

Registered number: 10225287

AMEY OS PENSION SCHEME

Report and financial statements

Year ended 31 March 2016

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

Contents

	Page
Trustee and Advisers	2
Trustee's Annual Report	3
Independent Auditor's Report	14
Fund Account	15
Statement of Net Assets	16
Notes to the Financial Statements	17
Summary of Contributions	30
Independent Auditor's Statement about Contributions	31
Actuarial Certifications of Schedule of Contributions	32

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

Trustee and Advisers

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

Contact for further information and complaints about the Scheme

Matt Riley
Pitmans Trustees Limited
47 Castle Street
Reading
Berkshire
RG1 7SR
E-mail: mriley@ptluk.com
Tel: 0118 9570605

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

Trustee's Annual Report

Introduction

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

Management of the Scheme

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

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

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

David Archer

Christopher Avery

Steve Carrodus

Andrew Davies

David Hosford

Suzanne Brooker

Richard Butcher

Phillip Weaver (resigned 31 July 2015)

Sue O'Brien (reappointed 31 July 2015)

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

During the year the Trustee held four meetings.

Trust Deed and Rules

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

Communication with Members

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

Trustee Knowledge and Understanding

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

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

Governance and Risk Management

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

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

Internal Dispute Resolution

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

Report to the Pensions Regulator

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

Principal Employer

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

Financial Development

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

REPORT ON ACTUARIAL LIABILITIES

AMEY SECTION

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

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

Method

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

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

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

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

Assumptions

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

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

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

Results

Technical Provisions

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

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

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

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

Assumed future investment returns (discount rate)

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

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

Asset outperformance

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

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

Long term inflation assumption

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

Short term inflationary effects

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

Summary

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

Sensitivity of results

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

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

Status of this document

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

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

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

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

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

Amey OS Pension Scheme annual report and financial statements

Year ended 31. March 2016

ACCORD SECTION

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

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

Methods

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

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

Assumptions

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

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

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

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

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

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

Results

The main findings were as follows:

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

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

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

Summary

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

Sensitivity of results

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

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

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

Status of this document

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

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

MEMBERSHIP

Details of the membership of the Scheme are given below:

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

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

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

Pension increases

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

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

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

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

Further Information

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

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

INVESTMENT REPORT

General

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

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

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

Investment Principles

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

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

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

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

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

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

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

• **Equity Markets**

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

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

• **Bond Markets**

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

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

Investment Strategy

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

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

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

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

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

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

Investment Performance

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

Custodial arrangements

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

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

Statement of Trustee's Responsibilities for the Financial Statements

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

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


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

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

The Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing rates of contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

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

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



----- Trustee Director

Date: 28/9/16

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

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

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

This report is made solely to the Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustee and auditor

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

Scope of the audit of the financial statements

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

Opinion

In our opinion, the financial statements:

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

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leicester

Date: 28 September 2016

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

Fund Account

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

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

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

Statement of Net Assets (available for benefits)

	Notes	31 March 2016 £	31 March 2015 £
Amey Section			
Investment Assets	11		
Pooled investment vehicles		45,984,106	45,514,088
AVC investments		40,347	39,002
Total investments		<u>46,024,453</u>	<u>45,553,090</u>
Current Assets	18	281,738	130,248
Current Liabilities	19	<u>(157,057)</u>	<u>(123,536)</u>
Net Assets of the Amey section at the end of the year		<u>46,149,134</u>	<u>45,559,802</u>
Accord Section			
Investment Assets	11		
Pooled investment vehicles		91,073,390	89,542,320
AVC investments		82,303	114,693
Other investment balances		-	2,331,724
Total investments		<u>91,155,693</u>	<u>91,988,737</u>
Current Assets	18	487,589	733,361
Current Liabilities	19	<u>(145,463)</u>	<u>(41,124)</u>
Net Assets of the Accord section at the end of the year		<u>91,497,819</u>	<u>92,680,974</u>
Net assets of the Scheme at the end of the year		<u>137,646,953</u>	<u>138,240,776</u>

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 Trustee's annual report on pages 4 to 8 and the Actuarial Certificates and Statements on pages 32 and 33, 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 17 to 29 form part of these financial statements

The financial statements on pages 15 to 29 were approved by the Trustee on

28/9/16

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 31 March 2016 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). This is the first year FRS 102 and the Revised SORP have been applied to the Scheme's financial statements.

