

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

**Annual Report
31 December 2017**

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
RETIREMENT BENEFITS PLAN (1978)
Year ended 31 December 2017

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**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
RETIREMENT BENEFITS PLAN (1978)
TRUSTEE AND ADVISERS
Year ended 31 December 2017**

PRINCIPAL EMPLOYER

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

TRUSTEE

Whitechapel Associates Limited (appointed 10 October 2017)

Directors

R Beck (appointment reconfirmed 10 October 2017)

K Hailes (appointment reconfirmed 10 October 2017)

J Miller (appointment reconfirmed 10 October 2017)

R Newcombe (member-nominated) (appointment reconfirmed 10 October 2017)

R Beck (removed 10 October 2017)

K Hailes (removed 10 October 2017)

J Miller (removed 10 October 2017)

R Newcombe (member-nominated) (removed 10 October 2017)

ADDRESS FOR GENERAL AND BENEFIT ENQUIRIES

Karen Waters-Hewitt

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

One Glass Wharf

Bristol

BS2 0ZX

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
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TRUSTEE AND ADVISERS (continued)
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INVESTMENT MANAGERS

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

Schroders Property Investment Management Limited
31 Gresham Street
London
EC2V 7QA

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

Insight Investment Management (Global) Limited (appointed 15 February 2017)
160 Queen Victoria Street
London
EC4V 4LA

Pictet Asset Management Limited (appointed 15 March 2017)
Moor House
120 London Wall
London
EC2Y 5ET

AVC INVESTMENT MANAGERS

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

Prudential
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

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
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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

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 with Pictet Asset Management Limited is:
Pictet & Cie (Europe) SA
6th Floor
5 Stratton Street
London
W1J 8LA

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
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TRUSTEE AND ADVISERS (continued)
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Custodian of the assets held with Invesco Perpetual Life Ltd is:

Citibank
Paternoster House
St Pauls Churchyard
London
EC4M 8AB

Custodian of the assets held with Insight Investment Management (Global) Limited is:

Northern Trust
50 Bank Street
Canary Wharf
London
E14 5NT

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
RETIREMENT BENEFITS PLAN (1978)
TRUSTEE'S REPORT
Year ended 31 December 2017**

The Trustee of The People's Dispensary For Sick Animals Retirement Benefits Plan (1978) (RBP/'Plan') presents their report and the audited financial statements for the year ended 31 December 2017, 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 Employers' 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 members are contracted out of the State Second Pension (S2P), formerly the State Earnings Related Pension Scheme (SERPS). Members will cease to be contracted out from 6 April 2016 with the abolition of contracting out of S2P.

Recent Developments

During the prior year, the Society confirmed the closure of the Plan to future accrual from 6 April 2019. Active members were given choices regarding how to build up their pension during the transition period of 1 July 2016 to 6 April 2019. The choices were as follows:

Option 1

Pay increased pension contributions to the Plan in order to maintain the current accrual rate for pension earned within the transition period.

Option 2

Continue to pay current pension contributions to the Plan and reduce the rate of accrual for pension earned in the transition period.

Option 3

Leave the Plan on 30 June 2016 and join the Group Personal Pension Plan on a non-contributory basis.

A large proportion of the Plan members opted to cease accruing benefits in the Plan and begin building up benefits in the Group Personal Pension Plan instead.

The aim of the closure was to reduce risk in the Plan, which should improve the security of benefits for all members over time. The Employer engaged the Trustee well in advance of taking this step, and the Trustee was involved in the process from the outset to ensure that all members of the Plan were able to make an informed decision about their retirement plans.

For any member who did not choose either to increase contributions or reduce the rate of accrual in the transition period, accrual was ceased with effect from 30 June 2016 and the member moved into the Group Personal Pension Plan at the statutory minimum level of contributions. For these members, the deferred pension will be subject to a final salary link underpin.

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TRUSTEE'S REPORT (continued)
Year ended 31 December 2017**

Recent Developments (continued)

For members who choose Option 1 or 2 on the previous page, the spouse's pension for death in service will continue to be based on prospective service up to normal retirement age. For members who choose Option 3, the spouse's pension for death in service is calculated on service to 30 June 2016, revalued up to date of death. To compensate for the lesser benefit, Option 3 members have been granted an additional one times basic salary as a lump sum death benefit up to 5 April 2019.

Update to the Rules

The Trustee has worked with its legal advisor to produce an updated set of Rules to incorporate all changes in legislation to date as well as specific scheme changes such as the Plan closure in April 2019. This was effective from 7 June 2017.

