

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

**Annual Report  
31 December 2018**

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
YEAR ENDED 31 DECEMBER 2018**

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**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
TRUSTEE AND ADVISERS  
YEAR ENDED 31 DECEMBER 2018**

**PRINCIPAL EMPLOYER**

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

**TRUSTEE**

**Whitechapel Associates Limited**

**Directors**

R Beck (PDSA appointed)  
K Hailes (PDSA appointed)  
J Miller (Chair, PDSA appointed)  
R Newcombe (member-nominated)

**ADDRESS FOR GENERAL AND BENEFIT ENQUIRIES**

Karen Waters-Hewitt (Pensions Manager)  
PDSA  
Whitechapel Way  
Priorslee  
Telford  
Shropshire  
TF2 9PQ  
waters-hewitt.karen@pdsa.org.uk

**PLAN ACTUARY**

Alistair Russell-Smith FIA  
Hymans Robertson LLP  
One London Wall  
London  
EC2Y 5EA

**ADMINISTRATION SERVICES**

Hymans Robertson LLP  
One London Wall  
London  
EC2Y 5EA

**INVESTMENT ADVISERS**

Barnett Waddingham LLP  
St James' House  
St James' Square  
Cheltenham  
GL50 3PR

**SOLICITORS**

Burges Salmon (resigned 31 December 2018)  
One Glass Wharf  
Bristol  
BS2 0ZX

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
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YEAR ENDED 31 DECEMBER 2018**

**SOLICITORS (CONTINUED)**

Eversheds Sutherland (International) LLP (appointed 9 October 2017)  
One Callaghan Square  
Cardiff  
CF10 5BT

**INVESTMENT MANAGERS**

BlackRock Investment Management (UK) Limited  
12 Throgmorton Avenue  
London  
EC2N 2DL

Schroders Investment Management Limited  
1 London Wall Place  
London  
EC2Y 5AU

Invesco Perpetual Life Limited  
125 London Wall  
Sixth Floor  
London  
EC2Y 5AS

Insight Investment Management (Global) Limited  
160 Queen Victoria Street  
London  
EC4V 4LA

Pictet Asset Management Limited  
Moor House  
120 London Wall  
London  
EC2Y 5ET

Barings LLC (appointed 13 March 2018)  
Brown Brothers Harriman & Co  
50 Post Office Square  
Boston  
MA  
02100

BlueBay Asset Management LLP (appointed 9 February 2018)  
77 Grosvenor Street  
London  
W1K 3JR

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
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TRUSTEE AND ADVISERS (continued)  
YEAR ENDED 31 DECEMBER 2018**

**BUY-IN PROVIDER**

Aviva  
8 Surrey Street  
Norwich  
NR1 3NG

**AVC INVESTMENT MANAGERS**

Scottish Friendly Assurance Society Limited  
Scottish Friendly House  
Blythswood Square  
Glasgow  
G2 4HJ

Prudential Plc  
Lancing  
BN15 8GB

Equitable Life Assurance Society  
Walton Street  
Aylesbury  
Buckinghamshire  
HP21 7QW

Legal & General Assurance Society Limited  
Legal & General House  
Kingswood  
Tadworth  
Surrey  
KT20 6EU

**BANKERS**

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

Barclays Bank Plc  
Leicester  
LE87 2BB

**AUDITOR**

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

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
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**CUSTODIANS**

Bank of New York Mellon, on behalf of BlackRock Investment Management (UK) Limited  
160 Queen Victoria Street  
London  
EC4V 4LA

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  
80 Route D'Esch  
L-1470 Luxembourg

Custodian of the assets held with Pictet Asset Management Limited is:  
Pictet & Cie (Europe) SA  
6<sup>th</sup> Floor, 5 Stratton Street  
London  
W1J 8LA

Custodian of the assets held with Invesco Perpetual Life Ltd is:  
Citibank  
Citigroup Centre  
33 Canada Square  
Canada Wharf  
London  
E14 5LB

Custodian of the assets held with Insight Investment Management (Global) Limited is:  
Northern Trust  
50 Bank Street  
Canary Wharf  
London  
E14 5NT

Custodian of the assets held with BlueBay Asset Management LLP  
BNP Paribas  
Waterloo Court  
37 Waterloo Street  
Birmingham  
B2 5TB

Custodian of the assets held with Barings LLC  
State Street  
20 Churchill Place  
Canary Wharf  
London  
E14 5HJ

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
TRUSTEE'S REPORT  
YEAR ENDED 31 DECEMBER 2018**

The Trustee of The People's Dispensary For Sick Animals Retirement Benefits Plan (1978) ('Plan') presents their report and the audited financial statements for the year ended 31 December 2018, 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. The purpose of the report is to describe how the Plan and its investments have been managed during the year.

## **INTRODUCTION**

### **Constitution of the Plan**

The Employer provides a defined benefit scheme governed by a Trust Deed dated 18 June 1979, as amended from time to time for members who joined the Plan or were categorised as Eligible Employees on or before 4 June 2006. On 5 June 2006, the Plan closed to new joiners and all new employees are now automatically enrolled into the Employer's Group Personal Pension Plan, if eligible.

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

The Plan is registered with The Pensions Regulator and prior to 6 April 2016 members were contracted out of the State Second Pension (S2P), formerly the State Earnings Related Pension Scheme (SERPS).

### **Recent Developments**

#### **Rule Changes**

During the year, the Trustee and the Plan signed a deed which consolidated various previous deeds, in particular the deed of amendment dated 6 April 2006, the definitive deed dated 19 February 2008, and the deed of amendment dated 28 June 2016.

#### **Guaranteed Minimum Pension (GMP) Equalisation**

Following the High Court judgement in the Lloyds Banking Group GMP Equalisation case, pension schemes are required to equalise male and female benefits in respect of unequal GMP which accrued between 17 May 1990 and 5 April 1997. It is expected that guidance on how to achieve equalised benefits will be issued by the Department for Work and Pensions in 2019.

#### **Transfers**

All transfer values paid to other pension schemes during the year were calculated and verified by the Plan's Actuary or calculated in accordance with instructions prepared by him, in accordance with statutory regulations. No discretionary payments were taken into account in calculating cash equivalents for transfer purposes. No transfers were reduced to lower than their cash equivalent value.

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

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TRUSTEE'S REPORT (continued)  
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**Management of the Plan**

The Trustee is a Corporate Trustee Company known as Whitechapel Associates Limited (the Trustee). The Trustee Directors of Whitechapel Associates Limited can be found on page 2 of this report.

Under the Rules of the Plan, as well as a deed dated 10 October 2017 between the Plan and Whitechapel Associates Limited, Trustee Directors are appointed and may be removed by the Society, subject to the relevant Sections of the Pensions Act 2004 in respect of Member Nominated Trustees.

A Plan appointed Trustee Director can serve as a Trustee Director until such time as he or she resigns, leaves the service of the Plan or retires from Council.

At least one third of the Trustee Directors are nominated by the Plan members. Member Nominated Trustee Directors ('MND') may, subject to the agreement of the other Trustee Directors, remain in office until such a time as he or she resigns or leaves the service of the Plan. The exception to this is if the Member Nominated Trustee Director leaves service due to retirement and becomes an immediate pensioner member of the Plan. A MND may be removed if all the other Trustee Directors agree that this is the best course of action.

The Trustee sent a letter to active, deferred employed and pensioner members in November 2018 asking for nominations for the vacant Member Nominated Director position. A selection panel will interview all candidates in May 2019 in order to assess their suitability to undertake the role.

