

Lloyd's Register Superannuation Fund Association (LRSFA)

Trustee's Report and Financial Statements for the Year
1 April 2016 to 31 March 2017

LRSFA the Pensions Regulator registration number: 100145126

INTRODUCTION

Welcome to the 2017 Trustee's Report and Financial Statements. The financial environment for pension funds continues to be difficult with continuing historically low interest rates pushing up the cost of providing pensions and therefore the amount needed to be held in the Fund so that pensions can be paid as they fall due. In my introduction message for the 2016 Trustee's Report and Financial Statements I mentioned about the implementation of a new strategy for the investment of Defined Benefit funds.

I am very happy to confirm to you that the new strategy has now been fully implemented and as a result the value of assets more closely tracks the value placed on the Fund's liabilities attempting to neutralise the effect of changes in interest rates or expected inflation with what is known as LDI (Liability Driven Investments). We have reduced our exposure to the volatile equity market and increased our investment in fixed interest assets, thus reducing the volatility of our funding level. The table in Section 11 on page 6 shows how the various assets were transferred to this new strategy.

I am also pleased to report that we have completed the 2016 triennial valuation requiring the Fund's Actuary to re-evaluate the amount required to be held. The result of the 2016 triennial valuation arrived at a deficit figure of £81 million compared to a deficit figure of £94 million at the previous valuation in 2013. An agreement has been reached with the Company incorporating a recovery plan whereby the Company pays amounts into the fund aiming to get us to full funding on a technical provision basis by 2026. The Company will not continue to pre fund discretionary pension increases in relation to pension accrued for service before 1997 and but have agreed to a derisking reserve, which should allow us to take further risk out of our investments in the future, thus increasing the security for the membership.

The Defined Benefit assets overall returned over 14% in line with the benchmark set by the Trustee, whilst the Defined Contribution section of the Fund saw assets grow by over 22% to £148 million at the end of the year.

We continue to experience service problems with our DC administrator Friends Life following computer system transitions and changes in their administration. As a result the Trustee will look at various options to improve the service available to members. The Group Pensions department is to be thanked for the tenacity with which they identified and mitigated the effect of these problems ensuring that your records were accurate and benefits unaffected.

All members of the LRSFA will have been written to with regards to the outsourcing of administration services from Group Pensions on 1st August 2017 to PS Administration Limited following a decision taken by the Company to no longer provide administration services to the LRSFA. I can assure you that the Trustee and Group Pensions will monitor the performance of PS Administration Limited so that members will continue to enjoy a high quality service.

I would like to thank the Group Pensions team for the support they have given the membership and the Trustee during the year. I would also like to thank the members of the Trustee Board who have worked on ensuring your interests are looked after.

Nicholas Godden
Chairman to the Board of the Trustee
Lloyd's Register Superannuation Trustees Limited

Group Pensions Department
Lloyd's Register Group Services Limited
71 Fenchurch Street
London EC3M 4BS
group.pensions@lr.org

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Appendix 1

Statement of Investment Principles

1. Trustee

Lloyd's Register Superannuation Trustees Limited
71 Fenchurch Street
London
EC3M 4BS

2. Secretary of the Fund

Mr G Jones

3. Sponsoring Employer

Lloyd's Register Group Ltd
71 Fenchurch Street
London
EC3M 4BS

4. Advisers to the Fund

Actuary	Mr David Jones – Lane Clark & Peacock LLP
Auditor	Crowe Clark Whitehill LLP
Investment Managers	Alcentra Apollo Investment Barings (Babson) - <i>Appointed July 2016</i> Blue Crest Capital Management LLP Legal and General Investment Management Ltd Liongate M&G Investments Partners Group PIMCO Rogge Global Partners Plc – <i>Divested March 2017</i> Schroders - <i>Appointed April 2016</i> Standard Life Investments
Legal Adviser	Hogan Lovells International LLP
Investment Adviser	KPMG LLP – For both the DB and DC sections
DB Administrator	Group Pensions Department (In house administrators)
DC Administrator	Friends Life

5. Custodian

BNY Mellon

6. Bank

National Westminster Bank Plc

7. The Trustee of the Fund

Lloyd's Register Superannuation Trustees Limited is a company whose sole function is to act as Trustee of the Fund. The Directors of the company act as Trustees of the Fund. All enquiries regarding the Fund should be addressed to the Secretary at the address of the Trustee shown above.

8. The Directors of the Company (Trustees)

Mr N Godden]	Chairman
Mr S Nice]	Nominated by Lloyd's Register Group Ltd
Ms M Elkin]	
Mrs R Berry]	
Mr C Clarke (From 1 December 2016)*]	
Mr C Colby-Blake (from 22 July 2016)]	Member Nominated Trustees (elected by the Fund members)
Mr D Cronin (re-elected 15 December 2016)]	
Mrs R Willson (from 22 July 2016)]	

* Mr C Clarke resigned as a trustee on 15th September 2017 a replacement has yet to be confirmed

Trustees are appointed in accordance with Article 71 of the Articles of Association of the Company and are removed or may resign in accordance with Article 74. Trustees nominated by Lloyd's Register Group Ltd may be removed or replaced by Lloyd's Register Group Ltd. Member Nominated Trustees are subject to election by the members at Annual General Meetings. They are elected to serve for a period of three years and retire annually in rotation.

The Trustees shall have the power to remove any Trustee from office (by whoever they were appointed, either the members or the employer). The same powers will apply to appoint a replacement Trustee who ceases to be a Trustee for any reason.

There were four Trustee Board meetings held throughout the year as scheduled. Each Trustee Director has one vote and a decision may be carried by a simple majority. In the event of a tie, the Chairman will have the casting vote. The Trustee Board has delegated some of its responsibility to sub committees. The Defined Benefit and Defined Contribution Investment subcommittees convened four times in the year. The Discretions subcommittee convened monthly.

9. Changes to the Directors of the Trustee Company

Mr K Povey stood down as an Employer Nominated Trustees and was replaced by Mr C Clarke. Mr C Clarke stood down subsequently on 15th September and has yet to be replaced.

Miss L Boscic & Mr M Hunter stood down and as Member Nominated Trustees on 30 June 2016. In accordance with Rule D24.6 an election was held at an Extraordinary General Meeting ("EGM") on 22 July 2016, 4 candidates were nominated to stand and at the vote held of the EGM, Mr C Colby-Blake and Mrs R Willson received the highest number of votes and were elected as Member Nominated Trustee.

In accordance with Rule D24 an election was held at the Annual General Meeting on 15 December 2016, as the longest standing Member Nominated Trustee Director Mr D Cronin stood down. Mr D Cronin re-stood for the election and as the only candidate he was re-elected unopposed.

10. Changes to the Advisers to the Fund

There were no changes to advisers during the year.

11. Changes to the Investment Managers

The Trustee Board approved to move to a new investment strategy that would incorporate Liability Driven Investments (LDI) and further credit opportunities. The table below details the transition plan of assets between investment managers:

Investment Manager	31/03/2016 (% of Total Portfolio Managed)	31/03/2017 (% of Total Portfolio Managed)	31/03/2018 (Expected % of Total Portfolio Managed)
Alcentra – Direct Lending	5.7	4.5	12.0
Apollo – Semi-Liquid Credit	9.9	8.9	10.0
Barings (Babson) - Collateralised Loan Obligations	0	10.5	12.0
Brandes – Active Equities	1.6	0	0
Blue Crest – Global Macro	0.5	0.05	0
L&G – Passive World Equity	20.3	22.1	20.0
L&G – Index Linked Gilts	30.8	0	0
Liongate – Fund of Hedge Funds	0.3	0.2	0
M&G Alpha – Diversified Credit	5.5	5.0	6.5
Partners Group – Direct Lending	8.0	7.2	8.0
PIMCO – Diversified Credit	7.7	10.6	6.5
Rogge – Active UK Credit	2.1	0	0
Standard Life – Active UK Credit	7.6	7.4	7.0
Schroders – Liability Driven Investments	0	23.6	18.0

12. Post year end events

There were no post year events requiring disclosure.

13. Custodial arrangements

The Fund's assets are held by BNY Mellon. The custodian is responsible for the safe keeping of share certificates and other documents relating to the ownership of listed investments.

The Trustee is responsible for ensuring that the Fund's assets continue to be held securely. They review the custodian arrangements from time to time and the Fund's auditor is authorised to make whatever investigations deemed necessary as part of the annual audit procedures.

14. Taxation Status

The Fund is registered under Chapter 2 of Part 4 of Finance Act 2004. The Defined Benefit Section of the Fund was contracted out of the State Second Pension (S2P) until that Section of the Fund closed to future accrual on 30 September 2010. The Trustee knows of no reason why this status may be prejudiced or withdrawn.

15. The Pensions Advisory Service and the Pensions Ombudsman

If Fund members have any queries concerning their benefits they should contact the Secretary of the Fund at the Trustee address shown on page 4.

If a member has a complaint against the Fund which has not been resolved to their satisfaction through the Fund's dispute procedure, The Pensions Advisory Service (TPAS), an independent voluntary organisation, may be able to offer advice. The name of the local TPAS adviser can be obtained from any local Citizens Advice Bureau. If the complaint is not satisfactorily resolved, the government appointed Pensions Ombudsman can investigate complaints of injustice caused by maladministration, either by the Trustee or Fund administrator, or disputes of fact or law. The Pensions Ombudsman can be contacted at:

The Office of the Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB

16. The Pensions Regulator

The Pensions Regulator (TPR) can intervene if it considers that a Fund's Trustees, advisers, or the employer are not carrying out their duties correctly. The address for TPR is:

Napier House
Trafalgar Place
Brighton
BN1 4DW

www.thepensionsregulator.gov.uk/

The Fund's registration number with TPR is: 100145126

17. Pensions Scheme Act 1993

The Act sets out requirements for disclosure of information to members past, present and prospective, their spouses and beneficiaries and recognised trade unions, and provides for an Annual Report to be issued.

The Rules of the Fund are held in the Group Pensions Department, London and are available for inspection. A Guide to the Rules of the Fund has also been issued to every member on joining.

18. Market Value of the Fund

At 31 March 2017 the value of the Fund was £1,130m an increase of £154m since 31 March 2016. Details are shown in the audited Financial Statements included in this report.

19. Membership of the Fund

Changes in membership of the Fund over the year were as follows.

Members in Service:		2017	2016
	At 1 April 2016 *	1837	1,959
Less	Retirements, Deaths, Leavers, Refunds & Adjustments ***	361	392
Add	New Members	193	270
	At 31 March 2017*	1669	1,837
Net increase/(decrease)		(168)	(122)

Pensions Payable to Retired Staff:		2017	2016
	At 1 April 2016	1623	1,586
Less	Deaths	49	46
Add	Retirements, Deferred Commencement	92	83
	At 31 March 2017	1,666	1,623
Net increase/(decrease)		43	37

Pensions Payable to Dependents:		2017	2016
	At 1 April 2016	487	477
Less	Deaths	23	21
Add	New Widows/Widowers	31	31
	At 31 March 2017	495	487
Net increase/(decrease)		8	10

Members with a Deferred Pension/Protected Rights Funds:		2017	2016
	At 1 April 2016**	2,912	2,804
Less	Deaths, Transfers, Pension Commencement etc.	115	107
Add	Leavers	290	215
	At 31 March 2017**	3,087	2,912
Net increase/(decrease)		175	108

In addition allowances were paid to 13 children (2016: 14).

*Members in service includes 328 (2016: 414) members who have protected past service rights under the fund following the closure of the DB Section in 2010.

** Deferred members includes 2,170 (2016: 2,198) members who have protected past service rights under the fund following the closure of the DB Section in 2010.

