

The logo for B&CE, consisting of the letters 'B&CE' in white, bold, sans-serif font, centered within a solid blue square.

B&CE

Employee Life Cover from B&CE

Annual report and financial statements
for the year ended 31 March 2018

Pension Scheme Tax Reference: 00761659RN

**For people,
not profit**

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This document includes a report prepared by PricewaterhouseCoopers LLP ("PwC") on the financial statements of Employee Life Cover from B&CE (the "PwC report") on pages 6 and 7. Building and Civil Engineering Benefits Scheme Trustee Limited, to whom the PwC report is addressed, has confirmed that a copy of the report may be provided to you. PwC has consented to release of the report to you on conditions listed below, which you are accepting:

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* PwC refers to PricewaterhouseCoopers LLP, a limited liability partnership incorporated in England (number OC303525), whose registered office is at 1 Embankment Place, London WC2N 6RH



Contents

Page



| | |
|-------------------------------------------------------------------------------------|----|
| Trustee Board | 1 |
| Advisers | 2 |
| Trustee's report | 3 |
| Statement of Trustee's responsibilities | 5 |
| Independent auditors' report to the Trustee of the Employee Life Cover from B&CE | 6 |
| Fund account | 8 |
| Statement of net assets available for benefits | 9 |
| Notes to the financial statements | 10 |

Trustee Board

The following served as Directors of Building and Civil Engineering Benefits Scheme Trustee Limited (the Trustee) during the year, and up to the date of signing:



Chandrasekhar Ramamurthy
Independent Chairman



John Allott
Industry Employee Representative
Nominated by Unite the Union



Bob Blackman MBE
Industry Employee Representative
Nominated by Unite the Union



David Booth
Employer Representative
Nominated by Build UK
(Appointed 2 August 2017)



Harry Frew
Industry Employee Representative
Nominated by Unite the Union



James Gilmour
Employer Representative
Nominated by Federation of
Master Builders



Keir Greenaway
Industry Employee Representative
Nominated by GMB



James O'Callaghan OBE
Employer Representative
Nominated by Civil Engineering
Contractors Association



Brian Rye
Industry Employee Representative
Nominated by Unite the Union
(Resigned 31 May 2018)



David Smith
Employer Representative
Nominated by Scottish Building
Federation



John Spanswick CBE
Employer Representative
Nominated by Build UK
(Resigned 2 August 2017)



Stephen Terrell
Employer Representative
Nominated by National Federation
of Builders

Advisers

Secretary

Lydia Harratt

Scheme administrator

B&CE Financial Services Limited

Actuary

David Gardiner FIA, Aon Hewitt Limited

Independent auditors

PricewaterhouseCoopers LLP

Legal advisers

CMS Cameron McKenna Nabarro Olswang LLP

Investment adviser

Barnett Waddingham LLP

Investment manager

Legal & General Investment Management Limited

Bankers

HSBC Bank plc

Name and address for enquiries

Company Secretary's Office
Building and Civil Engineering Benefits Scheme Trustee Limited
Manor Royal
Crawley
West Sussex RH10 9QP
Email: info@bandce.co.uk
Phone number: 0300 2000 555
Website: www.bandce.co.uk

There are written agreements in place between the Trustee and advisers listed above.
There is no sponsoring employer for the ELC Scheme as it is a multi-employer scheme.

Trustee's report for the year ended 31 March 2018

The Trustee of Employee Life Cover from B&CE (ELC Scheme) presents its annual report for the year ended 31 March 2018.

Scheme constitution and management

The ELC Scheme provides death benefits for employees of employers in the construction industry contributing to the ELC Scheme. The ELC Scheme is administered by B&CE Financial Services Limited (Scheme Administrator), who charges the ELC Scheme for its services.

The ELC Scheme was established by a trust deed on 24 September 2010. The rules are set out in a schedule to the trust deed. Under the trust deed, the Trustee was appointed as the corporate trustee.

Responsibility for setting the strategy and for managing the ELC Scheme rests with the Trustee. The persons who acted as Directors of the Trustee during the year are listed on page 1. The Trustee held four meetings during the year and the decisions are passed by the majority of the Directors who attend.

The B&CE Investment Committee (Investment Committee) has been established to review the performance and suitability of the investments and investment managers for all B&CE entities. The Investment Committee also makes recommendations to the Trustee on changes to investment strategies and appointing new investment managers. The Investment Committee meets at least quarterly and four of the six members of the Investment Committee are Directors of the Trustee.

