



Building and Civil Engineering Benefits Scheme
Building and Civil Engineering Accident Benefit Scheme
Employee Life Cover from B&CE

Annual Trustee's Report and Financial Statements
For the year ended 31 March 2011



B&CE's Vision

Dedicated to the personal and financial wellbeing of everyone in construction



B&CE's Values

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B&CE Profile

B&CE is the UK's largest provider of financial benefits to the construction industry's employers and individuals. Since our launch in 1942, all our efforts have gone towards achieving one goal: improving the personal and financial wellbeing of everyone in the construction industry.

As industry specialists, B&CE has created a range of financial products that meet the needs of everyone working in construction, including a stakeholder pension, annuities, accident cover, life cover, holiday pay, personal injury insurance and employee healthcare schemes.

B&CE is a not for profit organisation so its primary concern is for employers and employees in the construction industry rather than shareholders. As an organisation committed to construction, its aims are:

- To give construction employees financial protection while in employment and financial security in retirement.
- To provide a wide range of attractive benefits that help construction employers recruit and retain high quality, committed people at low cost.

2010/11 Highlights

The Retirement Benefit Rate increased from £7.55 per week to £7.85 from August 2010

The Accident Benefit and Death Benefit were replaced in October 2010 by B&CE's new product offerings; Employee Accident Cover from B&CE¹ and Employee Life Cover from B&CE. The products that have been replaced will continue to pay out claims but will not receive further contributions.

A total of £30.1m was paid out from the Retirement Benefit Scheme

£7.5m was paid from the Death Benefit Scheme

£0.2m was paid from the Accident Benefit Scheme

£1.1m was paid from the Employee Life Cover Scheme

Investment returns are estimated to have been 10.0% over the last 12 months for the Benefits Scheme fund

¹ This product is accounted for in B&CE Insurance Limited

B&CE Structure

Building & Civil Engineering Benefits Scheme (“the Benefits Scheme”) and Building & Civil Engineering Accident Benefit Scheme (“the Accident Benefit Scheme”) provide death, retirement and accident benefits in respect of individuals working in the construction industry. They were established under Trust Deeds dated 1974, 1982 and 1987 respectively and were entered into between the Employers’ Side and the Operatives’ Side of the National Joint Council for the Building Industry and the Employers’ Panel and the Operatives’ Panel of the Civil Engineering Construction Conciliation Board. Under these Deeds, Building and Civil Engineering Holidays Scheme Management Limited (“the Management Company”) has been appointed to act as Administrator of the Schemes.

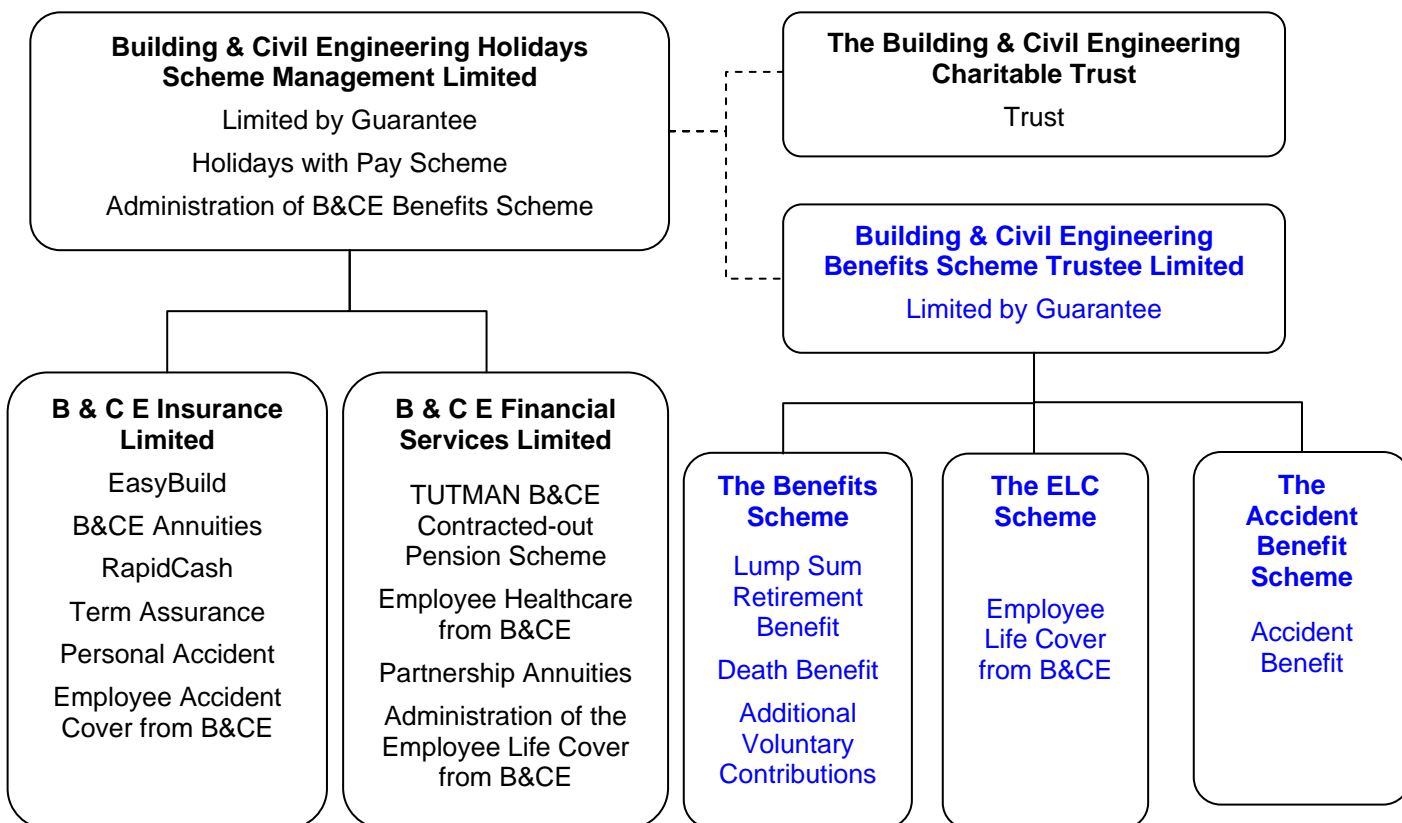
The Employee Life Cover from B&CE Scheme (“the ELC Scheme”) provides death cover in respect of individuals working in the construction industry and was established under a Trust Deed dated 24 September 2010. B & C E Financial Services Limited is the appointed Scheme Administrator under the Trust Deed.

Building and Civil Engineering Benefits Scheme Trustee Limited (“the Corporate Trustee”) was incorporated in 1975. Its main objective is to act as Corporate Trustee of Schemes for the provision of benefits for building and civil engineering operatives offered by the Benefits Scheme and Accident Benefit Scheme. The Corporate Trustee through its Board of Directors exercises a general oversight of the Schemes’ operations. The Directors also, through panels, carry out the functions of corporate trusteeship in relation to cases referred to them by the Management Company for determination.

The Management Company administers the Building and Civil Engineering Holidays-with-Pay Scheme (“Holiday Pay Scheme”) as well as the Benefits Scheme and Accident Benefit Scheme. It is also the appointed administrator of the Building and Civil Engineering Charitable Trust.

The Management Company has two wholly owned subsidiaries; B & C E Financial Services Limited and B & C E Insurance Limited. Collectively, the Management Company and its subsidiaries are known as the B&CE Group (“the Group”).

Separate financial statements are published for the Corporate Trustee, the Management Company and its subsidiaries.



Product Portfolio

The Schemes provide the following benefits to construction workers:

Death Benefit

Until October 2010, Death Benefit was offered to employers as part of B&CE's Employee Benefits Plan. Contributions are no longer received but claims will continue to be paid until October 2015. The product has now been replaced by Employee Life Cover from B&CE (see below).

The cover provides a discretionary tax-free lump sum (currently up to £23,000) to an employee's financial dependents if they die whilst covered under the Scheme. The product includes cover whilst the employee is incapacitated or unemployed, and can be doubled if the death is the result of an accident at work.

Accident Benefit

Accident Benefit was also offered as part of B&CE's Employee Benefits Plan until October 2010. Contributions are no longer received but claims will continue to be paid until October 2013. The product has now been replaced by Employee Accident Cover from B&CE ("EAC"), which is operated by B & C E Insurance Limited.

The cover provides a tax-free lump sum (currently up to £17,500) to an employee if they are injured as a result of a qualifying accident whilst at work or travelling to or from work. Accidents which result in disablement from employment for one year or more are also covered.

Lump Sum Retirement Benefit ("LSRB")

Lump Sum Retirement Benefit is an approved Occupational Pension Scheme, paying a one off tax free lump sum at age 65.

