

Scheme Registration No. 10133971

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
RETIREMENT BENEFITS PLAN (1978)**

**Annual Report
31 December 2014**

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
RETIREMENT BENEFITS PLAN (1978)**

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TRUSTEES AND ADVISERS

PRINCIPAL EMPLOYER

The People's Dispensary for Sick Animals (the Employer)

NAMES OF TRUSTEES DURING THE YEAR

Capital Cranfield Pension Trustees Limited (Chair) (represented by Simon Baynes)

R Beck

K Hailes

J Miller

J Lewis (member-nominated) (appointed 19 March 2014)

R Newcombe (member-nominated) (appointed 6 August 2014)

G Dobbie (member-nominated) (resigned 19 March 2014)

I Fleming (member-nominated) (resigned 6 August 2014)

ADDRESS FOR GENERAL AND BENEFIT ENQUIRIES

Mrs K Hailes

PDSA

Whitechapel Way

Priorslee

Telford

Shropshire

TF2 9PQ

PLAN ACTUARY

Alastair Russell Smith FIA

Hymans Robertson LLP

One London Wall

London

EC2Y 5EA

ADMINISTRATION SERVICES

Aon Hewitt Limited

Pensions Administration

Colmore Gate

2 Colmore Row

Birmingham

B3 2QD

SOLICITORS

Burges Salmon

One Glass Wharf

Bristol

BS2 0ZX

INVESTMENT MANAGERS

BlackRock Investment Management (UK) Limited

12 Throgmorton Avenue

London

EC2N 2DL

Schroders Property Investment Management Limited

31 Gresham Street

London

EC2V 7QA

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
RETIREMENT BENEFITS PLAN (1978)

BANKERS

Lloyds Bank Corporate Markets
Large Corporate
Midlands Regional Office
2nd Floor, 125 Colmore Row
Birmingham
B3 3SF

AUDITOR

Baker Tilly UK Audit LLP
Statutory Auditor
St Philips Point
Temple Row
Birmingham
B2 5AF

CUSTODIANS

Bank of New York Mellon, on behalf of BlackRock Investment Management (UK) Limited
1 Royal Mint Court
London
EC3N 4HH

UBS Fund Services (Cayman) Limited
on behalf of BlackRock Investment Management (UK) Limited (BlackRock Alternative Advisers)
UBS House, 227 Elgin Avenue
P O Box 852
Grand Cayman
KY1-1103
Cayman Islands

Custodian of the assets held in the Schroders Continental Europe Fund II is:

Brown Brothers Harriman (Luxembourg) SCA
on behalf of Schroder Property Investment Management Limited
2-8 Avenue Charles de Gaulle
L-1653 Luxembourg
Grand Duchy of Luxembourg

Custodian of the assets held in the Schroder Indirect Real Estate Fund is:

BNP Paribas Securites Services Ltd
Liberte House
19-23 La Motte Street
St Hellier
Jersey
JE4 5R

TRUSTEES' REPORT

The Trustees of The People's Dispensary For Sick Animals Retirement Benefits Plan (1978) (RBP/'Plan') present their report and the audited financial statements for the year ended 31 December 2014, together with reports from the Plan's Actuary and Investment Managers. The financial statements have been prepared and audited in accordance with regulations made under Section 41 (1) and (6) of the Pensions Act 1995.

CONSTITUTION

The Plan was set up under an irrevocable Trust Deed and is governed by Rules, which are available for inspection on request. An outline of the Rules is provided by the explanatory booklet issued to members. The Plan is a defined benefit pension scheme.

A consolidated Trust Deed and Rules became effective on 19 February 2008. There were some further Deeds of Amendment during 2008 which were consolidated into the Trust Deed and Rules with effect from 22 September 2008. The effect of both consolidated Trust Deed and Rules was to consolidate 'amending' deeds.

The Plan is registered with HM Revenue & Customs. The Trustees know of no reason why the status should be withdrawn or compromised.

The Plan is registered with The Pensions Regulator and members are contracted out of the State Second Pension (S2P), formerly the State Earnings Related Pension Scheme (SERPS).

MEMBER COMMUNICATION

Member Report and Summary Funding Statement

In 2014 the Trustees produced a Member Report for the year ended 31 December 2013 in recognition of the importance of good member communication. The report was designed to keep members up to date with events affecting the Plan and its financial development as well as general issues in the wider world of pensions.

The Member Report included the annual Summary Funding Statement which provided members with an update on the Plan's financial position as at 31 December 2013. A copy of the Member Report is included as an appendix to this report.

Budget and Pension Reform

The Trustees have reviewed Government legislative changes and are communicating to members appropriately.

Pension Tax Changes

The Trustees and the Employer have considered the various options available to enable members to access a 'scheme pays' solution for any personal tax liability as a result of being a Plan member. This solution has been agreed and communicated to those members who were affected during the year.

Member Nominated Trustee (MNT) Exercise

In October 2013 pensioner members were notified that the current pensioner MNT, Graham Dobbie, would be stepping down when his term of office comes to an end and was not seeking reselection. The letter provided details of the role and how pensioner members could apply for the position. As a result of this process, John Lewis was selected as the new pensioner MNT with effect from 19 March 2014.

Early in 2014 the Trustees wrote to active members to inform them that Ian Fleming, the existing active MNT, would be stepping down. The letter provided details of the role and how active members could apply for the position. As a result of this process, Robert Newcombe was selected as the new active MNT on 6 August 2014.

The 2014 Member Report communicated the results of the MNT selection process to all members.

KNOWLEDGE AND UNDERSTANDING

The Pensions Act 2004 requires the Trustees to have knowledge and understanding of pensions' legislation, investments, the Plan's Trust Deed and Rules, the Statement of Investment Principles, the Statement of Funding Principles and other documentation which sets out administration policy in relation to the Plan. The Pensions Regulator has issued a Code of Practice in respect of this.