Abolition of Contracting Out

The Plan ceased to be contracted-out of the State Pension Plan when salary related contracting-out was abolished on 6 April 2016. The trustees therefore passed a resolution agreeing that for members who were active members immediately before 6 April 2016, the Guaranteed Minimum Pension (GMP) would be revalued by section 148 revaluation until date of leaving pensionable service, and by fixed rate revaluation from the date of leaving pensionable service to GMP payment age.

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 this than their cash equivalent value.

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

Management of the Plan

The Trustees agreed with the Society to form a Corporate Trustee Company and a deed removing the Trustees as individuals and appointing Whitechapel Associates Limited (the Trustee) as the Trustee was signed on 10 October 2017. The Trustee Directors of Whitechapel Associates Limited can be found on page 2 of this report.

Under the Trust Deed & Rules of the Plan, as well as a deed dated 10 October 2017 between PDSA 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.

The Trustee has also reviewed its governance framework and updated the terms of office for Trustee Directors. PDSA appointed Trustee Directors will serve and can serve as a Trustee Director until such time as he or she leaves the service of PDSA or retires from Council.

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

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Management of the Plan (continued)

In 2016, the Trustees asked for nominations for another Member Nominated Trustee. As no nominations were received, there remains a vacancy for a Member Nominated Trustee Director and the Trustee will repeat this exercise in due course.

During the year the Trustee Directors met four 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 Report for the year ended 31 December 2016 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 as well as general issues in the wider world of pensions.

The Member Update included a Summary Funding Statement as at 31 December 2016. A copy of the 2017 Member Report 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.

SPECIAL ACTIVITIES

GMP Reconciliation

Following the abolition of contracting out, the Trustee is undertaking a reconciliation of Guaranteed Minimum Pensions. This exercise is required to be concluded by the end of 2018.

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 and updated 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 and removal from office arrangements.

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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 the upcoming General Data Protection Regulations. 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 RBP, 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 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 Trustee has a Conflicts of Interest Policy which is reviewed and monitored regularly.

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 Trustee has carried out a range of activities to obtain missing data, and will continue to monitor the position in the future. The score as at 11 November 2016 was an overall pass rate of 96% and this score remained unchanged as at 5 January 2018.

DISPUTE RESOLUTION PROCEDURE

The Trustee has devised and published a dispute resolution procedure to consider complaints from members or their representatives. Details of the procedure are available from Karen Waters-Hewitt (the Pensions Manager), 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:

	2017	2016
Current members	113	129
Early leavers with deferred benefits	1,272	1,307
Pensioners (including beneficiaries receiving pensions)	663	650
Total	<u>2,048</u>	<u>2,086</u>

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MEMBERSHIP (continued)

Included within the pensioner figures are 546 (2016: 546) annuitants which the Plan has purchased annuity policies in respect of their pension payments.

FINANCIAL REVIEW

The 2017 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 17.

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 Scheme increased from £113,403,837 at 31 December 2016 to £120,748,605 at 31 December 2017. The increase in net assets is accounted for by:

	Total 2017 £	Total 2016 £
Member related income	5,468,919	3,942,335
Member related payments	(5,198,271)	(3,990,805)
Net additions/(withdrawals) from dealings with members	270,648	(48,470)
Net returns on investments	7,074,120	14,243,365
Net increase in fund	7,344,768	14,194,895
Net assets at start of year	113,403,837	99,208,942
Net assets at end of year	120,748,605	113,403,837

PENSION INCREASES

As at July 2017, the pensions in payment were increased in line with the Plan's Rules. All increases were in accordance with the Trust Deed and 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 3.1%
- Pensions accrued between 6 April 1997 and 5 April 2006 were increased by 3.1%
- Pensions accrued on or after 6 April 2006 were increased by 2.5%
- Post 1988 GMP pension was increased by 1%
- No increase was applied to pre-1988 GMPs.

Deferred pensions have been increased in line with statutory requirements.

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Actuarial Review

The Fund Account and Statement of Net Assets on pages 24 to 25 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 2014. 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 July 2016. 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 July 2016 – 31 December 2016	£1.326m payable over the six month period, calculated such that the total deficit-reduction contribution paid in 2016 is £2.0m
1 January 2017 – 31 December 2018	£4.0m pa
1 January 2019 – 31 March 2019	£1.2m payable over the three month period
1 April 2019 – 31 December 2019	£1.5m payable over the nine month period
1 January 2020 – 31 December 2031	£2.0m pa

In addition, the Society will also pay, a fixed contribution of £400,000 per annum to cover Plan expenses plus the PPF levies and life insurance premiums.

