

Registered number: 12007217

**BRUSH GROUP 2013 PENSION SCHEME
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017**

BRUSH GROUP 2013 PENSION SCHEME

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TRUSTEE AND ITS ADVISERS YEAR ENDED 31 DECEMBER 2017

Trustee	Brush Scheme Trustees Limited
Company appointed Directors	G Barnes B Hewitson
Member Nominated Directors	G Dallard G Peters A Pidgeon
Independent Directors	MC Duncombe, Independent Chairman EL Rutter
Sponsoring Employer	Brush Electrical Machines Limited
Secretary to the Trustee	I Emery Aon Hewitt Limited Colmore Gate 2 Colmore Row Birmingham B3 2QD
Actuary	A Shah Aon Hewitt Limited
Administrator	Aon Hewitt Limited
Independent Auditor	Ernst & Young LLP
Banker	Bank of Scotland
Investment Managers	Legal & General Assurance (Pensions Management) Limited Invesco Fund Management Limited – removed 24 October 2017 Majedie Asset Management Limited Morgan Stanley Investments Insight Investment – appointed 8 July 2017 BNY Mellon – appointed 8 July 2017 Invesco Perpetual Life Limited – appointed 9 July 2017
AVC Providers	The Equitable Life Assurance Society Friends Provident Life and Pensions Limited Royal London Group
Legal Advisers	Squire Patton Boggs (UK) LLP
Contact address	Brush Group (2013) Pension Scheme Aon Hewitt Limited Colmore Gate 2 Colmore Row Birmingham B3 2QD brushpensions@aonhewitt.com

BRUSH GROUP 2013 PENSION SCHEME

TRUSTEE REPORT YEAR ENDED 31 DECEMBER 2017

Introduction

The Trustee of Brush Group 2013 Pension Scheme (the 'Scheme') is pleased to present the annual report together with the audited financial statements for the year ended 31 December 2017.

The Scheme came into existence during 2013 following the demerger of the FKI Group Pension Scheme. The Definitive Deed was signed on 4 April 2014. A Deed of Amendment was subsequently signed on 27 June 2014 following agreement to the demerger. Some deferred members of the FKI Group Pension Scheme were transferred to the Brush Group (2013) Pension Scheme. The Scheme is closed to new entrants.

Scheme constitution and management

The Scheme is a Defined Benefit (DB) Scheme. The Scheme is governed by a Trust Deed as amended from time to time and is administered by Aon Hewitt Limited in accordance with the establishing document and rules solely for the benefit of its members and other beneficiaries.

The Trustee Directors are shown on page 1.

Under the Trust Deed and Rules of the Scheme, the power of appointment or removal of the Trustee and Directors of the present Trustee rests with the Sponsoring Employer, Brush Electrical Machines Limited, subject to the regulations governing member nominated Directors.

In accordance with The Pensions Act 2004 at least one third of the total number of Trustee Directors must be nominated by Scheme members. The Member Nominated Trustee Directors (MNTs) are elected from the membership.

A Trustee Board is comprised of seven Directors, made up of two Independent Directors, two Company nominated Directors and three member nominated Directors.

A Trustee Director can choose to retire from office at any time. Member Nominated Trustee Directors can only be removed with the agreement of all other Trustee Directors.

The Trustee Directors have appointed professional advisers and other organisations to support them in delivering the Scheme objectives. These individuals and organisations are listed on page 1.

Trustee meetings

The Trustee Board met formally four times during the year to consider the business of the Scheme.

	16 March 2017	21 June 2017	21 September 2017	13 December 2017
M Duncombe	Y	Y	Y	Y
G Barnes	Y	Y	Y	Y
G Dallard	Y	Y	Y	Y
B Hewitson	Y	Y	Y	N
G Peters	Y	Y	Y	Y
A Pidgeon	Y	Y	Y	N
E Rutter	Y	Y	Y	Y

The Sponsoring Employer

The Sponsoring Employer of the Scheme is: Brush Electrical Machines Limited.

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Scheme changes

The 31 December 2016 actuarial valuation was concluded on 18 December 2017. The Scheme's funding level on the ongoing valuation basis has improved since the 31 December 2013 valuation. It has increased from 88% to 99%, primarily because of favourable asset performance and the contributions paid by the Company as a result of this improvement, the Trustee and Company agreed that no deficit reduction contributions will be paid to the Scheme. This is because it is anticipated that the investment return over the period of the Recovery Plan will be more than sufficient to remove the shortfall.