THE TRUSTEES REGULARLY ASSESS THEIR KNOWLEDGE IN THE AREAS REQUIRED UNDER THE ACT AND OF THE SKILLS REQUIRED FOR EFFECTIVE TRUSTEESHIP.

Trustees are encouraged to complete the on-line training programme, "The Trustee Toolkit", managed by The Pensions Regulator. Trustee training is also delivered in a number of other ways. Training activity might include: formal training courses run by various providers, attendance at pension conferences, training by the Plan's adviser(s) at, or ahead of, each Trustees' meeting.

The Trustees actively seek to ensure their management of the Plan complies with "best practice" as expressed in the Code of Practice.

TRUSTEES

The names of the Trustees during the year are given on page 3. Under the terms of the Trust Deed the right of appointing and removing Trustees rests with the Employer.

At least one-third of the Trustees are nominated by the Plan members in accordance with the requirements of the Pensions Act 2004 and the Plan Rules. As at 31 December 2014 there were two member nominated Trustees (MNT). John Lewis as a Pensioner MNT and Robert Newcombe as an Active MNT.

There were six meetings of the Trustees during the year. In addition there were three Governance Sub-Committee and four Investment Sub-Committee meetings.

TRUSTEES' REPORT

SPECIAL ACTIVITIES

Adviser review

The Trustees review advisers on a regular basis and during 2014 a comprehensive review was initiated with changes to advisers anticipated in early 2015.

Plan Actuary

Following the year end Peter Redhead FIA of Aon Hewitt Limited resigned as Plan Actuary, with effect from 26 February 2015. He declared that there were no circumstances connected with his resignation which affected members' interests. After having considering various options the Trustees subsequently appointed Alastair Russell Smith FIA of Hymans Robertson LLP as Plan Actuary on 1 March 2015.

GMP Reconciliation

In line with good practice the Trustees are proactively addressing a reconciliation of Guaranteed Minimum Pension.

Benefit Audit

As part of the adviser review, a benefit audit has been completed by Jardine Lloyd Thompson, with the final report being received in Autumn 2014. The Trustees will take this activity forward during 2015.

TRUSTEES' REPORT

BUSINESS PLAN

The Trustees have a Scheme Events Calendar for the Plan which details the key tasks or events planned to take place each year. This assists the Trustees in the on-going management of the Plan and in monitoring the activities of its advisers. During the year a fundamental review of the Scheme Events Calendar was completed and improvements were made to strengthen it further.

A joint working party made up of RBP Trustees, Employer representatives, and their respective advisers, are committed to drawing up a strategic long term business plan for the Plan. This will be an area of focus in 2015.

GOVERNANCE FRAMEWORK

During the course of the year, the Trustees worked with their advisers to formally review the Governance Framework. This framework confirms the arrangements surrounding the governance of the RBP including: size and composition of the Trustee body, Trustee terms of office, Trustee selection processes, notice periods, removal from office arrangements, sub-committee structures and their terms of reference and job descriptions.

As a result of the review, the Trustees took action to further strengthen this framework and governance documentation. A new risk register has been introduced and is used to record and monitor the risk faced by the Plan.

RISK REGISTER

The Trustees continue to carry out a regular formal risk assessment and management review of internal controls.

The Plan's risk management framework continues to be monitored by the Trustees.

ANTI-BRIBERY & CORRUPTION

Following the introduction of the Bribery Act 2010, which came into force on 1 July 2011, and the Trustees risk assessment, which indicates that there is a low risk of bribery and corruption associated with the RBP, the Trustees have put measures to counter bribery and corruption in place. A statement on the RBP Trustees' approach to bribery and corruption has been developed and is contained within the Conflicts of Interest Policy. The Trustees reviewed their advisers' and the Employer's approach to bribery and corruption and on-going due diligence routines are now in place.

CONFLICTS OF INTEREST POLICY

The Trustees have a Conflicts of Interest Policy which is reviewed and monitored regularly.

ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC)

A review of the Plan's AVC arrangements has been undertaken by the Trustees. The Trustees have written to members affected by the review during 2014. For some members this process is still ongoing and further correspondence will be sent early in 2015.

DATA CLEANSING EXERCISE

From December 2012, the Pensions Regulator introduced new guidance for pension schemes, regarding member data. All common data such as name, address, date of birth, National Insurance number, membership dates etc. must be present and accurate for 95% of the 'legacy' data (i.e. data created before June 2010) and 100% of 'new' data (i.e. data created after June 2010), or it must be shown that 'reasonable endeavours to resolve inaccurate or missing data are being taken'.

Following a review of the Plan's data to ensure that the Plan met these new data quality requirements, the Trustees have carried out a range of activities to obtain missing common data, and will continue to monitor the position in the future.

TRUSTEES' REPORT

MEMBERSHIP

The membership of the Plan on the last day of the year covered by this report was made up as follows:

	2014	2013
Current members	493	551
Early leavers with deferred benefits	1,053	1,045
Pensioners (including beneficiaries receiving pensions)	586	555
Total	<u>2,132</u>	<u>2,151</u>

FINANCIAL REVIEW

The 2014 financial statements, set out later in this Annual Report, provide an overview of the Plan's income and its investments.

Details of the performance of the Plan's investments are set out on page 12.

INCREASES MADE TO PENSIONS

As at July 2014, the pensions in payment were increased in line with the Plan's Rules. There were no discretionary increases during the year.