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

The formal actuarial certificate required by statute to be included in this Annual Report from the Scheme Actuary appears on page 38. In addition, as required by FRS 102, the Trustee has included the report on Actuarial Liabilities below, which forms part of the Trustee's 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 2014. This showed that on that date:

The value of the Technical Provisions was: £131.4 million
The value of the assets at that date was: £96.1 million
Deficit (£35.3 million)
Funding level 73%

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REPORT ON ACTUARIAL LIABILITIES (continued)

Method

The actuarial method used in the calculation of the expected cost of member's 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 1.5%
Post-retirement discount rate	Market implied gilt curve plus 0.5%
Price inflation (RPI)	Market implied gilt yield curve
Price inflation (CPI)	In line with RPI inflation less 1.0% pa
Salary growth	In line with the Society's forecast until 1 January 2018 and then equal to the RPI inflation curve from 1 January 2019
Pension increases	LPI 5% gilt yield curve/LPI 2.5% gilt yield curve
Deferred revaluation	In line with relevant price inflation assumption

Demographic Assumptions

Post-retirement mortality base table	2014 VITA Tables
Pre-retirement mortality base table	S1NMA/S1NFA
Future improvements in longevity	CMI mortality projection model (2014) using advanced parameters calibrated to Club Vita improvements data up to 2014 with a long term rate for males of 1.5% and 1.0% for females. The cohort effect is assumed not to have peaked yet and the improvements decline at the oldest ages.
Retirements in normal health	Members are assumed to retire at the earliest age at which all their benefits are payable unreduced as a right. This is age 65 for all members other than females who left before 17/5/1990 for whom it is age 60. 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 that joined pre 1/1/91 and pre 5/5/1993 service for females that 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.
Commutation	100% of members are assumed to exchange their pension for the FA04 maximum cash at retirement on current commutation terms

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 TRUSTEE'S REPORT (continued)
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Demographic Assumptions (continued)

Withdrawal	Males: 25% pa at age 20 trending down to 8% pa chance at age 40 and 0% pa chance at age 60. Females: 25% pa at age 20 trending down to 9% pa chance at age 40 and 0% pa chance at age 60
Family details	85% of male members and 75% 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.
Ill health retirements	No allowance made for members to retire early in ill health.

Statement of Funding Principles

The latest Statement of Funding Principles was agreed as part of the 31 December 2014 funding valuation and was signed on 4 October 2016. 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 2014 has been agreed with the Employer and, assuming the assumptions are borne out in practice, the deficit is expected to be removed by 31 December 2031. This is due to be reviewed as part of the 31 December 2017 valuation.

Schedule of Contributions

Contributions payable to the Plan during the year ended 31 December 2017 have been received in accordance with the Schedules of Contributions dated 4 October 2016.

The current Schedule of Contributions was agreed as part of the 31 December 2014 funding valuation and was completed and certified by the Plan Actuary on 4 October 2016. In addition to the contributions agreed to remove the deficit, the Employer will contribute 19% pa of pensionable salaries to meet the expected cost of future benefit accrual. This is due to be reviewed again as part of the 31 December 2017 valuation.

Members, unless they are participating in the salary sacrifice arrangement, shall pay contributions in line with the table on page 28. 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 38.

INVESTMENT MANAGEMENT

The Trustee delegate the day-to-day management to professional external investment managers. The Trustee set 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.

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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 2017

The Plan's investment strategy is set out in the Statement of Investment Principles (SIP), dated November 2017, 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 2017:

- **Insight LDI:** In early 2017, the Trustee's decision to move to Insight and invest in their Liability Driven Investment Funds was implemented.
- **Appointment of Pictet:** In March 2017, the Trustee appointed Pictet Asset Management as one of their managers, and an initial investment of £11.7m was made into the Dynamic Asset Allocation Fund, funded by a transfer from the Plan's holdings with BlackRock.

This is a diversified growth fund that aims to deliver similar returns to those on equities over the long term but with a lower level of volatility, thus helping to reduce the volatility of the Plan's funding position.

- **BlackRock Equity restructure:** In July 2017, the Plan restructured its assets held with BlackRock. This was due to the fact that BlackRock was closing its Currency Hedging Fund the Plan was invested in. To continue to hedge the Plan's currency exposure in equities, the Plan added the currency hedged version of each of BlackRock's overseas developed equity funds.

The Statement of Investment Principles was updated and signed on 21 November 2017. As at 31 December 2017 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, and diversified growth funds.