The Directors of the Trustee are appointed by the industrial parties who participate in the operation of the ELC Scheme. The Independent Chairman is appointed by the Board of Directors and must be unconnected with any of the industrial parties. The industrial parties also have power to remove the Directors and to nominate new Directors in their place.

The industrial parties are:

| | |
|-------------------------------------------|--------------------------|
| Build UK | - nominating 1 Director |
| Civil Engineering Contractors Association | - nominating 1 Director |
| Federation of Master Builders | - nominating 1 Director |
| GMB | - nominating 1 Director |
| National Federation of Builders | - nominating 1 Director |
| Scottish Building Federation | - nominating 1 Director |
| Unite the Union | - nominating 4 Directors |

The Directors' attendance at meetings of the Trustee Board and Investment Committee is summarised below. Where a Director was not entitled to attend all the meetings in the year, the maximum number of meetings is given in brackets:

| Director | Trustee Board 4 meetings | Investment Committee 4 meetings |
|---------------|-----------------------------|------------------------------------|
| J Allott | 4 | 4 |
| J O'Callaghan | 3 | 4 |
| C Ramamurthy | 4 | 4 |
| B Rye | 2 | 0 |
| R Blackman | 4 | N/A |
| D Booth | 2 (of 2) | N/A |
| H Frew | 4 | N/A |
| J Gilmour | 4 | N/A |
| K Greenaway | 3 | N/A |
| D Smith | 4 | N/A |
| J Spanswick | 1 (of 2) | N/A |
| S Terrell | 4 | N/A |

The Directors are paid a fee and reimbursed for expenses incurred in performing their duties as Directors of the Trustee. This cost is borne by B&CE Holdings Limited.

Trustee's report (continued)

Scheme constitution and management (continued)

The Trustee regularly reviews risks and conflicts to ensure that appropriate internal controls are in place and remain effective to support its governance arrangements.

The Trustee has appointed professional advisers and other organisations to support them in delivering the ELC Scheme's objectives. These individuals and organisations are listed on page 2. The Trustee has written agreements in place with each of them.

Financial developments and financial statements

The Trustee has chosen to prepare the non-statutory financial statements included in this annual report in accordance with the principles of UK Generally Accepted Accounting Practice and in accordance with the accounting policies set out in note 3.

Membership and benefits

On 31 March 2018 there were 130,496 members (2017: 134,678) covered by the ELC Scheme.

The ELC Scheme only pays a discretionary lump sum payment if a member dies while covered by the ELC Scheme. The ELC Scheme can make death benefits payments if an employee dies while actively working or following a period of unemployment or incapacity. The payment is doubled if the death is a result of an accident at or travelling to or from work.

The maximum level of death benefit is £32,500 with effect from 1 August 2016.

Actuarial review

The Actuary carries out regular reviews of the ELC Scheme for the Trustee. Since the inception of the ELC Scheme, contributions and investment income have exceeded claims, although the extent to which this is the case has reduced year-on-year. Based on data to the end of March 2018, the Trustee decided, on the advice of the Scheme Actuary, to maintain the headline benefit rate of £32,500.

Employers' contributions

The employer contribution rate paid to the ELC Scheme is £1.28 per employee per week; £1.16 is allocated to securing death benefits and £0.12 covers administration costs.

Investments

Contributions to the ELC Scheme are currently invested in a mixed investment fund and a cash trust managed by Legal & General Investment Management Limited (LGIM).

Employer-related investments

There were no employer-related investments (2017: nil) during the year or at the year-end.

Further information

Enquiries about the ELC Scheme generally or about an individual's entitlement to a benefit should be made to the Trustee at the address shown on page 2.