In adopting FRS 102, the Trustee has adopted the provisions 'Amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland – Fair value hierarchy disclosures (March 2016)' early.

No significant changes have arisen as a result of the adoption of FRS 102.

2. ACCOUNTING POLICIES

The principal accounting policies are set out below.

2.1 Currency

The functional and presentation 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 at the accounting date, as advised by the investment manager.

The AVC investments include policies of assurance underwritten by Prudential plc. 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.

Annuity policies held in the name of the Scheme will be valued and included in the financial statements when they are material. At the year end the policies held in the name of the Scheme were not material and therefore are included in these financial statements at a value of nil.

2.4 Contributions and benefits

Contributions and benefits are accounted for in the year in which they fall due.

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

The Scheme has purchased annuity policies to cover certain pensions in payment. The cost of acquiring these policies is included in the fund account in the year of purchase and represents the cost of discharging the obligations of the Scheme to the relevant members at the time of purchase.

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

2.5 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.

Group transfers are accounted for on the accruals basis where the Trustee has agreed to accept the liability for members' benefits.

2.6 Other income

Interest on bank deposits is accounted for as it accrues.

2.7 Administrative and investment management expenses and other payments

Administrative and investment management expenses and other payments are accounted for on an accruals basis.

3 CONTRIBUTIONS

	Year to 31 March 2016		Total £
	Amey Section £	Accord Section £	
Contributions from employer:			
Normal	523,597	754,685	1,278,282
Deficit funding	-	24,600	24,600
Towards expenses	-	52,500	52,500
Reimbursement of PPF Levy	-	96,443	96,443
	<u>523,597</u>	<u>928,228</u>	<u>1,451,825</u>
Contributions from member:			
Normal	45,987	138,049	184,036
Added years	-	4,493	4,493
Additional voluntary contributions	520	625	1,145
	<u>46,507</u>	<u>143,167</u>	<u>189,674</u>
	<u>570,104</u>	<u>1,071,395</u>	<u>1,641,499</u>

	Period to 31 March 2015		Total £
	Amey Section £	Accord Section £	
Contributions from employer:			
Normal	717,573	227,204	944,777
Reimbursement of PPF Levy	11,971	-	11,971
	<u>729,544</u>	<u>227,204</u>	<u>956,748</u>
Contributions from member:			
Normal	55,782	49,751	105,533
Added years	-	340	340
Additional voluntary contributions	-	206	206
	<u>55,782</u>	<u>50,297</u>	<u>106,079</u>
	<u>785,326</u>	<u>277,501</u>	<u>1,062,827</u>

The employer will make payments into the Accord section of the Scheme, deficit contributions of £8,200 per month from January 2016 to November 2029 and £32,800 in December 2029. In addition, the employer will contribute £17,500 per month towards Scheme's expenses from 1 January 2016 to 30 November 2029.

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

The employer has established Escrow accounts to which the Trustee is a party. From April 2015 to March 2019, the employer will make 48 monthly payments of £83,334 into Amey Section Escrow account. Similar payment of £75,000 per month will be made from January 2016 to November 2029 and £300,000 in December 2029 into Accord Section Escrow account. These contributions payable into the Escrow accounts will only be released to the Scheme in certain circumstances.