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Strategy as at 31 December 2017 (continued)

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

Asset Class	31/12/17 (%)	31/12/16 (%)
UK Equities	5.8	7.4
Overseas Equities	20.1	25.9
<i>US Equities</i>	2.9	6.8
<i>Currency Hedged US Equities</i>	3.0	-
<i>Europe ex UK Equities</i>	2.8	8.6
<i>Currency Hedged Europe ex UK Equities</i>	2.8	-
<i>Japanese Equities</i>	1.5	4.9
<i>Currency Hedged Japanese Equities</i>	1.5	-
<i>Pac Basin ex Japan Equities</i>	1.5	3.6
<i>Currency Hedged Pac Basin ex Japan Equities</i>	1.4	-
<i>Emerging Market Equities</i>	2.8	2.0
LDI	37.0	-
<i>Longer Nominal Fund</i>	11.5	-
<i>Longer Real Fund</i>	15.7	-
<i>Shorter Real Fund</i>	2.4	-
<i>Bonds Plus Fund</i>	7.4	-
Sterling Currency Hedging	-	2.3
UK Index-Linked Gilts	-	24.5
UK Fixed Interest Gilts	-	0.6
UK Corporate Bonds	-	10.7
Fund of Hedge Funds	0.0	0.0
European Property	0.4	0.8
BlackRock Diversified Growth Fund	4.5	4.7
BlackRock Dynamic Return	-	4.4
Invesco Global Targeted Return	17.3	18.1
Pictet Dynamic Asset Allocation Fund	14.8	-
Cash	0.1	0.8
Total	100.0	100.0

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Strategy as at 31 December 2017 (continued)

The day-to-day investment report 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 2017:

Manager	Proportion of portfolio (%)
BlackRock Investment Management (UK) Limited	30.5
BlackRock Alternative Advisors ("BAA")	0.01
Schroder Investment Management ("Schroder")	0.4
Insight Investment ("Insight")	37.0
Pictet Asset Management ("Pictet")	14.8
Invesco Perpetual	17.3
Total	100.0

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.

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 Year ended 31 December 2017

Performance

The below table outlines the performance of the Plan's investments for the year, three years and five years ended 31 December 2017. Performance for BlackRock is shown gross of fees, whilst Invesco, Pictet, Insight and Schroders performance is illustrated net of management fees.

TIME-WEIGHTED RETURNS TO 31 DECEMBER 2017						
Investment Sector Fund	Last Twelve Months		Last Three Years		Last Five Years	
	Fund %	Index %	Fund % pa	Index % pa	Fund % pa	Index % pa
Insight Longer Nominal Fund	15.3	15.2	n/a	n/a	n/a	n/a
Insight Longer Real Fund	6.8	5.1	n/a	n/a	n/a	n/a
Insight Shorter Real Fund		-1.5	n/a	n/a	n/a	n/a
Insight Bonds Plus Fund	0.2	0.3	n/a	n/a	n/a	n/a
Invesco Global Targeted	1.4	4.4	n/a	n/a	n/a	n/a
BlackRock Diversified Growth	8.6	3.3	n/a	n/a	n/a	n/a
Pictet Dynamic Asset Allocation	4.0	3.4	n/a	n/a	n/a	n/a
BlackRock UK Equity	13.3	13.1	10.2	10.1	10.4	10.3
BlackRock US Equity	11.5	11.5	16.7	16.7	20.1	20.1
BlackRock US Equity Hedged*	8.1	8.2	n/a	n/a	n/a	n/a
BlackRock European Equity	16.9	17.0	13.9	13.9	13.3	13.2
BlackRock European Equity	2.5	2.5	n/a	n/a	n/a	n/a
BlackRock Japanese Equity	14.3	14.2	18.0	17.9	16.1	16.0
BlackRock Japanese Equity	11.8	11.9	n/a	n/a	n/a	n/a
BlackRock Pacific Rim Equity	21.1	21.1	15.2	15.2	10.0	10.0
BlackRock Pacific Rim Equity	6.4	6.4	n/a	n/a	n/a	n/a
BlackRock Emerging Markets	26.5	26.2	16.0	15.8	9.8	9.8
Schroders European Property	6.1	8.0	17.0	8.0	5.0	8.0

*Performance is shown over the period from when the Plan first invested in the Fund to 31 December 2017.

Over the course of 2017, the Plan's investments returned a performance of 2.6%. Performance over the three years to 31 December 2017 was 5.4% p.a.

Economic and market conditions to 31 December 2017

Fallout from 2016's unexpected populist votes dominated the economic backdrop over the 12 months to 31 December 2017. The aftershocks of the UK's "leave" vote in June 2016 continued to rumble and Donald Trump's election victory in November 2016 helped support the rally in US markets throughout 2017. Despite the surprise elicited by both results, the market's reaction was much more subdued than many forecasts had suggested.