LSRB was introduced in 1982. As a result of the launch of EasyBuild (the Group's stakeholder pension scheme product), from 8 April 2001 the existing Scheme ceased to receive retirement benefit contributions and accrue further service, and was closed to new members from that date. Benefits will continue to be paid when due.

The benefit is based on the individual's weeks of service with employers operating our Scheme between 5 April 1982 and 8 April 2001, which is multiplied by the retirement benefit rate (currently £7.85 per week of service).

Additional Voluntary Contributions ("AVC's")

AVC's were launched in 1986 as a top up arrangement for the LSRB Scheme. It was designed to give construction workers the opportunity to boost their retirement benefit by making their own regular contributions. It was available to all workers who, through their employer's contributions, were members of the LSRB Scheme. The AVC's arrangements closed to new contributions when EasyBuild was introduced 9 April 2001.

Employee Life Cover from B&CE ("ELC")

In October 2010 the Company launched ELC which replaced the Death Benefit Scheme. The product is one element of B&CE's Employee Benefits Plan and employers pay weekly premiums to provide cover for their staff.

Like the Death Benefit Scheme, the cover provides a discretionary tax-free lump sum (currently up to £23,000) if an employee dies whilst covered under the Scheme. The product still includes cover whilst the employee is incapacitated or unemployed, and continues to be doubled if the death is the result of an accident at work. However unlike its predecessor, the new Scheme has certainty of payment (rather than being subject to financial dependency), and multiple levels of cover are available.

Board of Directors

The following served as Directors of Building and Civil Engineering Benefits Scheme Trustee Limited during the year;



The Rt. Hon. Sir John Chilcot GCB, MA
Independent Chairman



James O'Callaghan BE, MSc, C.Eng, FICE, FCIWEM, FIHT

Employer Representative
Nominated by: Civil Engineering Contractors Association (CECA)



Gerry Lean FCIPD

Employer Representative
Nominated by: UK Contractors Group (UKCG)
(Resigned 2 March 2011)



Stephen Terrell MCIOB

Employer Representative
Nominated by: National Federation of Builders (NFB)



Harry Frew

Industrial Employee Representative
Representative – Scotland Regional Secretary: UCATT



David Smith MCIPD

Employer Representative
Nominated by: Scottish Building Federation (SB)



Peter Rogerson OBE

Employer Representative
Nominated by: National Specialist Contractors Council (NSCC)



George Wilmshurst

Industrial Employee Representative
(Resigned 5 November 2010)



Stephen Murphy

Industrial Employee Representative
Midlands Regional Secretary: UCATT



Bob Blackman MBE MIOSH

Industrial Employee Representative:
Representing Unite the Union



Alan Ritchie

Industrial Employee Representative
Representing UCATT



Phil Davies

Industrial Employee Representative
National Secretary: GMB



Geoff Lister FCIOB

Employer Representative
Nominated by: Federation of Master Builders (FMB)



John Allott

Industrial Employee Representative
National Officer for Construction:
Unite the Union
(Appointed 5 November 2010)



John Spanswick CBE, FCIOB

Employee Representative
Nominated by: UK Contractors Group (UKCG)
(Appointed 2 March 2011)

Administration and Advisors

Benefits Scheme

Secretary and Registered Office

C E Milton
B&CE Benefit Schemes,
Manor Royal,
Crawley,
West Sussex,
RH10 9QP

Bankers

HSBC Bank plc,
9 The Boulevard,
Crawley,
West Sussex,
RH10 1UT

Solicitors

Field Fisher Waterhouse LLP,
35 Vine Street,
London,
EC3N 2AA

Independent Auditors

PricewaterhouseCoopers LLP,
First Point,
Buckingham Gate,
Gatwick,
West Sussex,
RH6 0PP

Appointed Actuary

R Shah, FIA
Aon Hewitt Ltd,
Parkside House,
Ashley Road,
Epsom,
KT18 5BS

Investment Managers

Legal & General Investment
Management Ltd,
Bucklersbury House,
3 Queen Victoria Street,
London, EC4N 8EL

Henderson Equity Partners,
4 Broadgate,
London, EC2M 2DA

Barings Asset Management Ltd,
155 Bishopsgate,
London, EC2M 3XY

BlackRock Investment Management
(UK) Ltd,
33 King William Street,
London, EC4R 9AS

Schroder Investment Management Ltd,
31 Gresham Street,
London, EC2V 7QA

Investment Managers (ctd)

Invesco Asset Management Ltd,
30 Finsbury Square,
London,
EC2A 1AG

Smith & Williamson Investment
Management Ltd,
25 Moorgate,
London,
EC2R 6AY

Investment Advisor

Aon Hewitt Ltd,
6 More London Place,
London,
SE1 2DA

Custodians

J P Morgan Europe Ltd,
60 Victoria Embankment,
London,
EC2R 6AY

HSBC Global Investment Services
Ltd,
8 Canada Square,
London,
E14 5HQ

Accident Benefit Scheme

Secretary and Registered Office

C E Milton
B&CE Benefit Schemes,
Manor Royal,
Crawley,
West Sussex,
RH10 9QP

Bankers

HSBC Bank plc,
9 The Boulevard,
Crawley,
West Sussex,
RH10 1UT

Solicitors

Field Fisher Waterhouse LLP,
35 Vine Street,
London,
EC3N 2AA

Independent Auditors

PricewaterhouseCoopers LLP,
First Point,
Buckingham Gate,
Gatwick,
West Sussex,
RH6 0PP

Investment Manager

Smith & Williamson Investment
Management Ltd,
25 Moorgate,
London,
EC2R 6AY

Investment Advisor

Aon Hewitt Ltd,
6 More London Place,
London,
SE1 2DA

Administration and Advisors (continued)

ELC Scheme

Secretary and Registered Office

C E Milton
B&CE Benefit Schemes,
Manor Royal,
Crawley,
West Sussex,
RH10 9QP

Bankers

HSBC Bank plc,
9 The Boulevard,
Crawley,
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RH10 1UT

Solicitors

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35 Vine Street,
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EC3N 2AA

Independent Auditors

PricewaterhouseCoopers LLP,
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Buckingham Gate,
Gatwick,
West Sussex,
RH6 0PP

Investment Manager

Smith & Williamson Investment
Management Ltd,
25 Moorgate,
London,
EC2R 6AY

Investment Advisor

Aon Hewitt Ltd,
6 More London Place,
London,
SE1 2DA

There are written agreements in place between the Trustee and advisors listed above and also with the sponsoring employer. There were no changes in Scheme advisors during the year.



BUILDING AND CIVIL ENGINEERING BENEFITS SCHEME

**Trustee's Report and Financial Statements
for the year ended
31 March 2011**

Trustee's Annual Report

The Trustee presents its report on the operation of the Building and Civil Engineering Benefits Scheme ("the Benefits Scheme") during the year ended 31 March 2011. The Benefits Scheme provides death and retirement benefits in respect of operatives employed under the Building and Civil Engineering National Working Rule Agreement. The Scheme is administered by Building and Civil Engineering Holidays Scheme Management Limited ("the Management Company"), who charges the Benefits Scheme for its services.

1. Benefits Scheme

The Scheme was established by means of an Interim Trust Deed dated 12 January 1982 and the Definitive Trust Deed was signed on 24 February 1982. The rules are set out in a Schedule to the Trust Deed and they cover Lump Sum Retirement Benefits, Voluntary Contributions and Death Benefits.

The Scheme is a registered occupational pension scheme and contracted-in to the State Second Pension ("S2P").

Under the Definitive Trust Deed dated 24 February 1982, Building and Civil Engineering Benefits Scheme Trustee Limited ("the Corporate Trustee") was appointed as "the Trustee" and the power of appointing new Trustees is vested in the Industrial Parties. Financial statements for the Corporate Trustee are published separately.

2. Appointment and Removal of Directors

The Directors of the Corporate Trustee are appointed by the Industrial Parties who are participating in the operation of the Benefits Scheme. The Independent Chairman is appointed by the Board of Directors and must be unconnected with any of the Industrial Parties.

The Industrial Parties are:

- | | |
|--|--------------------------|
| ▪ Civil Engineering Contractors Group | - nominating 1 Director |
| ▪ Federation of Master Builders | - nominating 1 Director |
| ▪ National Federation of Builders | - nominating 1 Director |
| ▪ National Specialist Contractors Council | - nominating 1 Director |
| ▪ Scottish Builders Federation | - nominating 1 Director |
| ▪ UK Contractors Group | - nominating 1 Director |
| ▪ Unite the Union | - nominating 2 Directors |
| ▪ Union of Construction, Allied Trades and Technicians | - nominating 3 Directors |
| ▪ GMB | - nominating 1 Director |

The Industrial Parties have power to remove the Directors and to nominate new Directors in their place.