Where appropriate pensions in excess of the Guaranteed Minimum Pension (GMP), were increased in line with Retail Prices Index (RPI) (March 2014) at 2.5% for all benefits. Post-1988 GMP increases are based on the increase in the Consumer Prices Index (CPI) over the year to September 2013, capped at 3%. As CPI in September 2013 was 2.7%, the increase to post-GMP pension was 2.7%. No increase was applied to pre-1988 GMPs.

FUNDING STATUS OF THE PLAN

Valuations

Pension scheme valuations for funding purposes must be completed under the Statutory Funding Objective funding regime at least every three years. This regime requires Trustees to set out their approach in a formal document called the Statement of Funding Principles. The content of the Statement of Funding Principles must normally be agreed with the Employer.

A full actuarial funding valuation was carried out as at 31 December 2011 and completed on 28 March 2013. The next formal actuarial valuation will be carried out with an effective date of 31 December 2014. In between full valuations the Trustees commission annual actuarial valuation updates.

Statement of Funding Principles

The current Statement of Funding Principles was agreed as part of the 31 December 2011 funding valuation and was completed on 28 March 2013. The Statement of Funding Principles sets out the assumptions used for calculating the technical provisions and future contribution requirements for the Plan; this document is available to members on request.

Technical provisions

The valuation as at 31 December 2011 assessed that the technical provisions were 76% covered by the market value of the assets at the effective date.

Recovery Plan

A plan to fund the deficit revealed as at 31 December 2011 has been agreed with the Employer and, assuming the assumptions are borne out in practice, the deficit is expected to be removed by October 2023.

Schedule of Contributions

Contributions payable to the Plan during the year ended 31 December 2014 have been received in accordance with the current Schedule of Contributions.

TRUSTEES' REPORT

The current Schedule of Contributions was agreed as part of the 31 December 2011 funding valuation and was completed and certified by the Plan Actuary on 28 March 2013. In addition to the contributions agreed to remove the deficit, the Employer will contribute 17.3% pa of pensionable salaries to meet the expected cost of future benefit accrual.

Members, unless they are participating in the salary sacrifice arrangement, continue to pay 3% pa of pensionable salaries for the 80th accrual rate and 8% for the 60th and 40th accrual rates. The Employer will also pay to the Plan contributions equal to the salary exchanged by members by virtue of their participation in the salary sacrifice arrangement. The total contributions payable to the Plan will, in respect of members who participate in the salary sacrifice arrangement, be the same as would have been payable by the Employer and by members, had the salary sacrifice arrangement not been introduced.

The actuarial certificate certifying the adequacy of the Schedule of Contributions is shown on page 29.

TRANSFER VALUES

Transfer values paid during the year were calculated on a basis decided upon by the Trustees, following advice from the Plan Actuary. This basis is compatible with the guidelines issued by the Institute and Faculty of Actuaries and current statutory requirements. No discretionary payments were included in the calculation of transfer values.

An agreement was made by the Trustees, as of November 2007, to cease acceptance of transfers in from other schemes.

TRUSTEES' REPORT

INVESTMENT REPORT

Investment Strategy

The Trustees, with assistance from their investment advisers, regularly review and monitor the investment performance and strategy. The Investment Sub-Committee undertakes most of this work and reports back to the full Trustee board regularly.

During the year, after receiving appropriate advice, the Trustees agreed to a change to their investment policy. The Trustees decided to sell a proportion of the RBP's investments in government bonds and use the proceeds, along with some other cash assets, to purchase a bulk annuity policy with Aviva. Under the policy, Aviva will pay the RBP monthly amounts that are intended to match closely some of its future benefit payments. The Trustees will continue to be responsible for paying members' benefits as before. The policy was secured on 16 April 2014 and the first payment from Aviva was made on 23 May 2014. The following section of the report ignores the bulk annuity policy with Aviva and discusses the other invested assets of the Plan. The accounting treatment of the bulk annuity policy with Aviva, and any other insurance products held by the Plan, is set out in the notes to the accounts (see page 21 and page 26 for further details).

The Trustees also fully redeemed the Plan's holding in the BlackRock ARS III Institutional Fund in March 2014. The allocation shown against this Fund as at 31 December 2014 reflects the fact that part of the redemption was made in shares in a liquidating share class and another proportion is being held back as cash awaiting the Fund's audit in the summer of 2015, at which point it will be distributed.

The general investment strategy of the investment managers is to achieve steady growth over the medium to long term, subject to an acceptable level of risk. The managers reduce the level of risk by investment in a range of different securities within each investment market. Further information on investment issues is detailed in the Statement of Investment Principles prepared by the Trustees in accordance with the requirements of the Pensions Act 1995 (as amended by the Pensions Act 2004) and the Occupational Pension Schemes (Investment) Regulations 2005.

Asset Class

The deployment of assets over the period is shown in the table below:

Asset Class	31/12/14 (%)	31/12/13 (%)
UK Equities	25.5	19.8
Overseas Equities	23.5	17.6
<i>US Equities</i>	5.7	3.8
<i>Europe ex UK Equities</i>	8.2	6.5
<i>Japanese Equities</i>	4.1	3.1
<i>Pac Basin ex Japan Equities</i>	3.5	2.7
<i>Emerging Market Equities</i>	2.0	1.5
Sterling Currency Hedging	4.9	3.1
UK Index-Linked Gilts	23.5	32.0
UK Fixed Interest Gilts	0.6	7.5
UK Corporate Bonds	11.6	8.1
Fund of Hedge Funds	0.6	3.9
European Property	1.8	1.9
Cash/Other	8.0	6.1
Total	100.0	100.0

Total Plan Value*	£65.25m	£82.61m
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*Excludes the Trustee Bank Account balance

TRUSTEES' REPORT

INVESTMENT REPORT (CONTINUED)

The day-to-day investment management decisions are made by the investment managers appointed by the Trustees. As at 31 December 2014, BlackRock were responsible for the investment of 97.6% of the assets, BlackRock Alternative Advisors ("BAA") were responsible for the investment of 0.6% of the assets, and Schroder Property managers ("Schroders") were responsible for the investment of 1.8% of the assets.