The Trustee's report was approved by the Trustee on 31 July 2018 and signed on its behalf by:

Chandrasekhar Ramamurthy
Chairman
31 July 2018

Statement of Trustee's responsibilities

Trustee's responsibilities in respect of the financial statements

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

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

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

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

The Statement of Trustee's responsibilities was approved by the Trustee and signed on its behalf by:

David Booth

Stephen Terrell

31 July 2018

Independent auditors' report to the Trustee of the Employee Life Cover from B&CE

Report on the audit of the financial statements

Opinion

In our opinion, Employee Life Cover from B&CE's non-statutory financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2018, 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; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of net assets available for benefits as at 31 March 2018; the Fund account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Scheme's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Independent auditors' report to the Trustee of the Employee Life Cover from B&CE (continued)

Report on the audit of the financial statements (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

As explained more fully in the Statement of Trustee's responsibilities, the Trustee is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Trustee is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with our engagement letter and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

Chartered Accountants

London

31 July 2018

Fund account for the year ended 31 March 2018

| | Note | 2018 £000 | 2017 £000 |
|---------------------------------------------------|------|----------------|--------------|
| Employer contributions | 4 | 8,698 | 9,144 |
| Total contributions | | 8,698 | 9,144 |
| Benefits | 5 | (7,440) | (9,181) |
| Other payments | 6 | (48) | (51) |
| Administrative expenses | 7 | (803) | (858) |
| | | (8,291) | (10,090) |
| Net withdrawals from dealings with members | | 407 | (946) |
| Net returns on investment | | | |
| Investment income | 8 | 395 | 182 |
| Change in market value of investments | 9 | (185) | 1,044 |
| Investment management expenses | 10 | 22 | (11) |
| | | 232 | 1,215 |
| Net increase in the fund | | 639 | 269 |
| Opening net assets | | 17,742 | 17,473 |
| Closing net assets | | 18,381 | 17,742 |

The notes on pages 10 to 15 form part of these financial statements.

Statement of net assets available for benefits as at 31 March 2018

| | Note | 2018 £000 | 2017 £000 |
|------------------------------------------|------|---------------|---------------|
| Investment assets | 9 | | |
| Pooled investment vehicles | | 17,103 | 17,266 |
| Cash | | 870 | 2,013 |
| Total net investments | | <u>17,973</u> | <u>19,279</u> |
| Current assets | 14 | 981 | 982 |
| Current liabilities | 15 | (573) | (2,519) |
| Net assets available for benefits | | <u>18,381</u> | <u>17,742</u> |

The financial statements summarise the transactions of the ELC Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay benefits which fall due after the end of the ELC Scheme year.

The notes on pages 10 to 15 form part of these financial statements.

These financial statements were approved by the Trustee on 31 July 2018 and signed on its behalf by:

David Booth

Stephen Terrell

Notes to the financial statements

1. General information

Employee Life Cover from B&CE (ELC Scheme) is a death benefit only pension scheme established under trust.

The ELC Scheme provides death benefits for operatives employed under the Building and Civil Engineering National Working Rule Agreement. The address of the ELC Scheme's registered office is Manor Royal, Crawley, West Sussex RH10 9QP.

The ELC Scheme is a registered death benefit only pension scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by employers are normally eligible for tax relief, and income and capital gains earned by the ELC Scheme receive preferential tax treatment.

2. Basis of preparation

The individual non-statutory financial statements of the ELC Scheme have been prepared in accordance with UK Generally Accepted Accounting Practice, Financial Reporting Standard (FRS) 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council (FRS 102) and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (Revised November 2014) (SORP) and the accounting policies set out in note 3. This is chosen as the most suitable accounting framework because the ELC Scheme is a registered pension scheme as set out in note 1 above.

3. Summary of significant accounting policies

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

a. Currency

The ELC Scheme's functional currency and presentational currency is pounds sterling (GBP).

b. Contributions

Employers' contributions to fund death benefits are collected by B&CE Holdings Limited. The contributions are recognised on an accruals basis in accordance with schedules received from employers, based on the period to which the contributions relate.

c. Benefits

Lump sum death benefits are accounted for on an accruals basis on the date of notification to the ELC Scheme.

d. Administrative expenses

Administration expenses, investment management expenses and premiums on term insurance policies are accounted for on an accruals basis.

e. Investment income and expenditure

Interest on investments and deposit interest is accounted for on an accruals basis. Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the ELC Scheme such as fees, commissions, stamp duty and other fees. Other investment management expenses are accounted for on an accruals basis and shown separately within investment returns.

f. Valuation and classification of investments

Investment assets and liabilities are included in the financial statements at fair value. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price, single dealing price or most recent transaction price is used.

The method of determining fair value for the principal classes of investments is:

- Unitised pooled investment vehicles which are not traded on an active market but where the manager is able to demonstrate that they are priced daily, weekly or at each month end, and are actually traded on substantially all pricing days are included at the last price provided by the manager at or before the year end.