***Of the 53 active members who left service prior to 31 March 2017 and were entitled to a transfer out or refund due to having under 2 years' service, 22 members had not disinvested their funds by the 31 March 2017 so their funds were still in the Fund as at 31 March 2017.

Eligibility

Employees joining a sponsoring employer after 1 April 2003 are eligible to join the Defined Contribution Section of the Lloyd's Register Superannuation Fund Association.

Following the closure of the Defined Benefit Section to future accrual on 30 September 2010 the option to join the Defined Benefit Section after eight years of membership of the Fund ceased.

20. Pension Reviews

Pensions in payment that contained an element deriving from Post 6 April 1997 service was increased by 2% from 1st April 2017 (2016: 0.8%) Guaranteed Minimum Pension (GMP) earned after 1988 increased in line with inflation up to a maximum of 3%. GMP relates to service accrued from April 1978 to April 1997, when the contracting out arrangements were changed and GMP ceased to apply, contracting out ceased on 6 April 2016. There were no discretionary increases awarded in the year.

21. Additional Voluntary Contributions (AVCs)

Standard Life and Friends Life are the two current AVC providers made available to members by the Trustee. The Equitable Life with-profits fund is closed to new members.

Members are kept informed of developments regarding Equitable Life, Standard Life and Friends Life.

A total of 225 (2016: 261) members were making AVCs at 31 March 2017, representing 13.48% (2016: 14.21%) of the membership.

Members requiring further information or details of the AVC Funds and providers should contact the Group Pensions Department.

22. Transfers to and from the Fund

The Rules permit the acceptance of transfer payments from, and the payment of transfer values to, other registered pension arrangements. However the Trustee is not obliged to accept transfers into the Fund.

The calculation of transfer values and the additional benefits that a transfer payment will provide are based on factors supplied by the Actuary. Cash equivalent and guaranteed cash equivalent transfer values (within the meaning of Chapter IV of Part IV of the Pension Schemes Act 1993) paid during the year were calculated and verified in the manner prescribed by regulations made under Section 97 or Section 101 of that Act.

Since 23 September 2004 transfers received from other registered pension arrangements have been invested in the Defined Contribution Section. Service Credits are no longer provided.

Until 30 September 2010 the accrued AVC funds of retiring members who wished to purchase additional pension in the Fund could be transferred to the Lloyd's Register Superannuation Fund Association (LRSFA) by Equitable Life and Standard Life on the member's retirement. The amount of additional pension so purchased was determined using factors supplied by the Actuary. After 30 September 2010 AVC and DC funds can be used as part of any lump sum taken or alternatively to purchase a product on the open market. Please note any excess fund used within the Fund must be used to purchase an annuity.

Transfer values applicable to DB benefits fully reflect the value of the member's accrued benefit rights. They no longer take into account discretionary pension increases which might be payable in the future.

The current transfer value basis makes an allowance for a lump sum payment up to £5,000 on member's death.

In certain circumstances the Fund will accept payments from Lloyd's Register Group Ltd to augment the pension benefits of members. The additional benefits are determined using factors supplied by the Actuary.

23. 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 a prudent estimate of the amount of assets needed to provide the benefits that members are entitled to, based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 31 March 2016. This showed that, in the Defined Benefit Section of the Scheme, on that date:

- The value of the Technical Provisions was: £931 million
- The value of the assets at that date was: £850 million
- The value of the deficit was: £81 million

As a result both Lloyd's Register Group Ltd and the Trustee, in conjunction with advice from the Scheme Actuary, agreed the following measures, effective from April 2016:-

(a) Escrow Account

Lloyd's Register Group Ltd established an Escrow Account in 2011. The Escrow Account is held separately from the assets of both Lloyd's Register Group Ltd and the Fund. The Escrow Account assets provide security to the Fund in the event of Lloyd's Register Group Ltd becoming insolvent and a source of deficit reduction contributions. Since 2011 there have been payments out of the Escrow to both the LRSFA and Lloyd's Register Group as per the schedule of contributions. The current value of the Escrow stands at £84.7m (2016: £79.9m)

(b) Past service deficit recovery plan:

From the Escrow, established by deed agreed between the Company and Trustee dated 29 June 2011 or any successor escrow:

- On or before 31 March each year from 2017 to 2026 inclusive : £6.03 million per annum
- On or before 31 March 2018 : £0.7 million
- On or before 31 March each year from 2018 to 2020 inclusive : £2.1 million per annum

(c) Future service contribution rates and expenses:

- The Defined Benefit Section of the LRSFA was closed to future accrual on 30 September 2010. Contributions are paid equal to the premiums for the life insurance policy.
- Contributions of £0.8m a year, payable monthly as an allowance towards the LRSFA's operating expenses. Should the operating expenses exceed or be forecast to exceed £0.8m in any given year ended 31 March then the Trustee and the Company will agree jointly how the operational expenses in excess of £0.8m will be paid
- In addition the Employer pays a contribution of 0.6% of members' pensionable salaries to cover the 'soft landing' benefits applicable to certain members of the Fund.

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Discount interest rate: term dependent rates set by reference to the fixed interest gilt curve (as derived from Bank of England data) at the valuation date plus an addition of 2% per annum pre-retirement and 1% post retirement. In addition an additional reserve of £46m as at 31 March 2016 is held to fund potential de-risking (and/or to provide a margin against any adverse experience that may arise).

Future Retail Price inflation: term dependent rates derived from the gilt market with an average rate of 3.2% per annum.

Future Consumer Price inflation: assumed to be equal to future retail price inflation less an adjustment of 0.9% per annum.

Pension increases in payment: Pension accrued after 5 April 1997 is subject to a minimum rate of increase equal to the annual rise in the Retail Prices Index (RPI) capped at 5% per annum; these increases are assumed to be at the rate of 3.2% per annum. No allowance is made for future discretionary increases.

Mortality: standard tables S2NA with a scaling factor of 95% projected from 2007 in line with the CMI 2015 core projections with a long-term annual rate of improvement of 1.5%.

24. Financial Statements & Contributions

Financial Statements

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

Contributions

During the year ended 31 March 2017 contributions were paid to the Fund in accordance with the rates set down in the Schedule of Contributions certified by the Actuary on 26 September 2014, which came in to effect from 1 October 2014.

25. Investment Review

General overview

It will be appreciated that although investments are shown in this report at their year-end market value, their value will change from time to time as market conditions alter. The financial well-being of the Fund depends not so much on the current market value of the assets but on the income derived from those assets and whether those assets are likely to be sufficient to meet the Fund's liabilities.

Investment managers

As at 31 March 2017 the investments of the Defined Benefit Section were managed as follows:-

Manager	Investments Managed	Approx. % of Total Portfolio Managed
Schroders	Liability Driven Investments	23.54
L&G Investment Management Ltd	World Equity-Passive Equity	22.10
PIMCO	Overseas Diversified Credit	10.58
Barings	Collateralised Loan Obligations	10.45
Apollo Total Return Fund	Semi-Liquid Credit	8.92
Standard Life Investments	Active UK Credit	7.38
Partners Group	Direct Lending	7.16
M&G Alpha Investments	Absolute Return Bonds	5.02
Alcentra Investments	Direct Lending	4.54
Other Investment Balances	Various	0.31

Other investment decisions

A final redemption of £14.0m from Brandes took place in the financial year ended 2017 (2016: £101.8m). The full £14.0m was invested in the PIMCO Overseas Diversified Credit fund.

The final redemption of £15.9m from Rogge took place in the financial year ended 2017 (2016:£74.3m). The portfolio has lost approximately £1.7m in value in the financial year ended 2017. The full £15.9m was invested in the PIMCO Overseas Diversified Credit fund.

A full redemption of £264.1m from LGIM Index Linked Gilts took place in the financial year ended 2017. The portfolio gained approximately £3.3m in value in the financial year ended 2017. Of the £264.1m disinvestment, £164.1m was transitioned to Schroders Liability Driven Investment and £100m to Barings Collateralised Loan Obligations.

In March 2017 the Fund received payment from LR's Escrow account of £6.03m (2016: £3.75m) which was placed into the Funds National Westminster bank account.

All investment business is conducted in accordance with the Statement of Investment Principles prepared in accordance with Section 35 of the Pensions Act 1995 which includes the Trustee's investment policy on social, environmental and ethical investment considerations. The Trustee agreed that funds must be invested to obtain the best possible return for members, subject to an appropriate level of risk. Trustee policy regarding social, environmental and ethical investment issues is therefore that the extent to which these issues are taken into account in investment decisions is left to the discretion of the active investment managers. The Trustee does not consider it appropriate for the passive investment manager to take account of such issues in the selection, retention and realisation of investments.

The Trustee encourages the Scheme's investment managers to discharge their responsibilities in respect of investee companies in accordance to the Stewardship Code published by the Financial Reporting Council (FRC). The Trustee will review the corporate governance policies of the Scheme's investment managers periodically.

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers. The Trustee has reviewed and has accepted the investment manager's policies in respect of the exercising of rights attaching to investments and periodically reviews the actions taken by the investment managers in this regard to ensure that it continues to be comfortable with them.

A copy of the Statement of Investment Principles is attached to this document at appendix 1.

The Defined Benefit Investment Sub Committee (DBIC) is made up of members of the Board of the Trustee. There is a minimum of three Board members on the Investment Sub Committee, with at least two being employer nominated. They are appointed by the Trustee.

The Defined Contribution Investment Sub Committee meets at least quarterly with the investment advisers to consider the investment strategy. Investment performance is measured through participation in the service operated by BNY Mellon.

There were no employer related investments within the meaning of Section 40(2) of the Pensions Act 1995.

Performance – Defined Benefit Section

The investment managers have specific performance benchmarks. The Fund's performance against these benchmarks for the year ended 31 March 2017 was:-

Manager	Benchmark Return %	LRSFA Return %	Difference %
Equity Managers			
LGIM Ltd - World Markets	32.8	32.9	0.1
Fixed Income Managers			
M&G Alpha	0.3	6.9	6.6
PIMCO - Diversified Credit	7.9	11.0	3.1
Standard Life - UK Corporate Bonds	9.3	10.2	0.9
Alternative Managers			
Alcentra – Direct Lending			
Apollo – Semi-Liquid Credit	0.4	6.8	6.4
Barings (Babson) – Collateralised Loan Obligations			
BlueCrest - Global Macro			
Liongate – Fund of Hedge Funds			
Partners Group – Direct Lending			
Schroders – Liability Driven Investments			

Notes:

The Alcentra and Partners funds are too early in their life cycle to report meaningful results. Barings and Schroders were appointed in April and July 2016 so therefore a full year return is not available in the year to March 2017. LGIM Index Link Gilts, Brandes and Rogge investments were sold during the year so therefore a full year return is not available.

BlueCrest and Liongate funds are no longer active and are being divested by the managers. No fund performance figures are available.

During the year to March 2017, the Trustee started to implement a new strategy for investment of the defined benefit assets. This involved significantly reducing equity holdings and increasing holdings of fixed interest assets with more contractual returns. Simultaneously we implemented an LDI (Liability Driven Investments) hedging program, with the objective to neutralise the effect of changes in interest rates and expected inflation on the value of the scheme liabilities.

The assets of LRSFA's defined benefit Fund's investment performed strongly during the year, with the return remaining ahead of inflation. All managers met or exceeded their benchmark, with the funds credit managers adding value materially above their benchmarks.

Aggregate Performance over	1 year %	3 years %	5 years %
Fund	18.7	12.1	11.4
Benchmark	11.5	9.2	9.0

This table details the aggregate performance of the Fund against benchmark over 1, 3 and 5 years. These are annualised rates of return.