In accordance with recommended practice for pension scheme accounting, the values quoted for 2014 represents the fair value (in most cases being the bid value) of the Plan's assets.

Performance

The below table outlines the performance of the Plan's investments for the year, three years and five years ended 31 December 2014. Performance for BlackRock is shown gross of management fees, however BlackRock Alternative Advisors and Schroders performance is illustrated net of management fees.

Fund	1 Year		3 Years		5 Years	
	Fund %	Bmrk %	Fund % pa	Bmrk % pa	Fund % pa	Bmrk % pa
BlackRock UK Equity Index	1.3	1.2	11.2	11.1	8.8	8.7
BlackRock US Equity Index	20.3	20.3	20.4	20.4	16.3	16.3
BlackRock European Equity Index	0.0	-0.2	13.9	13.7	5.9	5.7
BlackRock Japanese Equity Index	2.5	2.5	9.7	9.7	6.4	6.4
BlackRock Pacific Rim Equity Index	2.5	2.7	7.6	7.7	6.2	6.2
BlackRock Emerging Markets Accumulation	5.5	5.3	5.5	5.3	3.2	3.2
BlackRock Sterling Currency Hedging	26.1	27.0	35.7	36.1	17.6	18.1
BlackRock Over 5 Yrs Index Linked Index	21.4	21.4	7.1	7.0	10.6	10.5
BlackRock All Stocks UK Gilt Index	13.9	13.9	4.0	4.0	6.9	6.8
BlackRock All Stocks Corporate Bond	12.2	12.2	8.5	8.6	8.2	8.2
Schroders Continental European Fund II*	-11.6	8.0	-7.6	8.0	-6.7	8.0

* The benchmark for the CEF fund is a fixed target return of between 8 to 10%. The returns are denominated in terms of sterling.

Custody of Assets

The investment managers have appointed independent custodians to the assets underlying the funds they manage. The custodians for the investment managers as at the end of the year are:

BlackRock - Bank of New York Mellon (previously JP Morgan Chase Bank);
BlackRock Alternative Advisors - UBS Fund Services (Cayman) Ltd;
Schroders - Brown Brothers Harriman (Luxembourg) S.C.A.

TRUSTEES' REPORT

MARKET COMMENTARY

General Background

There were signs of improvement in the state of the UK economy over the year as the unemployment rate fell faster than expected and the pace of economic growth reached levels not seen since before the 2008 financial crisis. The sharp fall in unemployment fuelled speculation that the Monetary Policy Committee (MPC) would soon begin to raise interest rates. However Mark Carney, the Governor of the Bank of England, spoke out to calm expectations by noting that this would not happen before an improvement was seen in both the level of spare capacity in the labour market and the weak level of real wage growth. At the end of December the annual RPI was 1.6% (down from 2.7% a year earlier). George Osborne announced radical changes to defined contribution pension schemes in his annual Budget, paving the way for members to take all of their savings as a taxable cash sum. The referendum on Scottish independence caused some market volatility towards the end of Q3, and whilst the "no" vote ultimately prevailed, the promises made by the pro-union campaign still need to be passed through Westminster.

US economic growth picked up over 2014 and pulled ahead of most other regions, especially towards the end of the year when equity markets and the US dollar strengthened following the dramatic fall in oil prices. In response to improving prospects, the Federal Reserve (Fed) carried out a gradual taper of its Quantitative Easing (QE) programme starting in January 2014 and ceasing QE entirely in October 2014.

News from the Eurozone was not as positive. Inflation in the region continued to fall and stood at -0.2% p.a. in December 2014, well below the European Central Bank's (ECB's) target. Economic growth also remained sluggish. The ECB's announcement of a full sovereign QE programme caused a fall in Eurozone government bond yields and the euro depreciated against most major currencies. The introduction of Eurozone QE also influenced foreign government bond and UK gilt yields resulting in long term UK and Eurozone government bonds trading at negative real yields by the end of 2014. Political tensions between Russia and Ukraine escalated into armed conflict in Crimea. In response to Russia's annexation of Crimea, the West imposed sanctions and the Russian stock market fell by around 10% in the aftermath. Russia's economy was also one of the hardest hit by the oil price collapse with the rouble decreasing in value by 35% against the dollar and the Russian GDP falling for the first time in 5 years.

The Japanese economy had a promising start to the year with the fastest pace of growth for 3 years; however, this positive performance did not last. There was a sharp decline in growth in Q2 caused by an increase in consumption tax, and by the end of the year Japan had slipped into recession for the fourth time since 2008.

