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### Actuarial statements

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#### Actuarial Certificate of the calculation of Technical Provisions

**Name of Scheme: Pexion Group Pension and Life Assurance Scheme**

#### Calculation of technical provisions

I certify that, in my opinion, the calculation of the scheme's technical provisions as at 1 July 2006 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the scheme and set out in the Statement of Funding Principles dated 14 December 2007.

Signature

Date : 14 December 2007

Name : Simon Corbett

Qualification : Fellow of the Institute of Actuaries

Address: 3 The Embankment  
Sovereign Street  
Leeds  
LS1 4BJ

Name of employer : Aon Consulting Limited

#### Actuary's certification of schedule of contributions

**Name of Scheme: Pexion Group Pension and Life Assurance Scheme**

#### Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contribution 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 20 December 2007.

#### 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 14 December 2007.

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can expect 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:

Date: 20 December 2007

Name: Mr S G Corbett

Qualification: Fellow of the Institute of Actuaries

Address: 3 The Embankment  
Sovereign Street  
Leeds  
LS1 4BJ

Name of employer: Aon Consulting Limited

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## The Pexion Group Pension and Life Assurance Scheme

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### Compliance statement For the year ended 30 June 2008

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The Pexion Group Pension and Life Assurance Scheme was established with effect from 1 July 1976. The Scheme is exempt approved under the Finance Act 2004 and all members, except life assurance only members, are contracted out of the earnings related part of the State Pension Scheme.

The transfer values paid during the year were calculated and verified in accordance with regulations under Section 97 of the Pension Schemes Act 1993 and were equal to the cash equivalent of the members' leaving service rights.

As required by the Pensions Act 1995, the Scheme has a Disputes Procedure. Information on the Disputes Procedure can be obtained from Mr M R Field.

If, having commenced the procedure, members remain unsatisfied they can at any time raise their case with OPAS - The Office of the Pensions Advisory Service whose address is 11 Belgrave Road, London, SW1V 1RB.

If the problem remains unsolved, OPAS may refer the matter to the Pensions Ombudsman who has power to investigate and decide on complaints or disputes of fact or law in relation to pension schemes. His address is also 11 Belgrave Road, London, SW1V 1RB.

The Scheme is regulated by The Pensions Regulator (TPR) who is able to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties. TPR can be contacted at Napier House, Trafalgar Place, Brighton, East Sussex, BN1 4DW.