Performance – Defined Contribution Section

The Defined Contribution Section is administered by Friends Life. Members currently have a choice of investment funds from the Friends Life portfolio or may choose a Lifestyle Option.

The value of DC assets for members in this section held within these funds at 31 March 2017 is as follows:-

Fund Name	Current Value £	Allocation %	Performance 1 Year %	Performance 3 Year %
Adventurous	£109,547,938	74.55%	19.3	8.8
Fixed Income	£13,892,378	9.45	19.2	12.9
Standard Life Global Absolute Return Strategies	£10,136,882	6.90	0.8	1.7
BlackRock Cash	£2,291,806	1.56	0.2	0.2
BlackRock (50:50) Global Equity Index	£2,149,807	1.46	27.1	11.2
Global Equity - Active	£1,725,444	1.17	25.2	7.8
BlackRock Market Advantage	£1,693,370	1.15	7.3	-
BlackRock Over 5 Year Index Linked Gilt	£1,410,650	0.96	21.6	14.4
Blackrock UK Equity Index	£682,075	0.46	21.0	7.3
Emerging Markets Equity - Active	£646,522	0.44	33.9	12.8
Sustainable Investments	£562,319	0.38	23.5	10.3
Moderate	£515,088	0.35	19.1	10.1
Blackrock 30:70 Currency Hedged Global Equity Index	£502,219	0.34	20.1	8.9
Property	£480,024	0.33	3.2	10.9
Pre-Retirement	£223,649	0.15	16.0	11.1
BlackRock Over 15 Year Gilt Index (Aquila C) IE	£185,158	0.13	12.1	13.9
Blackrock Over 15 Year Corporate Bond Index	£153,309	0.10	17.0	11.4
Lloyds Register Diversified Growth	£149,198	0.10	9.9	4.5
	£146,947,835	100.0		

The Lifestyle Option involves an investment process, under which contributions are invested initially in funds with the objective of providing long term growth (such as equity index funds), moving to funds

with lower potential volatility and pension conversion risk (such as bond index funds and money market funds) as members approach retirement.

The default investment strategy has been set up to seek better protection for member savings against a wider range of risks as they approach retirement, no matter how and when members plan to take their savings. The switching period now starts from 20 years out from selected retirement age. The new default is called Flexible Retirement Strategy. More information can be found on the Pensions website www.lrpensionport.co.uk. As at 31 March 2017, 95.6% (2016: 95.38%) of Defined Contribution Section members were invested using the Lifestyle Option.

The Defined Contribution Investment Subcommittee monitors the performance of the funds provided by Friends Life with the assistance of KPMG.

The administrative expenses associated with the operation of the Defined Contribution Section are incurred in the Annual Management Charge levied on the funds above.

26. Distribution of the Fund

At 31 March 2017 the balance of the assets of the Defined Benefit Section at market value was:

Asset Class	% of portfolio
Bonds and Equities	21.78
Pooled Investment Vehicles	75.82
Cash on Deposit	0.90
AVC Investments	1.50
	100.0

The investments with a value of 5% or over of the net assets at 31 March 2017:

Investments	Market Value £000's	% of Net Assets
Schroders	228,067	23.56
L&G World Equity	213,556	22.06
Pimco	102,155	10.55
Babson	101,440	10.48
Apollo	87,166	9.00
Standard Life	71,266	7.36
Partners	69,105	7.14
M&G Alpha	48,492	5.01

27. Administrative expenses

The Fund made a payment of £468k (2016: £360k) to Lloyd's Register Group Ltd towards reimbursement of the expenses of administering the Fund.

Approved on on behalf of the Trustee by:

[Signature redacted]

.....
 Director
 Lloyd's Register Superannuation Trustees Limited

[Signature redacted]

.....
 Director
 Lloyd's Register Superannuation Trustees Limited

28. Actuarial Statements

Lloyd's Register Superannuation Fund Association

Schedule of Contributions

This Schedule of Contributions has been prepared in accordance with Part 3 of the Pensions Act 2004 and the Occupational Pension Schemes (Scheme Funding) Regulations (SI 2005/3377). It has been agreed between Lloyd's Register Superannuation Trustees Limited, the Trustee of Lloyd's Register Superannuation Fund Association ("the LRSFA"), and Lloyd's Register Group Limited ("LR") on behalf of itself and the other participating employers, as indicated below by authorised signatories.

This Schedule sets out the contributions payable to the LRSFA over the period ending 31 March 2026. It also shows the contributions that are payable to the LRSFA between the effective date of the valuation and the date that the Actuary certifies the Schedule.

1. Contributions payable to individual Member Accounts in the Money Purchase Section

- 1.1 Ordinary Contributions and Ordinary Employer Contributions, as defined in the Rules, payable monthly:

Contribution rate selected by the member	Contributions by Members (% of Basic Salaries)		Contributions by Employers (% of Basic Salaries)	
	Salary sacrifice members	Non-salary sacrifice members	Salary sacrifice members	Non-salary sacrifice members
3%	nil	3%	13%	10%
4%	nil	4%	15%	11%
5%	nil	5%	17%	12%
6%	nil	6%	19%	13%
7%	nil	7%	21%	14%
8%	nil	8%	23%	15%

Note: Certain Members who encounter Lifetime Allowance or Annual Allowance issues can apply to the employer to receive a pension cash allowance in respect of some or all of their Ordinary Contributions and/or Ordinary Employer Contributions in line with the Pension Cash Allowance Policy dated 8 January 2016 as subsequently amended.

- 1.2 Additional voluntary contributions payable by, or on behalf of, the Members.
- 1.3 On a Member's death-in-service or on leaving service because of incapacity, the Basic Salary Top-up or if less the Maximum Allowance Top-up to be credited to the individual Member Account in accordance with the Rules payable by LR, to the extent that the allowance is not met from the General Account.

Contributions from the employers

Life insurance	Contributions equal to the premiums for the life insurance policy providing cover of 4 times Basic Salary paid on the death of an Active Member in accordance with the Rules. These contributions are payable as and when the premiums fall due.
"Soft Landing" benefits	0.6% of Basic Salaries of Active Members party to a Relevant Agreement (as defined in the Rules) payable monthly to meet the funding cost of benefits payable in accordance with C3.1.4(b) or C3.1.5(b) of the Rules.
Operational Expenses	Contributions of £0.8m pa payable monthly as an allowance towards the LRSFA's operating expenses. Should the operational expenses exceed or be forecast to exceed £0.8m in any given year ended 31 March, then the Trustee and LR will agree jointly how the operational expenses in excess of £0.8m will be paid.
"Divergence 1" rectification costs associated with corrections made to benefits in 2016	£0.7m as soon as practicable and by no later than 31 March 2018, and £2.1m pa on or before 31 March each year from 2018 until 2020 inclusive, payable from the Escrow established by deed between LR and the Trustee dated 29 June 2011 or any successor Escrow agreement.
Principal Employer's Guarantee (D11.9)	The Principal Employer shall make good any amounts due under clause D11.9 in such manner as is agreed between the Principal Employer and the Trustee.
PPF levies	Contributions equal to Pension Protection Fund ("PPF") levies invoiced to the LRSFA. The contributions are payable as and when the PPF levies are due unless LR settles the levies directly.
Other contributions	Additional contributions as may be required under the Trust Deed, or agreed between LR and the Trustee in specific circumstances, for example to cover augmentations. LR and the Trustee have agreed in principle that the rectification costs associated with correcting divergence between the administration practice and the benefits payable under the Rules will be met through a special payment or payments from the Escrow established by deed between LR and the Trustee dated 29 June 2011 or any successor Escrow agreement. These contributions are due at the time agreed between LR and the Trustee in each case.

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3. Deficit contributions

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On or before 31 March each year from 2017 to 2026 inclusive: £6.03 million per annum.

The deficit contributions are payable from the Escrow established by deed agreed between LR and the Trustee dates 29 June 2011 or any successor escrow agreement. In the event that there were insufficient assets in the Escrow, the deficit contributions would be payable by LR.

4. Timing of contributions

Member contributions will be remitted to the Trustee and credited to each Member's Account no later than the 19th of each month after that in which contributions are deducted from earnings. Contributions from the Employer will, unless specified to the contrary, be due monthly and payable no later than the 19th of each month after the month to which they relate.

LR will pay any additional contributions as decided by the Trustee, on the advice of the Actuary and in accordance with the Rules, to meet any benefit augmentations including discretionary increases agreed with LR. Such contributions will be paid within 19 days of the due date notified by the Trustee.

This Schedule of Contributions is dated 30 June 2017. It replaces the Schedule of Contributions dated 26 September 2014 with effect from the date of certification.

This Schedule of Contributions is agreed:

on behalf of the Trustee of the LRSFA

Signature: [Signature redacted] authorised signatory

Name:

Position: TRUSTEE DIRECTOR

on behalf Lloyd's Register Group Limited and the other participating employers

Signature: [Signature redacted] authorised signatory

Name:

Position: CFO

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Actuary's certification of schedule of contributions

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This certificate is provided for the purpose of Section 227(5) of the Pensions Act 2004 and Regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: Lloyd's Register Superannuation Fund Association

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to be met by the end of the period specified in the recovery plan dated 30 June 2017.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 30 June 2017.

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

Signature: *[Signature redacted]* **Date:** 30 June 2017

Name: *[Redacted]* **Qualification:** FIA

Address: 95 Wigmore Street
London W1U 1DQ **Employer:** Lane Clark & Peacock LLP

3297985 **Notes not forming part of the certification**

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In giving the above opinion I have interpreted the phrase "can be expected to be met" as being satisfied by consideration of the proposed contributions under the economic and demographic scenario implied by the Trustee's funding assumptions as set out in the statement of funding principles dated 30 June 2017 and their Recovery Plan dated 30 June 2017 and without any further allowance for adverse contingencies. My opinion does not necessarily hold in any other scenarios.

Lloyd's Register Superannuation Fund Association Recovery plan

The actuarial valuation of the Lloyd's Register Superannuation Fund Association ("the LRSFA") as at 31 March 2016 revealed a deficit of £81m. In accordance with Section 226 of the Pensions Act 2004, the Trustee of the LRSFA has prepared this recovery plan, after obtaining the advice of David Jones, the Scheme Actuary.

1. Steps to be taken to ensure that the statutory funding objective is met

The Trustee has agreed the provisions of this recovery plan with Lloyd's Register Group Limited ("LR") on behalf of itself and the other participating employers. It has been agreed to eliminate the funding deficit by the payment of the following contributions.

Deficit contributions to be made to the LRSFA

Amount £m	Payment due dates
6.03	By 31 March 2017 (paid)
6.03	On or before 31 March each year from 2018 to 2026 inclusive
Additional contributions due in respect of "Divergence 1" rectification exercise:	
0.7	As soon as practicable and by 31 March 2018
2.1	On or before 31 March each year from 2018 to 2020 inclusive

These contributions are payable from the Escrow established by deed agreed between LR and the Trustee dated 29 June 2011 or any successor escrow arrangement. In the event that there were insufficient assets in the Escrow, the deficit contributions would be payable by LR.

2. Period in which the statutory funding objective should be met

The deficit is expected to be eliminated by 31 March 2026. This is based on the following assumptions:

- Technical provisions are calculated according to the method and assumptions set out in the Scheme's Statement of Funding Principles dated 30 June 2017.
- The return on existing assets and new contributions during the period are as adopted for the calculation of the technical provisions including the additional investment de-risking reserve plus an additional return of 0.3% pa.

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3. Agreement by the Trustee and the participating employers

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This recovery plan was prepared on 30 June 2017 and replaces the previous recovery plan dated 26 September 2014.