3. Member Nominated Directors

The Benefits Scheme is exempt from the Member Nominated Directors provisions of the Pensions Act 2004 as it is a "relevant approved centralised scheme".

4. Schedule of Contributions

The Trustee confirms the Scheme was exempt from the provisions of section 56 of the Pensions Act 2004 and the need to produce a schedule of contributions and annual actuarial statement under the Minimum Funding Requirement regime. The Trustee is investigating whether there is also an exemption from the provisions of the Scheme Specific Funding regime. However, a schedule of contributions has been produced, and a copy is included on page 14. Triennial valuations of the Scheme are carried out by the appointed actuary.

As at the latest actuarial valuation on 31 March 2009, there was a deficit position of £85m (31 March 2006 – £67m surplus). The Retirement Benefit rate increased from £7.55 per week to £7.85 from 1 August 2010 following the annual review by the Scheme Actuary. The next full triennial valuation is due to take place at 31 March 2012.

Trustee's Annual Report (continued)

5. Death Benefits

During the year a total of 394 (2010 – 415) Death Benefit claims were paid. A further 561 (2010 – 518) Lump Sum Retirement Benefit 'death (23.3.3)' payments have been made for those that did not meet the criteria for the Death Benefit but who had accrued more than 80 weeks of service. In total £7.5m was paid (2010 – £9.6m) during the year to the dependents and estates of the deceased.

The maximum level of Death Benefit remained at £23,000 throughout 2010/11. The Trustee continues to have discretion to pay up to 200% of the lump sum Death Benefit for deaths resulting from accidents at the place of work or while travelling to or from the place of work.

The Death Benefit cover closed in respect of deaths up to 30 September 2010 and will continue to pay those benefits due until 30 September 2015.

6. Retirement Benefits

Lump Sum Retirement Benefits under this Scheme became payable in respect of retirements on or after 5 April 1982. During the year 8,817 (2010 – 8,771) individuals' retirement benefits and transfer out payments were made amounting to £30.1m (2010 – £30.0m); an average of £3,412 (2010 – £3,417) per operative. The Retirement Benefit rate for retirements increased from £7.55 to £7.85 on 1 August 2010.

7. Employer's Contributions

The contribution rates remained unchanged throughout 2010/11 until the Death Benefit Scheme closed on 30 September 2010. Up until closure, £1 was received from employers per employee per week; £0.90 was allocated to securing death benefits and £0.10 went to the Management Company for administration costs (see point 19). No contributions are received in respect of retirement benefits.

The total value of employers' contributions during the year was £5.2m (excluding transfers in) (2010 – £10.5m), relating to approximately 229,385 operatives (2010 – 260,845). This decrease of 50.5% in contributions is as a result of the closure of the Scheme during the year.

8. Voluntary Contributions

Until the launch of "EasyBuild" on 9 April 2001, individuals were able to make voluntary contributions in order to enhance their retirement benefits. The AVC Fund is shown separately in the Fund Account on page 19. An annual bonus declaration is made by the Trustee and is applied to the AVC Fund. A transfer of assets is made between the main Scheme assets and the AVC Fund on a notional basis. Contributions received were invested with the main Scheme assets and are accounted for separately on behalf of the individual operatives.

The cumulative value of voluntary contributions and bonuses was £43.4m at 31 March 2011 (2010 – £44.1m) including a provision of £2.2m for the 2010/11 investment bonus (2010 – £1.1m) which, in June 2011, the Trustee, on the advice of the actuaries, fixed at 5.2% (2010 – 2.6%).

9. The Pensions Advisory Service

If you have a problem or concern with any aspect of the Scheme pension arrangements, we suggest you talk firstly to your employer and then the Management Company at:

B&CE Benefit Schemes,
Manor Royal,
Crawley,
West Sussex, RH10 9QP

If you are not satisfied then you are expected to contact The Pensions Advisory Service Limited (TPAS) for help. TPAS is an independent voluntary organisation with local advisers who are expert in pensions matters.

To find out the name and address of your local TPAS adviser, ask your local Citizen's Advice Bureau who hold a directory of TPAS advisers. Alternatively, contact TPAS Headquarters at 11 Belgrave Road, London, SW1V 1RB.

Trustee's Annual Report (continued)

10. Pensions Ombudsman

If TPAS fails to solve your problem and you want the Pensions Ombudsman's help, then providing it is within his terms of reference, write to 11 Belgrave Road, London, SW1V 1RB.

The Pensions Ombudsman is appointed under the Social Security Act 1990 to deal with complaints against, and disputes with, occupational and personal pension schemes. The Pensions Ombudsman is completely independent and acts as an impartial adjudicator.

In general, the Pensions Ombudsman can investigate complaints of injustice caused by maladministration by the trustees or manager of an occupational or personal pension scheme and disputes of fact or law with the trustees or managers.

If you wish to make a complaint it must be within three years of the act, or failure to act, that you are complaining about and the complaint must be in writing.

You can complain if you are a member of an occupational or personal pension scheme. This includes anyone with pensionable service who has left a scheme before retirement age, the widow, the widower or dependant of a deceased member or a suitable representative, if the person in the above categories is unable to look after their own affairs or has died.

If you have a complaint or dispute you should first try to resolve the dispute with the Trustee or Management Company of the Scheme.

11. Registrar of Pension Schemes

In accordance with the Register of Occupational and Personal Pension Schemes Regulations 1990, full information, including a contact address, has been given to the Registrar of Pension Schemes.

12. Pension Trust Principles

A copy of the booklet, "Pension Trust Principles", which is a layman's guide to the duties and powers of pension scheme trustees and their personal position, is available for inspection from the Management Company at the address shown on page 5.

13. Investments

The Scheme's investment strategy was significantly amended during 2006 with the objective of matching the investments more closely with the expected development of the liabilities, these being closely linked to future trends in inflation as measured by the Retail Price Index ("RPI").

There were no major changes to the Scheme's investment strategy over the year which maintains an objective of matching the investments to the expected development of the liabilities.

The following table lists the various fund managers involved in the investment process, together with an outline of the their mandates and the values of their portfolio.

Manager	Mandate	Market Value (bid) £m	Market Value (mid) £m
Legal & General	UK Government Bonds inflation swaps and some equities	395.8	398.2
Invesco	UK equity	80.5	80.5
Schroder	UK equity and property	60.9	60.9
BlackRock	Diversified Growth (multi-asset)	91.4	91.4
Baring	Global equities and property	63.4	63.4
Henderson	Private Finance Initiative Infrastructure	18.0	18.0
Total Fund		710.0	712.4

The investment returns for the 12 months to 31 March 2011 were 10.0%. Over a three year period ended 31 March 2011, the returns are approximately 5.8% per annum.

Trustee's Annual Report (continued)

13. Investments (continued)

HSBC Global Investment Services Limited acts as custodian in respect of the Barings portfolio and by JP Morgan Europe Limited in respect of the remaining assets. These investments are held in a designated nominee account at HSBC Global Investment Services Limited and JP Morgan Europe Limited in the name of the Trustee of the Scheme. The Trustee receives reports each month covering the assets held by the custodians and transactions in the month. These are monitored by the Trustee and, if appropriate, followed up with the custodian on a timely basis. The custodian is independent of the fund manager and provides a check on the recording of these assets of the Scheme.

The Scheme's investments are subject to the Occupational Pension Schemes (Investment of Scheme Resources) Regulations 1992.

Details of the ten largest Investments as at 31 March 2011

	Market Value	As % of
	£000	Total
		Fund
L & G Client Specific Unitised 34786	395,835	55.7
BlackRock Property Unit Trust	91,387	12.9
Invesco IP Income Fund	80,487	11.3
Schroders Equities	40,575	5.7
Barings INTL Fund Managers IREL North America	24,881	3.5
Henderson PFI Secondary Funds II L.P	18,045	2.5
Schroders Property Unit	17,601	2.5
Barings ING Real Estate Inv Mgmt UK – The Osiris Property Fund	12,317	1.7
Barings Fund Managers European Growth Trust	8,994	1.3
Barings Intl Umbrella Funds Asia Growth Fund	6,402	0.9
	<hr/>	
	696,524	98.1
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Details of individual investments with a value greater than 5% of the entire fund value as at 31 March 2011

BlackRock Property Unit Trust	91,387	12.87
Invesco IP Income Fund	80,487	11.34
Treasury 4.25% 07/06/32 (L & G Client Specific Unitised)	57,816	8.14
Treasury 6% 07/12/28 (L & G Client Specific Unitised)	48,471	6.83
Treasury 5% 07/03/25 (L & G Client Specific Unitised)	46,405	6.54
Treasury 4.25% 07/12/27 (L & G Client Specific Unitised)	38,137	5.37
Treasury 4.25% 07/03/36(L & G Client Specific Unitised)	38,708	5.45

Under the terms of the Trust Deed, Building and Civil Engineering Benefit Schemes Trustee Limited has the authority to use such financial instruments as futures and options, and to undertake stock lending and hedge currency risks as appropriate in the course of implementing the investment strategy. Net liabilities for outstanding futures contracts must not at any time exceed cash held on deposit. An agreement with the custodian sets out what constitutes acceptable collateral where stock-lending is undertaken. No stock lending has been undertaken during the year.