4 TRANSFERS IN

	Year to 31 March 2016		
	Amey Section	Accord Section	Total
	£	£	£
Group transfer in from Accord Pension Scheme	-	-	-

	Period to 31 March 2015		
	Amey Section	Accord Section	Total
	£	£	£
Group transfer in from Accord Pension Scheme	-	87,335,810	87,335,810

5 OTHER INCOME

	Year to 31 March 2016		
	Amey Section	Accord Section	Total
	£	£	£
Claims on Insurance term benefits	59,070	64,302	123,372
Interest on cash deposits held by the Trustees	1,364	-	1,364
	60,434	64,302	124,736

	Period to 31 March 2015		
	Amey Section	Accord Section	Total
	£	£	£
Claims on Insurance term benefits	-	-	-
Interest on cash deposits held by the Trustee	1,289	-	1,289
	1,289	-	1,289

6 BENEFITS

	Year to 31 March 2016		
	Amey Section	Accord Section	Total
	£	£	£
Pensions	(632,130)	(1,362,448)	(1,994,578)
Commutations and lump sums on retirement	(142,468)	(428,416)	(570,884)
Lump sums on death in service	(59,070)	(64,302)	(123,372)
Death benefits in retirement	(124)	(50,844)	(50,968)
	(833,792)	(1,906,010)	(2,739,802)

	Period to 31 March 2015		
	Amey Section	Accord Section	Total
	£	£	£
Pensions	(587,266)	(435,899)	(1,023,165)
Commutations and lump sums on retirement	(274,020)	(257,479)	(531,499)
Lump sums on death in service	-	-	-
Death benefits in retirement	(3,303)	(19,329)	(22,632)
	(864,589)	(712,707)	(1,577,296)

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

7. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	Year to 31 March 2016		Total £
	Amey Section £	Accord Section £	
Refunds to members	-	1,388	1,388
Individual transfers to other schemes	(153,173)	(314,844)	(468,017)
	(153,173)	(313,456)	(466,629)

	Period to 31 March 2015		Total £
	Amey Section £	Accord Section £	
Refunds to members	(575)	-	(575)
Individual transfers to other schemes	(2,585,884)	(31,337)	(2,617,221)
	(2,586,459)	(31,337)	(2,617,796)

8. OTHER PAYMENTS

	Year to 31 March 2016		Total £
	Amey Section £	Accord Section £	
Premium on term insurance policies	2,915	-	2,915

	Period to 31 March 2015		Total £
	Amey Section £	Accord Section £	
Premium on term insurance policies	(9,957)	-	(9,957)

9. ADMINISTRATION EXPENSES

	Year to 31 March 2016		Total £
	Amey Section £	Accord Section £	
Actuarial	(18,143)	(27,686)	(45,829)
Administration	(68,149)	(94,902)	(163,051)
PPF and other levies	(681)	(96,443)	(97,124)
Legal and professional	(59,845)	-	(59,845)
Audit	(5,970)	(4,260)	(10,230)
Member communication	(14,868)	(159)	(15,027)
Trustee secretarial	(95,021)	-	(95,021)
	(262,677)	(223,450)	(486,127)

	Period to 31 March 2015		Total £
	Amey Section £	Accord Section £	
Actuarial	(32,054)	(861)	(32,915)
Administration	(65,312)	(22,083)	(87,395)
PPF and other levies	(14,210)	-	(14,210)
Legal and professional	(9,150)	-	(9,150)
Audit	(5,366)	-	(5,366)
Member communication	(15,269)	(355)	(15,624)
Trustee secretarial	(75,348)	-	(75,348)
	(216,709)	(23,299)	(240,008)

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

9 ADMINISTRATION EXPENSES (continued)

The Company reimburses the Scheme for the Accord Section Pension Protection Fund Levy. The reimbursement is shown in Note 3. No such reimbursement of PPF levy arrangements exist for the Amey Section of the Scheme.

10 INVESTMENT INCOME

	Year to 31 March 2016		
	Amey Section	Accord Section	Total
	£	£	£
Interest from pooled fund investments	1,128	3,838,766	3,839,894
Annuity income	-	7,265	7,265
	<u>1,128</u>	<u>3,846,031</u>	<u>3,847,159</u>

	Period to 31 March 2015		
	Amey Section	Accord Section	Total
	£	£	£
Interest from pooled fund investments	1,093	-	1,093
Annuity income	-	-	-
	<u>1,093</u>	<u>-</u>	<u>1,093</u>