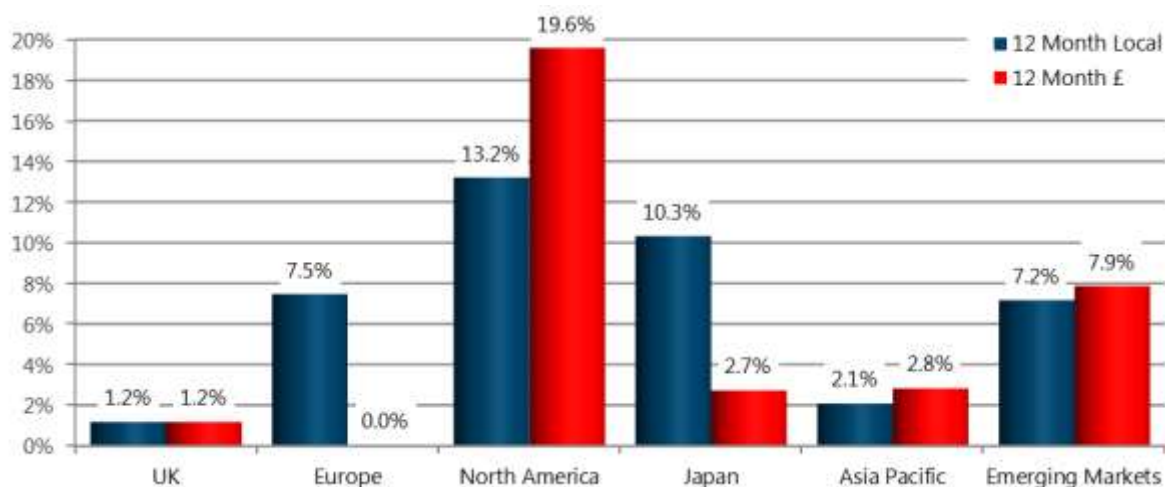
UK and Overseas Equities

Overseas equities outperformed their UK counterparts over the 12 months to 31 December 2014. Sterling continued to strengthen against many major currencies, meaning that performance was lower in sterling terms. Due to the sharp fall in gilt yields towards the end of the year, equities underperformed both fixed and index-linked gilts over the period.

The chart below depicts the return on overseas equity regions over the 12 months to 31 December 2014 for both sterling investors and in local currency terms. The local currency returns illustrate returns for investors who have hedged against currency movement risk.

TRUSTEES' REPORT

MARKET COMMENTARY (CONTINUED)



The above chart illustrates that in local currency terms, European, North American, Japanese and Emerging Market equities all produced substantial positive returns. However, the depreciation of the euro and the yen meant that returns on European and Japanese equities respectively were significantly lower in sterling terms.

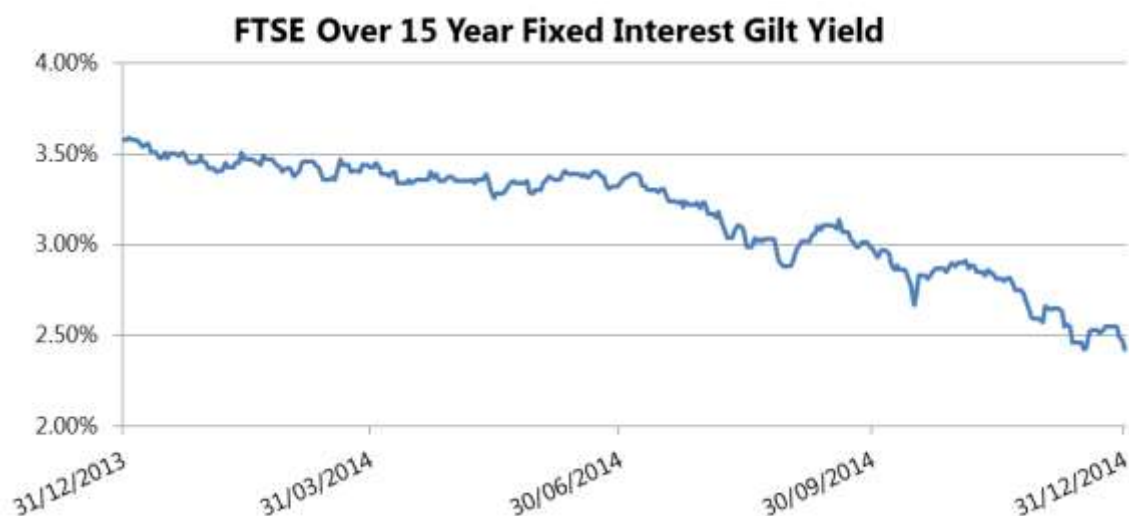
Gilts and Corporate Bonds

Fixed interest gilts (measured by the FTSE-A All Stocks Gilts Index) rose by 13.9% over the year. Meanwhile, index-linked gilts (measured by the FTSE-A All Stocks Index-linked Gilts Index) gave a higher positive return of 19.0% due to their longer average duration resulting in heightened sensitivity to yield fluctuations.

Corporate bonds posted returns of 12.2% as measured by the iBoxx All Stocks Non-Gilts Index. Credit spreads on corporate bonds, being the difference between corporate bond yields and gilt yields, decreased slightly over the year.

The graph below shows that the yield on the FTSE Over 15 Year Gilt Index fell by over 1% over the last 12 months, which is expected to have resulted in an increased value being placed on pension schemes' liabilities.

TRUSTEES' REPORT



EMPLOYER RELATED INVESTMENTS

Details of employer related investments are set out in note 9 to the accounts. These are all held in compliance with the Pensions Act 1995.

FURTHER INFORMATION

Individuals have the right to obtain further information about the Plan including the right to inspect certain documents. In some circumstances copies of those documents can be provided on request but a charge may be made for some of them. Karen Hailes will be pleased to deal with any queries about individual entitlements to benefits or generally, which should be sent to her at the address at the front of this report.

DISPUTE RESOLUTION PROCEDURE

The Trustees have devised and published a dispute resolution procedure to consider complaints from members or their representatives. Details of the procedure are available from Karen Hailes.

Signed on behalf of the Trustees

S Baynes
Chairman of RBP Trustees

K Hailes
Secretary to RBP Trustees

Date:

STATEMENT OF TRUSTEES RESPONSIBILITIES

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, are the responsibility of the Trustees. Pension scheme regulations require the trustees 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 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 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 Trustees have supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis.

The Trustees are also responsible for making available certain other information about the scheme in the form of an Annual Report.