Notes to the financial statements (continued)

| | | |
|----------------------------------|--------------|-------|
| 4. Employer contributions | 2018 | 2017 |
| | £000 | £000 |
| Employer contributions | | |
| Normal | 8,698 | 9,144 |

5. Benefits

| | | |
|-------------------------|--------------|-------|
| Lump sum death benefits | 7,440 | 9,181 |
|-------------------------|--------------|-------|

6. Other payments

| | | |
|-------------------------------------|-----------|----|
| Premiums on term insurance policies | 48 | 51 |
|-------------------------------------|-----------|----|

7. Administrative expenses

| | | |
|-----------------------------|------------|-----|
| Scheme administrator fees | 798 | 846 |
| Legal and professional fees | - | 4 |
| Audit fees | 5 | 8 |
| | 803 | 858 |

The Scheme Administrator charges for the costs of administration based on £0.12 of each weekly contribution received. The ELC Scheme pays directly for other legal and professional fees.

8. Investment income

| | | |
|----------------------------------------|------------|-----|
| Income from bonds | - | 143 |
| Income from pooled investment vehicles | 392 | 16 |
| Interest on cash and cash equivalents | 3 | 23 |
| | 395 | 182 |

9. Reconciliation of net investments

| | Opening value £000 | Purchases at cost £000 | Sales proceeds £000 | Change in market value £000 | Closing value £000 |
|----------------------------|-----------------------|------------------------------|---------------------------|-----------------------------------|--------------------------|
| Pooled investment vehicles | 17,266 | 22 | - | (185) | 17,103 |
| | <u>17,266</u> | <u>22</u> | <u>-</u> | <u>(185)</u> | <u>17,103</u> |
| Cash and cash equivalents | 2,013 | | | | 870 |
| | <u>19,279</u> | | | | <u>17,973</u> |

Notes to the financial statements (continued)

10. Investment management expenses

| | 2018 £000 | 2017 £000 |
|-------------------------------------|----------------------------|--------------|
| Fees charged by investment managers | <u>(22)</u> | <u>11</u> |

11. Fair value of investments

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

- Level 1: Unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.
- Level 2: Inputs (other than quoted prices) that are observable for the instrument, either directly or indirectly.
- Level 3: Inputs are unobservable, i.e. for which market data is unavailable.

The ELC Scheme's investment assets and liabilities have been included at fair value within these categories as follows:

| Category | Level 1 £000 | Level 2 £000 | Level 3 £000 | 2018 Total £000 |
|----------------------------|-----------------|-----------------|-----------------|--------------------|
| Investment assets | | | | |
| Pooled investment vehicles | - | 17,103 | - | 17,103 |
| Cash | 870 | - | - | 870 |
| Total investments | <u>870</u> | <u>17,103</u> | <u>-</u> | <u>17,973</u> |

Analysis for the prior period end is as follows:

| Category | Level 1 £000 | Level 2 £000 | Level 3 £000 | 2017 Total £000 |
|----------------------------|-----------------|-----------------|-----------------|--------------------|
| Investment assets | | | | |
| Pooled investment vehicles | - | 17,266 | - | 17,266 |
| Cash | 2,013 | - | - | 2,013 |
| Total investments | <u>2,013</u> | <u>17,266</u> | <u>-</u> | <u>19,279</u> |

12. Pooled investment vehicles

| | 2018 £000 | 2017 £000 |
|-----------------------|----------------------------|---------------|
| Mixed investment fund | <u>17,103</u> | <u>17,266</u> |

At 31 March 2018 the L&G Mixed Investment 0-35% Fund accounted for 93.0% of the net assets of the Scheme (2017: 97.3%).

Notes to the financial statements (continued)

13. Investment risks

Types of risk relating to investments

FRS 102 requires the disclosure of information for certain investment risks.

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

Market risk: this comprises currency risk, interest rate risk and other price risk.

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

Investment strategy

The investment objective of the ELC Scheme 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 ELC Scheme payable under the trust deed and rules as they fall due. The Trustee determines the investment strategy after taking advice from a professional investment adviser.

The ELC Scheme has exposure to investment risk because of the investments it makes in following the investment strategy. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the ELC Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the ELC Scheme's investment manager and monitored by the Investment Committee and Trustee by regular reviews of the investment portfolio.