During the year the Trustee met five times. All decisions are taken by simple majority with the Chair having the casting vote.

**MEMBER COMMUNICATION**

**Member Update and Summary Funding Statement**

During the year, the Trustee produced a Member Update in recognition of the importance of good member communication. It was designed to keep members up to date with events affecting the Plan and its financial development. It also included a Privacy Notice which is required in terms of the General Data Protection Regulation.

A copy of the 2018 Member Update is included as an appendix to this report.

**KNOWLEDGE AND UNDERSTANDING**

The Pensions Act 2004 requires the Trustee Directors 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 Trustee Directors regularly assess their knowledge in the areas required under the Act and of the skills required for effective Trusteeship.

Trustee Directors 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 includes: formal training courses run by various providers, attendance at pension conferences, and training by the Plan's adviser(s) at, or ahead of, each Trustee meeting.

The Trustee actively seeks to ensure its management of the Plan complies with "best practice" as expressed in the Code of Practice.



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TRUSTEE'S REPORT (continued)  
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**SPECIAL ACTIVITIES**

**GMP Reconciliation**

Following the abolition of contracting out, the Trustee is undertaking a reconciliation of Guaranteed Minimum Pensions. This exercise is in the final stages of completion, and a report of any anomalies will be provided to the Trustee for review and action shortly.

**SCHEME EVENTS CALENDAR**

The Trustee maintains a Scheme Events Calendar for the Plan which details the key tasks or events planned to take place each year. This assists the Trustee in the on-going management of the Plan and in monitoring the activities of its advisers. The Scheme Events Calendar was reviewed regularly during the year and updated where necessary.

**GOVERNANCE FRAMEWORK**

During the year, the Trustee reviewed the Governance Framework. This framework confirms the arrangements surrounding the governance of the Plan including: size and composition of the Trustee body, Trustee terms of office, Trustee selection processes, notice periods and removal from office arrangements.

**RISK REGISTER**

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

The Risk Register was formally reviewed during the year by the Trustee and updated to include any new risks such as cyber-crime and the General Data Protection Regulation. The Trustee continues to review the Risk Register regularly.

**ANTI-BRIBERY & CORRUPTION**

Following the introduction of the Bribery Act 2010, which came into force on 1 July 2011, and the Trustee risk assessment, which indicates that there is a low risk of bribery and corruption associated with the Plan, the Trustee has put measures to counter bribery and corruption in place. A statement on the Trustee's approach to bribery and corruption has been developed and is contained within the Conflicts of Interest Policy. The Trustee last reviewed this policy in November 2018.

**CONFLICTS OF INTEREST POLICY**

The Trustee has a Conflicts of Interest Policy which is reviewed and monitored regularly. The Trustee updated this Policy to incorporate the requirements of the Companies Act 2006 in November 2018.

A log of conflicts is maintained as part of the governance procedure.

**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.

The score as at January 2018 was an overall pass rate of 96%. The Trustee continues in its attempt to improve this score and is currently undertaking a missing address trace exercise.

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TRUSTEE'S REPORT (continued)  
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**DISPUTE RESOLUTION PROCEDURE**

The Trustee has devised and published a dispute resolution procedure to consider complaints from members or their representatives. This was updated in October 2018. Details of the procedure are available from Karen Waters-Hewitt (the Pensions Manager), from the address as noted on page 2.

**MEMBERSHIP**

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

	<b>2018</b>	<b>2017</b>
Current members	100	113
Early leavers with deferred benefits	1,235	1,272
Pensioners (including beneficiaries receiving pensions)	672	663
Total	<u>2,007</u>	<u>2,048</u>

Included within the pensioner figures are 558 (2017: 575) annuitants for whom the Plan has purchased annuity policies in respect of their pension payments.

**FINANCIAL REVIEW**

The 2018 financial statements, set out later in this Annual Report, provide an overview of the Plan's income, expenditure and its investments.

Details of the performance of the Plan's investments are set out on page 16.

**FINANCIAL DEVELOPMENT OF THE SCHEME**

The financial statements have been prepared and audited in accordance with regulations made under Section 41(1) and (6) of the Pensions Act 1995.

The fund account shows that the net assets of the Plan decreased from £120,748,605 at 31 December 2017 to £114,193,506 at 31 December 2018. The decrease in net assets is accounted for by:

	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Member related income	5,310,979	5,468,919
Member related payments	(5,512,007)	(5,198,271)
Net (withdrawals)/additions from dealings with members	(201,028)	270,648
Net (expense)/return on investments	(6,354,071)	7,074,120
Net (decrease)/increase in fund	(6,555,099)	7,344,768
<b>Net assets at start of year</b>	<b>120,748,605</b>	<b>113,403,837</b>
<b>Net assets at end of year</b>	<b><u>114,193,506</u></b>	<b><u>120,748,605</u></b>

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**PENSION INCREASES**

As at July 2018, the pensions in payment were increased in accordance with the Rules of the Plan or legislative requirements. There were no discretionary increases during the year.

Where appropriate, pensions in excess of the Guaranteed Minimum Pension (GMP) were increased as follows:

- Non GMP accrued prior to 6 April 1997 were increased by 3.3%
- Pensions accrued between 6 April 1997 and 5 April 2006 were increased by 3.3%
- Pensions accrued on or after 6 April 2006 were increased by 2.5%
- Post 1988 GMP pension was increased by 3%
- No increase was applied to pre-1988 GMPs.

**ACTUARIAL REVIEW**

The Fund Account and Statement of Net Assets on pages 23 to 24 do not take account of the liabilities to provide pension benefits which fall due after the year end. In respect of the Plan, these liabilities are considered by the Plan Actuary who carries out an actuarial valuation of such liabilities every three years. This valuation considers the funding position of the Plan and the level of contributions payable.

The most recent actuarial valuation was carried out as at 31 December 2017. The results of this valuation confirmed that Society contributions to the Plan should be paid at a rate 19% of contribution salary on a monthly basis in respect of the accrual of new benefits with effect from 1 January 2019. In consultation with the Plan Actuary, the Employer has also agreed to pay deficit funding contributions in line with the following table:

Period	Deficit Reduction Contributions
1 January 2019 – 31 March 2019	£1.2m payable in equal monthly instalments over the three-month period
1 April 2019 – 31 December 2019	£1.5m payable in equal monthly instalments over the nine-month period
1 January 2020 – 31 August 2032	£2.5 m per annum payable in equal monthly instalments

In addition, the Society will also pay:

- A fixed contribution of £400,000 a year in monthly instalments to cover the Plan's administration expenses, plus
- PPF levies and life insurance premiums; plus
- Any additional contributions required from time to time on the advice of the Scheme Actuary under the Plan's trust deed and rules.

The Plan also has two charges over Society properties, which helps support the length of the recovery plan.

The Society has also agreed to pay additional contributions in certain circumstances. The table on page 11 sets out the expected progression of the Plan's technical provisions funding level assumed under the recovery plan in the "Planned funding level" column. A "Trigger funding level" is set at a level of 4% below the "Planned funding level" as set out in the "Trigger funding level" column in the table on page 11.

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**ACTUARIAL REVIEW (continued)**

On 31 December each year (the "test dates") the funding level on that test date (the "measured funding level") is compared to the "Trigger funding level" at the "test date". If the "measured funding level" is below the "Trigger funding level" then the Society will be required to pay an additional £1m per annum of contributions in equal monthly instalments during the 12 month "additional contribution period" in the table below.