The Trustees are 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 Trustees are 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 Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustees also have 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

We have audited the financial statements of The People's Dispensary For Sick Animals Retirement Benefits Plan (1978) for the year ended 31 December 2014 which comprise the fund account, the net assets statement 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 Plan's Trustees, 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 audit work has been undertaken so that we might state to the Plan's Trustees 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 Plan and the Plan's Trustees as a body, for our audit work, for this report, or the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND THE AUDITOR

As explained more fully in the Trustees' Responsibilities Statement set out on page 16, the Plan's Trustees are responsible for the preparation of financial statements which give 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 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 Councils website at <http://www.frc.org.uk/auditscopeukprivate>;

OPINION

In our opinion the accounts:

- show a true and fair view of the financial transactions of the Plan during the year ended 31 December 2014, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

Baker Tilly UK Audit LLP
Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

Date

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS UNDER REGULATION 4 OF THE OCCUPATIONAL PENSION SCHEMES (REQUIREMENT TO OBTAIN AUDITED ACCOUNTS AND STATEMENT FROM THE AUDITOR) REGULATIONS 1996 TO THE TRUSTEES OF THE PEOPLE'S DISPENSARY FRO SICK ANIMALS RETIREMENT BENEFITS PLAN (1978).

We have examined the summary of contributions to The People's Dispensary For Sick Animals Retirement Benefits Plan 'in respect of' the Plan year ended 31 December 2014 which is set out on page 27.

This statement is made solely to the Plan's Trustees, 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 Pension Act 1995. Our work has been undertaken so that we might state to the Plan's Trustees those matters we are required to state to them 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 Plan and the Plan's Trustees as a body, for our work, for this statement, or the opinions we have formed.

Respective responsibilities of Trustees and the auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Plan's trustees are 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 Plan by or on behalf of the employer and the active members of the Plan. The Trustees are also responsible for keeping records in respect of contributions received in respect of active members of the Plan and for monitoring whether contributions are made to the Plan 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 attached summary of contributions have in all material respects been paid at least in accordance with the schedule of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the schedule of contributions.

Statement about Contributions payable under the schedule of contributions

In our opinion contributions for the Plan year ended 31 December 2014 as reported in the summary of contributions and payable under the schedule of contributions have in all material respects been paid at least in accordance with the schedule of contributions certified by the Plan Actuary on 28 March 2013.

Baker Tilly UK Audit LLP
Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

Date

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
RETIREMENT BENEFITS PLAN (1978)

FUND ACCOUNT
YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	2013 £
Contributions and benefits			
Contributions	2	5,743,836	4,948,627
Transfers in		-	3,476
		<u>5,743,836</u>	<u>4,952,103</u>
Benefits	3	2,111,469	2,303,082
Leavers	4	850,137	2,142,947
Other payments	5	62,948	67,378
Administration expenses	6	683,241	539,278
		<u>3,707,795</u>	<u>5,052,685</u>
Net additions from dealings with members		<u>2,036,041</u>	<u>(100,582)</u>
Returns on investments			
Investment income	7	1,171,771	365,150
Change in market value of investments	8	6,099,824	6,721,526
Investment management fees		(76,913)	(84,489)
Net returns on investments		<u>7,194,682</u>	<u>7,002,187</u>
Net increase in the Plan during the year		9,230,723	6,901,605
Net assets of the Plan			
At 1 January		88,734,354	81,832,749
At 31 December		<u>97,965,077</u>	<u>88,734,354</u>

NET ASSETS STATEMENT
31 DECEMBER 2014

	Note	2014 £	2013 £
INVESTMENT ASSETS			
Pooled investment vehicles invested in:			
Fixed interest securities	8	23,252,100	39,364,909
Other	8	41,687,507	38,243,030
Cash deposits	8	9,185	5,005,618
AVC investments	8	1,039,954	1,015,717
Aviva buy-in insurance policy	8	31,053,000	-
		<u>97,041,746</u>	<u>83,629,274</u>
CURRENT ASSETS			
Employer contributions		224,770	344,304
Employee contributions		1,746	2,012
Amounts due from Employer	9	3,128	6,364
Other debtors		443,385	110,927
Cash at bank		485,518	4,910,356
		<u>1,158,547</u>	<u>5,373,963</u>
CURRENT LIABILITIES			
Prepaid deficit contributions		(12,500)	-
Other creditors		(222,716)	(268,883)
		<u>(235,216)</u>	<u>(268,883)</u>
NET ASSETS OF THE PLAN		<u>97,965,077</u>	<u>88,734,354</u>
AT THE YEAR END		<u>97,965,077</u>	<u>88,734,354</u>

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and other benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which does take account of such obligations, is dealt with in the Trustees' Report and the Actuarial Certification of the Technical Provisions and these financial statements should be read in conjunction with them.

These financial statements were approved by the Trustees
Signed on behalf of the Trustees

S Baynes
Chairman of RBP Trustees

K Hailes
Secretary to RBP Trustees

Date:

Date:

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

Basis of accounting

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 Schemes (Revised May 2007)."

The principal accounting policies which the Trustees have adopted are set out below.

Contributions and benefits

Normal contributions from the Employer and from members have been made at the rates set out in the Schedule of Contributions in force for the Plan year. Normal contributions relating to wages and salaries earned in the Plan year have been recognised in these accounts.

Employer's deficit funding contributions are recognised as they fall due under the Schedule of Contributions. Contributions for the augmentation of benefits are included as they fall due under arrangements with the employer.

Members' additional voluntary contributions (AVCs) are recognised as soon as they are deducted from the payroll. AVCs paid other than by payroll deduction are recognised on receipt.

Receipts from insurance companies for pensions and pensions payable are included on the accruals basis. Other benefits payable are accounted for as they fall due.