The following table summarises the extent to which the investments are affected by financial risks:

| | Credit risk | Market risk | | | 2018 | 2017 |
|------------------------------|-------------|-------------|---------------|-------------|---------------|--------|
| | | Currency | Interest rate | Other price | £000 | £000 |
| Pooled investment vehicles | Yes | Yes | Yes | Yes | 17,103 | 17,266 |
| Cash and cash equivalents | Yes | No | Yes | No | 870 | 2,013 |
| Total net investments | | | | | 17,973 | 19,279 |

Credit risk

The ELC Scheme is subject to direct credit risk because it holds cash balances and invests in pooled investment vehicles. The ELC Scheme is also subject to indirect exposure to credit risk arising on the financial instruments held by the pooled investment vehicles.

Cash is held within financial institutions which are at least investment grade credit rated.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager and by the regulatory environment in which the pooled manager operates. 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.

Notes to the financial statements (continued)

13. Investment risks (continued)

Market risk: currency risk

The ELC Scheme is subject to currency risk because the pooled investment vehicles invest in overseas markets (indirect exposure). The ELC Scheme's liabilities are denominated in sterling and the majority of the assets in the pooled investment vehicles are denominated in currencies other than sterling. Although over the very long-term the impact of this currency exposure on expected asset returns is expected to be neutral, it can lead to volatility in the short term. The ELC Scheme seeks to mitigate this by investing in assets with a diversified portfolio of currencies.

Market risk: interest rate risk

The ELC Scheme is subject to indirect interest rate risk because some of its investments, through the pooled investment vehicles, are held in bonds, and cash. Due to the pooled nature of the fixed interest holdings in the pooled investment vehicles there is a wide exposure to bonds with differing durations, credit ratings and yields. The pooled investment vehicles also include index-linked bonds and globally diversified equity holdings which provide further protection from interest rate changes.

Market risk: other price risk

Other price risk arises in relation to the ELC Scheme's holding in the pooled investment vehicles. The price risk is mitigated by the diversified nature of the pooled investment vehicles. The fund invests in a broad range of UK and overseas company shares, bonds, cash and other assets including those whose return is linked to commodities and property. In addition, the asset allocation of the fund is dynamically managed with a focus on capital preservation and management of risk.

14. Current assets

| | 2018 £000 | 2017 £000 |
|-------------------|--------------|--------------|
| Contributions due | 881 | 867 |
| Prepayments | 8 | 9 |
| Cash balances | 92 | 106 |
| | <u>981</u> | <u>982</u> |

15. Current liabilities

| | | |
|----------------------------------------------------------------------------------|------------|--------------|
| Unpaid benefits | 482 | 1,510 |
| Accrued expenses / other creditors | 12 | 5 |
| Amounts owed to Scheme Administrator | 62 | 968 |
| Amounts owed to Building and Civil Engineering Benefits Scheme (Benefits Scheme) | 17 | 36 |
| | <u>573</u> | <u>2,519</u> |

16. Employer related transactions

The ELC Scheme holds no direct or indirect employer related investments. This position is unchanged from the previous year.

Notes to the financial statements (continued)

17. Related party transactions

The ELC Scheme has the following related party transactions:

- Administration fee paid to the Scheme Administrator (see note 7)
- The ELC Scheme reimburses the Benefits Scheme for amounts paid by the Benefits Scheme on its behalf (note 15 gives details of amounts outstanding at the year end).
- Directors' fees and expenses are paid by B&CE Holdings Limited and totalled £18k for 2018 (2017: £13k). This cost is not recharged to the ELC Scheme.

18. Contingencies and commitments

In the opinion of the Trustee, the ELC Scheme had no contingent liabilities (2017: nil) or commitments (2017: nil) at 31 March 2018.

19. Events after the reporting period

There were no events requiring disclosure or adjustment occurring after the end of the reporting period.

For more information:

 **0300 2000 555**

 **info@bandce.co.uk**



Building and Civil Engineering Benefits Scheme Trustee Limited

Manor Royal, Crawley, West Sussex, RH10 9QP. Tel 0300 2000 555 Fax 01293 586801 www.bandce.co.uk

Registered in England and Wales No. 1201576. To help us improve our service, we may record your call. Building and Civil Engineering Benefits Scheme Trustee Limited is the custodian and corporate trustee of the Building and Civil Engineering Benefits Scheme and of the Employee Life Cover from B&CE arrangement. Appointed representative of B & C E Insurance Limited which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority Ref: 177791.