Signed on behalf of the Trustee of the LRSFA

[Signature redacted]

Signature:

Name:

Position: TRUSTEE DIRECTOR

Agreed on behalf of Lloyd's Register Group Limited and the other participating employers

[Signature redacted]

Signature:

Name:

Position: CFO

29. Statement of the Trustee's responsibilities in respect of the Financial Statements

The financial statements, which are prepared in accordance with UK generally accepted accounting practice are the responsibility of the Trustee. Pension Fund regulations require the Trustee to make available to Fund members, beneficiaries and certain other parties, audited financial statements for each Fund year which:

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

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

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

The Trustee is responsible under pension's legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the Fund by or on behalf of the employer and the active members of the Fund 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 Fund and for monitoring whether contributions are made to the Fund by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

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

30. Independent auditor's report to the Trustee of the Lloyd's Register Superannuation Fund Association

We have audited the financial statements of the Lloyd's Register Superannuation Fund Association ("the Fund") for the year ended 31 March 2017 which comprises the Fund Account, the Statement of Net Assets and the related Notes set out therein.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Trustee, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Financial Statements and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an 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 Fund and the Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustee and the auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustee; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report, which comprises the Trustee's Report, Chairman's Statement and the Actuarial statements, to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Fund during the year ended 31 March 2017, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Financial Statements and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

[Signature redacted]

Crowe Clark Whitehill LLP
Statutory Auditor
London

Date:

31. Fund Account for the year ended 31 March 2017

	Notes	DB Section 31.03.17 £'000	DC Section 31.03.17 £'000	Total 31.03.17 £'000	Total 31.03.16 £'000
Contributions and benefits					
Employer contributions	3	7,929	15,162	23,091	23,571
Employee contributions	3	91	2,516	2,607	1,754
Total contributions		8,020	17,678	25,698	25,325
Transfers in		0	0	0	490
		8,020	17,678	25,698	25,815
Benefits paid or payable	4	(32,565)	(7,627)	(40,192)	(37,716)
Payments to and on account of leavers	5	(4,899)	(4,671)	(9,570)	(5,460)
Administrative expenses	7	(1,849)	(21)	(1,870)	(1,798)
Other payments	6	(454)	0	(454)	(519)
		(39,767)	(12,319)	(52,086)	(45,493)
Net (withdrawals)/additions from dealings with members		(31,747)	5,359	(26,388)	(19,678)
Returns on investments					
Investment income	8	6,756	0	6,756	7,028
Change in market value of investments	11	151,771	22,317	174,088	(13,336)
Investments management expenses	9	(493)	0	(493)	(1,121)
Net return on investments		158,034	22,317	180,351	(7,429)
Net increase/(decrease) in the fund during the year		126,287	27,676	153,963	(27,107)
Net assets of the Fund at 1 April		855,261	120,679	975,940	1,003,047
Net assets of the Fund at 31 March		981,548	148,355	1,129,903	975,940

Statement of Net Assets as at 31 March 2017 (available for benefits)

DEFINED BENEFIT SECTION (DB)	Notes	2017 £'000	2016 £'000
<i>Return Seeking Strategy</i>			
Investment assets			
Equities		0	780
Pooled investment vehicles		737,886	464,343
Bonds		0	16,132
Derivatives		0	119
Other investment balances		2,209	865
		740,095	482,239
Investment liabilities			
Derivatives		0	(211)
Total Net Return Seeking Strategy Investments		740,095	482,028
<i>Liability Matching Strategy</i>			
Investment assets			
Pooled investment vehicles		0	260,597
Bonds		636,587	0
Cash		6,591	112,004
		643,178	372,601
Investment liabilities			
Derivatives		(415,180)	0
Total Net Liability Matching Strategy Investments		227,998	372,601
AVC investments	15	5,088	5,255
Total Net Investments		973,181	859,884
Current assets	19	12,266	346
Current liabilities	20	(3,899)	(4,969)
Total Net Assets of DB Section		981,548	855,261
DEFINED CONTRIBUTION SECTION (DC)			
Pooled investment vehicles	11	146,948	119,533
AVC investments	11	1,037	1,146
Cash	11	370	0
Total Net Investments		148,355	120,679
Current assets	19	280	0
Current liabilities	20	(280)	0
Total Net Assets of DC Section		148,355	120,679
Total Net Assets as at 31 March		1,129,903	975,940

The notes on pages 27 to 38 form part of these financial statements.

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position of the Fund, which does take into account such obligations for the defined benefit section, is dealt with in the Report on Actuarial Liabilities on page 10 of the Annual Report and these financial statements should be read in conjunction with this report.

Approved on on behalf of the Trustee by:

[Signature redacted]

Director
Lloyd's Register Superannuation Trustees Limited

[Signature redacted]

Director
Lloyd's Register Superannuation Trustees Limited

Notes to the Financial Statements

1. Basis of Preparation

The financial statements have been prepared in accordance with the Occupational Pensions Schemes (Requirement to obtain Audited Financial Statements and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the 2015 Statement of Recommended Practice (SORP).

The requirements of the SORP have been complied with except for the fair value hierarchy, which has analysed investments under Levels 1, 2 and 3 rather than Categories A, B and C as the Trustee has chosen early adoption of the recent amendment to FRS 102 in this respect while an update of the SORP is awaited. The Trustee does not consider this a material departure from the SORP but an early adoption of best practice.

2. Accounting Policies

Contributions

Contributions of the employers and members are accounted for on an accruals basis.

Individual Transfers

Individual transfers to and from the Fund during the year are included in the Financial Statements when payment is made or received which is when the liability transfers.

Investment Income

Investment income is reinvested by the Fund Managers and, for the purpose of these financial statements, is disclosed as investment income in the Fund Account. Such income, with the exception of certain unlisted and foreign investments, is accounted for on an accruals basis.

Dividends on unlisted securities are accounted for when declared.

Benefits payable

Pensions payable are accounted for by reference to the period for which they relate. Refunds and cash lump sums are accounted for either on a cash basis if members can exercise a choice in relation to these benefits or, where members have no choice in relation to these benefits, by reference to the date of retirement or leaving the Fund.

Expenses

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

Investments

(i) Investments other than derivatives

Listed securities are valued at bid market values for the year ended 31 March 2017 for the official closing price on the year end date.

Unquoted investments are valued at fair value based on the Fund Manager's advice using an appropriate basis of valuation and relevant market data at the year end date.

Pooled investment vehicles are valued at bid prices at the year end or, if single priced, at the closing single price as provided by the relevant Fund Managers on the last dealing day prior to the balance sheet date.

Investments held in foreign currencies are valued as above and translated into sterling at the relevant spot rates ruling at the balance sheet date.

(ii) Repurchase Agreements

For repurchase agreements, the Fund continues to recognise and value the securities that are delivered out as collateral, and includes them in the financial statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a payable amount.

Functional Currency

All contracts and transactions are made in Sterling (GBP).

Insurance Policies

AVCs invested in insurance policies are valued on the basis of their open market transfer values quoted by the relevant insurance companies as adjusted for additions and withdrawals between the valuation dates.

3. Contributions

		2017		
		DB	DC	Total
		£'000	£'000	£'000
	Note			
Employer contributions				
Normal	i	0	15,162	15,162
Deficit funding	ii	6,030	0	6,030
Additional - operating expenses	iii	800	0	800
Additional - survivors' pension	iv	215	0	215
Other		3	0	3
PPF Levy	vi	427	0	427
Insurance	vii	454	0	454
		7,929	15,162	23,091
Member contributions				
Normal	i	0	1,027	1,027
Additional voluntary contributions	ii	91	1,489	1,580
		91	2,516	2,607
		8,020	17,678	25,698

		2016		
		DB	DC	Total
		£'000	£'000	£'000
	Note			
Employer contributions				
Normal	i	0	17,077	17,077
Deficit funding	ii	3,750	0	3,750
Additional - operating expenses	iii	800	0	800
Additional - survivors' pension	iv	269	0	269
Bonus sacrifice	v	0	786	786
PPF Levy	v	370	0	370
Insurance	vii	519	0	519
		5,708	17,863	23,571
Member contributions				
Normal	i	0	1,092	1,092
Additional voluntary contributions	ii	184	478	662
		184	1,570	1,754
		5,892	19,433	25,325

(a) Employer contributions

- (i) Amounts received from the employer in accordance with the Schedule of Contributions agreed following the actuarial valuation as at 31 March 2016. The value shown above includes Salary Sacrifice contributions. The actual cost to the employer is £10,585,622.
- (ii) Contributions have been paid to the Fund to offset the past funding shortfall in accordance with the recommendations of the Actuary. Details of this can be found in the Recovery Plan on page 20 and 21.
- (iii) With effect from 1 October 2014 an employer contribution rate of £800,000 per annum was set. This is payable monthly as an allowance towards the Fund's operating expenses. Should the actual expenses exceed this amount then the Trustee and LR will agree jointly how the excess will be paid.
- (iv) With effect from 1 October 2014 an employer contribution rate of 0.6% of basic salaries of active members was set to meet the cost of the underpin on the survivors' pension payable on the death of an employed member.
- (v) Contributions have been paid in respect of the Executive Bonus Waiver Fund.
- (vi) The employer is required to pay additional contributions in respect of PPF levies payable by the Fund under the latest Schedule of Contributions.
- (vii) Payment made by the employer in respect of life insurance cover for all employed members.

(b) Member contributions

- (i) Members' normal contributions (excluding AVCs) are paid at various rates as set out in the Trust Deed and Rules.
- (ii) AVCs are paid by members to purchase investments, the value of which determines the benefit to members, and which have been invested separately from the main fund.

The rates, as percentages of pensionable salaries, during the year ended 31 March 2017 were:

DC Contribution Rates			
Non Salary Sacrifice		Salary Sacrifice	
Employee	Employer	Employee	Employer
From 3% to 8%	From 10% to 15%	N/A	From 13% to 23%

Members are able to select a contribution rate of between 3% and 8%. For every extra 1% above the 3% they select the employer will increase its starting contribution of 10% by 1% up to a maximum of 15%.

4. Benefits paid or payable

		2017		
		DB £'000	DC £'000	Total £'000
Pensions		31,423	0	31,423
Commutations of pensions and lump sum retirement benefits	**	1,079	6,343	7,422
Purchase of annuities		0	936	936
Lump sum death benefits		36	348	384
Taxation where lifetime or annual allowance exceeded	*	27	0	27
		32,565	7627	40,192

		2016		
		DB £'000	DC £'000	Total £'000
Pensions		31,205	0	31,205
Commutations of pensions and lump sum retirement benefits	**	2,827	2,899	5,726
Purchase of annuities		0	17	17
Lump sum death benefits		559	137	696
Taxation where lifetime or annual allowance exceeded	*	72	0	72
		34,663	3,053	37,716

* Taxation arising on benefits paid or payable is in respect of members whose benefits exceeded the lifetime or annual allowance and who elected to take lower benefits from the Fund in exchange for the Fund settling the tax liability.

**Of the £6.343m (2016: £2.899m) of commutations for lump sums, for DC benefits £4.856m (2016: £2.260m) related to lump sums paid to members as part of their DB retirement using their DC pot to enhance their lump sum.