Following the sharp depreciation immediately following the Brexit vote, sterling appreciated from \$1.23 to \$1.35 during the course of 2017. On 29 March 2017, Theresa May triggered Article 50, beginning the process of UK leaving the EU. The announcement had been heavily advertised over the preceding months and markets barely moved. On 8 December 2017, the UK reached a provisional deal with the EU on the outline of the Brexit deal, including a liability settlement of an estimated £30-60bn.

Donald Trump's promises of fiscal stimulus and an extensive infrastructure programme appeared to generate optimism in the markets, as the Dow Jones Industrial Average started 2017 near the 20,000 level. However, by 25 March the administration's failure to pass its first piece of legislation, replacing "Obamacare", led to a market "wobble" as concerns grew that the Republican tax plan would suffer similar delays and setbacks on its journey through Congress. Towards the end of the year, US equity markets hit record highs as US fundamentals remaining strong, and help on 22 December when the much debated US tax reforms were signed into law. This led some US companies to revise both their quarter four 2017 earnings forecasts, and those over the coming year.

Political uncertainty continued in Europe throughout 2017. Dutch, German and Austrian elections passed without much incident as traditional parties triumphed, despite gains for populist parties. A number of other elections produced much more surprising results, but none produced a sizeable reaction from markets. In France, Emmanuel Macron and his newly formed party "La République En Marche!" triumphed in the presidential and parliamentary elections, while a snap general election in the UK saw the Conservative party lose its majority but retain its control of government following a coalition with the Democratic Unionist Party.

Japan's Prime Minister, Shinzō Abe, called a general election for 22 October 2017, an election he won with a landslide majority and the Nikkei 225 passed a 21 year high by the end of December, helped by a 11.8% return over the last quarter of 2017.

The 12 months to 31 December 2017 saw the US and UK tighten their central bank policies and the ECB started 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 its quantitative easing (QE) programme, it also announced a reduction in the rate of purchases to €30bn per month, effective from January 2018 to September 2018.

On 2 November 2017, the BoE raised rates to 0.5% for the first time since the Global Financial Crisis, a move that was in line with market expectations. Although UK CPI exceeded 3% in November, the BoE believes this to be temporary increase.

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
RETIREMENT BENEFITS PLAN (1978)
TRUSTEE'S REPORT (continued)
Year ended 31 December 2017

Economic and market conditions to 31 December 2017 (continued)

The Fed continued to tighten monetary policy over 2017 by raising interest rates three times to 1.5% by December. Due to the modest pace of the rate hikes and the Fed's communication with the market, the majority of the impact had been priced into markets and the immediate reactions were muted. During the third quarter, the Fed also announced plans to begin reducing its balance sheet.

Market performance

Against this backdrop, market returns from traditional asset classes were largely positive in absolute terms over the year to 31 December 2017, with bonds producing modest positive returns.

- Equities: Overall, global equities performed strongly over the year to 31 December 2017, generating 20.3% in local currency terms. Returns were strong across all geographical regions but with a differential of 14.3% between the best (Emerging Markets) and worst (UK) performing regions (in local currency terms). UK equities returned 13.1% over the year to 31 December 2017.
- Bonds: The UK yield curve flattened with shorter term yields rising and longer term yields falling over the year. The net impact was a small positive return for UK fixed interest gilts (all stocks). Inflation fell slightly over the year which combined with yield movements, lead to UK index-linked gilts (all stocks) delivering a small positive return over the quarter. Corporate spreads decreased over the quarter.

Fixed interest gilts (all stocks) returned 0.8% over the year to 31 December 2017, while corporate bonds (all stocks) returned 5.0% and index-linked government securities (all stocks) returned 2.3%.
- Property – UK commercial property funds posted positive monthly net inflows in April 2017, for the first time since the EU referendum was announced in February 2016. The FTSE UK All Property Index was up 6.9% over the twelve months to 31 December 2017, significantly higher than the 1.4% growth seen in the previous 12 months.

Signed on behalf of the Trustee



J Miller
Director of Whitechapel
Associates Limited

Date: 21/03/18



K Hailes
Director of Whitechapel
Associates Limited

Date: 21/03/18

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
RETIREMENT BENEFITS PLAN (1978)
STATEMENT OF TRUSTEE'S RESPONSIBILITIES
Year ended 31 December 2017**

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 trustees. Pension scheme regulations require, and the trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the scheme during the scheme year and of the amount and disposition at the end of the scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year, and
- contain the information specified in 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 trustees are 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 scheme will not be wound up.

The trustees are also responsible for making available certain other information about the scheme in the form of an annual report.

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.

The trustees are 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 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 adopting risk-based processes to monitor whether contributions are made to the scheme by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

INDEPENDENT AUDITORS' 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 2017 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 2017, 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 AUDITORS' 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, 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.