Test date	Planned funding level %	Trigger funding level %	Additional contribution period
31 December 2019	76.5	72.5	1 April 2020 – 31 March 2021
31 December 2020	78.3	74.3	1 April 2021 – 31 March 2022
31 December 2021	80.1	76.1	1 April 2022 – 31 March 2023
31 December 2022	81.9	77.9	1 April 2023 – 31 March 2024
31 December 2023	83.7	79.9	1 April 2024 – 31 March 2025
31 December 2024	85.6	81.6	1 April 2025 – 31 March 2026
31 December 2025	87.3	83.3	1 April 2026 – 31 March 2027
31 December 2026	89.2	85.2	1 April 2027 – 31 March 2028
31 December 2027	91.0	87.0	1 April 2028 – 31 March 2029
31 December 2028	92.9	88.9	1 April 2029 – 31 March 2030
31 December 2029	94.8	90.8	1 April 2030 – 31 March 2031
31 December 2030	96.5	92.5	1 April 2031 – 31 March 2032
31 December 2031	98.5	94.5	1 April 2032 – 31 March 2033

If the "measured funding level" at any "test date" is greater than 100%, then both the deficit reduction contributions and the contingent contributions set out above will cease being payable from the following 1 April. If at any subsequent "test date" the "measured funding level" has fallen below 100%, then both the deficit reduction contributions and the contingent contributions (if triggered) will recommence from the following 1 April.

The formal actuarial certificate required by statute to be included in this Annual Report from the Scheme Actuary appears on page 37. In addition, as required by FRS 102, the Trustees have included the report on Actuarial Liabilities below, which forms part of the Trustee Report.

**REPORT ON ACTUARIAL LIABILITIES**

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to, based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and the Society and set out in the Statement of Funding Principles, which is available to Plan members on request.

The most recent full actuarial valuation of the Plan was carried out as at 31 December 2017. This showed that on that date:

The value of the Technical Provisions was:	£163.5 million
The value of the assets at that date was:	£117.3 million
Deficit	(£46.2 million)
Funding level	72%

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**REPORT ON ACTUARIAL LIABILITIES (continued)**

**Method**

The actuarial method used in the calculation of the expected cost members' past service benefits is an accrued benefits funding method which takes full account of expected future salary growth.

A summary of the key assumptions is shown below.

**Financial Assumptions**

Pre-retirement discount rate	Market implied gilt yield curve plus 0.8% pa
Post-retirement discount rate	Market implied gilt yield curve plus 0.8% pa
RPI increases	Market implied RPI curve
CPI increases	RPI curve less 1% p.a.
Salary increases	Nil since pensionable salaries have been frozen since June 2016. This assumption falls away from April 2019 with the closure
Pension increases	LPI Pension Increases curves derived from RPI, adjusted for the impact of the cap and the floor
Deferred revaluation	In line with relevant price inflation assumption

**Demographic Assumptions**

Post-retirement Longevity base tables	2017 VITA Tables
Pre-retirement Longevity base tables	S2NXA tables
Future improvements in longevity	CMI 2017 model with a long term rate of improvement of 1.5% for males and 1.25% for females and a smoothing parameter of $Sk=8.0$ for males and $Sk=7.5$ for females
Early Retirements	Early retirement decrement reflecting the observed experience of members retiring in the ages 55 to 65
Late Retirement	No allowance is made for late retirement, although to the extent that members can take some of their benefits unreduced from age 60, a late retirement uplift is applied to those benefits for an assumed retirement age of 65. The benefits that are unreduced from age 60 are service from 17/5/1990 to 5/5/1993 for males who joined pre 1/1/1991 and pre 5/5/1993 service for females who joined pre 1/1/1991. Post 1/1/1991 joiners cannot take any benefits unreduced prior to age 65. Members above normal retirement age are assumed to retire immediately.
Ill health retirements	No allowance
Withdrawals	All active members remain active until scheme closure on 5 April 2019.
Cash Commutation	90% of the maximum allowable on current commutation factors (those factors were strengthened as part of the valuation process)

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**REPORT ON ACTUARIAL LIABILITIES (continued)**

**Demographic Assumptions (continued)**

Family details	80% of male members and 70% of females are assumed to have a dependant at retirement or earlier death. Male partners are assumed to be 3 years older than female partners.
GMP equalisation	There is ongoing uncertainty over the requirement to equalise GMPs. No allowance for GMP equalisation has been proposed but this assumption can be reviewed once further information is available.

**Statement of Funding Principles**

The latest Statement of Funding Principles was agreed as part of the 31 December 2017 funding valuation and was signed on 13 December 2018. 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.

**Recovery Plan**

A plan to fund the deficit revealed as at 31 December 2017 has been agreed with the Employer and, assuming the assumptions are borne out in practice, the deficit is expected to be removed by 31 August 2032.

**Schedule of Contributions**

Apart from the January 2018 contribution which was paid 9 days late as a result of Barclays inadvertently returning the original payment, contributions payable to the Plan during the year ended 31 December 2018 have been received in accordance with the Schedules of Contributions certified on 4 October 2016 and 13 December 2018.

A new Schedule of Contributions was agreed as part of the 31 December 2017 funding valuation and was completed and certified by the Plan Actuary on 13 December 2018. In addition to the contributions agreed to remove the deficit, the Employer will contribute 19% per annum of pensionable salaries to meet the expected cost of future benefit accrual up to 5 April 2019 when the RBP will close to future accrual.

Members, unless they are participating in the salary sacrifice arrangement, shall pay contributions in line with the table on page 27. 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 37.

**INVESTMENT MANAGEMENT**

The Trustee delegates the day-to-day management to professional external investment managers. The Trustee sets the investment strategy for the Plan after taking advice from the Plan's Investment Adviser. The Trustee has put mandates in place with their investment managers which implement this strategy.

In accordance with s35 of the Pensions Act 1995, a Statement of Investment Principles has been prepared by the Trustee which incorporates the investment strategy. A copy of the Statement may be obtained from the Pensions Manager, Kane Waters-Hewitt, contact details on page 2.

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**INVESTMENT STRATEGY**

The investment objective of the Plan is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the Plan payable under the Trust Deed and Rules as they fall due.

The Trustee sets the investment strategy taking into account considerations such as the strength of the Society's covenant, the long term liabilities of the Plan and the funding agreed with the Society.

**Strategy as at 31 December 2018**

The Plan's investment strategy is set out in the Statement of Investment Principles (SIP), dated July 2018, prepared by the Trustee 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. A number of investment strategy changes were made over 2018:

- **Appointment of Barings and BlueBay:** The Trustee made the decision to invest in the Barings Global Special Situations Credit Fund and the BlueBay Direct Lending Fund in February 2018. The accounts were opened with each manager in March 2018, and the initial investments into each fund were made in March and July respectively.
- **Investment into Insight Global Asset Backed Securities Fund:** Following a releveraging event within the Insight LDI Funds that resulted in £4.5m being paid out from across the LDI portfolio in August, the Trustee opted to invest the proceeds into the Global ABS Fund, which would sit alongside the Bonds Plus Fund in the Plan's credit portfolio.
- **Transfers from BlackRock equities:** In March 2018, the Trustee decided to reduce the Plan's target allocation to equities down to 17.5%. As a result, £6.35m was disinvested from the BlackRock equity portfolio in April, with £4.15m being transferred to the Invesco Global Targeted Returns Fund and £2.2m being invested in the Pictet Dynamic Asset Allocation Fund.