Review of the financial developments during the year as shown by the audited financial statements

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

Significant events affecting the financial position of the Scheme during the year include:

- Invesco Fund Management Ltd was removed during the year and proceeds allocated to the LGIM All-World Equity GBP Hedged Fund

Membership

Details of the membership changes of the Scheme in the year are as follows:

	Active 2017	Deferred 2017	Pensioners 2017	Total 2017
Members at the start of the year	-	1,240	303	1,543
Adjustments to members	-	(6)	3	(3)
New Spouses & Dependents	-	-	2	2
Retirements	-	(54)	54	0
Deaths	-	-	(4)	(4)
Trivial commutations	-	-	(1)	(1)
Transfer out	-	(29)	-	(29)
Total members at the end of the year	-	1,151	357	1,508

Pensioners include 6 individuals receiving a pension upon the death of their spouse who was a member of the Scheme. Pensioners also include 1 dependant in receipt of a pension.

These membership figures do not include movements notified to the Administrator after the completion of the annual renewal.

The adjustments shown above are the result of retrospective updating of member records.

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TRUSTEE REPORT YEAR ENDED 31 DECEMBER 2017

Pension increases

There are three categories of pensions in payment in respect of contractual increases to pensions earned prior to 6 April 1997:

- a) No increases.
- b) 3% increases
- c) Increases according to the rate of inflation but not less than 3% and not more than 5%.

The above increases are on that part of the pension in excess of the Guaranteed Minimum Pension ("GMP"). The GMP is broadly equal to the pension a member would have earned in the state pension scheme had they not been contracted out of that scheme. The pre-1988 GMP is inflation proofed by the state pension scheme.

All pensions in payment were reviewed during the period and an increase of between 0% and 3% were awarded in respect of categories (a) to (c) above. Pensions earned after 5 April 1997 were increased by between 1.2% and 3.0%. No discretionary increases were awarded to current pensioners.

A deferred pension consists of three parts:

- a) the GMP; this part increases between the date of leaving and state pension age at 4% for each complete tax year (for leavers prior to 6 April 2007 different rates of increase apply, 4.5%, 6.25%, 7%, 7.5% or 8.5%);
- b) that part of the pension in excess of GMP which arose from pensionable service prior to 1 January 1985; this part does not increase;
- c) that part of the pension in excess of GMP which arose from pensionable service on or after 1 January 1985; this part increases between the date of leaving and normal retirement date at the lesser of 5% per annum and the change in the retail prices index.

Because of changes in legislation, all leavers after 31 December 1990 have that part of the deferred pension earned prior to 1 January 1985 (see (b) above) increased in the same way that part of the pension earned on or after 1 January 1985 (see (c) above).

No discretionary increases were provided to deferred pensions.

Transfer values

Members leaving service can normally transfer the value of their benefits under the Scheme to another Scheme that they join or to an insurance contract or personal pension.

The Trustee is responsible for setting the economic, financial and demographic assumptions to be used in calculating transfer values, having taken the advice of the Actuary.

No discretionary benefits are included in the calculation of transfer values.

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TRUSTEE REPORT YEAR ENDED 31 DECEMBER 2017

Report on Actuarial liabilities

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

The most recent full actuarial valuation of the Scheme was carried out as at 31 December 2016 and revealed:

The value of the Technical Provisions was:	£255.6 million
The value of the assets at that date was:	£253.4 million

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

Method

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

Significant actuarial assumptions

Discount interest rate: term dependent rates set by reference to the UK government fixed interest gilt curve at the valuation date plus an addition of 1% per annum.

Future Retail Price inflation (RPI): term dependent rates derived from the market yields on fixed interest and index-linked gilts at the valuation date.

Future Consumer Price inflation (CPI): term dependent rates derived from the market yields on fixed interest and index-linked gilts at the valuation date with a deduction equal to Aon Hewitt's prevailing best estimate of the difference between RPI and CPI inflation. As at 31 December 2016 this difference was 1.1% p.a.

Pension increases: derived from the RPI or CPI price inflation as appropriate, allowing for the maximum and minimum annual increases, and for inflation to vary from year to year.

Mortality: for the period in retirement standard tables S2PMA for male members and S2PFA for female members with a scaling factor of 110% for all members with an allowance for improvements in mortality in line with the CMI 2016 Proposed 2015 improvement factors, subject to a long term rate of improvement of 1.5% p.a.

Management and custody of investments

As required by the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles (SIP) setting out its policy on investment, which includes the Trustee's policy on Socially Responsible Investment. A copy of the Statement is available on request.

The Trustee has delegated management of investments to the investment managers shown on page 1. These managers, who are regulated by the Financial Conduct Authority in the United Kingdom, manage the investments in line with the investment managers agreements which are designed to ensure that the objectives and policies captured in the SIP are followed.

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The Trustee has considered ethical and socially responsible investments and has delegated to the Investment Managers the responsibility for taking social, environmental and ethical considerations into account when assessing the financial potential and suitability of an investment and for exercising the rights relating to the Scheme's investments.