Investment income

Dividends and interest on investments for which an established market exists are included in income when earned. All other interest is included on an accruals basis.

Investment income is stated inclusive of any related taxation which is recoverable.

Transfers to and from other schemes

Transfer values are accounted for as they fall due.

Valuation of investment assets

Investments are included at their market value at the year end.

The market value of pooled investment vehicles is stated at the closing bid or single price, determined by the manager of the vehicles concerned.

The Aviva Buy-in policy is shown at original purchase cost as the policy was purchased during the year and the Trustees are of the opinion that the value has not materially changed.

YEAR ENDED 31 DECEMBER 2014

2. CONTRIBUTIONS

	2014	2013
	£	£
From Employer:		
Normal	2,197,341	2,199,315
Additional Employer contributions – Salary sacrifice	631,041	671,876
Deficit funding	1,236,000	1,150,000
Additional Employer	1,576,021	809,391
Other - Life assurance	62,948	67,378
From Members:		
Normal	21,157	29,326
Additional voluntary contributions	19,328	21,341
	<u>5,743,836</u>	<u>4,948,627</u>

Contributions payable to the Plan during the year ended 31 December 2014 have been received in accordance with the Schedule of Contributions for the period 1 January 2012 to 31 October 2023 as certified by the Plan Actuary on 28 March 2013, together with the additional contributions detailed above.

Members, unless they are participating in the salary sacrifice arrangement, pay 3% pa of pensionable salaries for the 80th accrual rate and 8% for the 60th and 40th accrual rates. The Employer has also paid to the Plan contributions equal to the salary exchanged by members by virtue of their participation in the salary sacrifice arrangement. The total contributions payable to the Plan have been, in respect of members who participate in the salary sacrifice arrangement, the same as would have been payable, by the Employer and by members, had the salary sacrifice arrangement not been introduced. Additional Employer contributions totalling £1,576,021 were paid from the Escrow account (2013 : £809,391).

To eliminate funding shortfall, the Trustees and the Society have agreed that additional contributions (i.e. contributions above those needed to cover benefits being earned in the future) will be paid by the Society as follows. From 1 January 2014 to 31 October 2023 the deficit contribution from the previous year, increased in line with the annual increase in Consumer Prices Index (measured to the September of the previous year and capped at 5% pa), plus 2.5% of the Society's contribution in respect of future accrual and expenses from the previous year.

3. BENEFITS

	2014	2013
	£	£
Commutations and lump sum benefits on retirement	497,543	779,465
Lump sums on death	-	10,638
Pensions	1,613,926	1,512,979
	<u>2,111,469</u>	<u>2,303,082</u>

4. LEAVERS

	2014	2013
	£	£
Individual transfers to other schemes	850,137	2,142,947
	<u>850,137</u>	<u>2,142,947</u>

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
RETIREMENT BENEFITS PLAN (1978)

YEAR ENDED 31 DECEMBER 2014

5. OTHER PAYMENTS

	2014	2013
	£	£
Premiums on term assurance policies	62,948	67,378
	<u>62,948</u>	<u>67,378</u>

Death in service benefits are insured with Aviva.

6. ADMINISTRATION EXPENSES

	2014	2013
	£	£
Audit fee	7,285	7,215
Administration and actuarial fees	430,250	371,764
Other expenses	245,706	160,299
	<u>683,241</u>	<u>539,278</u>

7. INVESTMENT INCOME

	2014	2013
	£	£
Interest received on cash deposits	18,869	12,035
Income from pooled investment vehicles	6,679	10,122
Dividend receivable	150,403	196,485
Annuity income receivable	976,120	130,848
AVC interest	19,700	15,660
	<u>1,171,771</u>	<u>365,150</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2014

8. INVESTMENTS

(a) Market value of investments

	Value at beginning of year £	Purchases £	Sales £	Change in market value £	Value at end of Year £
Pooled investment vehicles invested in:					
Fixed interest securities	39,364,909	4,800,001	(25,553,000)	4,640,190	23,252,100
Equities	33,496,045	-	-	1,682,537	35,178,582
Other – Hedge Fund of					
Funds	3,208,851	10,700,000	(8,683,966)	88,800	5,313,685
Property	1,538,134	-	-	(342,893)	1,195,241
AVC investments	1,015,717	37,576	(44,529)	31,190	1,039,954
Aviva Buy-in policy	-	31,053,000	-	-	31,053,000
	<u>78,623,656</u>	<u>46,589,125</u>	<u>(34,281,495)</u>	<u>6,099,824</u>	<u>97,032,561</u>
Cash deposits					
BlackRock	5,618				9,185
Employer Deposit	5,000,000				-
	<u>83,629,274</u>			<u>6,099,824</u>	<u>97,041,746</u>

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

Transaction costs are included in the cost of purchases and sales proceeds, and include costs charged directly to the Plan such as fees, commissions, stamp duty and other fees. Indirect transaction costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect transaction costs is not separately disclosed to the Plan.

The Aviva Buy-in policy is currently in a data verification window. The results of this are not yet agreed, and therefore the quantum of any additional premium or refund is uncertain.

(b) Analysis by investment type

	2014 £	2013 £
Pooled investment vehicles invested in fixed interest securities		
UK public sector quoted	15,706,408	32,643,365
UK corporate quoted	7,545,692	6,721,544
	<u>23,252,100</u>	<u>39,364,909</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2014

	2014	2013
	£	£
Other pooled investment vehicles		
UK equities	16,658,753	16,450,570
Overseas equities	15,342,342	14,525,731
Cash instruments	3,177,486	2,519,744
BlackRock Hedge Fund of Funds	5,313,685	3,208,851
Schroders Property	1,195,241	1,538,134
	<u>41,687,507</u>	<u>38,243,030</u>
	<u>64,939,607</u>	<u>77,607,939</u>

(c) Cash deposits

	2014	2013
	£	£
BlackRock Cash Account	9,185	5,618
Employer Deposit Account	-	5,000,000
	<u>9,185</u>	<u>5,005,618</u>

Economic exposure in respect of the BlackRock Hedge Fund of Funds has not been provided by the Investment Manager.