14. Statement of Investment Principles

In accordance with Section 35 of the Pensions Act 1995, the Trustee has produced a statement of the principles governing decisions about investment for the purpose of the Scheme. A copy is available on request from the Management Company at the address on page 5.

15. Employer Related Investments

There have been no active decisions to make employer related investments. However, it should be noted that there is a possibility that employer related investments are included within the Scheme's investments where employers in the construction industry may be listed entities for whom units are held in the Pooled Investment Vehicles. It is felt that monitoring this position would not be feasible due to the volume of employer customers that the Schemes deal with this position remains unchanged compared to 2009/10.

Trustee's Annual Report (continued)

16. Compliance with Myners

Following the Myners Report into Institutional Investment in the UK, the Government after consultation, indicated that it would take forward all of the recommendations and identified 10 investment principles to apply to pension schemes. These principles cover the arrangements for effective investment management decision making, the setting and monitoring of clear investment objectives, the focus on asset allocation, arrangements to receive professional and appropriate advice, explicit manager mandates, shareholder activism, the use of appropriate investment benchmarks, the measurement of performance and regular reporting.

17. Basis of Preparation

The financial statements have been prepared and audited in accordance with regulations made under Section 41 (1) and (6) of the Pensions Act 1996, which has been applied consistently.

18. Taxation

The Benefits Scheme is an exempt approved scheme for the purpose of Finance Act 2004. It is not liable for any United Kingdom tax on its capital gains.

19. Administration

Benefits under the Scheme are based on weeks of Reckonable Service recorded by the Management Company. The Management Company has a computer-based membership file for this purpose using National Insurance numbers as operatives' reference; individual membership statements are issued by the Management Company annually. At 31 March 2011 there were 1,152,885 operatives (2010 – 1,162,489) for whom the Management Company had recorded Reckonable Service.

During 2008 the Directors agreed to pay administration fees to the Management Company for costs incurred by the Management Company in administering the Retirement Benefit, Death Benefit and Accident Benefit products. This consists of two elements covering Retirement Benefit administration and Death Benefit administration. Both fees are in accordance with the Trust Deeds.

The Retirement Benefit administration fee is based on 0.5% of the assets per annum (plus VAT) and charged monthly. This fee totalled £4.1m during the year (2010 – £3.8m) which is an 7.9% increase caused by slightly increased investment market values over the 12 months. The Death Benefit administration fee is based on 10% of the combined Accident and Death Benefit contributions. This fee totalled £0.6m (2010 – £1.1m), with the significant decrease being due to the fact that contributions ceased halfway through the year when the Death Benefit product was replaced.

20. Expenses

Total administrative expenses stayed the same £5.5m for the year (2010 – £5.5m). The decrease in administration fees paid to the Management Company was largely offset by an increase in legal and professional fees.

21. Scheme Net Assets

The total value of net assets of the Benefits Scheme has increased by £23.7m (2010 – £34.4m) during the last 12 months to £708.9m (2010 – £685.2m). The increase in net assets has primarily been because of the unrealised rise in value of investments.

22. Further Information

Enquiries about the Scheme generally or about an individual's entitlement to benefit should be made to Building and Civil Engineering Benefits Scheme Trustee Limited at the address shown on page 5.

On behalf of the Trustee

C E Milton
Group Company Secretary
11 August 2011

Schedule of Contributions

For information the Schedule of Contributions for the Benefits Scheme is shown below:

BUILDING and CIVIL ENGINEERING BENEFITS SCHEME SCHEDULE OF CONTRIBUTIONS

This schedule of contributions has been prepared by the Trustee to satisfy the requirements of Section 227 of the Pensions Act 2004, after obtaining the advice the Scheme Actuary and after consultation with the Construction Industry Joint Council. It covers contributions to the Scheme from all Employers in the Construction Industry who participate in the Scheme from time to time.

It comes into effect on the date of certification of this schedule by the Scheme Actuary.

1. Employer Contributions

The Employers will pay the following:

Type	Period	Amount
In respect of death-in-service lump sum benefits	Up to 30 September 2010	£0.90 per member for each week of reckonable service
	From 1 October 2010	nil
In respect of administration expenses	Up to 30 September 2010	£0.10 per member for each week of reckonable service
	From 1 October 2010	nil

Contributions to the Scheme will be paid within 19 days of the end of the calendar month to which they relate.

2. Contributions by active members:

No contributions will be made by active operatives.

Signed on behalf of the Industrial Parties

Signature: **Name:** Stephen Murphy

Position: Director **Date:** 6 August 2010

Signature: **Name:** David Smith

Position: Director **Date:** 6 August 2010

Note: The Construction Industry Joint Council was nominated by the Industrial Parties as their representative for this purpose.

Signed on behalf of Building and Civil Engineering Benefits Scheme Trustee Limited

Signature: **Name:** Clair Milton

Position: Group Company Secretary **Date:** 6 August 2010

Statement of Trustee's Responsibilities

The accounts, which are prepared in accordance with UK Generally Accepted Accounting Practice, are the responsibility of the trustees. Pension scheme regulations require the trustees to make available to scheme members, beneficiaries and certain other parties, audited accounts for each scheme year which :

- show a true and fair view of the financial transactions of the scheme during the scheme year and of the amount and disposition at the end of the scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year; and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

The trustees have supervised the preparation of the accounts and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis. The trustees are also responsible for making available certain other information about the scheme in the form of an annual report.

The trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the scheme by or on behalf of the employer and the active members of the scheme and the dates on or before which such contributions are to be paid. The trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the scheme and for monitoring whether contributions are made to the scheme by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

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

Basis of preparation of the accounts

The accounts have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and with the guidelines set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised May 2007).

On behalf of the Trustee

David Smith)	
)	Directors
John Spanswick)	

11 August 2011

Independent Auditors' Statement about Contributions to the Trustee of the Building and Civil Engineering Benefits Scheme

We have examined the summary of contributions to the Building & Civil Engineering Benefits Scheme for the scheme year ended 31 March 2011 which is set out on the following page.

Respective responsibilities of Trustees and Auditors

As explained more fully in the statement of trustees' responsibilities, the scheme's trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions and for monitoring whether contributions are made to the scheme by the employer in accordance with relevant requirements.

It is our responsibility to provide a statement about contributions and to report our opinion to you.

This report, including the opinion, has been prepared for and only for the trustees as a body in accordance with section 41 of the Pensions Act 1995 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 save where expressly agreed by our prior consent in writing.

Scope of work on the statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme under the schedule of contributions and the timing of those payments.

Statement about contributions

In our opinion, the contributions required by the schedule of contributions for the scheme year ended 31 March 2011 as reported in the summary of contributions have in all material respects been paid in accordance with the schedules of contributions certified by the scheme actuary on 19 June 2007 and 23 October 2009.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick

11 August 2011

Building and Civil Engineering Benefits Scheme Summary of Contributions payable in the year

During the year, the contributions payable to the Scheme were as follows:

	£000
Required by the schedule of contributions	
Normal contributions	5,206
Total contributions required by the schedule of contributions	5,206
Total (as per Fund Account)	5,206

Signed for and on behalf of the Trustee:

David Smith)	
)	Directors
John Spanswick)	

11 August 2011

Independent Auditors' report to the Directors of the Trustee of the Building and Civil Engineering Benefits Scheme

We have audited the accounts of the Building & Civil Engineering Benefits Scheme for the year ended 31 March 2011 which comprise the fund account, the net assets statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

Respective responsibilities of the Trustee and Auditors

As explained more fully in the statement of trustees' responsibilities, the directors of the Trustee are responsible for the preparation of the accounts and being satisfied that they show a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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.