The Statement of Investment Principles was updated and signed on 11 July 2018. As at 31 December 2018 the overall strategy was to hold:

- 37.5% in investments that move broadly in line with the value of the long-term liabilities of the Plan. Part of this investment is in LDI and comprises of UK government bonds (gilts), gilt repurchase agreements, interest rate swaps and cash instruments. This part of the portfolio also incorporates holdings in an Absolute Return Bond Fund. The purpose of these assets is to hedge against the impact of interest rate and inflation movement on long term liabilities.
- 62.5% in return seeking investments comprising UK and overseas equities, investment property, diversified growth funds and alternative investments.

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**Strategy as at 31 December 2018 (continued)**

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

<b>Asset Class</b>	<b>31/12/18 (%)</b>	<b>31/12/17 (%)</b>
UK Equities	3.8	5.8
Overseas Equities	13.1	20.1
<i>US Equities</i>	1.8	2.9
<i>Currency Hedged US Equities</i>	1.8	3.0
<i>Europe ex UK Equities</i>	1.8	2.8
<i>Currency Hedged Europe ex UK Equities</i>	1.9	2.8
<i>Japanese Equities</i>	1.0	1.5
<i>Currency Hedged Japanese Equities</i>	0.9	1.5
<i>Pac Basin ex Japan Equities</i>	1.0	1.4
<i>Currency Hedged Pac Basin ex Japan Equities</i>	1.0	1.4
<i>Emerging Market Equities</i>	1.9	2.8
LDI	23.8	29.6
<i>Longer Nominal Fund</i>	9.1	11.5
<i>Longer Real Fund</i>	12.7	15.7
<i>Shorter Real Fund</i>	2.0	2.4
Insight Bonds Plus Fund	7.5	7.4
European Property	0.2	0.4
BlackRock Diversified Growth Fund	4.6	4.5
Invesco Global Targeted Return	21.5	17.3
Pictet Dynamic Asset Allocation Fund	16.6	14.8
Insight Global ABS Fund	5.5	-
Barings Global Credit Fund	2.7	-
BlueBay Direct Lending Fund	0.6	-
Cash	0.1	0.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

The day-to-day investment management decisions are made by the investment managers appointed by the Trustee. The table below shows the proportion of the overall portfolio that each manager was responsible for as at 31 December 2018:

<b>Manager</b>	<b>Proportion of portfolio (%)</b>
BlackRock Investment Management (UK) Limited	21.5
Schroder Investment Management ("Schroder")	0.2
Insight Investment ("Insight")	36.9
Pictet Asset Management ("Pictet")	16.6
Invesco Perpetual	21.5
Barings	2.7
BlueBay Asset Management ("BlueBay").	0.6
<b>Total</b>	<b>100.0</b>



**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
TRUSTEE'S REPORT (continued)  
YEAR ENDED 31 DECEMBER 2018**

**Strategy as at 31 December 2018 (continued)**

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.

**Performance**

The below table outlines the performance of the Plan's investments for the year, three years and five years ended 31 December 2018. Performance for BlackRock and Insight are shown gross of fees, whilst Invesco, Pictet, Barings and Schroders performance is illustrated net of management fees. All returns include investment income.

TIME-WEIGHTED RETURNS TO 31 DECEMBER 2018						
Investment Sector Fund	Last Twelve Months		Last Three Years		Last Five Years	
	Fund %	Index %	Fund % p.a.	Index % p.a.	Fund % p.a.	Index % p.a.
Insight Longer Nominal Fund	-6.9	-5.0	n/a	n/a	n/a	n/a
Insight Longer Real Fund	-6.9	-4.7	n/a	n/a	n/a	n/a
Insight Shorter Real Fund	5.9	7.0	n/a	n/a	n/a	n/a
Insight Bonds Plus Fund	-2.8	2.2	n/a	n/a	n/a	n/a
Insight Global ABS Fund*	-0.2	0.6	n/a	n/a	n/a	n/a
Invesco Global Targeted Returns	-3.7	5.0	n/a	n/a	n/a	n/a
BlackRock Diversified Growth	-2.6	3.7	1.4	3.5	n/a	n/a
Pictet Dynamic Asset Allocation Fund	-6.5	4.9	n/a	n/a	n/a	n/a
BlackRock UK Equity	-9.4	-9.5	5.7	6.1	3.8	4.1
BlackRock US Equity	1.5	1.4	14.2	14.7	13.9	14.2
BlackRock US Equity (£ hedged)	-6.0	-6.1	n/a	n/a	n/a	n/a
BlackRock European Equity	-9.3	-9.3	7.6	8.2	5.7	6.0
BlackRock European Equity (£ hedged)	-9.7	-9.8	n/a	n/a	n/a	n/a
BlackRock Japanese Equity	-7.3	-7.8	8.4	8.8	8.9	9.2
BlackRock Japanese Equity (£ hedged)	-14.8	-15.2	n/a	n/a	n/a	n/a
BlackRock Pacific Rim Equity	-8.7	-8.8	11.9	12.7	6.9	7.4
BlackRock Pacific Rim Equity (£ hedged)	-10.0	-10.1	n/a	n/a	n/a	n/a
BlackRock Emerging Markets	-9.1	-9.0	14.1	15.0	7.7	8.3
Schroders European Property	-29.1	8.0	-3.6	8.0	3.2	8.0
Barings Global Credit Fund**	n/a	n/a	n/a	n/a	n/a	n/a
BlueBay Direct Lending Fund**	n/a	n/a	n/a	n/a	n/a	n/a

\*Performance is shown since fund inception on 22 August 2018.

\*\*Barings & BlueBay fund performance data was not available at the date the Investment Managers report was submitted.

Over the course of 2018, the Plan's investments returned a performance of -7.6%. Performance over the three years to 31 December 2018 was 4.4% p.a.

## **Economic and market conditions to 31 December 2018**

### **Economic Environment**

Investors began 2018 expecting continued economic and corporate earnings growth. However, 2018 as a whole proved to be one of the toughest years for investors on record, with 93% of assets ending the year with a negative return in US Dollar terms. Most assets entered the final quarter of the year having recorded strong, if volatile, returns, but suffered significant losses in the final quarter.

President Trump's tax reforms, signed into law on 22 December 2017, boosted US economic growth to its highest level since 2014 and corporate earnings growth to its highest level since 2010, leading to continued strong performance of financial markets in the early part of the year. In particular, tax relief for US companies repatriating cash from foreign subsidiaries led to record levels of mergers and acquisitions and share buybacks during 2018.

However, markets first suffered a setback when the S&P 500 fell over 5% in the first full week of February, having already fallen nearly 4% the previous week. Markets were reacting to the possibility of increased wage and price inflation in the US, potentially leading to a faster than expected path of interest rate rises. Comments made by outgoing Federal Reserve Chair, Janet Yellen, that "it is a source of some concern that asset valuations are so high" also played a part in stoking investor uncertainty.

Equity markets then staged a gradual recovery between February and September, but in the final quarter of the year, any gains were more than erased. In October, markets stumbled as financial conditions tightened further in the US as rising rates meant that safe assets such as cash produced a positive real return for the first time since the financial crisis. When the Fed went through with its planned December rate rise, it resulted in the worst market reaction to a rate rise since 1994.