5. Payments to and on account of leavers

		2017		
		DB £'000	DC £'000	Total £'000
Refunds of contributions in respect of non-vested leavers		0	165	165
Individual transfers out to other schemes		4,899	4,506	9,405
		4,899	4,671	9,570

		2016		
		DB £'000	DC £'000	Total £'000
Refunds of contributions in respect of non-vested leavers		0	336	336
Individual transfers out to other schemes		1,793	3,331	5,124
		1,793	3,667	5,460

6. Other payments

	2017		
	DB £'000	DC £'000	Total £'000
Premiums on term insurance policies	454	0	454

	2016		
	DB £'000	DC £'000	Total £'000
Premiums on term insurance policies	519	0	519

7. Administrative expenses

	2017		
	DB £'000	DC £'000	Total £'000
Administration and processing	468	21	489
Professional fees	932	0	932
PPF Levy	449	0	449
	1,849	21	1,870

	2016		
	DB £'000	DC £'000	Total £'000
Administration and processing	360	134	494
Professional fees	934	0	934
PPF Levy	370	0	370
	1,664	134	1,798

8. Investment Income

	2017 £'000	2016 £'000
Defined benefit section		
Dividends from equities	12	3,900
Income from bonds	2,831	1,960
Income from pooled investments	3,898	1,148
Interest on cash deposits	15	20
	6,756	7,028

9. Investment Manager Expenses

	2017 £'000	2016 £'000
Administration, management and custody - charged	570	1,149
Administration, management - rebated	(77)	(28)
Net fees payable per Fund Account	493	1,121
Fees included in the Change in Market Value of Investments	1	189
Total Fees	494	1,310

10. Fair value determination and hierarchy analysis

The investments have been analysed according to the basis on which the fair value has been determined. The basis of the fair value hierarchy is described in more detail below:

Level 1

The fair value is determined using unadjusted quoted prices in active markets for identical investments. The inputs to the valuation are transparent, easy to price and the market is liquid. Examples include exchange traded equities, exchange traded bonds, exchange traded derivatives and exchange traded funds.

Level 2

The fair value uses observable inputs that reflect the assumptions market participants would use in pricing the investment and based on market data obtained from sources independent of the reporting entity. These investments are moderately difficult to price and use some observable inputs. Examples include swaps, bonds valued on an average of broker prices and open ended pooled funds investing in investments that are observable in the market.

Level 3

The fair value inputs are unobservable and reflect the reporting entities own assumptions about the assumptions market participants would use in pricing the investment and based on the best information available. These investments are difficult to price, they lack a liquid market and it is difficult to verify inputs in the valuation. Examples include private equity, property, bespoke over the counter derivatives and closed pooled funds investing in these investments.

The Fund's investments have been analysed using the above hierarchy categories as follows:

At 31 March 2017				
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Defined Benefit Section				
Bonds	0	636,587	0	636,587
Pooled investment vehicles	0	737,881	5	737,886
Derivatives	0	(415,180)		(415,180)
Other investment balance	2,209	0	0	2,209
Cash	6,591	0	0	6,591
	8,800	959,288	5	968,093
AVC investments	0	4,406	682	5,088
Defined Contribution Section				
Pooled investment vehicles and AVC	0	147,985	0	147,985
Cash in transit	370	0	0	370
	370	147,985	0	148,355
	9,170	1,111,679	687	1,121,536
At 31 March 2016				
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Defined Benefit Section				
Equities	42	738	0	780
Bonds	0	16,132	0	16,132
Pooled investment vehicles	13,500	711,406	34	724,940
Derivatives	(92)	0	0	(92)
Other investment balance	865	0	0	865
Cash	111,915	89	0	112,004
	126,230	728,365	34	854,629
AVC investments	0	4,466	789	5,255
Defined Contribution Section				
Pooled investment vehicles and AVC	0	120,679	0	120,679
	126,230	853,510	823	980,563

11. Reconciliation of investments

	Value at 31.03.16 £'000	Purchases at cost and derivative payments £'000	Sales proceeds and derivative receipts £'000	Change in market value £'000	Value at 31.03.17 £'000
Defined benefit section					
Bonds	16,132	644,434	(86,455)	62,476	636,587
Equities	780	0	(1,032)	252	0
Pooled investment vehicles	724,940	407,252	(482,872)	88,566	737,886
Derivative contracts	(92)	261,532	(676,252)	(368)	(415,180)
AVC investments	5,255	91	(939)	681	5,088
	747,015	1,313,309	(1,247,550)	151,607	964,381
Cash	112,004			144	6,591
Other investment balances	865			20	2,209
	859,884			151,771	973,181
Defined contribution section					
Pooled investment vehicles	119,533	17,811	(12,547)	22,151	146,948
AVC investments	1,146	0	(275)	166	1,037
Cash in Transit	0	0	0	0	370
	120,679	17,811	(12,822)	22,317	148,355
Total investments	980,563				1,121,536

During the year the following transitions, which are included in sales and purchases and carried out in accordance with the change in investment strategy, took place:

<u>Amount (£m)</u>	<u>Date</u>	<u>From</u>	<u>To</u>
14.0	Apr-16	Brandes	PIMCO
84.0	Apr-16	Cash	Apollo
16.2	Apr-16	Legal & General Emerging Markets	Legal & General World Equities
100.0	Jun-16	Legal & General World Equities	Barings
164.1	Jun-16	Legal & General World Equities	Schroders
15.9	Jan-17	Rogge	PIMCO

12. Transaction Costs

Transaction costs are included in the cost of purchases and deducted from sales proceeds. Direct transaction costs include fees, commissions and stamp duty.

Transaction costs analysed by main asset class and type of cost are as follows:

	2017			
	Fees £'000	Commission £'000	Stamp duty & taxes £'000	Total £'000
Equities	0	0	0	0
Other	0	1	0	1
	0	1	0	1

	2016			
	Fees £'000	Commission £'000	Stamp duty & taxes £'000	Total £'000
Equities	82	105	0	187
Other	0	2	0	2
	82	107	0	189

In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges are made within those vehicles.

13. Pooled Investment Vehicles

As at 31 March 2017 the Fund's investments in pooled investment vehicles comprised:

Defined Benefit section	2017	2016
<i>Return Seeking Strategy</i>	£'000	£'000
Bonds	71,266	64,459
Equity	314,455	172,252
Hedge Funds ¹	2,484	7,094
Private Equity	3	31
Diversified credit	150,647	91,583
Direct lending	112,917	115,423
Money market funds	0	13,500
Total return fund ¹	86,114	0
Total	737,886	464,343
<i>Liability Matching Strategy</i>		
Bond	0	260,597
Total	737,886	724,940
Defined Contribution section		
<i>Default Funds</i>		
Bonds	15,641	14,121
Equity	5,706	4,745
Cash	2,292	1,877
Diversified growth ²	122,043	97,490
Total	145,682	118,233
<i>Other Funds ³</i>	1,266	1,300
	146,948	119,533

¹ The funds hold a variety of investments including equities, bonds, derivatives and commodities.

² The diversified growth funds also hold these types of funds.

³ Other funds include a wide range of investments including sustainable investments and property.

14.1 Derivatives

At 31 March 2017 the Fund had the following derivatives:

	2017		2016	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Futures	0	0	23	(7)
Forward foreign exchange contracts	0	0	96	(204)
Repurchase agreements	0	415,180	0	0
	0	415,180	119	(211)

All assets and liabilities held with Rogge were disinvested during the year. As a result no assets or liabilities are held, within futures and forward exchange contracts

14.2 Repurchases

Repurchase agreements

During the year the Fund has entered into repurchase agreement using its UK gilts as the underlying security. The Fund retains the entitlement to receive income accruing on these securities and has a contractual agreement to repurchase the securities at a specified future date. The securities are included in the financial statements as assets of the Fund at their market value. At 31 March 2017 the market value of the securities sold under repurchase agreements was £424.7m (2016: Nil).

Cash received from counterparties in respect of the securities that have been sold has been used by the investment manager to increase its fixed income portfolio. Amounts payable to counterparties under repurchase agreements are disclosed as liabilities in the financial statements under investment liabilities. At 31 March 2017 this amounted to £415.2m (2016: nil) including accrued interest.

Collateral on Repurchase and Reverse Repurchase agreements

At 31 March 2017 there was collateral pledged of £1.5m (2016: nil) and collateral held of £6.6m (2016: nil) against the difference in valuation between the underlying securities and the repurchase and reverse repurchase agreements.

15 Defined Benefit section AVC Investments

The Trustee hold assets invested separately from the main DB Section investments to secure additional benefits on a money purchase basis for those DB Section members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement made up to 31 March 2017 confirming the amounts held in their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

	2017 £'000	2016 £'000
The Equitable Life Assurance Society	682	789
Standard Life Assurance Limited	4,406	4,466
	5,088	5,255

16 Defined Contribution Assets

For the DC section investments purchased by the Fund are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment manager holds the investment units on a pooled basis for the trustee. The Fund administrator allocates investment units to members. The Trustee may hold investment units representing the value of employer contributions that have been retained by the Fund that relate to members leaving the Fund prior to vesting.

DC section AVCs are invested together with the other member funds. Investments allocated to members and the Trustee is as follows:

	2017 £'000	2016 £'000
Members	147,304	119,785
Trustee	1,051	894
	148,355	120,679

17 Investment Risks

All investment business is conducted in accordance with the Statement of Investment Principles (SIP) prepared in accordance with Section 35 of the Pensions Act 1995 which includes the Trustee's investment policy on social, environmental and ethical investment considerations. The Trustee agreed that funds must be invested to obtain the best possible return for members, subject to an appropriate level of risk. Trustee policy regarding social, environmental and ethical investment issues is therefore that the extent to which these issues are taken into account in investment decisions is left to the discretion of the active investment managers. The Trustee does not consider it appropriate for the passive investment manager to take account of such issues in the selection, retention and realisation of investments.

The Trustee recognises that there are risks involved in the investment of the assets of the Fund, which it monitors on a regular basis and seeks to mitigate.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk comprises currency risk, interest rate risk and other price risk as follows:

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

The Trustee's determine their investment strategy after taking advice from the investment adviser. The Fund has exposure to these risks because of the investments it makes in following the investment strategy. The Trustee's manage investment risks, including credit risk and market risk, within the agreed risk limits which are set taking into account the Fund's strategic investment objectives. This does not include AVC investments as these are not considered significant in relation to the overall investments of the Fund.

Investment strategy

The investment objective of the Defined Benefit Section (DB Section) 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 DB Section payable under the trust deed and rules as they fall due. This is combined with an objective of achieving returns in excess index linked gilts of 3.5%.

The trustee sets the investment strategy for the DB Section taking into account considerations such as the strength of the employer covenant, the long term liabilities of the DB Section and the funding agreed with the Employer. The investment strategy is set out in its SIP.

The current strategy for the DB Section is to hold:

- 79-85% of investments in return seeking investments comprising UK and overseas equities and bonds, credit opportunities, direct lending, diversified credit, bond funds, swaps and cash and is expected to generate higher returns and cash flows than would be obtained solely from government bonds and hedge funds.
- 15-21% of investments in investments that move in line with the long term liabilities of the Fund. This a Liability Driven Investment (LDI) strategy, which comprises UK government bonds as well as derivative instruments to hedge the impact of interest rate and inflation movements on 65% of the long term liabilities of the Fund.

As at 31 March 2017 the DB Section held 77% of its portfolio in return seeking investments (2016 - 56%) and 23% in liability matching assets (2016 - 44%). The transition to the current investment strategy is ongoing and is expected to be completed by 31 December 2017. See notes 11 and 13 for further details of the investments held at the start and end of the year.

These investment objectives and risk limits are implemented through the investment management agreements in place with the Fund's investment managers and monitored by the Trustee by regular quarterly reviews of the investment portfolio. If, during the quarterly review, an asset class or investment manager exceeds their asset allocation weighting, the Trustee will decide whether to rebalance the portfolio of assets at that time.

17.1. Other Price Risk

Other price risk arises principally in relation to the Fund's return seeking portfolio. As at 31 March 2017, as detailed in the statement of Net Assets 77% (2016 - 56%) of the portfolio was held in the return seeking portfolio, based on the fair value of the investments. Other price risk varies depending on the particular market and arises on equity funds, hedge funds and private equity within the portfolio.