This report, including the opinion, has been prepared for and only for the trustees as a body in accordance with section 41 of the Pensions Act 1995 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 save where expressly agreed by our prior consent in writing.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the accounts

In our opinion the accounts:

- show a true and fair view of the financial transactions of the scheme during the year ended 31 March 2011, 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 UK Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
11 August 2011

Fund Account for the year ended 31 March 2011

	Note	BST Fund 2011 £000	AVC Fund 2011 £000	Total 2011 £000	Total 2010 £000
Contributions and benefits					
Contributions	3	5,206	-	5,206	10,472
		<u>5,206</u>	<u>-</u>	<u>5,206</u>	<u>10,472</u>
Benefits	4	37,349	3,469	40,818	43,540
Payments to and on account of leavers	5	204	-	204	279
Administration expenses	6	5,458	-	5,458	5,515
		<u>43,011</u>	<u>3,469</u>	<u>46,480</u>	<u>49,334</u>
Net withdrawals from dealings with members					
		<u>(37,805)</u>	<u>(3,469)</u>	<u>(41,274)</u>	<u>(38,862)</u>
Returns on investment					
Investment income	7	2,521	-	2,521	2,587
Change in market value of investments	8	61,751	-	61,751	70,061
Currency (loss)		-	-	-	(7)
Investment managers' rebate	9	721	-	721	603
Net returns on investment		<u>64,993</u>	<u>-</u>	<u>64,993</u>	<u>73,244</u>
Net increase/(decrease) in fund during the year					
		<u>27,188</u>	<u>(3,469)</u>	<u>23,719</u>	<u>34,382</u>
Net assets of the Scheme - start of the year					
		<u>641,067</u>	<u>44,117</u>	<u>685,184</u>	<u>650,802</u>
		<u>668,255</u>	<u>40,648</u>	<u>708,903</u>	<u>685,184</u>
Transfers between sections	12	(2,773)	2,773	-	-
Net assets of the Scheme - end of the year					
		<u>665,482</u>	<u>43,421</u>	<u>708,903</u>	<u>685,184</u>

Net Assets Statement as at 31 March 2011

	Note	2011 £000	2010 £000
Investment assets	8	710,292	684,171
Current assets	10	906	3,057
Current liabilities	11	(2,295)	(2,044)
Net Assets at 31 March		708,903	685,184

The financial statements summarise the transactions of the Scheme 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 Scheme year.

The financial statements which comprise the fund account, the voluntary contributions fund account, the net assets statement and the related notes on pages 21 to 24 were approved by the Trustee on 11 August 2011 and signed on its behalf by:

David Smith)	
)	Directors
John Spanswick)	

Notes to the Financial Statements

1. Basis of Preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised May 2007). The accounting policies adopted are consistent with those in the previous financial year.

2. Accounting Policies

- (a) Employers' contributions to fund death benefits are collected by way of the Holiday Pay Scheme operated by the Management Company. The contributions are recognised on a receivable basis (see note 10).
- (b) Lump sum death and retirement benefits are accounted for on an accruals basis at the later of the crystallisation event or notification to the Scheme.
- (c) Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers or payable to the pension schemes of new employers for members who have left the Scheme. They are accounted for on a cash basis or where Trustees have agreed to accept the liability in advance of receipt of funds on an accruals basis from the date of the agreement.
- (d) Investment managers' fees, administration fees and legal and professional fees are accounted for on an accruals basis.
- (e) Income tax recoverable is accounted for on an accruals basis.
- (f) Investments and cash deposits
 - (i) Fixed interest securities, index-linked securities, futures and UK equities and convertibles are valued at bid market prices or the value determined by the investment manager at the year end date adjusted, where applicable, for accrued interest. Where appropriate, market values listed in overseas currencies are translated into sterling at the rates of exchange ruling at the year end date.
 - (ii) Pooled Investment vehicles including unit trusts, property unit trusts and managed funds are valued at bid market prices or where they are single priced funds the price determined by the investment manager at the year end date.
 - (iii) Cash deposits in overseas currencies are translated into sterling at the relevant rates of exchange ruling at the year end date.
 - (iv) Unlisted securities are valued at valuations provided by the investment managers.
 - (v) All acquisition costs are capitalised as part of the cost of the investment.
- (g) Income from investments
 - (i) Income from UK and foreign fixed interest, index linked securities, cash and short term deposits is dealt within these financial statements on an accruals basis.
 - (ii) Income from UK equities is accounted for on the date stocks are quoted ex-dividend.
 - (iii) Dividends from foreign equities and unit trusts are accounted for on the date stocks are quoted ex-dividend.
 - (iv) All investment income is accounted for net of irrecoverable tax.
- (h) AVC's are guaranteed funds and are shown separately in the Fund Account. The assets are included in the main Scheme funds. The bonus is transferred from the main Scheme section to the guaranteed AVC Fund when declared annually.

Notes to the Financial Statements (continued)

	BST Fund 2011 £000	AVC Fund 2011 £000	Total 2011 £000	Total 2010 £000
3. Contributions				
Employers' contributions	5,206	-	5,206	10,472
	<u>5,206</u>	<u>-</u>	<u>5,206</u>	<u>10,472</u>
4. Benefits Payable				
Lump sum retirement benefits	29,884	3,469	33,353	33,974
Death benefits	7,465	-	7,465	9,566
	<u>37,349</u>	<u>3,469</u>	<u>40,818</u>	<u>43,540</u>
	<u>37,349</u>	<u>3,469</u>	<u>40,818</u>	<u>43,540</u>
5. Payments to and on Account of Leavers				
Individual transfers to other schemes	204	-	204	279
	<u>204</u>	<u>-</u>	<u>204</u>	<u>279</u>
6. Administration Expenses				
Administration and processing	4,708	-	4,708	4,867
Legal and professional fees	660	-	660	567
Trustee's fee	52	-	52	60
Audit fee	14	-	14	15
Other costs	24	-	24	6
	<u>5,458</u>	<u>-</u>	<u>5,458</u>	<u>5,515</u>
	<u>5,458</u>	<u>-</u>	<u>5,458</u>	<u>5,515</u>

The Management Company is the Administrator of the Scheme and charges for the costs of administration. The Benefits Scheme pays for other specific legal and professional fees which are borne directly.

At their meeting of 24 October 2008, the Directors of the Benefits Scheme in consultation with the Actuary agreed to administration fees being paid to the Management Company. The fees are in two parts. The first based on 0.5% per annum of the value of assets (plus VAT) of the Scheme charged monthly to cover the costs of retirement benefit administration. The second is based on 10% of the contributions to cover the costs of Accident and Death Benefit administration. The second part of the fees no longer applies as contributions into the Scheme ceased on 30 September 2010 when the Scheme closed to any accidents or deaths occurring from 1 October 2010. These fees are in accordance with the Trust Deed.

Notes to the Financial Statements (continued)

	2011 £000	2010 £000			
7. Investment Income					
Dividends from equities	1,155	1,385			
Income from pooled investment vehicles	1,353	1,167			
Interest on cash deposits	13	35			
	<u>2,521</u>	<u>2,587</u>			
8. Investments - Market Value at the end of the year					
	Value at 01.04.10	Purchases at cost	Sale proceeds	Change in market value	Value at 31.03.11
	£000	£000	£000	£000	£000
UK Equities - Quoted	36,997	4,948	(4,394)	3,024	40,575
Pooled Investment Vehicles:					
Managed funds - Other	617,407	7,020	(43,551)	57,232	638,108
Property Unit Trusts - UK	27,146	1,277	-	1,495	29,918
	<u>681,550</u>	<u>13,245</u>	<u>(47,945)</u>	<u>61,751</u>	<u>708,601</u>
Cash Deposits	2,470				1,457
Outstanding dividend entitlements and recoverable withholding tax	151				234
	<u>684,171</u>				<u>710,292</u>

AVCs are invested as an integral part of the Scheme's assets but form part of a separate guaranteed AVC section on the Fund Account.

9. Investment Management Fees

During the year the Scheme's Trustee continued to hold a proportion of the equity investments in unitised pooled investment vehicles in order to increase the diversification of the Scheme's investments. The funds are held in the investment managers' in-house schemes and any income generated from them is reinvested in the collective investment fund. This reinvestment increases capital growth whilst reducing income.

This type of fund suffers periodic charges levied against the value of the fund. Agreements negotiated by the Trustee have ensured that these charges are fully recovered by the Scheme. The amounts recovered are offset against routine investment management fees.

The analysis of fees paid and recovered is as follows;

	2011 £000	2010 £000
Fees charged by investment managers	1,723	1,525
Fee rebates recovered from investment manager	(2,444)	(2,128)
	<u>(721)</u>	<u>(603)</u>

Notes to the Financial Statements (continued)

10. Current Assets

	2011	2010
	£000	£000
Cash at bank	170	1,984
Income tax recoverable	187	92
Contribution debtors: B&CE Management Company	-	794
Amount due from ELC and ABS Schemes	359	-
Sundry debtors	190	187
	<u>906</u>	<u>3,057</u>
	<u><u>906</u></u>	<u><u>3,057</u></u>

11. Current Liabilities

Taxation	2	4
Cheque Exchange	103	126
Accruals	1,620	1,687
Overdrawn at bank	11	-
Amounts owed to Group undertakings	157	125
Sundry Creditors	402	102
	<u>2,295</u>	<u>2,044</u>
Creditors	<u><u>2,295</u></u>	<u><u>2,044</u></u>

12. Transfer between Sections

Bonuses for the Guaranteed AVC Fund declared annually are transferred from the main Scheme assets to the AVC fund.