Concerns about the pace of monetary tightening were soon joined by fears of a global trade war. On 8 March 2018, Donald Trump introduced the first of a series of tariffs on imports into the US. Over the second quarter of 2018 the U.S. announced several rounds of further tariffs, largely directed against China. These efforts were matched by equally sized retaliatory measures from the countries affected. By 30 September 2018, tariffs had been announced on more than \$250 billion of US imports from China alone, with the most recent tranche set to come into force on 1 January 2019. A further \$267 billion was threatened in the event that China retaliates. Markets received some respite from the Trade War on 1 December when the US and China agreed a 90 day truce, delaying the onset of the 1 January tariffs to 1 March 2019 to allow for a period of negotiations.

On 9 May 2018, the United States pulled out of the Iran nuclear deal and re-imposed sanctions on the country, which came into effect on 5 November 2018. This pushed oil prices above \$80 a barrel, the highest level since 2014. However, rising US shale oil production and slowing global growth led to Oil more than reversing all its previous gains in 2018, ending the year below \$55 a barrel.

In the UK, the year was dominated by the Brexit negotiations. With the Article 50 negotiating period originally set to expire on 29 March 2019. In November 2018, Theresa May presented a draft Withdrawal Agreement to the country. The government was unable to pass the transition deal through the House of Commons during the year, leading to an ultimately failed leadership challenge against the Prime Minister and a decline in the sterling exchange rate, ending the year near its lowest point since September 2017.

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
TRUSTEE'S REPORT (continued)  
YEAR ENDED 31 DECEMBER 2018

**Economic and market conditions to 31 December 2018 (continued)**

**Economic Environment (continued)**

Political uncertainty continued to plague Europe over the period. The Italian elections of March 2018 saw two Eurosceptic parties come together to form a coalition government, resulting in a spike in Italian bond yields. Yields continued to rise gradually as the new government fought a series of battles with the EU over its first budget, before partially recovering towards the end of the year as the parties agreed a budget with the EU on 19 December 2018.

The 12 months to 31 December 2018 saw the US and UK tighten their central bank monetary policies and the ECB start to slow down its asset purchase programme.

- The European Central Bank (ECB) kept its main lending rate at 0.0% throughout the period and although it extended the length of its quantitative easing (QE) programme, it also announced that the programme would end in December 2018. This was preceded by reductions in the rate of purchases, from €60bn per month in 2017, to €30bn per month until September 2018 and €15bn per month for the remainder of the year.
- In August 2018 the Bank of England raised rates to 0.75%, the second such rise since the Global Financial Crisis. UK CPI, which stood at 3% in January, fell back to 2.3% in November 2018 as the effect of the post-referendum sterling devaluation passed through the economy.
- The US Federal Reserve (The Fed) continued to tighten monetary policy over the 12 months to 31 December 2018, raising interest rates four times, and ended the period with the rate set at 2.5%. The Fed also continued to reduce its balance sheet, shrinking its assets by around \$370 billion over the period. Jerome Powell replaced Janet Yellen as Chair of the Federal Reserve on 5 February 2018 and conducted his first meeting in March.

**Market Performance**

Against this backdrop, market returns from traditional asset classes were largely negative in absolute terms over the year to 31 December 2018.

- Equities: Overall, global equities performed poorly over the year to 31 December 2018, generating -7.4% in local currency terms. Returns were negative across all geographical regions, but there was a significant differential between the best (North America: -4.7%) and worst (Japan: -15.3%) performing regions (in local currency terms).
- Bonds: The UK yield curve flattened with shorter term yields rising faster than longer term yields over the year. The net impact was a small positive return (0.6%) for UK fixed interest gilts (all stocks). Inflation expectations increased, particularly for shorter terms, and fell slightly for terms greater than 22 years, meaning that UK index-linked gilts (all stocks) delivered a negative return (-0.3%) over the year. UK corporate bond spreads (all stocks) widened by around 0.6% over the year.
- Property: The MSCI UK All Property Index rose 8.6% over the 12 months to 30 November 2018.

Signed on behalf of the Trustee

J Miller  
Director of Whitechapel  
Associates Limited

Date:

15 May 2019



K Hailes  
Director of Whitechapel  
Associates Limited

Date:

16 May 2019

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
STATEMENT OF TRUSTEE'S RESPONSIBILITIES  
YEAR ENDED 31 DECEMBER 2018**

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year, and
- contain the information specified in Regulation 3A of 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 relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Plan will not be wound up.

The Trustee is also responsible for making available certain other information about the Plan in the form of an annual report.

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

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a schedule of contributions showing the rates of contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan 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 Plan and for adopting risk-based processes to monitor whether contributions are made to the Plan by the employer in accordance with the schedule of contributions. Where breaches of the Plan occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE PEOPLE'S DISPENSARY FOR SICK ANIMALS RETIREMENT BENEFIT PLAN (1978)**

### **Opinion**

We have audited the financial statements of The People's Dispensary for Sick Animals Retirement Benefits Plan (1978) for the year ended 31 December 2018 which comprise the Fund Account, Statement of Net Assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Plan during the year ended 31 December 2018, 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 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Plan's Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement in the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE PEOPLE'S DISPENSARY FOR SICK ANIMALS RETIREMENT BENEFIT PLAN (1978) (continued)**

**Responsibilities of the Trustee**

As explained more fully in the Trustee's responsibilities statement set out on page 19, the Trustee is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Plan or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the Plan's Trustee as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirements 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 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 Plan and the Plan's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

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

Date *5/6/19*

**INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS, UNDER REGULATION 4 OF THE OCCUPATIONAL PENSION SCHEMES (REQUIREMENT TO OBTAIN AUDITED ACCOUNTS AND A STATEMENT FROM THE AUDITOR) REGULATIONS 1996, TO THE TRUSTEE OF THE PEOPLE'S DISPENSARY FOR SICK ANIMALS RETIREMENT BENEFIT PLAN (1978)**

**Statement about contributions payable under schedule of contributions**

We have examined the summary of contributions payable to The People's Dispensary for Sick Animals Retirement Benefits Plan (1978) on page 36, in respect of the scheme year ended 31 December 2018.

In our opinion the contributions for the Plan year ended 31 December 2018 as reported in the summary of contributions on page 36 and payable under the schedule of contributions have in all material respects been paid at least in accordance with the schedules of contributions certified by the actuary on 4 October 2016 and 13 December 2018.

**Scope of work on statement about contributions**

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 36 have in all material respects been paid at least in accordance with the schedules of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the schedules of contributions.

**Respective responsibilities of the Trustee and auditor**

As explained more fully in the Statement of Trustee's Responsibilities, the Plan'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 Plan by or on behalf of the employer and the active members of the Plan. The Trustee is 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.

**Use of our statement**

This statement is made solely to the Plan's Trustee as a body, in accordance with the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to them in an auditor's statement 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 Trustee as a body, for our audit work, for this statement, or for the opinions we have formed.

*RSM UK Audit LLP*

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

Date *5/6/19*

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
 RETIREMENT BENEFITS PLAN (1978)  
 FUND ACCOUNT  
 YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
<b>Contributions and benefits</b>			
Contributions – employer		5,292,076	5,433,652
– employee		18,903	22,261
<b>Total contributions</b>	2	<u>5,310,979</u>	<u>5,455,913</u>
Other income		-	13,006
		<u>5,310,979</u>	<u>5,468,919</u>
Benefits paid or payable	3	(2,630,216)	(2,534,546)
Payments to and on account of leavers	4	(2,250,573)	(2,228,836)
Administrative expenses	5	(631,218)	(434,889)
		<u>(5,512,007)</u>	<u>(5,198,271)</u>
<b>Net (withdrawals)/additions from dealings with members</b>		<u>(201,028)</u>	<u>270,648</u>
<b>Returns on investments</b>			
Investment income	6	6,208,295	1,936,023
Change in market value of investments	8	(12,381,935)	5,334,089
Investment management expenses	8	(180,431)	(195,992)
<b>Net return on investments</b>		<u>(6,354,071)</u>	<u>7,074,120</u>
<b>Net (decrease)/increase in the Plan during the year</b>		<u>(6,555,099)</u>	<u>7,344,768</u>
<b>Net assets of the Plan</b>			
<b>At 1 January</b>		120,748,605	113,403,837
<b>At 31 December</b>		<u>114,193,506</u>	<u>120,748,605</u>

The accounting policies and notes on pages 25 to 35 form part of these financial statements.



THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
 RETIREMENT BENEFITS PLAN (1978)  
 STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)  
 YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
<b>INVESTMENT ASSETS</b>			
Pooled investment vehicles		85,234,394	88,734,885
Insurance policies		27,700,000	30,400,000
AVC investments		937,755	997,910
Cash deposits		64,830	64,308
Cash in transit		-	44,948
	8	<u>113,936,979</u>	<u>120,242,051</u>
<b>CURRENT ASSETS</b>	10	577,135	858,621
<b>CURRENT LIABILITIES</b>	11	(320,608)	(352,067)
<b>NET ASSETS OF THE PLAN AT 31 DECEMBER</b>		<u>114,193,506</u>	<u>120,748,605</u>

The accounting policies and notes on pages 25 to 35 form part of these financial statements.

The financial statements summarise the transactions of the Plan and deal with the net assets available for benefits 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 Plan year. The actuarial position of the Plan, which does take into account of such obligations, is dealt with in the report on actuarial liabilities on pages 10 to 13 of the Annual Report and these financial statements should be read in conjunction with this report.

These financial statements were approved and authorised for issue on  
 and were signed on its behalf by:

2019



J. Miller  
 Director of Whitechapel  
 Associates Limited

Date: 15 May 2019



K Hailes  
 Director of Whitechapel  
 Associates Limited

Date: 16 May 2019

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES

**Basis of preparation**

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) – The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland issued by the Financial Reporting Council (“FRS 102”) and the guidance set out in the Statement of Recommended Practice, “Financial Reports of Pension Schemes” (Revised November 2014) (“the SORP”).

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

**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 in the period they relate to as stated in the Schedule of Contributions.

The Employer also pays a fixed contribution of £400,000 per annum in monthly instalments to cover the Plan's administration expenses which is recognised on an accruals basis.

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.

Benefits and withdrawal payments are accounted for as they fall due for payment. Where members have a choice, benefits are accounted for in the period in which the member notified the Trustee of its decision on the type and/or amount of benefit to be taken or on retirement if later or, if there is no member choice, on the date of retirement or leaving.

Individual transfers out of the Scheme are accounted for when member liability is accepted or discharged, which is normally when the transfer amount is paid.

**Administration and investment expenses**

Administration and investment expenses are accounted for on an accruals basis.

**Investment income**

Annuity income is accounted for in the period it relates to rather than at the date received.

Pooled investment vehicle income is accounted for on an accruals basis.

All other interest is included on an accruals basis.

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
 RETIREMENT BENEFITS PLAN (1978)  
 NOTES TO THE FINANCIAL STATEMENTS (continued)  
 YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

**Change in market value of investments**

The changes in investment market values are accounted for in the year in which they arise and include profits and losses on investments sold as well as unrealised gains and losses in the value of investments held at the year end.

**Investments**

Investments are included at fair value as described below:

For pooled investment vehicles, the market value of unit trusts and managed fund units is taken as the bid price at the accounting date as advised by the investment managers. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), in accordance with fair value principle provided by the investment manager.

The insurance policies are valued by the Plan Actuary as the present value of the future benefits that are covered by the policies.

AVC funds are included at the value as advised by the AVC providers at the year end including any terminal bonuses.

**Functional currency**

The functional and presentational currency of the Plan is Pounds Sterling. Balances denominated in foreign currency are translated into sterling at the rate ruling at the year-end date. Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transaction. Monetary amounts in these financial statements are rounded to the nearest £.

2. CONTRIBUTIONS

	2018 £	2017 £
<b>Employer contributions</b>		
Normal	602,953	696,055
Normal - salary sacrifice	289,123	337,597
Administration expenses	400,000	400,000
Deficit funding	4,000,000	4,000,000
	5,292,076	5,433,652
<b>Employee contributions</b>		
Normal	14,703	16,711
Additional voluntary contributions	4,200	5,550
	18,903	22,261
<b>Total</b>	5,310,979	5,455,913

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED 31 DECEMBER 2018**

**2. CONTRIBUTIONS (continued)**

Apart from the January 2018 contribution, contributions payable to the Plan during the year ended 31 December 2018 have been received in accordance with the Schedules of Contributions as certified by the Plan Actuary on 4 October 2016 and 13 December 2018, together with the additional contributions detailed above.

Under both old and new Schedules of Contributions, members shall pay (unless they are participating in the salary sacrifice arrangement) monthly contributions at the rates of Contribution Salary as set out in the table below. The Society will also pay to the Plan contributions equal to the salary exchanged by members by virtue of their participation in the salary sacrifice arrangement.

Member's accrual rate	Contribution rates
1/40ths	15% of Contribution Salary
1/60th	15% of Contribution Salary for members who were accruing 1/60ths on 30 June 2016; or 8% of Contribution Salary for members who were accruing 1/40ths on 30 June 2016.
1/80ths	10% of Contribution Salary
1/90ths	8% of Contribution Salary
1/120ths	3% of Contribution Salary

Under the new Schedule of Contributions, to eliminate the funding shortfall, the Trustee 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 2019 to 31 March 2019 £1.2 million payable in equal monthly instalments over the three month period.
- From 1 April 2019 to 31 December 2019, £1.5 million payable in equal monthly instalments over the nine-month period.
- From 1 January 2020 to 31 August 2032, £2.5 million per annum payable in equal monthly instalments.

In addition, the Society has agreed that if the funding level at each 31 December is below a pre agreed trigger funding level, then the Society will be required to pay an additional £1 million per annum of contributions in equal monthly instalments during a pre agreed additional contribution period. Further details are provided on page 10 and 11.

**3. BENEFITS PAID OR PAYABLE**

	2018 £	2017 £
Commutations of pensions and lump sum benefits on retirement	532,452	522,498
Pensions	2,093,424	2,011,560
Lump sum death benefits	4,340	488
	<u>2,630,216</u>	<u>2,534,546</u>

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
 RETIREMENT BENEFITS PLAN (1978)  
 NOTES TO THE FINANCIAL STATEMENTS (continued)  
 YEAR ENDED 31 DECEMBER 2018

4. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2018 £	2017 £
Individual transfers out to other schemes	<u>2,250,573</u>	<u>2,228,836</u>

5. ADMINISTRATIVE EXPENSES

	2018 £	2017 £
Administration	361,342	236,932
Actuarial fees	121,778	56,804
Other expenses	135,720	128,202
Audit & accounts fees	12,378	12,951
	<u>631,218</u>	<u>434,889</u>

6. INVESTMENT INCOME

	2018 £	2017 £
Interest on cash deposits	1,970	118
Income from pooled investment vehicles	4,727,568	372,353
Annuity income	1,473,239	1,559,139
AVC interest	5,518	4,413
	<u>6,208,295</u>	<u>1,936,023</u>

7. TAX

The People's Dispensary for Sick Animals Retirement Benefits Plan (1978) is a registered pension scheme for tax purposes under the Finance Act 2004. The Plan is therefore exempt from taxation except for certain withholding taxes relating to overseas investment income.