The investment managers are paid fees for their services. The fees are calculated as a percentage of the market value of the part of the Scheme that they manage.

Investment performance

Performance of the Scheme's investments to 31 December 2017 are summarised as follows:

1 year %	6.1%
3 year % p.a.	11.4%
5 year % p.a.	-

The Scheme was established during 2013 so the investment performance for five full years is not available yet.

Investment report

Investment Policy and Objectives

The Trustee aims to invest the assets of the Scheme prudently with the aim of ensuring that the benefits promised to members are provided. In setting investment strategy, the Trustee first considers the lowest risk allocation that it can adopt in relation to the Scheme's liabilities. The asset allocation strategy it has selected is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the Scheme's liabilities.

The current planned asset allocation strategy chosen to meet the objective above is set out in the table below. The Trustee will monitor the actual asset allocation versus the target weight in the table below on an ongoing basis

Current planned asset allocation strategy

Growth assets	Target weighting (%)	Benchmark Index
Equities	30.0	
Majedie - UK	8.0 - 12.0	FTSE All Share
Morgan Stanley - Global	8.0 - 12.0	MSCI World NDR
LGIM - Global	8.0 - 12.0	FTSE All World Index – GBP Hedged
Diversified Growth Funds	27.0	
Insight Investment	7.0 - 11.0	Sterling 3 Month LIBID
Invesco Perpetual Life	7.0 - 11.0	Sterling 3 Month LIBOR
Newton Investment Management	7.0 - 11.0	Sterling 1 Month LIBOR
Matching assets	Target weighting (%)	Benchmark Index
LDI Funds	43.0	
LGIM	38.0 - 48.0	See below
Total	100.0	

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TRUSTEE REPORT YEAR ENDED 31 DECEMBER 2017

Custody of assets

There were no custodians directly engaged by the Trustee during the year. Separate custody arrangements are in place with each of the Scheme's investment managers.

Investment principles

The Trustee has produced a Statement of Investment Principles ("the Statement") in accordance with Section 35 of the Pensions Act 1995.

The Statement summarises how the Trustee:

- Sets the investment policy and chooses the most suitable types of investments for the Scheme;
- Delegates buying and selling investments to the Scheme's Investment Managers; and
- Monitors the performance of the Scheme's investments

The Trustee has considered ethical and socially responsible investments and has delegated to the Investment Managers responsibility for taking social, environmental and ethical considerations into account when assessing the financial potential and suitability of investment and for exercising the rights attaching to the Scheme's investments.

Copies of this Statement are available on request from the Scheme Administrator.

Market Background: 12 Months to December 2017

UK Equities

UK equities posted a return of 13.1% over 2017, helped by its exposure to the strong performance of the materials sector. However, the UK's difficult political situation and lowered official growth forecasts dragged down investor sentiment towards the UK market. At the same time, sterling appreciation detracted from returns due to the UK stock exchange's large exposure to companies that earn overseas revenue.

Overseas Equities

The US equity market rally held firm throughout 2017. Solid sets of corporate earnings reports, better economic data after a disappointing start to the year, and expectations for tax reform helped to sustain momentum in the market. US equities posted a return of 22.1% in local currency terms but sterling appreciation led to a lower return of 11.5% in sterling terms. Despite a series of disappointing inflation releases, the Fed continued hiking interest rates throughout the year.

European equities returned 15.2% in local currency terms but euro strength brought the sterling return up to 17.5%. The dominant headwind of political risk in European elections which initially dampened investor enthusiasm for the region receded over the year. Dutch and French elections saw far-right political parties defeated which quelled investor fears of a populist wave across the region. Economic recovery continued over the year with encouraging economic data releases and positive sentiment indicators. Loose monetary policy supported European equities further. However, comments from the ECB hinting at monetary policy normalisation have raised expectations of QE tapering in the Eurozone at some point in the future.

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After rather episodic performance in recent times, Japan returned 21.0% in local currency terms. Signs of economic recovery and corporate earnings over the year supported the market. A positive result in the snap Japanese election and investor expectations of a continuation in easy monetary policy, against the low inflation backdrop, resulted in strong performance towards the end to the year. However, yen weakness, combined with sterling strength, significantly detracted from Japanese equity returns in sterling terms (14.4%).

Emerging markets performed very strongly over the year as improving macroeconomic fundamentals alongside high levels of capital inflows bolstered returns in the region. A rise in commodity prices and a steady China also helped the region to be best performing in both local and sterling terms. Emerging markets returned 31.0% in local currency terms but sterling strength led to a slightly lower return of 25.8%.