13. Capital Commitment

There are no outstanding capital commitments at the year end date (2010 - Nil).

14. Related Party Transactions

The Scheme holds no employer related investments. This position is unchanged compared to 2009/10.



**BUILDING AND CIVIL ENGINEERING
ACCIDENT BENEFIT SCHEME**

**Trustee's Report and Financial Statements
for the year ended
31 March 2011**

Trustee's Annual Report

The Trustee presents its report on the operation of the Building and Civil Engineering Accident Benefit Scheme ("the Accident Benefit Scheme") during the year ended 31 March 2011. The Scheme provides accident benefits in respect of operatives employed under the Building and Civil Engineering National Working Rule Agreement. The Scheme is administered by the Management Company, who charge the Benefit Schemes for its services.

1. Accident Benefit Scheme

This Scheme was established by means of Definitive Trust Deed dated 11 December 1987. The Scheme provides benefits for operatives who suffer certain qualifying injuries or who have been disabled from employment for one year or more as a result of an accident at work. The Trustee has decided to obtain audited non-statutory accounts.

Under the Definitive Trust Deed dated 11 December 1987, Building and Civil Engineering Benefits Scheme Trustee Limited ("the Corporate Trustee") was appointed as "the Trustee" and the power of appointing new Trustees is vested in the Industrial Parties. Financial statements for the Corporate Trustee are published separately.

The Scheme was closed on 30 September 2010 when Accident Benefit was replaced by Employee Accident Cover from B&CE. The Scheme is due to continue paying claims until October 2013 in respect of accidents occurring up to 30 September 2010.

2. Appointment and Removal of Directors

The Directors of the Corporate Trustee are appointed by the Industrial Parties who are participating in the operation of the Accident Benefit Scheme. The Independent Chairman is appointed by the Board of Directors and must be unconnected with any of the Industrial Parties.

The Industrial Parties are:

- | | |
|--|--------------------------|
| ▪ Civil Engineering Contractors Group | - nominating 1 Director |
| ▪ Federation of Master Builders | - nominating 1 Director |
| ▪ National Federation of Builders | - nominating 1 Director |
| ▪ National Specialist Contractors Council | - nominating 1 Director |
| ▪ Scottish Builders Federation | - nominating 1 Director |
| ▪ UK Contractors Group | - nominating 1 Director |
| ▪ Unite the Union | - nominating 2 Directors |
| ▪ Union of Construction, Allied Trades and Technicians | - nominating 3 Directors |
| ▪ GMB | - nominating 1 Director |

The Industrial Parties have power to remove the Directors and to nominate new Directors in their place.

3. Member Nominated Directors

The Accident Benefit Scheme is exempt from the Member Nominated Directors provisions of the Pensions Act 2004 as it is a "relevant approved centralised scheme". The Accident Benefit Scheme is not an occupational pension scheme.

4. Accident Benefits

During the year the value of benefits paid was £232,000 (2010 – £253,000). The Scheme closed on 30 September 2010 and will continue to pay benefits due in respect of accidents up to this date.

5. Employer's Contributions

From 1 November 2008 the Accident Benefit Scheme stopped receiving contributions because actuarial advice was obtained confirming the reserves for the Accident Benefit Scheme were considered to be sufficiently in surplus to meet the ongoing claim costs. There will be no further contributions going forward as the Scheme closed on 30 September 2010.

6. Investments

Smith & Williamson Investment Management Ltd acts as investment advisor for the Accident Benefit Scheme.

Trustee's Annual Report (continued)

7. Statement of Investment Principles

In accordance with Section 35 of the Pensions Act 1995, the Trustee has produced a statement of the principles governing decisions about investment for the purpose of the Scheme. A copy is available on request.

8. Employer Related Investments

There have been no active decisions to make employer related investments. However, it should be noted that there is a possibility that employer related investments are included within the Scheme's investments where pooled investment vehicles hold assets in listed companies in the construction industry that participate in this Scheme. This position remains unchanged compared to 2009/10.

9. Compliance with Myners

Following the Myners Report into Institutional Investment in the UK, the Government after consultation, indicated that it would take forward all of the recommendations and identified 10 investment principles to apply to pension schemes.

These principles cover the arrangements for effective investment management decision making, the setting and monitoring of clear investment objectives, the focus on asset allocation, arrangements to receive professional and appropriate advice, explicit manager mandates, shareholder activism, the use of appropriate investment benchmarks, the measurement of performance and regular reporting.

The Trustee for the Scheme supports and can demonstrate compliance with these principles.

10. Scheme Net Assets

The total value of net assets of the Accident Benefit Scheme has decreased by £0.1m (2010 – £0.6m increase) during the last 12 months to £3.6m (2010 – £3.7m).

11. Basis of Preparation

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, which have been applied consistently.

12. Further Information

Enquiries about the Scheme generally or about an individual's entitlement to benefit should be made to Building and Civil Engineering Benefits Scheme Trustee Limited at the address shown on page 5.

On behalf of the Trustee

C E Milton
Group Company Secretary
11 August 2011

Statement of Trustee's Responsibilities

The trustees are responsible for preparing the non-statutory financial statements in accordance with the basis of preparation and accounting policies in notes 1 and 2 for management purposes. The directors must not approve the non-statutory financial statements unless they are satisfied that they have been properly prepared, in all material respects, in accordance with the basis of preparation and accounting policies in notes 1 and 2 to the non-statutory financial statements. In preparing these non-statutory financial statements, the trustees have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and accounting estimates that are reasonable and prudent;
- stated the basis of preparation and accounting policies applied;
- prepared the non-statutory financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Basis of Preparation

The non-statutory financial statements have been prepared in accordance with the principles of United Kingdom Generally Accepted Accounting Practice. As non-statutory accounts, the Trustee has determined the most appropriate format of presentation and disclosure.

The accounting policies adopted are consistent with those in the previous financial year except explained under note 3 relating to provisions for unreported claims.

On behalf of the Trustee

David Smith)	
)	Directors
John Spanswick)	

11 August 2011

Independent Auditors' report to the Directors of the Trustee of the Building and Civil Engineering Accident Benefit Scheme

We have audited the financial statements of the Building and Civil Engineering Accident Benefit Scheme for the period ended 31 March 2011 which comprise the Fund Account, the Net Assets Statement and the related notes.

Respective responsibilities of the directors and auditors

As explained more fully in the Statement of Trustee's Responsibilities set out on page 29 the directors of the Trustee are responsible for the preparation of the financial statements in accordance with the basis of preparation and accounting policies in notes 1 & 2 to the non-statutory financial statements. 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.

This report, including the opinion, has been prepared for and only for the directors of the Trustee for management purposes in accordance with our engagement letter dated [date] 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 scheme, save where expressly agreed by our prior consent in writing.

We permit the disclosure of our audit report by the directors of the Trustee, in full only and accompanied by the financial statements to which our audit report relates, on their website, to enable users to verify that a report by independent accountants has been commissioned by the directors of the Trustee and issued. In doing so, we do not accept any responsibility or liability to such third parties, save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the non-statutory financial statements sufficient to give reasonable assurance that the non-statutory 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 scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors of the Trustee; and the overall presentation of the non-statutory financial statements. In addition, we read all the financial and non-financial information in the Report and Financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the non-statutory financial statements for the period ended 31 March 2011 have been properly prepared, in all material respects, in accordance with the basis of preparation and accounting policies in notes 1 and 2 to the non-statutory financial statements.

Emphasis of matter – Basis of preparation

Without modifying our opinion, we draw attention to the fact that the accounting policies used and disclosures made are not intended to, and do not, comply with all the requirements of United Kingdom Generally Accepted Accounting Practice.

PricewaterhouseCoopers LLP
Chartered Accountants
Gatwick
11 August 2011

Change in Net Assets for the year ended 31 March 2011

	Note	2011 £000	2010 £000
Benefits			
Accident Claims	3	(232)	(253)
Net withdrawals from dealings with members		<u>(232)</u>	<u>(253)</u>
Returns on investment			
Investment income	5	190	207
Change in market value of investments	6	(51)	794
Corporation tax	9	(32)	(182)
Net returns on investment		<u>107</u>	<u>819</u>
Net (decrease)/ increase in fund during the year		<u>(125)</u>	<u>566</u>
Net assets of the Scheme - start of the year		<u>3,735</u>	<u>3,169</u>
Net assets of the Scheme - end of the year		<u><u>3,610</u></u>	<u><u>3,735</u></u>

The notes on pages 33 to 35 form part of these financial statements.

Net Assets Statement at 31 March 2011

	Note	2011 £000	2010 £000
Investment assets	6	3,155	3,735
Current assets	7	535	154
Current liabilities	8	(80)	(154)
Net Assets at 31 March		<u><u>3,610</u></u>	<u><u>3,735</u></u>

The financial statements summarise the transactions of the 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 Scheme year.