The fund has set a target asset allocation of 79-85% of assets in return seeking investments. The Fund manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

17.2. Interest Rate Risk

The Fund is subject to interest rate risk because some of the Fund's investments are held in directly held bonds, credit opportunities funds, diversified credit funds, cash and use is made of repurchase agreements. Under this strategy, if interest rates fall, the value of liability driven investments will rise to help match the increase in actual liabilities arising from a fall in the discount rate. Similarly, if the interest rates rise, the liability driven investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

The Fund has set a target asset allocation of 15-21% of assets in liability matching strategy. The Fund manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

As at 31 March 2017 the liability matching portfolio represented 23% (2016 - 44%) of the total investment portfolio based on the fair value of the investments. This variance from the target asset allocation is due to the ongoing transition of the Fund's instruments.

	2017 £'000	2016 £'000
Fixed interest gilts	145,575	0
Index linked gilts	491,012	0
Repurchase and agreements	(415,180)	0
Cash and other balances	6,591	0
	227,988	0

17.3. Inflation Risk

The Fund currently holds indexed linked gilts to manage inflation risk associated with pension liability. The Fund has set a target asset allocation of 15-21% of investments in its liability matching strategy. The inflation risk strategy is fully implemented, hedging the impact of interest rate and inflation movements on 65% of the long term liabilities of the Fund (2016 – 35%).

As at 31 March 2017 the liability matching portfolio represented 23% (2016 - 44%) of the total investment portfolio based on the fair value of the investments. The detailed breakdown and constituents of the LDI portfolios are provided under the Interest Rate Risk disclosure section.

17.4. Currency Risk

The Fund is subject to direct currency risk because some of the Fund's investments are held in overseas markets through directly held equities. As at 31 March 2017 the net currency exposure was 0.0 % (2016: 0.3%). The Trustee does not consider it appropriate for the passive investment manager to take account of such issues in the selection, retention and realisation of investments. The Trustee monitors the currency risk on a regular basis and will seek to mitigate, through hedges, as appropriate. There were no hedges in place at 31 March 2017 (2016 – nil).

The Fund is subject to indirect currency risk because some of the Fund's sterling priced pooled investment vehicles hold assets denominated in foreign currencies. The Fund holds investments in emerging markets equities, world equities and overseas credit pooled investment vehicles as shown in note 13. Currency risk is accepted where this facilitates overseas investments, taking into account the risks and the expected reward.

17.5 Credit Risk

The Fund uses LDI Portfolios and is subject to direct credit risk arising from bonds directly held and derivatives. Government bonds are held to help control the overall credit risk and collateral is posted to cover gains and losses on the derivatives (hence minimising the exposure to the counterparty's credit).

The Fund invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. The trustee manages and monitors the credit risk arising from its pooled investment arrangements by considering the nature of the arrangement, the legal structure and regulatory environment.

The Fund's holdings in pooled investment vehicles are unrated. Indirect credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the operating environment of the pooled manager with the assistance of the investment consultant.

Pooled investment arrangements used by the Fund comprise units in open ended credit investment funds of £289.2m (2016: £45.1m), shares in limited partnerships of £115.4m (2016: £122.5m), Irish qualifying investor alternative funds £48.5m (2016: £46.5m), unit linked insurance funds £ 284.8m (2016: 497.3m) and open ended money market investment funds of nil (2016: £13.5m).

Credit risk arising on other investments, such as cash balances held by investment managers, is mitigated by investment mandates requiring all counterparties to be investment grade and diversifying counterparties and this is the position at 31 March 2017 and at the comparative year end due to the nature of the investments.

At 31 March 2017, of the cash held, none (2016:£104.6m) was held by Investment managers awaiting investment into assets portfolios. Of the cash held at 31 March 2016, £100m was invested into the Apollo portfolio on 1 April 2016.

The Trustee receives regular reports from their fund managers and investment managers confirming whether the agreed guidelines have been adhered to.

17.6 DC Section

The key investment objective is to facilitate the accumulation of each Member's individual Personal Account in a portfolio of secure assets of appropriate liquidity via unitised funds selected by the Member.

The Trustee wishes to give each Member a reasonable degree of freedom over the choice of investment funds for the accumulation of their Personal Account and, having taken appropriate advice, has made a range of unitised investment funds available. The choice of funds is designed to ensure that Members have sufficient flexibility to invest in funds of their choice in a manner that is consistent with their personal circumstances.

The Fund provides investment options sourced through an insurance policy with Friends Life, the platform the Fund uses and through which a number of different white labelled funds and direct investment manager funds can be accessed as follows:

- equity
- bonds
- sustainable investment
- cash
- diversified growth.

The trustee monitors the underlying risks by quarterly investment reviews with its DC Section investment adviser.

The range of investment options is reviewed by the Trustee periodically to ensure their continued suitability

17.7 Direct credit risk

The DC Section is subject to direct credit risk in relation to Friends Life through its holding in unit linked insurance funds provided by Friends Life. Friends Life is regulated by the Financial Conduct Authority and maintains separate funds for its policy holders. The trustee monitors the creditworthiness of Friends Life by reviewing published credit ratings. Friends Life invests all the Scheme's funds in its own unit linked investment funds. In the event of default by Friends Life the Fund is protected by the Financial Services Compensation Scheme.

17.8 Indirect credit and market risk

The DC Section is subject to indirect credit and market risk arising from the underlying investments held in the unit linked investment funds managed by Friends Life. Member level risk exposures will be dependent on the funds invested in by members.

At the Fund year end the bond, cash and diversified growth funds were exposed to underlying credit risk. The Trustee only invests in funds where the financial instruments and all counterparties are at least investment grade.

The majority of the Fund's members invest in the default funds, overall the default funds represent 95.6% (2016: 95.4%) of the Fund's investments. The risk disclosures have therefore focussed on these funds. The Fund's DC default funds are subject to indirect foreign exchange, interest rate and other price risk arising from the underlying financial instruments held in the following funds:

- The equity funds are exposed to foreign exchange and other price risks.
- The bond funds are exposed foreign exchange and interest rate risk.
- The cash funds are exposed to foreign exchange and interest rate risk.
- The diversified growth funds are exposed to foreign exchange risk, interest rate risk and other price risk.

18. Capital Commitments

The Fund has the following capital commitments:

- Alcentra £57.7m (2016 - £54.5m) investment into the Clareant European Direct Lending Fund II (GBP) SCSp, a pooled direct lending investment vehicle. The contribution will be made in stages until 31 December 2017, by divesting from PIMCO.

Investment Manager	Balance to be injected by 31/12/17	Comment
Alcentra – Direct Lending	£57.7m	To be completed in stages at the investments managers request on or before 31 December 2017.

19. Current Assets

	2017		
	DB Section £'000	DC Section £'000	Total £'000
Balance at bank	12,154	280	12,434
Sundry debtors	112	0	112
	12,266	280	12,546

	2016		
	DB Section £'000	DC Section £'000	Total £'000
Balance at bank	30	0	30
Cash in transit	316	0	316
	346	0	346

20. Current Liabilities

	2017		
	DB Section £'000	DC Section £'000	Total £'000
Lloyd's Register Group	3,518	0	3,518
Accrued expenses	381	280	661
	3,899	280	4,179

	2016		
	DB Section £'000	DC Section £'000	Total £'000
Lloyd's Register Group	3,073	0	3,073
Accrued expenses	1,896	0	1,896
	4,969	0	4,969

21. Employer related investments

There were no employer related investments within the meaning of Section 40(2) of the Pensions Act 1995.

22 Related party transactions

Lloyd's Register Group Ltd, who are the Fund's sponsoring employer, provides the Fund with Administrative services and the Fund makes a contribution to Lloyd's Register Group Ltd towards the costs of these services. This amounted to £468,000 for the year ended 31 March 2017 (2016: £360,000). The sponsoring employer also pays certain costs on behalf of the Fund, including the monthly pensioner payroll, which is subsequently reimbursed by the Fund. The balance due from the Fund to the sponsoring employer at the year end is shown in note 20.

7 members of the Board of the Trustee are contributing members of the Fund and contributions are paid in accordance with the Schedule of Contributions. Mr Nicholas Godden was appointed in October 2014 at a fee of £50,000 per annum. The total sum paid during the year ended 31 March 2017 was £50,000 (2016: £26,060).

32. Independent auditor's statement about contributions to the Trustee of the Lloyd's Register Superannuation Fund Association

Independent auditor's statement about contributions, to the Trustee of the Lloyd's Register Superannuation Fund Association

We have examined the Summary of Contributions payable to the Lloyd's Register Superannuation Fund Association ("the Fund"), for the Fund year ended 31 March 2017 which is set out on page 40.

This report is made solely to the Fund's Trustee, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Financial Statements and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Fund's Trustee those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's Trustee as a body, for our work, for this statement, or for the opinion we have formed.

Respective responsibilities of the Trustees and the auditors

As explained more fully in the Statement of Trustee's Responsibilities, the Fund's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions which sets out the rates and due dates of certain contributions payable towards the Fund by or on behalf of the employer and the active members of the Fund. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Fund and for monitoring whether contributions are made to the Fund by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a Statement about Contributions paid under the Schedule of Contributions and to report our opinion to you.

Scope of work on Statement about Contributions

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

Statement about contributions payable under the Schedule of Contributions

In our opinion contributions for the Fund year ended 31 March 2017 as reported in the Summary of Contributions and payable under the Schedules of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the Actuary on 26 September 2014.

Crowe Clark Whitehill LLP
Statutory Auditor
London

Date:

[Signature redacted]

33. Summary of Contributions

During the year ended 31 March 2017 the contributions payable to the Fund under the Schedule of Contributions were as follows:

	DB Section £'000	DC Section £'000	Total £'000
Employer Normal Contributions	0	15,162	15,162
Employer Deficit Funding Contributions	6,030	0	6,030
Operating Expenses	800	0	800
Survivors' Pension	215	0	215
Bonus Waiver	3	0	3
Employee Normal Contributions	0	1,027	1,027
Employee Additional Voluntary Contributions	91	1,489	1,580
Employer Contributions in respect of PPF Levies	427	0	427
Insurance	454	0	454
Total Contributions under Schedule of Contributions	8,020	17,678	25,698
Total Contributions per page 24 of the Financial Statements	8,020	17,678	25,698

Approved on on behalf of the Trustee by:

[Signature redacted]

Director
Lloyd's Register Superannuation Trustees Limited

[Signature redacted]

Director
Lloyd's Register Superannuation Trustees Limited

34. Chairman's Statement

1. Introduction

This statement has been prepared by the Trustee of the Fund (the "Trustee") in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations ("the Administration Regulations") 1996 (as amended). It describes how the Trustee has met the statutory governance standards in relation to:

- The default arrangement(s);
- The requirements for processing financial transactions;
- The assessment of charges and transaction costs; and
- The requirement for trustee knowledge and understanding,

Between 1 April 2016 and 31 March 2017, the 2016/17 scheme year ("the Scheme Year").

2. Default arrangement

The following arrangement is the Fund's "default arrangement" for the purposes of Administration Regulations:

- Flexible Retirement Strategy, which is a lifestyle strategy containing:
 - Lloyd's Register Adventurous Fund:
 - 70% BlackRock (50:50) Global Equity Index
 - 30% Standard Life Global Absolute Returns Fund
 - Standard Life Global Absolute Returns Fund
 - BlackRock Aquila Life Market Advantage Fund
 - BlackRock Over 5-year Index-Linked Gilt

2.1 Statement of Investment Principles

Appended to this statement is a copy of the Fund's latest Statement of Investment Principles governing decisions about investment for the purposes of the default arrangement(s), prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 (the "Statement of Investment Principles").