11 RECONCILIATION OF INVESTMENTS

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

AMEY SECTION

	Value at 1 April 2015	Purchases at cost	Sales proceeds	Change in market value	Value at 31 March 2016
	£	£	£	£	£
Pooled investment vehicles	45,514,088	45,553,542	(46,414,096)	1,330,572	45,984,106
AVC investments	39,002	520	-	825	40,347
	<u>45,553,090</u>	<u>45,554,062</u>	<u>(46,414,096)</u>	<u>1,331,397</u>	<u>46,024,453</u>

ACCORD SECTION

	Value at 1 April 2015	Purchases at cost	Sales proceeds	Change in market value	Value at 31 March 2016
	£	£	£	£	£
Pooled investment vehicles	89,542,320	125,708,004	(120,571,290)	(3,605,644)	91,073,390
AVC investments	114,693	625	-	(33,015)	82,303
	<u>89,657,013</u>	<u>125,708,629</u>	<u>(120,571,290)</u>	<u>(3,638,659)</u>	<u>91,155,693</u>
Pending trade	<u>2,331,724</u>				-
	<u>91,988,737</u>				<u>91,155,693</u>

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

11 RECONCILIATION OF INVESTMENTS (continued)

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. Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and are not separately disclosed to the scheme

12 POOLED INVESTMENT VEHICLES

As at 31 March 2016 the Scheme's investment in pooled investment vehicles comprised:

AMEY SECTION	2016	2015
	£	£
Equity funds	10,044,708	3,339,010
Bond funds	34,625,684	31,249,657
Absolute return funds	-	5,516,480
Diversified growth funds	-	5,408,941
Property funds	1,313,714	-
	45,984,106	45,514,088

ACCORD SECTION	2016	2015
	£	£
Equity funds	35,334,845	26,507,613
Bond funds	55,738,545	17,845,085
Hedge funds	-	42,024,898
Cash funds	-	1,046,348
Property funds	-	2,118,376
	91,073,390	89,542,320

The hedge funds, absolute funds and diversified growth funds hold a variety of investments including equities, bonds, derivatives, commodities and property.

13 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 above.

AMEY SECTION	2016	2015
	£	£
Prudential	40,347	39,002

ACCORD SECTION	2016	2015
	£	£
Prudential	82,302	114,693

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

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 (ie developed using market data) for the asset or liability, either directly or indirectly.

Level 3 - Inputs are unobservable (ie 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:

	2016			Total £
	Level 1 £	Level 2 £	Level 3 £	
AMEY SECTION				
Pooled investment vehicles	-	45,984,106	-	45,984,106
AVC investments	-	40,347	-	40,347
	-	46,024,453	-	46,024,453
ACCORD SECTION				
Pooled investment vehicles	-	91,073,390	-	91,073,390
AVC investments	-	82,303	-	82,303
Other investment balances	-	-	-	-
	-	91,155,693	-	91,155,693
	-	137,180,146	-	137,180,146

	2015			Total £
	Level 1 £	Level 2 £	Level 3 £	
AMEY SECTION				
Pooled investment vehicles	-	45,514,088	-	45,514,088
AVC investments	-	39,002	-	39,002
	-	45,553,090	-	45,553,090
ACCORD SECTION				
Pooled investment vehicles	-	89,542,320	-	89,542,320
AVC investments	-	114,693	-	114,693
Other investment balances	-	2,331,724	-	2,331,724
	-	91,988,737	-	91,988,737
	-	137,541,827	-	137,541,827

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

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 asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

AMEY SECTION

The following table outlines the section's assets held as at 31 March 2016 and the relevant investment risks:

Asset name	Value £	RISKS				
		Credit	Currency	Interest rate	Inflation	Other
SGIF Global Select Equity Fund	4,056,586	□	□	□	□	□
SGMF Emerging Markets Equity	1,170,337	□	□	□	□	□
SGMF UK Dynamic Asset Allocation Fund	2,580,633	□	□	□	□	□
SGMF Emerging Markets Debt	1,939,204	□	□	□	□	□
SGMF Global Opportunities Fixed Income	883,946	□	□	□	□	□
SGMF High Yield Fixed Income	1,787,683	□	□	□	□	□
SGMF UK Credit Fixed Income	8,852,170	□	□	□	□	□
SGMF UK Long Duration Gilts Fixed Income	17,106,825	□	□	□	□	□
SGMF Pan Euro Smaller Companies Equity	1,111,420	□	□	□	□	□
SGMF US Small Companies Equity	1,125,732	□	□	□	□	□
SEI UK Property Fund	1,313,714	□	□	□	□	□
SGMF UK Long Duration Index Linked Gilts	4,055,856	□	□	□	□	□