This report is made solely to the Plan's Trustee as a body, in accordance with Regulation 3 of the Occupational Pension Plans (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 *22/03/2018*

INDEPENDENT AUDITORS' STATEMENT OF 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 37, in respect of the scheme year ended 31 December 2017.

In our opinion the contributions for the plan year ended 31 December 2017 as reported in the attached summary of contributions on page 37 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 actuary on 4 October 2016.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 37 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.

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.

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 *22/03/2018*

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
RETIREMENT BENEFITS PLAN (1978)
FUND ACCOUNT
Year ended 31 December 2017

	Note	2017 £	2016 £
Contributions and benefits			
Contributions – employer		5,433,652	3,915,430
– employee		22,261	26,905
Total contributions	2	<u>5,455,913</u>	<u>3,942,335</u>
Other income		13,006	-
Benefits paid or payable	3	(2,534,546)	(2,557,799)
Payments to and on account of leavers	4	(2,228,836)	(695,864)
Administrative expenses	5	(434,889)	(737,142)
		<u>(5,198,271)</u>	<u>(3,990,805)</u>
Net additions/(withdrawals) from dealings with members		<u>270,648</u>	<u>(48,470)</u>
Returns on investments			
Investment income	6	1,936,023	2,205,110
Change in market value of investments	8	5,334,089	12,121,719
Investment management expenses	8	(195,992)	(83,464)
Net returns on investments		<u>7,074,120</u>	<u>14,243,365</u>
Net increase in the Plan during the year		7,344,768	14,194,895
Net assets of the Plan			
At 1 January		113,403,837	99,208,942
At 31 December		<u>120,748,605</u>	<u>113,403,837</u>

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
 RETIREMENT BENEFITS PLAN (1978)
 STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)
 Year ended 31 December 2017

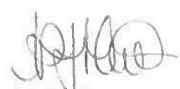
	Note	2017 £	2016 £
INVESTMENT ASSETS			
Pooled investment vehicles		88,734,885	78,789,905
Insurance policies		30,400,000	32,100,000
AVC investments		997,910	956,473
Cash deposits		64,308	5,823
Cash in transit		44,948	-
	8	<u>120,242,051</u>	<u>111,852,201</u>
CURRENT ASSETS	10	858,621	1,958,208
CURRENT LIABILITIES	11	(352,067)	(406,572)
NET ASSETS OF THE PLAN AT 31 DECEMBER		<u><u>120,748,605</u></u>	<u><u>113,403,837</u></u>

The accounting policies and notes on pages 26 to 36 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 11 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 by the Trustee on 2018 and were signed on its behalf by:


 J Miller
 Director of Whitechapel
 Associates Limited
 Date: 21/03/18


 K Hailes
 Director of Whitechapel
 Associates Limited
 Date: 21/03/18

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
RETIREMENT BENEFITS PLAN (1978)
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

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 as they fall due under 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.

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 his 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.

Administration and Investment expenses

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

Investment income

Annuity income is accounted for on the date due basis rather than date received.

Pooled Investment Vehicle income is accounted for on an accruals basis.

All other interest is included on an accruals basis.

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.

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
 RETIREMENT BENEFITS PLAN (1978)
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 Year ended 31 December 2017

1. ACCOUNTING POLICIES (continued)

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 annuity 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 scheme 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	2017	2016
	£	£
Employer contributions		
Normal	696,055	1,268,477
Normal - salary sacrifice	337,597	446,953
Administration expenses	400,000	200,000
Deficit funding	4,000,000	2,000,000
	5,433,652	3,915,430
Employee contributions		
Normal	16,711	15,665
Additional voluntary contributions	5,550	11,240
	22,261	26,905
Total	5,455,913	3,942,335

Contributions payable to the Plan during the year ended 31 December 2017 have been received in accordance with the Schedule of Contributions as certified by the Plan Actuary on 4 October 2016, together with the additional contributions detailed above.

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
 RETIREMENT BENEFITS PLAN (1978)
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 Year ended 31 December 2017

2. CONTRIBUTIONS (continued)

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 that were accruing 1/60ths on 30 June 2016; or 8% of Contribution Salary for members that 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

To eliminate 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 2017 to 31 December 2018 £4.0m per annum, from 1 January 2019 to 31 March 2019 £1.2m over the 3 month period, from 1 April 2019 to 31 December 2019 £1.5m over the 9 month period. From 1 January 2020 – 31 December 2031 £2.0m per annum.