2.2 Review

The Trustee undertakes a review of the strategy and performance of the default arrangement on a quarterly basis.

The default arrangement has an Annual Management Charge (AMC) of 0.46% and was reviewed against the Charge Cap regulation and was confirmed to be within the regulations of this. This was reduced by 2 bases points from 2016.

3. Requirements for processing financial transactions

The Trustee regularly monitors core financial transactions of the Fund via the Fund administrator's administration report. These include the investment of contributions, fund switches, transfers in and out of the Fund and payments out of the Fund.

The Trustee's Annual Report and Financial Statements are independently audited annually by the Fund's auditor, Crowe Clark Whitehill.

Based upon the above, the Trustee is satisfied that the Fund's core financial transactions have been processed during the Scheme Year (covering from 1 April 2016 to 31 March 2017). There have been transactions that have either not been invested or have been misallocated during the year. However these have been captured by the in house administration team and escalated to Friends Life to fix.

Work is being carried out to ensure that these errors are eradicated in future years and all transactions are processed accurately and promptly.

4. Assessment of member-borne charges and transaction costs

4.1 Level of member-borne charges and transaction costs

The Total Expense Ratios applied to the Fund's default arrangement and self-select asset class fund range as at 31 March 2017 are as follows:

Fund	TER
Lloyd's Register Emerging Markets Equity – Active	0.68%
FL BlackRock (30:70) Currency Hedged Global Equity (Aquila C) IE	0.33%
Lloyd's Register Global Equity – Active	0.58%
FL BlackRock (50:50) Global Equity Index (Aquila C) IE	0.23%
FL BlackRock UK Equity Index (Aquila C) IE	0.23%
Lloyd's Register Adventurous	0.46%
Lloyd's Register Sustainable Investments	1.13%
FL BlackRock Market Advantage (Aquila C) IE	0.56%
FL BlackRock Over 15 Year Corporate Bond Index (Aquila C) IE	0.23%
Lloyd's Register Diversified Growth	0.90%
Lloyd's Register Moderate	0.46%
FL Standard Life Global Absolute Return Strategies IE	1.00%
FL BlackRock Over 15 Year Gilt Index (Aquila C) IE	0.23%
FL BlackRock Over 5 Year Index-Linked Gilt Index (Aquila C) IE	0.23%
Lloyd's Register Fixed Income	0.23%
Lloyd's Register Pre-Retirement	0.26%
Lloyd's Register Property	0.98%
FL BlackRock Cash (Aquila C) IE	0.33%

During the Fund Year 1 April 2016 to 31 March 2017 the Trustee is satisfied with the levels of charges and transaction costs; however, it will endeavour to enhance or reduce existing agreements to enhance member outcomes.

4.2 Value assessment

In accordance with regulation 25(1) (b) of the Administration Regulations, the Trustee assesses the extent to which charges and transaction costs set out in 4.1 above represent good value for members.

The Trustee is committed to ensuring that members receive value for money from the Fund. The Trustee, with the support of its advisers, KPMG, undertook a value for members' assessment. In addition, the Trustee's objective in respect of targeting "best member outcomes" applies with providing value for members.

There were seven areas of DC governance categories that the Trustee reviewed and a weighted score was applied to each. Using this balanced scorecard demonstrated that LRSFA should be placed in the top grouping of DC Funds, with particular strengths in Fund design and administration.

A value for members' assessment has taken place, which assesses whether the total costs of the Fund membership represent value for money. In accordance with the Pensions Regulator's DC Code of Practice, with relevant legislation available at the time of this statement, the Trustee concluded that the Fund's overall benefits and options represent value for money in comparison to the costs payable by members for the following reasons:

- Charges for the Fund's default investment strategy are below the charge cap of 0.75% per year;

- Members have access to low investment fund management charges, which the Trustee believes balances low charges with a sophisticated investment strategy;
- Members do not pay professional adviser costs or any costs associated with running the Fund;
- There is a wide range of funds for members to invest in, including main and alternative asset classes;
- The Company offers wider benefit incentives in order to encourage wider pension saving;
- Members have access to flexibility at retirement which has been reviewed against the market, and an at retirement adviser has been appointed by the Company;
- The in house pensions team provide a dedicated member support helpline, and is considered an asset to the Fund;
- Members have access to salary sacrifice and the full employer National Insurance saving is passed back to the member;
- The quality of communications issued to members on a regular basis allows support to be provided on all legislative change; and
- A comparison against the charges of similar pension Funds found that the level on offer is providing value for members.

To improve value for members, the Trustee has agreed to:

- Monitor output of the DWP consultation on transparency of charges;
- Continue to monitor the suitability of the lifestyle strategy;
- Continue to ensure the service provided by the at retirement adviser remains appropriate;
- Regularly review the option of appointing a drawdown provider;
- Continue to review member records in accordance with tPR requirements;
- Request copies of Friends Life's internal controls report and risk register; and
- Undertake a survey of the membership to understand what is important to members.

5. Trustee knowledge and understanding

The Trustee's own knowledge and understanding, together with the advice which is available to it through its adviser, enables it to properly exercise its functions as Trustee of the Fund.

The Trustee has quarterly meetings in order to discuss legislative change and requirements in order to meet its objectives.

During the Fund Year, the Trustee has met the requirements of sections 247 and 248 of the 2004 Act (requirements for knowledge and understanding) and will be putting in place further training requirements for the next Fund Year by formally putting in place an enhanced training schedule.

[Signature redacted]

Nicholas Godden
Chairman to the Board of the Trustee
Lloyd's Register Superannuation Trustees Limited

Lloyd's Register Superannuation Fund Association

Statement of Investment Principles

[Adopted with effect from: 14/12/2016]

This Statement, prepared in terms of the Pensions Act 1995, as amended by the Pensions Act 2004, and having regard to the Occupational Pension Scheme (Investment) Regulations 2005, describes the principles governing decisions by the Trustee about the investments of the Lloyd's Register Superannuation Fund Association (the Fund). The Fund has both a Defined Benefit Section (DB Section) and a Defined Contribution Section (DC Section).

Before preparing this Statement, the Trustee has considered written advice from their Investment Consultant. The Trustee will receive such advice on a regular basis. The Trustee has also consulted the Company on the content of this Statement.

The Trustee will review this Statement at least every three years or without delay after any significant change in investment policy. No change will be made without first consulting the Company and considering the written advice from the Investment Consultant. However, the ultimate power and responsibility for deciding investment policy lies solely with the Trustee.

Choosing investments

In the DB Section of the Fund, the Trustee sets the overall asset allocation. This will be reviewed as part of the Fund's actuarial valuation process, and also in the interim if appropriate. The Trustee has set up an Investment Committee, which is governed by an agreed Terms of Reference, in order to provide appropriate focus on the investment arrangements. Day-to-day investment choice is delegated to the investment managers subject to defined tolerances relative to their respective benchmarks.

In the DC Section of the Fund the Trustee makes a range of pooled funds available to Members.

Self investment

The Trustee has a policy of no direct self investment in any subsidiary of Lloyd's Register or in property leased to or owned by Lloyd's Register or its subsidiaries.

Rights attaching to investments

The Trustee recognises the importance of exercising rights (including voting rights) attaching to investments. For reasons of practicality, the Trustee delegates responsibility for the exercise of such rights to its investment managers.

Social, environmental and ethical issues

The Trustee's policy regarding social, environmental or ethical considerations is that the extent to which such issues are taken into account in making day-to-day investment decisions is delegated to the active investment managers, but it expects these investment managers to recognise at all times that the Trustee's primary responsibility is to act in the best financial interests of the beneficiaries of the Fund. Where the Trustee invests the Fund's assets on a passive basis, it does not consider it appropriate for the passive investment manager to take account of social, environmental or ethical considerations in the selection, retention and realisation of investments.

Defined Benefit Section

Investment objectives

- a. To maintain a portfolio of secure assets of appropriate liquidity which will generate income and capital growth, together with new contributions, to meet the cost of the benefits which the Fund provides, as set out in the Trust Deed and Rules.
- b. To limit the risk of the assets failing to meet the liabilities over the long term and the scheme-specific funding standard as set out in the Statement of Funding Principles.
- c. To minimise the long-term costs of the Fund by maximising the return on the assets whilst having regard to the objective shown under **b**.

Expected return on assets and long-term strategy

The Trustee recognises that the returns on equities are expected to be greater over the long term than those of bonds; however they are also likely to be more volatile. Allocations to Diversified Credit Funds are also expected to outperform bonds; however they are also likely to be more volatile, but less so than equity. A range of different asset classes are used within the Fund to provide diversification and therefore reduce volatility.

The Trustee considers advice from the Investment Consultant to ensure that the long-term strategy selected is suitable for the Fund, bearing in mind its financial position, liability profile, the strength of the Company covenant, and the agreed Statement of Funding Principles.

Following advice from the Investment Consultant the Trustee has approved the following strategic ranges as being permissible in order to pursue the above objectives.

Asset Class	Sub-asset class	Ranges
Equity	Passive global equities	16% - 24%
Credit	UK Investment Grade Bonds	5% - 9%
	Diversified Credit	11% - 15%
	Direct Lending	16% - 24%
	Semi-Liquid Credit	8% - 12%
	Collateralised Loan Obligations	10% - 14%
Liability hedging	LDI, covering 65% of liabilities	15% - 21%
Cash		0% - 5%
Total		100%

The Investment Committee acknowledge that the LDI mandate is expected to move broadly in line with the Fund's liabilities, and therefore the allocation may deviate outside of the permitted ranges over time.

Risk management

The Trustee recognises that there are risks involved in the investment of the assets of the Fund, which it monitors on a regular basis and seeks to mitigate. Comments on some of the risks are shown below:

Manager risk - the risk that investment managers employed fail to meet the investment objectives of their mandates.

- Is measured by the expected deviation of investment return, as set out in the respective Investment Manager(s)' objectives, relative to the investment policy.
- The Investment Manager(s)' actual performance is monitored using figures calculated by the Fund's custodian. In addition, the Investment Committee meets the active investment managers on an "as and when required" basis should circumstances dictate, to review past performance and to discuss the operation of the portfolio, including factors supporting the manager's investment process.

Solvency risk and mismatching risk - the risk that the assets of the Fund may be insufficient to meet the liabilities, or may be not fully matched to the duration of the liabilities, leading to volatility in the funding level and contributions required.

- Is measured through assessment of the expected development of the Fund's liabilities, relative to the current strategic investment policy, and possible alternative strategic approaches and through assessing the actual growth of liabilities in relation to the Fund's investments.
- Is monitored on a quarterly basis by the Investment Committee by analysis provided by the Investment Consultant.

Liquidity risk – the risk that the Fund is forced to sell investments in poor markets to fund benefit payments.

- Is measured by the level of cashflow required by the Fund over a specified period.
- Is monitored by the Fund's administrators assessing the level of cash held on a quarterly basis in order to limit the impact of cash flow requirements on the policy.

Custodian risk - the risk that the Custodian misplaces Fund investments that it is receiving, delivering or safekeeping.

- Is measured by assessing the quality of the Custodian bank: its abilities to settle trades on time and to keep safe custody of assets; and its financial strength (both to stay in business and to pay any claims due to the Fund).
- The Investment Committee monitors the Custodian's activities and discusses the performance of the custodian with the investment managers where appropriate.

Political risk and concentration risk - the risk that a political event and/or corporate failure could have a significant adverse impact on the value of the Fund's investments.

- Is measured by the proportion of the Fund's total investments that are concentrated in one geographic market and/or one asset category.
- The Fund's investment policy is designed to ensure that the Fund's investments are adequately diversified. In addition, the investment restrictions ensure that, at a stock selection level, the Fund avoids undue concentration.