Currencies and Interest Rates

Sterling proved to be resilient despite a weakened UK government and ongoing Brexit uncertainty. The failure by the Conservative party to secure a majority in the June election caused mid-year sterling weakness. However, key policymakers at the Bank of England hinted in September at an increase in the bank base rate which boosted the pound. Sterling was particularly strong against the US dollar as doubts over the US Federal Reserve's tightening cycle crept in and the US benefitted less from global economic momentum. The US dollar was down 7.7% on a trade-weighted basis and 9.5% against sterling over the year.

Meanwhile, sterling depreciated against the euro as perceived economic and monetary divergences with other regions reduced and Eurozone political uncertainty shrunk. On a trade-weighted basis, the euro rose by 7.5% and the currency appreciated 3.8% against sterling.

The yen remained weak as interest rate differentials versus the dollar and pound widened over the year. Meanwhile, sterling ended the 12 month period up 0.9% on a trade-weighted basis, largely unchanged as euro strength offset US dollar weakness.

The Federal Funds rate target was raised by 25bps three times over the year 2017 from 0.50-0.75% to 1.25-1.50%. Furthermore, the Fed announced an initiative to reduce of its multi-trillion dollar balance sheet, which began in October 2017.

In October 2017, the European Central Bank announced further extensions to its quantitative easing programme, from January to September 2018 whilst reducing monthly bond purchases from €60bn to €30bn as inflation remained low. The Bank of Japan maintained its aggressive quantitative easing programme and yield curve constraints in a bid to control longer bond yield levels relative to shorter interest rates. Divergence grew wider with other major central banks that indicated move towards normalising monetary policy. Bouts of risk aversion in global markets amid heightened geopolitical tensions led to safe-haven flows into Japan at points in the year which propped up the yen. However, the divergence in interest rate paths with other developed economies and a strong euro led to a 1.2% yen depreciation (on a trade-weighted basis) over the 12 month period and by 5.7% against sterling.

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Gilt Returns

UK fixed gilts returned 1.8% while index-linked gilts posted a slightly more positive return of 2.3% over the last twelve months. The prospect of an increase in the BoE base rate pushed yields up in September. However, more dovish remarks by the central bank after the rise saw yields decrease again at the end of the year as investors moderated their interest rate expectations.

Fixed interest yields moved down over the year, posting positive returns at medium and long maturities. A flattening of the fixed interest yield curve led to negative returns at short maturities. Long-dated fixed interest gilts consequently outperformed short and medium-term maturities. Index-linked gilts underperformed fixed gilts at medium and long-term maturities. Short maturity index-linked bonds posted a positive return.

Breakeven inflation, the difference between nominal and real yields, inched higher at lower maturities supported by actual UK inflation releases and higher commodity prices over the year.

Fixed Interest and Index-Linked Yield Curves

Over the year, the fixed interest gilt yield curve flattened, causing a downwards shift in yields over longer maturities and upwards at the shorter end. The policy-sensitive two-year yield rose to 0.44%; ending the year 35 bps higher.

The index-linked gilt yield curve also flattened over the year. The near-term headwinds to the UK real economy continued to dampen upward movements in short-term real yields.

UK Investment Grade Credit

UK iBoxx non-gilt credit spreads (the difference between the yields on non-government bonds and equivalent maturity government bonds) narrowed by 16bps to 114bps over the 12 month period. Spreads have contracted steadily over the year due to BoE intervention in the corporate bond market in the first part of the year, combined with a benign credit backdrop. UK non-gilts returned 4.3%, outperforming fixed interest gilts.

Spreads narrowed most dramatically in the second quarter of 2017 due to improving investor sentiment after encouraging economic data releases, both in the UK and globally. Credit spreads traded in very tight ranges in all subsequent periods, with spreads reaching a minimum of 111bps in early November. Lower quality corporate bonds outperformed with BBB-rated credit spreads narrowing the most (falling by 61 bps) whilst AAA-rated spreads were 8bps lower.

Employer related investments

The investments of the Scheme are invested in accordance with Section 40 of the Pensions Act 1995. Details of any employer related investments are disclosed in note 19 to the financial statements.

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TRUSTEE REPORT YEAR ENDED 31 DECEMBER 2017

Further information

Further information about the Scheme is available, on request, to members and prospective members, their spouses and other beneficiaries together with all recognised trade unions. In particular, the documents constituting the Scheme, the Rules and a copy of the latest actuarial report and the Trustee's Statement of Investment Principles can be inspected.

Individual benefit statements are provided to active members annually. In addition to the information shown on these statements members can request details of the amount of their current transfer value and, if applicable, the current amount of any refund of contributions to which they would be entitled on leaving service. Such requests are available free of charge once a year.