3. BENEFITS PAID OR PAYABLE

	2017 £	2016 £
Commutations of pensions and lump sum benefits on retirement	522,498	667,602
Pensions	2,011,560	1,890,197
Lump sum death benefits	488	-
	<u>2,534,546</u>	<u>2,557,799</u>

4. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2017 £	2016 £
Individual transfers out to other schemes	<u>2,228,836</u>	<u>695,864</u>

5. ADMINISTRATIVE EXPENSES

	2017 £	2016 £
Administration	236,932	319,385
Actuarial fees	56,804	98,287
Other expenses	128,202	301,472
Audit & accounts fees	12,951	17,998
	<u>434,889</u>	<u>737,142</u>

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
 RETIREMENT BENEFITS PLAN (1978)
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 Year ended 31 December 2017

6. INVESTMENT INCOME

	2017 £	2016 £
Interest on cash deposits	118	980
Income from pooled investment vehicles	372,353	646,675
Annuity income	1,559,139	1,536,700
AVC interest	4,413	20,755
	<u>1,936,023</u>	<u>2,205,110</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 Scheme is therefore exempt from taxation except for certain withholding taxes relating to overseas investment income. Tax charges are accrued on the same basis as the investment income to which they relate (see Note 6 above).

8. INVESTMENTS

(a) Market value of investments

	Opening value	Purchases	Sales proceeds	Change in market value	Closing Value
	£	£	£	£	£
Pooled Investment Vehicles	78,789,905	119,220,794	(116,163,881)	6,888,067	88,734,885
Insurance policies	32,100,000	-	-	(1,700,000)	30,400,000
AVC investments	956,473	22,969	(127,554)	146,022	997,910
	<u>111,846,378</u>	<u>119,243,763</u>	<u>(116,291,435)</u>	<u>5,334,089</u>	<u>120,132,795</u>
Cash deposits	5,823				64,308
Cash in transit	-				44,948
	<u>111,852,201</u>				<u>120,242,051</u>

INVESTMENT TRANSACTION COSTS

There are no direct transaction costs borne by the plan.

In addition to the direct transaction costs described above, 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.

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
 RETIREMENT BENEFITS PLAN (1978)
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 Year ended 31 December 2017

8. INVESTMENTS (continued)

(b) Investment management expenses

	2017 £	2016 £
Administration and management	<u>195,992</u>	<u>83,464</u>

(c) Analysis by investment type

	2017 £	2016 £
Pooled Investment Vehicles:		
Invested in bonds		
UK public sector quoted	32,832,570	19,744,635
UK corporate quoted	-	8,415,058
	<u>32,832,570</u>	<u>28,159,693</u>
Other pooled investment vehicles		
UK equities	5,175,681	5,871,875
Overseas equities	17,875,613	20,433,844
Cash instruments	173	1,777,200
BlackRock Hedge Fund of Funds	3,995,812	7,722,524
Schroders Property	329,808	581,839
Invesco Global Targeted Returns Fund	15,355,427	14,242,930
Pictet PS II Dynamic Asset Allocation Fund	13,169,974	-
	<u>55,902,315</u>	<u>50,630,212</u>
	<u>88,734,885</u>	<u>78,789,905</u>

(d) Cash deposits

	2017 £	2016 £
BlackRock Cash Account	-	5,823
Insight LDI PF	30,508	-
Insight BD Plus PF	33,800	-
	<u>64,308</u>	<u>5,823</u>

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
 RETIREMENT BENEFITS PLAN (1978)
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 Year ended 31 December 2017

8. INVESTMENTS (continued)

(e) AVC investments

	2017 £	2016 £
Scottish Friendly	4,858	8,483
Prudential	241,626	147,781
Equitable Life	11,049	10,921
Legal & General	740,377	789,288
	<u>997,910</u>	<u>956,473</u>

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 Plan 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.

	2017 £	2016 £
Aviva Buy-in policy	29,700,000	31,500,000
Aviva annuities	700,000	600,000
	<u>30,400,000</u>	<u>32,100,000</u>

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
 RETIREMENT BENEFITS PLAN (1978)
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 Year ended 31 December 2017

8. INVESTMENTS (continued)

CONCENTRATION OF INVESTMENTS

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

	2017 £	2017 % of net assets	2016 £	2016 % of net assets
Aviva insurance policies	30,400,000	25.2	32,100,000	28.3
Invesco Global Targeted Returns Fund	15,355,427	12.7	14,242,931	12.6
Pictet PS II Dynamic Asset Allocation Fund	13,169,974	10.9	-	-
Insight LDI PF Fixed	26,275,947	21.8	-	-
Insight BD Plus PF	6,556,449	5.4	-	-
Aquila equities	-	-	28,082,921	24.8
Aquila fixed interest securities	-	-	28,159,693	24.8
Blackrock Hedge funds	-	-	7,722,521	6.8