■ Significant
 □ Partial
 □ Negligible

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

15 INVESTMENT RISKS (continued)

(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 carry 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 and previous year end.

(ii) Currency risk

The Scheme is subject to 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 and cash.

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 markets.

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

15 INVESTMENT RISKS (continued)

ACCORD SECTION

The following table outlines the section's assets held as at 31 March 2016 and the relevant investment risks:

Asset name	Value £	RISKS				
		Credit	Currency	Interest rate	Inflation	Other
SGIF Global Select Equity Fund	16,237,795	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Emerging Markets Equity	4,900,015	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK Dynamic Asset Allocation Fund	9,483,723	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Emerging Markets Debt	6,224,299	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Global Opportunities Fixed Income	5,810,723	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF High Yield Fixed Income	6,300,093	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK Credit Fixed Income	12,900,997	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Pan Euro Smaller Companies Equity	2,362,109	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF US Small Companies Equity	2,351,203	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Sterling Liquidity	1,316,591	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BMO LDI Funds	23,185,842	<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 also 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 and previous year end

(ii) Currency risk

The Scheme is subject to 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.

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

15 INVESTMENT RISKS (continued)

(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 (through pooled vehicles), and cash,

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

	Value at 31 March 2016	% of Total Fund 2016	Value at 31 March 2015	% of Total Fund 2015
	£		£	
SGMF UK fixed income	8,852,170	6.4%	-	-
SGMF UK Long Duration Gilts Fixed Income	17,106,825	12.4%	-	-
SGIF Global Select Equity Fund	16,237,795	11.8%	-	-
SGMF UK Dynamic Asset Allocation Fund	9,483,723	6.9%	-	-
L&G 15 year gilts	-	-	23,039,948	16.7%
L&G Active Corporate Bond fund	-	-	19,209,708	13.9%
Mercer UK Credit fund	-	-	12,634,158	9.1%
Mercer Flexible LDI fund	-	-	8,889,521	6.4%

17 INVESTMENT MANAGEMENT FEES

	Year to 31 March 2016		
	Amey Section	Accord Section	Total
	£	£	£
Investment consulting	(27,331)	-	(27,331)
Investment fund management	(99,673)	(83,308)	(182,981)
	(127,004)	(83,308)	(210,312)

	Period to 31 March 2015		
	Amey Section	Accord Section	Total
	£	£	£
Investment consulting	(27,629)	-	(27,629)
Investment fund management	(51,290)	84,885	33,595
	(78,919)	84,885	5,966

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

18 CURRENT ASSETS

	Year to 31 March 2016		Total £
	Amey Section £	Accord Section £	
Contributions receivable			
- Employer	43,713	112,798	156,511
- Members	3,751	11,653	15,404
Cash in transit	-	-	-
Cash	234,274	363,138	597,412
	281,738	487,589	769,327

	Period to 31 March 2015		Total £
	Amey Section £	Accord Section £	
Contributions receivable			
- Employer	44,829	60,125	104,954
- Members	3,955	12,402	16,357
Cash in transit	35,000	-	35,000
Cash	46,464	660,834	707,298
	130,248	733,361	863,609

19 CURRENT LIABILITIES

	Year to 31 March 2016		Total £
	Amey Section £	Accord Section £	
Lump sums on retirement	(53,918)	(10,616)	(64,534)
Taxation	15	(3,152)	(3,137)
Administrative expenses	(51,881)	(62,162)	(114,043)
Investment management expenses	(51,273)	(69,533)	(120,806)
	(157,057)	(145,463)	(302,520)

	Period to 31 March 2015		Total £
	Amey Section £	Accord Section £	
Lump sums on retirement	(51,043)	(14,275)	(65,318)
Taxation	(87)	(4,335)	(4,422)
Administrative expenses	(54,353)	(22,514)	(76,867)
Investment management expenses	(18,053)	-	(18,053)
	(123,536)	(41,124)	(164,660)

20 RELATED PARTY TRANSACTIONS

The directors of the Independent Trustee are not members of the Scheme. Trustee Fees of £95,021 (2015: £75,438) were paid to Pitmans Trustees Limited, the independent Corporate Trustee.