If members have any queries concerning the Scheme's or their own pension position, or wish to obtain further information, they should contact Aon Hewitt Limited (address below) who will also be able to provide them with a further copy of the Scheme's booklet should they require one and answer any queries that they may have about entitlement to benefits.

The Trustee of Brush Group (2013) Pension Scheme care of:

Aon Hewitt Limited
Colmore Gate
2 Colmore Row
Birmingham
B3 2QD
brushpensions@aonhewitt.com

The Data Protection Act seeks to protect and respect the individuals rights to privacy. The Data Protection Act 1998 came into force on 1 March 2000 and regulates the use of personal data relating to living individuals that are processed automatically or manually and held in a relevant filing system. Explicit consent of the member is required where personal sensitive data is held or processed. Sensitive information can include information relating to, for example, the health of a member.

The Trustee, in its capacity as 'Data Controllers' and the Scheme's advisers in its capacity as 'Data Processors' under the Act each have legal obligation and a legitimate interest to process data relating to members for the purpose of administering and operating the Scheme, which includes passing on data to third parties. For example, the provision of Death in Service benefits requires information to be passed to other professional providers and Life office advisers who underwrite such benefits.

The Trustee, the Company and the Scheme's advisers each have a legal obligation and a legitimate interest to process data relating to members for the purpose of administering and operating the Scheme, which includes passing on data to third parties, as mentioned above.

The Trustee and the Company are regarded as "Data Controllers", for the purposes of the Data Protection Act 1998, in relation to the process referred to above. The advisers appointed by the Trustee are "Data Processors".

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TRUSTEE REPORT YEAR ENDED 31 DECEMBER 2017

Compliance Statement

HM Revenue & Customs Registration

The Scheme is a registered pension scheme in accordance with The Finance Act 2004. This means that the contributions paid by both the Company and the members qualify for full tax relief, and enables income earned from investments by the Trustee to receive preferential tax treatment.

Other information

Pension Tracing

The Scheme is registered with the Pension Tracing Service which maintains a list of up to date addresses of Scheme to assist ex-members trace their rights if they have lost contact with the previous employer's Scheme. The address for the Pension Tracing Service is:

The Pension Tracing Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

0345 6002 537
<https://www.gov.uk/find-pension-contact-details>

Resolving difficulties/Internal Dispute Resolution

It is expected that most queries relating to benefits can be resolved with the Scheme's administration office. In the event that a complaint cannot be resolved members can make a formal complaint using the Scheme's Internal Dispute Resolution (IDR) procedure details of which can be obtained from the Trustee office.

The Pensions Advisory Service (TPAS) can assist members in taking their complaint through the IDR procedure. TPAS is an independent organisation which can help members of the public deal with pension problems. The name and address of the local TPAS adviser can be obtained from any local Citizens Advice Bureau or from:

The Pensions Advisory Service Limited
11 Belgrave Road
London
SW1V 1RB

If the complaint is not resolved satisfactorily, the Government appointed Pensions Ombudsman can investigate complaints of injustice by bad administration either by the Trustee or the Scheme's Administrators, or disputes of fact of law. The Pensions Ombudsman can be contacted at:

The Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB

Further information

Requests for additional information about the Scheme generally, or queries relating to members' own benefits, should be made to the contact address shown on page 1.

BRUSH GROUP 2013 PENSION SCHEME

STATEMENT OF TRUSTEE'S RESPONSIBILITIES YEAR ENDED 31 DECEMBER 2017

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

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulations 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

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

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

Signed for and on behalf of the Trustee:

Trustee Director:

Trustee Director:

Date:

BRUSH GROUP 2013 PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE YEAR ENDED 31 DECEMBER 2017

Opinion

We have audited the financial statements of The Brush Group (2013) Pension Scheme for the year ended 31 December 2017 which comprise the fund account, the statement of net assets and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2017, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Use of our report

- This report is made solely to the Scheme's trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Scheme'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.

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INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE YEAR ENDED 31 DECEMBER 2017

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out on page 12, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the Scheme'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 trustees either intend to wind up the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Ernst & Young LLP

Ernst & Young LLP
Statutory Auditor
Reading

Date: 23.4.18

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FUND ACCOUNT YEAR ENDED 31 DECEMBER 2017

	Note	2017 £'000	2016 £'000
Employer contributions	3	-	8,333
Other income	4	22	1
		<u>22</u>	<u>8,334</u>
Benefits payable	5	(3,435)	(3,841)
Transfers out	6	(4,991)	(5,606)
Administrative expenses	7	(626)	(620)
		<u>(9,052)</u>	<u>(10,067)</u>
Net withdrawals from dealing with members		<u>(9,030)</u>	<u>(1,733)</u>
Returns on investments			
Investment income	8	-	2
Change in market value of investments	9	19,841	57,781
Investment management expenses	10	(433)	(230)
Net return on investments		<u>19,408</u>	<u>57,553</u>
Net increase in the Scheme during the year		10,377	55,820
Net assets of the Scheme at 1 January		255,175	199,355
Net assets of the Scheme at 31 December		<u>265,553</u>	<u>255,175</u>

The notes on pages 17 to 26 form part of these financial statements.