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 2017	Level (1) £	Level (2) £	Level (3) £	Total £
Pooled investment vehicles	13,127,039	75,607,846	-	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	13,236,295	75,607,846	31,397,910	120,242,051

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
 RETIREMENT BENEFITS PLAN (1978)
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 Year ended 31 December 2017

9 INVESTMENT FAIR VALUE HIERARCHY (continued)

As at 31 December 2016	Level (1) £	Level (2) £	Level (3) £	Total £
Pooled investment vehicles	8,403,329	70,386,576	-	78,789,905
AVC investments	-	-	956,473	956,473
Insurance policies	-	-	32,100,000	32,100,000
Cash deposits	5,823	-	-	5,823
Total	8,409,152	70,386,576	33,056,473	111,852,201

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 their 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.

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
RETIREMENT BENEFITS PLAN (1978)
NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2017**

Investment risks (continued)

Further information on the Trustee's approach to risk management, credit and market risk is set out below. This does not include the AVC investment as these are not considered significant in relation to the overall investments of the scheme.

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 PEOPLE'S DISPENSARY FOR SICK ANIMALS
RETIREMENT BENEFITS PLAN (1978)
NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2017**

Investment risks (continued)

Market risk: Currency

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

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

10. CURRENT ASSETS

	2017	2016
	£	£
Contributions due from employer in respect of:		
Employer	82,515	89,595
Employees	1,528	1,005
Amounts due from Employer	10,678	17,071
Other debtors	147,927	794,023
Cash at bank	615,973	1,056,514
	<u>858,621</u>	<u>1,958,208</u>

The contributions due at 31 December 2017 and 31 December 2016, were received after the year end in accordance with the Schedule of Contributions.

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
 RETIREMENT BENEFITS PLAN (1978)
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 Year ended 31 December 2017

11. CURRENT LIABILITIES

	2017 £	2016 £
Prepaid annuity income	(128,624)	(120,751)
Unpaid benefits	(70,052)	(96,699)
Other creditors	<u>(153,391)</u>	<u>(189,122)</u>
	<u><u>(352,067)</u></u>	<u><u>(406,572)</u></u>

12. RELATED PARTY TRANSACTIONS

The Trustee Directors were paid fees and expenses amounting to £1,453 during the year (2016: £11) from the Plan and £7,977 (2016: £62,113) from the employer.

The balance due from employer includes VAT, recoverable through the employer's returns in respect of expenses paid on behalf of the Plan, of £94,721 (2016: £107,671), £10,678 (2016: £17,071) of which is VAT.

The Plan holds security against certain freehold assets owned by the Employer. At 31 December 2017 the Net Book Value of these assets was £8,377,000 (2016: £8,377,000).

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.

The Trustee has been made aware of the possibility of execution issues with some historic deeds and this situation is under investigation by The Principal Employer. At this early stage in the investigation the Trustee is unable to comment further.

14. SUBSEQUENT EVENTS

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

15. EMPLOYER RELATED INVESTMENTS

Except for the items detailed at note 12 above, there were no employer-related investments at 31 December 2017 or 2016 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 2017

During the year ended 31 December 2017, the contributions payable to the Plan were as follows:-

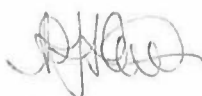
Regular contributions payable under the Schedule of Contributions	£
Contributions from Employer:	
Normal	696,055
Normal – salary sacrifice	337,597
Deficit funding	4,000,000
Administration expenses	400,000
Contributions from members:	
Normal	16,711
	<hr/>
Total payable under the Schedule of Contributions	5,450,363
Other contributions payable	
Contributions from members:	
Additional voluntary contributions	5,550
	<hr/>
Total contributions reported in the financial statements	<u>5,455,913</u>

Contributions payable to the Plan during the year ended 31 December 2017 have been received in accordance with the Schedule of Contributions as certified by the Plan Actuary on 4 October 2016, together with the additional contributions detailed above.

Signed on behalf of the Trustee


 J Miller
 Director of Whitechapel Associates Limited

Date: 21/03/18



K Hailes
 Director of Whitechapel Associates Limited

Date: 21/3/18

THE PEOPLE'S DISPENSARY FOR SICK ANIMALS
RETIREMENT BENEFITS PLAN (1978)
CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS
Year ended 31 December 2017

People's Dispensary for Sick Animals Retirements 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 2014 to be met by the end of the period specified in the recovery plan dated 4 October 2016.

Consistency with statement of funding principles

In my opinion, this schedule of contributions is consistent with the statement of funding principles dated 4 October 2016.

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

4 October 2016

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.