The financial statements which comprise the fund account, the net assets statement and the related notes on pages 32 to 34 were approved by the Trustee on 11 August 2011 and signed on its behalf by:-

David Smith)	
)	Directors
John Spanswick)	

Notes to the Financial Statements

1. Basis of Preparation

The non-statutory financial statements have been prepared in accordance with the principles of United Kingdom Generally Accepted Accounting Practice. As non-statutory accounts, the Trustee has determined the most appropriate format of presentation and disclosure.

The accounting policies adopted are consistent with those in the previous financial year except explained under note 3 relating to provisions for unreported claims.

2. Accounting Policies

- (a) Investment income and deposit interest are accounted for on a receivable basis.
- (b) Investment assets are valued at bid market prices or the value determined by the investment manager at the year end date adjusted, where applicable, by accrued interest.
- (c) Accident claims are recognised as they are notified to the Scheme.
- (d) Deferred tax is provided on all timing differences, arising from the different treatment for accounts and tax purposes of transactions and events recognised in the financial statements of the current and previous years. Deferred taxation is calculated at the rates at which it is estimated the tax will arise. Deferred tax balances have not been discounted.

	2011	2010
	£000	£000
3. Benefits payable		
Accident Claims	232	253
	<u> </u>	<u> </u>
4. Administration		
The Management Company is the Administrator of the Scheme and bears the costs of administration.		
5. Investment Income		
Fixed interest securities	190	206
Deposit account interest	-	1
	<u>190</u>	<u>207</u>
	<u> </u>	<u> </u>

Notes to the Financial Statements (continued)

6. Investments - Market Value

	Value at 01.04.10	Purchases at cost	Sales proceeds	Change in market value	Value at 31.03.11
	£000	£000	£000	£000	£000
Equities	10	1,497	-	(12)	1,495
Fixed interest securities	3,725	328	(2,354)	(39)	1,660
	<u>3,735</u>	<u>1,825</u>	<u>(2,354)</u>	<u>(51)</u>	<u>3,155</u>
				2011	2010
				£000	£000
Equities					
UK Quoted				1,495	10
				<u> </u>	<u> </u>
Fixed Interest Securities					
UK Quoted				1,660	3,725
				<u> </u>	<u> </u>
7. Current Assets					
Debtors				39	60
Cash at bank				496	94
				<u>535</u>	<u>154</u>
				<u> </u>	<u> </u>
8. Current Liabilities					
Creditors				12	26
Corporation tax				31	128
Amounts owed to Benefits Scheme				37	-
				<u>80</u>	<u>154</u>
				<u> </u>	<u> </u>

Notes to the Financial Statements (continued)

9. Taxation

The Accident Benefit Scheme is liable for corporation tax on its investment income.

	2011	2010
	£000	£000
Current tax		
UK corporation tax on investment income for the year	32	119
Prior year adjustment	-	63
Total current tax	32	182

The tax assessed for the year is at the small companies rate of corporation tax in the UK (21%).

Investment income before tax

	139	1,001
Profit on ordinary activities multiplied by Small companies rate in the UK 21% – (2010 – companies rate 28%)	29	280
Effect of:		
Marginal relief	-	(17)
Prior year adjustment	-	63
Movement in market value of equities	3	3
Losses on loan relationships brought forward	-	(147)
Current tax charge for the year	32	182

Deferred Tax

There is a potential deferred tax asset of £6,300 in respect of capital gains tax loss on the equity holding which has not been recognised (2010 – unrecognised deferred tax asset of £3,300 in respect of the capital gain tax loss on the equity holding).



EMPLOYEE LIFE COVER FROM B&CE

**Trustee's Report and Financial Statements
for the period 24 September 2010 to
31 March 2011**

Trustee's Report for the period 24 September 2010 to 31 March 2011

The Trustee presents its first report on the operation of the Employee Life Cover from B&CE ("the ELC Scheme") for the period 24 September 2010 to 31 March 2011. The ELC Scheme provides death benefits in respect of operatives employed under the Building and Civil Engineering National Working Rule Agreement. The ELC Scheme is administered by B & C E Financial Services Limited ("the Scheme Administrator"), who charges the ELC Scheme for its services.

1. ELC Scheme

The ELC Scheme was established by means of a Trust Deed dated 24 September 2010. The rules are set out in a Schedule to the Trust Deed. The ELC Scheme is registered with HMRC as a death benefit only pension scheme.

Under the Trust Deed, Building and Civil Engineering Benefits Scheme Trustee Limited ("the Corporate Trustee") was appointed as "the Trustee" and the power of appointing new trustees is vested in the Industrial Parties. Financial statements for the Corporate Trustee are published separately.

2. Appointment and Removal of Directors

The Directors of the Corporate Trustee are appointed by the Industrial Parties who are participating 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 are:

- | | |
|--|--------------------------|
| ▪ Civil Engineering Contractors Group | - nominating 1 Director |
| ▪ Federation of Master Builders | - nominating 1 Director |
| ▪ National Federation of Builders | - nominating 1 Director |
| ▪ National Specialist Contractors Council | - nominating 1 Director |
| ▪ Scottish Builders Federation | - nominating 1 Director |
| ▪ UK Contractors Group | - nominating 1 Director |
| ▪ Unite the Union | - nominating 2 Directors |
| ▪ Union of Construction, Allied Trades and Technicians | - nominating 3 Directors |
| ▪ GMB | - nominating 1 Director |

The Industrial Parties have power to remove the Directors and to nominate new Directors in their place.

3. Death Benefits

During the period a total of 46 Death Benefit claims were paid. In total £1.1m was paid to the dependents and estates of the deceased. These claims were made up as follows:

- 47 death in service claims with a value of £1,081,000
- 1 claim following a period of unemployment with a value of £20,700

The maximum level of Death Benefit is £23,000. The Trustee has discretion to pay up to 200% of the lump sum Death Benefit for deaths resulting from accidents at the place of work or while travelling to or from the place of work.

4. Employer's 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 (see point 14).

The total value of employers' contributions during the period was £6.5m, relating to approximately 222,479 operatives.

Trustee's Report for the period 24 September 2010 to 31 March 2011 (continued)

5. The Pensions Advisory Service

If you have a problem or concern with any aspect of the Scheme pension arrangements, we suggest you talk firstly to your employer and then the Scheme Administrator at:

B&CE Benefit Schemes,
Manor Royal,
Crawley,
West Sussex,
RH10 9QP

If you are not satisfied then you are expected to contact The Pensions Advisory Service Limited (TPAS) for help. TPAS is an independent voluntary organisation with local advisers who are expert in pensions matters.

To find out the name and address of your local TPAS adviser, ask your local Citizen's Advice Bureau who hold a directory of TPAS advisers. Alternatively, contact TPAS Headquarters at 11 Belgrave Road, London, SW1V 1RB.

6. Pensions Ombudsman

If TPAS fails to solve your problem and you want the Pensions Ombudsman's help, then providing it is within his terms of reference, write to 11 Belgrave Road, London, SW1V 1RB.

The Pensions Ombudsman is appointed under the Social Security Act 1990 to deal with complaints against, and disputes with, occupational and personal pension schemes. The Pensions Ombudsman is completely independent and acts as an impartial adjudicator.

In general, the Pensions Ombudsman can investigate complaints of injustice caused by maladministration by the trustees or manager of an occupational or personal pension scheme and disputes of fact or law with the trustees or managers.

If you wish to make a complaint it must be within three years of the act, or failure to act, that you are complaining about and the complaint must be in writing.

You can complain if you are a member of an occupational or personal pension scheme. This includes anyone with pensionable service who has left a scheme before retirement age, the widow, the widower or dependant of a deceased member or a suitable representative, if the person in the above categories is unable to look after their own affairs or has died.

If you have a complaint or dispute you should first try to resolve the dispute with the Trustee or Scheme Administrator.

7. Registrar of Pension Schemes

In accordance with the Register of Occupational and Personal Pension Schemes Regulations 1990, full information, including a contact address, has been given to the Registrar of Pension Schemes.

8. Pension Trust Principles

A copy of the booklet, "Pension Trust Principles", which is a layman's guide to the duties and powers of pension scheme trustees and their personal position, is available for inspection from the Scheme Administrator at the address shown in point 6.

9. Investments

Contributions to the ELC Scheme are held in cash. Cash is held in a deposit at Bank of Scotland.

At the commencement of the ELC Scheme, a loan facility of up to £2.0m was made available by Building and Civil Engineering Holidays Scheme Management Limited ("the Management Company") for initial funding of the ELC Scheme. To date £0.5m has been drawn down; this is due to be repaid within five years subject to sufficient operational cash flows.

Trustee's Report for the period 24 September 2010 to 31 March 2011 (continued)

10. Employer Related Investments

There are no employer related investments.