BRUSH GROUP 2013 PENSION SCHEME

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS YEAR ENDED 31 DECEMBER 2017

	Note	2017 £'000	2016 £'000
Investment assets			
Pooled investment vehicles	12	264,054	252,000
AVC investments	13	1,883	1,748
		265,937	253,748
 Total net investments		 265,937	 253,748
Current assets	17	235	1,879
Current liabilities	18	(619)	(452)
Net assets available for benefits at 31 December		265,553	255,175

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 actuarial position of the Scheme, which does take account of such obligations, is dealt with in the report on actuarial liabilities included in the Trustee report and these financial statements should be read in conjunction with it.

The notes on pages 17 to 26 form an integral part of these financial statements.

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

Trustee Director:

Trustee Director:

Date:

BRUSH GROUP 2013 PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. BASIS OF PREPARATION

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

The Scheme is a registered pension Scheme in accordance with The Finance Act 2004. This means that the contributions paid by both the Company and the members qualify for full tax relief, and enables income earned from investments by the Trustee to receive preferential tax treatment.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. The policies have been consistently applied unless otherwise stated.

Functional and Presentation Currency

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

Assets and liabilities in other currencies are converted to sterling at the rates of exchange ruling at the year end. Transactions in other currencies are translated into sterling at the spot exchange rate at the date of the transaction.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

2.1 Contributions

Employers' deficit funding is accounted for in the year in which it falls due in line with the Schedule of Contributions.

2.2 Transfers from and to other schemes

Individual transfers to and from other schemes are accounted for when funds are received or paid, or where the Trustee has agreed to accept the liability in advance of receipt of funds on an accruals basis from the date of the agreement.

Group transfers are accounted for in accordance with the terms of the transfer agreement.

2.3 Benefits

Pensions in payment, including pensions funded by annuity contracts, are accounted for in the period to which they relate.

Benefits to members are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type and amount of the benefit to be taken. If there is no member choice, benefits are accounted for on the date of leaving.

Refunds and opt-outs are accounted for when the Trustee are notified of the member's decision to leave the Scheme.

BRUSH GROUP 2013 PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2.4 Administrative and investment manager expenses

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

2.5 Investment income

Income from cash and short term deposits is dealt with in these financial statements on an accruals basis.

2.6 Valuation and classification of investments

Pooled investment vehicles are stated at bid price or single price where there is no bid/offer spread as provided by the investment managers at the year end.

Change in market value

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.

Transaction costs

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the 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.

2.7 Insurance policies (annuities)

The Trustee has reviewed the Scheme's annuity policies and has concluded that these are not material to the Scheme assets and fund account movement. Therefore annuities are not reported within these financial statements.

3. Contributions

	2017 £'000	2016 £'000
Employer		
Deficit funding	-	8,333

Deficit funding contributions of £5,000,004 and £3,333,336 per annum were paid by the Employer to the Scheme in 2016, in accordance with the recovery plan dated 22 January 2015 in order to improve the Scheme's funding position. Following negotiations between the Employer and Trustees, a further contribution of £3,333,336 was paid in 2016 in respect of the 2017 recovery plan, therefore no contributions were then due in 2017.

Following the completion of the 2016 actuarial valuation, a new schedule of contributions was agreed and certified in January 2018. The Trustees and Company have agreed that no deficit reduction contributions will be paid to the Scheme, in accordance with the recovery plan dated 13 December 2015.

BRUSH GROUP 2013 PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

4. Other income

	2017 £'000	2016 £'000
Other income	22	1

5. Benefits

	2017 £'000	2016 £'000
Pensions	2,196	1,841
Commutations of pensions and lump sum retirement benefits	1,131	1,963
Lump sum death benefits	108	37
	<u>3,435</u>	<u>3,841</u>

6. Transfers out

	2017 £'000	2016 £'000
Individual transfers	4,991	5,606

7. Administrative expenses

	2017 £'000	2016 £'000
Administration and processing	127	122
Actuarial fees	173	138
Audit fees	8	8
Legal fees	34	25
Other professional fees	90	91
Scheme levies	173	204
Trustee fees and expenses	20	31
Bank charges	1	1
	<u>626</u>	<u>620</u>

The administration and management of the Scheme is provided by the Principal Employer. These costs are charged to the Scheme.