Sponsor risk - the risk that the sponsor cannot, or will not, make good a current or future deficit of the Fund.

- Is measured by the level of ability and willingness of the sponsor to support the continuation of the Fund and to make good any current or future deficit.
- The Trustee manages this risk by assessing the interaction between the Fund and the sponsor's business on a regular basis.
- The Trustee has also managed this risk by ensuring that the Fund has recourse to assets held separately in an escrow account. These assets will be paid into the Fund if the funding level falls below certain triggers at future valuation dates.

Manager structure

The Trustee employs a range of specialist investment managers and uses a range of pooled funds with specialist investment objectives. The overall asset allocation of the Fund resulting from the combination of specialist managers and pooled funds is monitored by the Investment Committee, with the advice of the Investment Consultant.

Realisation of investments

The Trustee's investment managers are expected to consider the liquidity of investments when new investments are made and to sell investments they do not consider suitable for the Fund at an appropriate time. The Fund Administrators ensure sufficient liquidity is held to meet known benefit payments and is satisfied that assets could be realised at short notice to meet unexpected cashflow requirements.

Performance measurement

A set of measurable performance objectives has been developed for the investment managers and pooled funds. Performance in each asset category is compared quarterly with a suitable benchmark and an out-performance objective, with the exception of direct lending which is reviewed on a long term basis against appropriate objectives. The managers and pooled funds are expected to demonstrate skill in the management of their portfolios consistent with the performance objectives, given the levels of risks adopted. Investment performance is considered quarterly by the Investment Committee.

DC Section

Personal Account

Each Member of the DC Section has an individual Personal Account deriving from the accumulated contributions from the Member and the Company. The Personal Account is used at retirement or earlier death to provide benefits whereby the member can drawdown an income, purchase an annuity and/or provide lump sum benefits to the Member or appropriate Dependents. The funds within this Section are also available to DB Section members who wish to pay AVCs to enhance their benefits.

Investment objectives

The key investment objective is to facilitate the accumulation of each Member's individual Personal Account in a portfolio of secure assets of appropriate liquidity via unitised funds selected by the Member.

The Trustee wishes to give each Member a reasonable degree of freedom over the choice of investment funds for the accumulation of their Personal Account and, having taken appropriate advice, has made a range of unitised investment funds available. The choice of funds is designed to ensure that Members have sufficient flexibility to invest in funds of their choice in a manner that is consistent with their personal circumstances.

On 6th April 2015, the UK government introduced new 'pensions flexibility' rules allowing members to access their pension pots in a number of different ways. Following the new regulations, the Trustee revised the default lifestyle strategy to better reflect the new flexibilities available to members at retirement.

Details of the new default lifestyle strategy is shown in Appendix B.

The Fund provides investment options sourced through an insurance policy with Friends Life, the platform the Fund uses and through which a number of different investment managers and funds can be accessed.

The range of investment options is reviewed by the Trustee periodically to ensure their continued suitability.

To assist more focused decision making by the Members, the Trustee, having taken advice from its DC Investment Consultant, has introduced a 'Core' range of funds which are expected to match the risk/reward profile of the majority of members. A broader 'Non-core' range is offered for those members wishing to make more engaged investment choices. The list of funds available to members is shown in Appendix A.

Although the Trustee wishes to give Members a degree of freedom to make their own investment decisions, it also believes that it is appropriate to provide a default investment strategy to members who do not wish to make their own choices about investment of their pension assets. The Trustee has taken advice on the appropriate funds to form the default strategy and has established a lifestyle strategy as the default option, which initially targets growth of assets in the early years in the Fund and switches to target wealth preservation in the years approaching retirement. In addition, three other lifestyle structures (5 year, 10 year and 15 year, each targeting annuity purchase and 25% tax free cash) are also offered to existing members should they wish to continue to target the purchase of an annuity at retirement. Benchmarks and performance targets are set for each fund component of the lifestyle strategy. The overall investment objective for the lifestyle strategy is to produce a long-term return in excess of salary inflation. The Trustee will review the default strategy on a regular basis. Details of the default and alternative lifestyle options are shown in Appendix B.

Information for Members

Detailed information on the full available range supported by the provider is made available on the website of the provider.

DC specific investment risk

The Trustee considers the following DC specific investment risks:

- The risk that the investment return over members' working lives does not keep pace with inflation – "inflation risk"
- The risk that relative market movements in the years just prior to retirement lead to a substantial reduction in the member's pension pot, to be converted into a fixed or flexible income stream – "conversion risk"
- The risk that members end up with insufficient funds at retirement with which to secure a reasonable income through not having taken enough risk whilst the opportunity was available – "opportunity cost" risk
- The risk that the chosen investment manager underperforms the benchmark against which the investment manager is assessed – "manager risk"
- The risk of a fall in the value of the members fund – "capital risk"

The investments offered through the Fund have been chosen, in part, to help members mitigate these risks through appropriate fund selection.

Performance measurement

A set of measurable performance objectives has been developed for the unitised funds. A report on fund performance is prepared on a quarterly basis by the Investment Consultant and considered by the DC Investment Committee. Performance for each fund is compared with a suitable benchmark and an out-performance objective. The managers (particularly those with an active mandate) are expected to demonstrate skill in the management of their portfolios consistent with the performance objectives, given the levels of risks adopted.

Expected return on assets

The Trustee expects that an authorised Independent Financial Advisor will consider and explain the historical and expected rates of return earned on the various classes of asset available for investment, along with the inherent risks and levels of fund charges, when advising individual Members.

Realisation of investments

The assets of each Member's Personal Account are held in unitised investment funds that can be realised to provide pension benefits on retirement, or earlier if required.

Rate of contribution

The assets that will ultimately accumulate in each Member's Personal Account depend critically on the rate of contribution that each Member decides to pay. The Trustee draws this fact to the attention of the Members in the communications material issued to them.

Fund charges

Each Member will pay fund charges directly within the fund in which they choose to invest. The level of fund charges a Member pays will depend on the specific funds in which they invest. The Trustee ensures that the charges are competitive, and makes Members aware of them in the DC Section investment guide.

Legacy AVC arrangements

Some members have legacy AVC arrangements with Standard Life and Equitable Life. The Trustee monitors these on a regular basis.

For and on behalf of Lloyd's Register Superannuation Trustees Ltd as Trustee of the Lloyd's Register Superannuation Fund Association.

Signed: *[Signature redacted]* Name (Print):

Date: *3rd February 17*

For and on behalf of Lloyd's Register Group Limited.

Signed: *[Signature redacted]* Name (Print):

Date: *10/02/17*

Appendix A - Investment Options

Both a 'Core' and 'Non-Core' range of funds are offered to members in the DC section. All Core funds are blended funds constructed using underlying options from the Non-Core range.

Core range

White Label Name	Underlying Funds							Target (% p.a.)	Fund Charge (% p.a.)
	DGF	Global Equity 50:50 (passive)	Corporate Bonds (passive)	Index-linked Gilts (passive)	Emerging Market Equity (passive)	Emerging Market Equity (active)	Cash		
Emerging Markets Equity Fund - Active	-	-	-	-	32%	68%	-	RPI + 5%*	0.68
Adventurous Fund	30%	70%	-	-	-	-	-	RPI + 5%*	0.46
Moderate Growth Fund	30%	30%	20%	20%	-	-	-	RPI + 3.5%*	0.46
Fixed Income Fund	-	-	50%	50%	-	-	-	RPI + 1.5%	0.23
Pre-Retirement Fund	-	-	-	75%	-	-	25%	RPI + 1.0%	0.26

*these targets are per annum over a 5 to 7 year rolling period.

Non-Core range

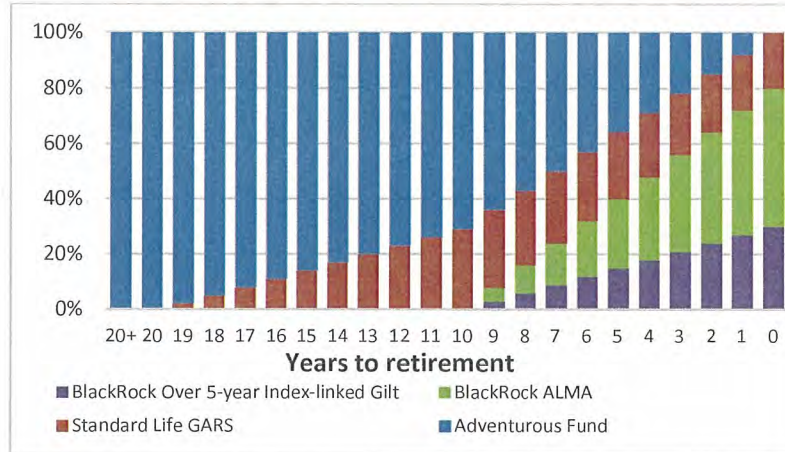
During the Trustee meeting in February 2016, the decision was made to replace the underlying fund (Aberdeen Life UK and Global 50:50 Equity Fund) within the white labelled Global Equity- Active Fund. On 28th April 2016, assets from the Aberdeen fund were transferred to the Newton Global Equity Fund.

White Label Name	Underlying Fund	Benchmark	Fund Charge (% p.a.)
Global Equity – Active	Newton Global Equity	MSCI AC World	0.58
Sustainable Investments	Jupiter Ecology	FTSE World Index	1.13
Property	Threadneedle Pension Property	AREF/IPD UK Quarterly Property Fund Index	0.98
Diversified Growth	Schroders Diversified Growth	RPI +5% over a 5 to 7 year period.	0.90

-	Standard Life Global Absolute Return Strategies	RPI +5% over a 5 to 7 year period.	1.00
-	BlackRock (30:70) Currency Hedged Global Equity	30% FTSE All Share Index, 60% FTSE AW Developed ex UK (hedged to GBP), 10% MSCI Global Emerging Markets Index	0.33
-	BlackRock UK Equity Index	FTSE All-Share Index	0.23
-	BlackRock (50:50) Global Equity Index	50% FTSE All-Share Index/50% overseas equities	0.23
-	BlackRock Market Advantage Strategy	3m LIBOR + 3.5%	0.56
-	BlackRock Over 15 Year Corporate Bond Index	iBoxx £ Non-Gilts, Over 15 Years Index	0.23
-	BlackRock Over 5 Year UK Index-linked Gilt Index	FTSE UK Gilts Index Linked Over 5 Year Index	0.23
-	BlackRock Cash Fund	7 Day £ LIBID	0.33
-	BlackRock Over 15 Year Gilts Index	FTSE UK Gilts Over 15 Year Index	0.23

Appendix B – Default and Alternative Lifestyle Options

Current default - The lifestyle strategy shown below is the default investment option for members of the DC section.



The aim of the current default strategy is to provide stable growth in the early years with a focus on wealth preservation in later years as a member begins to approach their retirement date.

Listed below are the alternative lifestyle strategies available to existing members who wish to continue to target the purchase of an annuity at retirement:

Name	Structure
Pre-2015 Lifetime Strategy - 5 Year	100% Adventurous Fund, gradually switching into Fixed Income Fund beginning 5 years from retirement. Cash introduced 3 years from retirement. Asset allocation at retirement 75% fixed income assets and 25% cash.
Pre-2015 Lifetime Strategy - 10 Year	100% Adventurous Fund, gradually switching into Fixed Income Fund beginning 10 years from retirement. Cash introduced 3 years from retirement. Asset allocation at retirement 75% fixed income assets and 25% cash.
Pre-2015 Lifetime Strategy - 15 Year	100% Adventurous Fund, gradually switching into Fixed Income Fund beginning 15 years from retirement. Cash introduced 3 years from retirement. Asset allocation at retirement 75% fixed income assets and 25% cash.