Schroders Offshore Cash Fund is a liquidity fund managed outside the UK.

(d) AVC investments

	2014	2013
	£	£
MGM Assurance	30,173	28,454
Prudential	352,620	362,685
Equitable Life	101,231	98,002
Legal & General	555,930	526,575
	<u>1,039,954</u>	<u>1,015,717</u>

The additional voluntary contributions are paid directly to the various providers, as above, and are invested separately from the Plan's main investments, for the benefit of the individuals concerned. Members participating in this arrangement receive an annual statement made up to 1 January each year, confirming the amounts held in their account and the movement during the year.

Members of the Plan who are already contributing to AVCs can continue to make additional voluntary contributions which are invested in insurance policies to provide additional benefits within the overall limits allowed by HM Revenue & Customs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2014.

AVC contributions received from Plan members are invested with a number of providers recommended by the Trustees at various times in the life of the Plan. The current recommended provider for new contributors is Legal and General Assurance Society Limited, but contributions by current members received prior to 1998 have been variously invested with Prudential, Friends Provident Corporate Pensions, Equitable Life Assurance Society and MGM Assurance.

The AVC funds operated for Plan members by the five providers are as follows:

The Equitable Life Assurance Society (two schemes)

- a with profits scheme
- a unit linked scheme

Prudential

- an AVC with profits Plan with funds invested in a wide range of deposit, equity, interest, index linked and property assets

Friends Provident Corporate Pensions

- the Secure Growth Fund, a deposit administration fund

MGM Assurance (two schemes)

- a conventional with profits scheme
- unit linked scheme

Legal and General

- unit linked scheme

(e) Insurance policies covering pensions in payment

The Trustees hold insurance policies with insurance companies that secure the pensions payable to specified beneficiaries. These policies remain assets of the Trustees, but as permitted under current regulations and accounting practice, the Trustees have decided that the policies need not be included at value in the net asset statement.

9. BALANCES WITH EMPLOYER

	2014	2013
	£	£
Due from employer	3,128	6,364
Due to employer	12,500	-

The balance due from employer includes VAT, recoverable through the employer's returns and expenses paid on behalf of the Plan, of £229,644 (2013: £352,679 payable), £3,159 of which is VAT offset by £31 of expenses paid by employer. The amount represents (0.003%) of the year end net assets (2013: 0.007 %). The balance due to employer relates to prepaid deficit funding contributions.

10. RELATED-PARTY TRANSACTIONS

Trustees were paid expenses amounting to £1,932 during the year (2013: £1,813). There was also an overpaid deficit contribution of £12,500.

SUMMARY OF CONTRIBUTIONS

During the year ended 31 December 2014, the contributions payable to the Plan were as follows:-

Regular contributions payable under the Schedule of Contributions	£
Contributions from Employer:	
Normal	2,197,341
Additional Employer contributions – salary sacrifice	631,041
Deficit funding	1,236,000
Other - Life assurance	62,948
 Contributions from members:	
Normal	21,157
 Total payable under the Schedule of Contributions	<hr/> 4,148,487
Other contributions payable	
Contribution from Employer:	
Additional Employer	1,576,021
Contributions from members:	
Additional voluntary contributions	19,328
 Total contributions reported in the financial statements	<hr/> 5,743,836 <hr/>

Contributions payable to the Plan during the year ended 31 December 2014 have been received in accordance with the Schedule of Contributions for the period 1 January 2012 to 31 October 2023 as certified by the Plan Actuary on 28 March 2013, together with the additional contributions detailed above.

Signed on behalf of the Trustees

S Baynes
Chairman of RBP Trustees

Date:

K Hailes
Secretary to RBP Trustees

Date:

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
RETIREMENT BENEFITS PLAN (1978)

CERTIFICATE OF TECHNICAL PROVISIONS




Appendix G — Actuary's Certification of Technical Provisions

ACTUARIAL CERTIFICATE GIVEN FOR THE PURPOSES OF REGULATION 7(4)(a) OF THE
OCCUPATIONAL PENSION SCHEMES (SCHEME FUNDING) REGULATIONS 2005

Name of Plan: People's Dispensary for Sick Animals Retirement Benefits Plan (1978)

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Plan's technical provisions as at 31 December 2011 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustees of the Plan and set out in the Statement of Funding Principles dated 28 March 2013.

Signature		Date	28 March 2013
Name	Andrew McKinnon	Qualification	Fellow of the Institute and Faculty of Actuaries
Address	Colmore Gate 2 Colmore Row Birmingham B3 2QD	Name of Employer	Aon Hewitt Limited

CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
RETIREMENT BENEFITS PLAN (1978)

Name of scheme: People's Dispensary for Sick Animals Retirement Benefits Plan (1978)

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2011 to be met by the end of the period specified in the recovery plan dated 28 March 2013.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles effective from 28 March 2013.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective is not a certification of their adequacy for the purpose of securing the plan's liabilities by the purchase of annuities, if the plan were wound up.

Signature: 

Date: 28 March 2013

Name: Andrew McKinnon

Qualification: Fellow of the Institute and Faculty of Actuaries

Address: Colmore Gate
2 Colmore Row
Birmingham
B3 2QD

Name of employer: Aon Hewitt Limited