8. Investment income

	2017 £'000	2016 £'000
Interest on cash deposits	-	2

BRUSH GROUP 2013 PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

9. Investments

	Opening value at 1 Jan 2017	Purchases at cost and derivative payments	Sales Proceeds and derivative receipts	Change in market value	Closing value at 31 Dec 2017
	£'000	£'000	£'000	£'000	£'000
Pooled investment vehicles	252,000	169,278	(176,729)	19,505	264,054
AVCs	1,748	-	(201)	336	1,883
	253,748	169,278	(176,930)	19,841	265,937
Total net investments	253,748				265,937

Included in the purchases and sales figures above are £66,581 in relation to switches of holdings between funds.

The companies managing the pooled fund investments are registered in the United Kingdom except for Morgan Stanley which is registered in Luxembourg.

10. Investment management expenses

	2017 £'000	2016 £'000
Administration and management fees	491	329
Management fee rebates	(195)	(237)
Consultancy fees	137	138
	433	230

11. Transaction Costs

Transaction costs are included in the cost of purchases and deducted from sale proceeds in the reconciliation in note 9. Transaction costs include costs charged to the Scheme such as fees, commissions and stamp duty.

In addition to the direct transaction costs, indirect costs are incurred through the bid-offer spread on pooled investment vehicles. It is not possible for the Trustee to quantify these indirect costs.

12. Pooled investment vehicles

	2017 £'000	2016 £'000
Bond funds	113,101	174,609
Equity funds	150,953	77,391
	264,054	252,000

BRUSH GROUP 2013 PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. AVC Investments

	2017 £'000	2016 £'000
Equitable Life	27	27
Friends Life	1,798	1,617
Royal London	58	104
	1,883	1,748

The Trustee holds assets which are separately invested from the main Scheme to secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement made up to 31 December each year confirming the amounts held to their account and movements during the year.

The total amount of AVC investments at the year end is shown below:

In Scheme AVCs

AVCs are invested together with the main assets of the Scheme as at the year end these AVCs were valued at £1,883.

14. Fair value of investments

FRS102 requires for each class of financial instrument an analysis of the level in the following fair value hierarchy into which the fair value measurements are categorised. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Level 1: The unadjusted quoted price in an active market for an identical asset or liability that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability either directly or indirectly;

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	2017 Total £'000
Investment assets				
Pooled investment vehicles	58,740	205,314	-	264,054
AVC investments	-	-	1,883	1,883
	58,740	205,314	1,883	265,937

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	2016 Total £'000
Investment assets				
Pooled investment vehicles	77,391	174,609	-	252,000
AVC investments	-	-	1,748	1,748
	77,391	174,609	1,748	253,748

BRUSH GROUP 2013 PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

15. Investment risks

FRS 102 requires the disclosure of information in relation to 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.

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

Risk management structure

The Trustee is responsible for identifying and managing risks, including risks arising from the investment activities.

The Trustee has appointed Investment Managers to manage the investments of the Scheme under agreed mandates. These mandates set out target allocations, benchmarks and risk tolerance levels consistent with the Statement of Investment Principles.

The Trustee reviews the performance of each investment manager against the agreed performance objectives.

Risk measurement and reporting

The Trustee monitors the Scheme's risks periodically with appropriate reference to:

- The expected loss likely to arise in normal circumstances; and
- Unexpected losses that are an estimate of the ultimate actual loss based on statistical models.

The Trustee measures risk both qualitatively and quantitatively.

The Trustee monitors and measures the overall risk in relation to the aggregate risk exposure across all risk types and activities, including employer covenant and funding risks.

BRUSH GROUP 2013 PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

15. Investment risks (continued)

Risk mitigation

The Scheme has investment guidelines that set out its overall investment strategy and its general approach to risk management, as set out in the Statement of Investment Principles.

The Trustee has appointed an investment advisor to assist them in determining and implementing the investment strategy for the Scheme.

The Trustee acknowledges that the Investment Managers use derivatives and other instruments for trading purposes and in connection with their risk management activities.

Credit risk

The Scheme's LDI portfolio includes pooled funds managed by LGIM. The Scheme is therefore indirectly exposed to credit risk through the underlying derivative contracts held within the pooled investment vehicles.

There is no direct link between the Scheme and the counterparties LGIM trades with on behalf of the Scheme. The Scheme is therefore not exposed to direct counterparty risk through the LDI portfolio.

The Scheme is also exposed to credit risk through its investments with Insight, Invesco and Newton.

The Trustee mitigates these risks as follows:

- Monitoring that the managers invest only in regulated markets.
- Regularly reviewing the managers' investment performance.
- Direct credit risk in the units held in pooled investment vehicles is mitigated by the underlying assets being held in trust and separate from the assets of the pooled managers.