8. INVESTMENTS

(a) Market value of investments

	Value at 31 December 2017 £	Purchases £	Sales proceeds £	Change in Market value £	Value at 31 December 2018 £
Pooled investment vehicles	88,734,885	20,345,125	(14,172,789)	(9,672,827)	85,234,394
Insurance policies	30,400,000	-	-	(2,700,000)	27,700,000
AVC investments	997,910	9,717	(60,764)	(9,108)	937,755
	<u>120,132,795</u>	<u>20,354,842</u>	<u>(14,233,553)</u>	<u>(12,381,935)</u>	<u>113,872,149</u>
Cash deposits	64,308				64,830
Cash in transit	44,948				-
	<u>120,242,051</u>				<u>113,936,979</u>

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
 RETIREMENT BENEFITS PLAN (1978)  
 NOTES TO THE FINANCIAL STATEMENTS (continued)  
 YEAR ENDED 31 DECEMBER 2018

8. INVESTMENTS (continued)

(a) Market value of investments (continued)

**INVESTMENT TRANSACTION COSTS**

There are no direct transaction costs borne by the Plan.

Indirect transaction costs are incurred through the bid-offer spread on investments within pooled investment vehicles. These indirect transaction costs are not separately reported and therefore not available to disclose.

(b) Investment management expenses

	2018 £	2017 £
Administration and management	180,431	195,992

(c) Analysis by investment type

	2018 £	2017 £ <i>(reclassified)</i>
<b>Pooled investment vehicles:</b>		
Insight Global Asset Backed Security Funds	24,925,726	26,275,948
Insight Bond Funds	6,374,994	6,556,449
UK Equities	3,213,934	5,175,681
Overseas Equities	11,185,210	17,875,613
Cash Instruments	313	173
BlackRock Dynamic Diversified Growth Fund	3,886,394	3,995,812
Schroders Property	180,857	329,808
Invesco Global Targeted Returns Fund	18,344,415	15,355,427
Pictet PS II Dynamic Asset Allocation Fund	14,173,852	13,169,974
Barings Global Special Situations Credit Fund 3	2,342,960	-
Bluebay Direct Lending Fund III SLP	605,739	-
	85,234,394	88,734,885

The amounts shown for 2017 have been reclassified to more accurately represent the investment type.

(d) Cash deposits

	2018 £	2017 £
BlackRock Cash Account	1	-
Insight LDI PF	30,508	30,508
Insight BD Plus PF	34,321	33,800
	64,830	64,308

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 YEAR ENDED 31 DECEMBER 2018

8. INVESTMENTS (continued)

(e) AVC investments

	2018 £	2017 £
Scottish Friendly	4,858	4,858
Prudential	263,106	241,626
Equitable Life	10,497	11,049
Legal & General	659,294	740,377
	937,755	997,910

AVC contributions received from Plan members are invested with a number of providers recommended by the Trustee 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, Equitable Life and Scottish Friendly.

AVCs are invested separately from the Plan's main investments to secure additional benefits on a money purchase basis for those members electing to pay AVCs. 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.

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

Prudential

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

Scottish Friendly (two schemes)

- a conventional with profits scheme
- unit linked scheme

Legal and General

- unit linked scheme

The Equitable Life Assurance Society (two schemes)

- a with profits scheme
- a unit linked scheme

(f) Insurance policies

The Trustee holds annuity policies with Aviva to provide future benefits for certain members of the Plan.

	2018 £	2017 £
Aviva Buy-in policy	27,100,000	29,700,000
Aviva annuities	600,000	700,000
	27,700,000	30,400,000

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
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 NOTES TO THE FINANCIAL STATEMENTS (continued)  
 YEAR ENDED 31 DECEMBER 2018

8. INVESTMENTS (continued)

CONCENTRATION OF INVESTMENTS

The following investments account for more than 5% of the Plan's net assets:

	2018 £	2018 % of net assets	2017 £	2017 % of net assets
Aviva insurance policies	27,700,000	24.3	30,400,000	25.2
Invesco Global Targeted Returns Fund	18,344,415	16.1	15,355,427	12.7
Pictet PS II Dynamic Asset Allocation Fund	14,173,852	12.4	13,169,974	10.9
Insight LDI PF Fixed	20,248,342	17.7	26,275,947	21.8
Insight BD Plus PF	11,052,378	9.7	6,556,449	5.4

9. INVESTMENT FAIR VALUE HIERARCHY

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

- Level (1) The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;
- Level (2) Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly;
- Level (3) Inputs are unobservable (i.e. for which market data is unavailable for the asset or liability)

The Plan's invested assets and liabilities have been fair valued using the above hierarchy categories as follows:

As at 31 December 2018	Level (1) £	Level (2) £	Level (3) £	Total £
Pooled investment vehicles	-	85,234,394	-	85,234,394
AVC investments	-	-	937,755	937,755
Insurance policies	-	-	27,700,000	27,700,000
Cash deposits	64,830	-	-	64,830
<b>Total</b>	64,830	85,200,383	28,637,755	113,936,979



THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
 RETIREMENT BENEFITS PLAN (1978)  
 NOTES TO THE FINANCIAL STATEMENTS (continued)  
 YEAR ENDED 31 DECEMBER 2018

9. INVESTMENT FAIR VALUE HIERARCHY (continued)

As at 31 December 2017 (reclassified)	Level (1) £	Level (2) £	Level (3) £	Total £
Pooled investment vehicles	-	88,734,885	-	88,734,885
AVC investments	-	-	997,910	997,910
Insurance policies	-	-	30,400,000	30,400,000
Cash deposits	64,308	-	-	64,308
Cash in transit	44,948	-	-	44,948
Total	109,256	88,734,885	31,397,910	120,242,051

**Investment risks**

FRS102 requires the disclosure of information in relation to certain investment risks as follows:

- Credit risk – 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 – comprises the following three types of risk:
  1. Interest rate risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market interest rates
  2. Currency risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in foreign exchange rates
  3. Other price risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market prices (other than those due to interest rates and currency).

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

Further information on the Trustee's approach to risk management, credit and market risk is set out on page 33.

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED 31 DECEMBER 2018**

**9. INVESTMENT FAIR VALUE HIERARCHY (continued)**

**Credit risk**

The pooled investment arrangements used by the Plan comprise unit linked insurance contracts and authorised unit trusts. 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 the ongoing due diligence of the pooled manager.

The Trustee monitors the performance of each of the Plan's investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary, usually on an annual basis. The Trustee has a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.

The Plan also has indirect exposure to credit risks from the underlying investments held by the pooled investment vehicles. This risk is mitigated as follows:

The credit risk arising on bonds is mitigated by placing restrictions on the assets that may be held within the bond portfolio, which are invested to track indices;

Some funds, such as the diversified growth funds and the absolute return bonds fund, may have an allocation to securities that give rise to credit risk. Credit risk associated with these securities is mitigated through active management and avoiding excessive concentrations in bonds from any given issuer; and cash is held within financial institutions which are at least investment grade rated.