21 EMPLOYER RELATED INVESTMENTS

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

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

22 CONTINGENT LIABILITIES

The Accord Final Salary Scheme Schedule of Contributions required that from November 2012 monthly amounts of £34,000 were to be paid into an Escrow account, the funds of which could only be released to the Scheme if certain triggers were met. Upon the merger of the Scheme into the Amey OS Pension Scheme this Escrow account has been assigned to the Amey OS Scheme. At the 31 March 2016 £3,729,485 (2015: £2,147,782) was held in the account.

The Schedule of Contributions certified by the Scheme Actuary on 27 November 2014 requires that the sponsoring employer pays monthly contributions of £83,334 into an Escrow account from April 2015 to March 2019. These contributions will only be payable to the Scheme if certain triggers, such as the insolvency of the employer or a deterioration in the Scheme funding level, are met. Due to the time taken to set up new Escrow account it has been agreed that the payments for April 2015 and beyond will be paid into the existing Escrow account and transferred, including any interest earned, into the new account once it has been set up.

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 31 March 2016

Summary of Contributions

During the year ended 31 March 2016, the contributions payable to the Scheme were as follows:

	Amey Section £	Accord Section £	Total £
Contributions payable under the Schedule of Contributions			
Contributions from employer			
Normal	523,597	754,685	1,278,282
Deficit funding	-	24,600	24,600
Towards expenses	-	52,500	52,500
Reimbursement of PPF levies	-	96,443	96,443
	523,597	928,228	1,451,825
Contributions from members			
Normal	45,987	138,049	184,036
Added years	-	4,493	4,493
	45,987	142,542	188,529
Contributions payable under the Schedule (as reported on by the Scheme auditor)			
	569,584	1,070,770	1,640,354
Other contributions payable			
AVCs	520	625	1,145
Contributions reported in the financial statements			
	570,104	1,071,395	1,641,499

Signed on behalf of the Trustee on 28/9/16

 Trustee Director

Date:

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

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 in respect of the scheme year ended 31 March 2016 which is set out on page 30.

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 Scheme's Trustee those matters we are required to state 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 Scheme and the Scheme's Trustee as a body, for our work, for this statement, or for the opinions we have formed.

Respective responsibilities of Trustee and auditor

As explained more fully in the Statement of Trustee's Responsibilities page 13, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing 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 is also responsible for keeping records in respect of contributions received in respect of the active members of the Scheme 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.

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 Schedule of Contributions. This includes 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.

Statement about contributions payable under the Schedules of Contributions

In our opinion, contributions for the Scheme year ended 31 March 2016 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 4 July 2012, 27 November 2014 and 23 December 2015.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leicester

Date: *28 September 2016*

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

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

I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 5 April 2014 to continue to be met for the period for which the Schedule is to be in force.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 20 November 2014.

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 November 2014
Name: Andrew Allsopp	Qualification: FIA
Address: Quattro Pensions Prospect House Fishing Line Road Redditch Worcestershire B97 6EW	Name of employer (if applicable): Quattro Pensions Consulting Limited

Amey OS Pension Scheme annual report and financial statements

Year ended 31 March 2016

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

I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 1 April 2015 to be met by the end period specified in the Recovery Plan dated 17 December 2015.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 17 December 2015.

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: 23 December 2015
Name: Andrew Allsopp	Qualification: FIA
Address: Quattro Pensions Prospect House Fishing Line Road Redditch Worcestershire B97 6EW	Name of employer (if applicable): Quattro Pensions Consulting Limited