11. Compliance with Myners

Following the Myners Report into Institutional Investment in the UK, the Government after consultation, indicated that it would take forward all of the recommendations and identified 10 investment principles to apply to pension schemes. These principles cover the arrangements for effective investment management decision making, the setting and monitoring of clear investment objectives, the focus on asset allocation, arrangements to receive professional and appropriate advice, explicit manager mandates, shareholder activism, the use of appropriate investment benchmarks, the measurement of performance and regular reporting.

12. Basis of Preparation

The non-statutory financial statements have been prepared at the request of the Trustee Company in accordance with the principles of United Kingdom Generally Accepted Accounting Practice and in accordance with the accounting policies set out in note 2.

13. Taxation

The ELC Scheme is an exempt approved scheme for the purpose of Finance Act 2004. It is not liable for any United Kingdom tax on its capital gains.

14. Administration

The Trust Deeds state that the Scheme Administrator shall be paid out of the assets of the ELC Scheme, such fees and expenses in respect of services provided. A fee of £0.12 from each weekly contribution is paid to the Scheme Administrator B & C E Financial Services Limited in respect of administration services in accordance with the Trust Deed. This fee totalled £0.5m for the period.

15. Expenses

Administrative expenses totalled £0.5m for the period, which is almost entirely made up of the administration fee described in point 14. The Scheme also pays for any direct costs such as legal and professional fees, but these were relatively small this year.

16. ELC Scheme Net Assets

The total value of net assets of the ELC Scheme at the end of the period are £4.9m. The high level of net assets at the end of the period is due to contributions being significantly higher than benefit payments and a loan of £0.5m received from the Management Company 29 September 2010.

17. Further Information

Enquiries about the ELC Scheme generally or about an individual's entitlement to benefit should be made to Building and Civil Engineering Benefits Scheme Trustee Limited at the address shown in point 6.

On behalf of the Trustee

C E Milton
Group Company Secretary
11 August 2011

Statement of Trustee's Responsibilities

The trustees are responsible for preparing the non-statutory financial statements in accordance with the basis of preparation and accounting policies in notes 1 and 2 for management purposes. The directors must not approve the non-statutory financial statements unless they are satisfied that they have been properly prepared, in all material respects, in accordance with the basis of preparation and accounting policies in notes 1 and 2 to the non-statutory financial statements. In preparing these non-statutory financial statements, the trustees have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and accounting estimates that are reasonable and prudent;
- stated the basis of preparation and accounting policies applied;
- prepared the non-statutory financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Basis of Preparation

The non-statutory financial statements have been prepared in accordance with the principles of United Kingdom Generally Accepted Accounting Practice and the accounting policies set out in note 2. As non-statutory accounts, the Trustee has determined the most appropriate format of presentation and disclosure.

On behalf of the Trustee

David Smith)	
)	Directors
John Spanswick)	

11 August 2011

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

We have audited the financial statements of the Employee Life Cover from B&CE for the period ended 31 March 2011 which comprise the Fund Account, the Net Assets Statement and the related notes.

Respective responsibilities of the directors and auditors

As explained more fully in the Statement of Trustee's Responsibilities set out on page 40 the directors of the Trustee are responsible for the preparation of the financial statements in accordance with the basis of preparation and accounting policies in notes 1 & 2 to the non-statutory financial statements. 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.

This report, including the opinion, has been prepared for and only for the directors of the Trustee for management purposes in accordance with our engagement letter dated [date] 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 scheme, save where expressly agreed by our prior consent in writing.

We permit the disclosure of our audit report by the directors of the Trustee, in full only and accompanied by the financial statements to which our audit report relates, on their website, to enable users to verify that a report by independent accountants has been commissioned by the directors of the Trustee and issued. In doing so, we do not accept any responsibility or liability to such third parties, save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the non-statutory financial statements sufficient to give reasonable assurance that the non-statutory 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 scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors of the Trustee; and the overall presentation of the non-statutory financial statements. In addition, we read all the financial and non-financial information in the Report and Financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the non-statutory financial statements for the period ended 31 March 2011 have been properly prepared, in all material respects, in accordance with the basis of preparation and accounting policies in notes 1 and 2 to the non-statutory financial statements.

Emphasis of matter – Basis of preparation

Without modifying our opinion, we draw attention to the fact that the accounting policies used and disclosures made are not intended to, and do not, comply with all the requirements of United Kingdom Generally Accepted Accounting Practice.

PricewaterhouseCoopers LLP
Chartered Accountants
Gatwick
11 August 2011

Fund Account for the period 24 September 2010 to 31 March 2011

	Note	2011 £000
Contributions	3	6,494
Benefits	4	(1,102)
Administration Expenses	5	(504)
		<hr/>
Net surplus from dealings with members		4,888
Returns on investment		
Interest	6	2
		<hr/>
Net increase in fund during the period		4,890
Net assets of the Scheme – start of period		-
		<hr/>
Net assets of the Scheme – end of period		4,890
		<hr/> <hr/>

Net Assets Statement as at 31 March 2011

	Note	2011 £000
Investment assets	7	4,552
Borrowings	8	(500)
Current assets	9	1,324
Current liabilities	10	(486)
		<hr/>
Net Assets at 31 March		4,890
		<hr/> <hr/>

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 period.

The financial statements which comprise the fund account, the net assets statement and the related notes on pages 43 to 44 were approved by the Trustee on 11 August 2011 and signed on its behalf by:-

David Smith)	
)	Directors
John Spanswick)	

Notes to the Financial Statements

1. Basis of Preparation

The non-statutory financial statements have been prepared in accordance with the principles of United Kingdom Generally Accepted Accounting Practice and the accounting policies set out in note 2. As non-statutory accounts, the Trustee has determined the most appropriate format of presentation and disclosure.

2. Accounting Policies

(a) Employers' contributions to fund death benefits are collected by way of the Holiday Pay Scheme operated by the Management Company. The contributions are recognised on a receivable basis.

(b) Lump sum death benefits are accounted for on an accruals basis at the later of the crystallisation event or notification to the ELC Scheme.

(c) Administration fees are accounted for on an accruals basis.

(d) Deposit interest is accounted for on an accruals basis.

3. Contributions	2011
	£000
Employers' contributions	6,494
	=====
4. Benefits Payable	
Death Benefits	1,102
	=====
5. Administration Expenses	
Scheme Administrator fees	496
Legal and professional fees	1
Audit fee	7

	504
	=====

B & C E Financial Services Limited is the Scheme Administrator and charges for the costs of administration. The ELC Scheme pays for other specific legal and professional fees which are borne directly.

Of each weekly contributions received, £0.12 is allocated for administration costs. These fees are in accordance with the Trust Deed.

6. Investment Income

Interest on cash deposits	2
	=====

Notes to the Financial Statements (continued)

7. Investments	2011 £000
Cash deposits	4,552

8. Borrowings	
Management Company	500
Analysed between amounts falling due between two and five years	500

The Management Company has agreed to provide a loan facility of up to £2m for the ELC Scheme. The ELC Scheme called £0.5m of this loan on 29 September 2010 which is due to be repaid within five years subject to sufficient operational cash flows.

9. Current Assets	
Contribution debtors: B&CE Management Company	1,304
Sundry debtors	-
Cash at bank	20
	1,324

10. Current Liabilities	
Accruals	-
Sundry Creditors	62
Amounts owed to Group undertakings	102
Amounts owed to Benefits Scheme	322
Creditors	486

11. Capital Commitment

There are no outstanding capital commitments at the period end date.

12. Related Party Transactions

During the year the Management Company made a loan facility of up to £2m available to the ELC Scheme. The repayments of any loans are due to be made within 5 years subject to cash balances within the ELC Scheme being made at sustainable levels.

To date £0.5m of the loan facility has been drawn down.

Dedicated to the personal and financial wellbeing of everyone in construction

Since 1942, B&CE has provided financial welfare benefits to those working within the construction industry and their dependants. Today it manages assets of over £1.8 billion and provides financial benefits to more than 205,000 operatives on behalf of over 6,300 construction employers.

B&CE's current product offering includes a workplace pension, employee accident cover, employee life cover, employee healthcare and holiday pay. B&CE's workplace pension EasyBuild is a Group Stakeholder Pensions Scheme. Designed for the construction industry it is the largest in the UK with over 500,000 members and £690 million under management.

The above information is correct as at end March 2011.

for more information:

tel 08457 414142 or 01293 586790

email info@bandce.co.uk

To help improve our service, we may record your call.



**Building & Civil Engineering
Benefits Scheme Trustee Ltd**

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Building & Civil Engineering Benefits Scheme Trustee Limited. Custodian Trustee of pension and accident benefit schemes. Appointed representative of B&CE Insurance Limited, which is a provider of life assurance, pensions and accident insurance, and is authorised by the Financial Services Authority.