The annuities held by the Plan will be subject to direct credit risk in respect of the solvency of the insurer, Aviva. This risk is mitigated by the due diligence performed on the insurer when the annuity policy was taken out. In addition, solvency regulations stipulate the insurers to hold prudent levels of reserves to pay off their future liabilities. Finally, there is expected to be a degree of protection offered by the Financial Services Compensation Scheme, should the insurer have financial difficulties which threaten its ability to meet its obligations.

**Market risk: Interest rates**

The Plan is subject to interest rate risk because some of the Plan's investments are held in bonds, leveraged gilt repos, interest rate swaps, and cash through pooled investment vehicles. The Trustee has set a benchmark for total investment in these instruments of 37.5% of their total investment portfolio. Under this strategy, if interest rates fall, the value of these investments will rise to help offset the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, these investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

The Plan has exposure to this risk through their investment in Insight's LDI Funds.

The annuities held by the Plan are also subject to interest rate risk, however the change in the value of the annuities are expected to match the change in the value of the insured liabilities.

**Market risk: Currency**

The Plan is exposed to currency risk because some of its investments are held in overseas markets. The Plan's liabilities are denominated in sterling and currency hedging is employed to manage the impact of exchange rate fluctuations on some of the Plan's investments, in particular, the Plan's investment in the BlackRock hedged overseas developed equity funds. The purpose of these funds is to hedge 50% of the non-sterling exposure within the Plan's overseas developed equity portfolio.

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
 RETIREMENT BENEFITS PLAN (1978)  
 NOTES TO THE FINANCIAL STATEMENTS (continued)  
 YEAR ENDED 31 DECEMBER 2018

9. INVESTMENT FAIR VALUE HIERARCHY (continued)

**Market risk: Currency (continued)**

The Plan has additionally indirect exposure to currency risk through its investment in Schroders European Property Fund and through its investments in Pictet, Barings, Invesco, and BlackRock diversified growth funds.

**Market risk: Other price**

Other price risk arises principally in relation to the Plan's return-seeking portfolio invested in diversified growth funds and equities held in pooled vehicles.

The Plan manages this exposure by investing in a pooled fund that invests in a diverse portfolio of instruments across various markets. According to the Plan's Statement of Investment Principles (SIP), each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities. In addition, the asset allocation is detailed in the Appendix of the SIP document and is monitored on a regular basis by the Trustees.

10. CURRENT ASSETS

	2018 £	2017 £
Contributions due from employer in respect of:		
Employer	69,799	82,515
Employees	1,062	1,528
Amounts due from Employer	16,094	10,678
Prepaid pensions	156,348	147,927
Cash at bank	333,832	615,973
	<u>577,135</u>	<u>858,621</u>

The contributions due at 31 December 2018 and 31 December 2017, were received after the year end in accordance with the Schedules of Contributions.

11. CURRENT LIABILITIES

	2018 £	2017 £
Prepaid annuity income	125,574	128,624
Unpaid benefits	35,782	70,052
Other creditors	159,252	153,391
	<u>320,608</u>	<u>352,067</u>

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED 31 DECEMBER 2018**

**12. RELATED PARTY TRANSACTIONS**

The Trustee Directors were paid fees and expenses amounting to £972 during the year (2017: £1,453) from the Plan and £nil (2017: £7,977) from the employer.

The balance due from employer includes VAT of £16,094 (2017: £10,678), recoverable through the employer's returns in respect of expenses paid on behalf of the Plan, of £86,955 (2017: £94,721).

The Plan holds security against certain freehold assets owned by the Employer. At 31 December 2018 the net book value of these assets were £7,548,000 (2017: £7,968,000).

The following Trustee Directors of the Plan are also members of the Plan: K Hailes, R Beck and R Newcombe. They receive/will receive benefits in accordance with the Plan's Trust Deed and Rules.

**13. CONTINGENCIES AND COMMITMENTS**

The Plan may have a liability in respect of payments due to HM Revenue and Customs in respect of the GMP reconciliation. Work is currently ongoing on the reconciliation but it is too early for any liability to be estimated.

Following the judgement reached in the High Court at the end of October 2018 in the Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank Plc GMP equalisation case. The High Court ruled that:

- Schemes will be required to equalise for the effect of unequal GMP's accrued between 1990 and 1997.
- A range of methodologies are available, trustees should use the method which results in "minimum interference" with the rights of any party, and
- Back payments are applicable subject to any limitations in the Plan rules, with interest applied at 1 % over the Bank of England base rate.

The Trustee of the Plan is aware that the issue will affect the Plan and is considering this and the impact on the Plan in conjunction with the Plan's Lawyers and Plan Actuary.

Decisions will be made as to the next steps over the coming months. At present no reliable estimate of the impact to the Plan can be ascertained with sufficient reliability.

The Trustee is aware of issues relating to the execution of deeds in respect of the Plan by the Employer. The Trustee continues to work with the Employer to understand the potential impact of these issues.

**14. SUBSEQUENT EVENTS**

There were no subsequent events requiring disclosure in the financial statements.

**15. EMPLOYER RELATED INVESTMENTS**

Except for the items detailed in note 12 above and the late contributions noted on page 36, there were no employer-related investments at 31 December 2018 or 2017 or at any time during the year.

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
SUMMARY OF CONTRIBUTIONS  
YEAR ENDED 31 DECEMBER 2018**

During the year ended 31 December 2018, the contributions payable to the Plan were as follows:-

<b>Regular contributions payable under the Schedule of Contributions</b>	<b>£</b>
Contributions from Employer:	
Normal	602,953
Normal – salary sacrifice	289,123
Deficit funding	4,000,000
Administration expenses	400,000
Contributions from members:	
Normal	14,703
<b>Total payable under the Schedule of Contributions</b>	<b>5,306,779</b>
<b>Other contributions payable</b>	
Contributions from members:	
Additional voluntary contributions	4,200
<b>Total contributions reported in the financial statements</b>	<b>5,310,979</b>

Apart from the below, contributions payable to the Plan during the year ended 31 December 2018 have been received in accordance with the Schedules of Contribution as certified by the Plan Actuary on 4 October 2016 and 13 December 2018, together with the additional contributions detailed above.

Contribution	Amount	Due date	Date paid	No. of days late
January 2018	£83,338	19 February 2018	28 February 2018	9

Administrative delays were the reason for the late contribution.

Signed on behalf of the Trustee

  
J Miller  
Director of Whitechapel  
Associates Limited

Date: 15 May 2019



K Hailes  
Director of Whitechapel  
Associates Limited

Date: 16 May 2019

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS  
YEAR ENDED 31 DECEMBER 2018**

**PDSA Retirement Benefits Plan (1978)  
Schedule of Contributions – Actuarial Certificate**

**Adequacy of contributions**

In my opinion, the contributions shown in this schedule are such that the statutory funding objective could have been expected on 31 December 2017 to be met by the end of the period specified in the recovery plan dated 13 December 2018.

**Consistency with statement of funding principles**

In my opinion, this schedule of contributions is consistent with the statement of funding principles dated 13 December 2018.

Please note that the adequacy of contributions statement in this certificate relates to the scheme's statutory funding objective. For the avoidance of doubt this certificate does not mean that the contributions shown in this schedule would be enough to secure the scheme's full liabilities with annuities if the scheme were to wind up.

Signature



Date

13 December 2018

Name

Alistair Russell-Smith

Qualification

Fellow of the Institute and Faculty of Actuaries

Name of Employer

Hymans Robertson LLP

Address

One London Wall, London, EC2Y 5EA

This certificate is provided to meet the requirements of regulation 10(6) of The Occupational Pension Schemes (Scheme Funding) Regulations 2005.