Credit quality of financial assets

As at 31 December the Scheme's portfolio of financial assets subject to credit risk was:

	31 December 2017 Market value (£)	31 December 2016 Market value (£)
Unrated		
LGIM – Pooled LDI investment vehicles	137,090,840	174,190,740
Insight – Pooled Diversified Growth Fund	23,664,046	
Invesco – Pooled Diversified Growth Fund	22,288,427	
Newton – Pooled Diversified Growth Fund	22,271,295	
Total	205,314,608	174,190,740

Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets via pooled funds.

In particular the Scheme is invested in global equity funds managed by Morgan Stanley Investment Funds and Legal & General Investment Management. The Morgan Stanley share class is hedged from US Dollars to Sterling. The LGIM allocation is to a share class that is hedged back to Sterling.

BRUSH GROUP 2013 PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

15. Investment risks (continued)

The Scheme also invests in a pooled UK equity fund managed by Majedie Asset Management Limited. While the mandate for the fund is to invest in UK equities, the fund also has limited discretion to invest in overseas markets.

The multi-asset managers (Newton, Insight and Morgan Stanley) can invest in non-GBP denominated stocks at their discretion.

The Scheme's total investments in pooled equity funds as at 31 December was:

	31 December 2017 (£)	31 December 2016 (£)
Invesco – UK equities	-	24,969,311
Majedie – UK equities	28,121,458	28,418,811
Morgan Stanley – Global equities	30,618,295	24,002,973
LGIM – Global equities	23,990,121	-
Insight – Diversified Growth Fund	23,664,046	-
Invesco – Diversified Growth Fund	22,288,427	-
Newton – Diversified Growth Fund	22,271,295	-
Total	150,953,642	77,391,095

Interest rate risk

The Scheme is subject to interest rate risk on the LDI portfolio, comprising leveraged gilt and swap funds held through pooled investment vehicles.

The principal purpose of the LDI portfolio is to match movements in the value of the liabilities due to changes in interest rates. Under this strategy, if interest rates fall, the value of these investments will rise in a similar manner to the increase in the pension liabilities.

The Scheme's primary exposure to interest rates as at 31 December was:

	31 December 2017 Market value (£)	31 December 2016 Market value (£)
Direct		
Corporate bonds and gilts	-	92,031,321
Indirect		
Pooled LDI funds	113,100,661	82,159,419
Total	113,100,661	174,190,740

LDI Collateral

The Scheme utilises pooled LDI funds managed by LGIM, who has entered into collateral arrangements in order to manage the risk of counterparty default. These arrangements require collateral in the form of cash or bonds to be pledged or deposited.

In order to rebalance the leverage within the funds, LGIM will potentially require collateral to be paid by the Scheme. The Trustee has agreed that LGIM can draw any collateral required from an allocation to global equity which the Trustee has set aside for this purpose and is also managed by LGIM.

BRUSH GROUP 2013 PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

15. Investment risks (continued)

Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio. The Scheme manages this exposure by constructing a diverse portfolio of investments across various markets and managers. The Scheme's exposure to other price risk as at 31 December was:

Exposure to other price risk

	31 December 2017 Market value (£)	31 December 2016 Market value (£)
Indirect		
Equity pooled investment vehicles	82,729,874	77,391,000
Pooled Diversified Growth Funds	68,224,000	
Total	150,953,874	77,391,000

16. Concentration of investments

The following investments, excluding UK Government securities, account for more than 5% of the Scheme net assets as at 31 December 2017.

	2017 Value £'000	%	2016 Value £'000	%
Morgan Stanley Global Brands Fund	30,618	12	24,003	10
Majedie UK Equity Fund	28,121	11	28,419	11
L&G GPBF - All World Eqty Indx GBP Hedged	23,990	9	-	-
Insight Broad Opportunities Fund	23,664	9	-	-
Invesco Perpetual Global Targeted Returns Pension Fund 7	22,288	8	-	-
Newton Real Return Fund Exempt Shares 2 (Acc)	22,271	8	-	-
L&G FAAR-2060 Leveraged Gilt Fund	21,935	8	-	-
L&G FAAN-2049 Leveraged Gilt Fund	21,489	8	-	-
L&G Over 15 yr Index-Linked Gilts	-	-	65,397	26
Invesco Perpetual Income Fund	-	-	24,969	10
L&G VJ-2032 Index-Linked Gilt	-	-	14,385	6

17. Current assets

	2017 £'000	2016 £'000
Prepayments	213	202
Bank	11	1,553
Sundry debtors	4	19
Due from employer	7	105
	235	1,879

BRUSH GROUP 2013 PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

18. Current liabilities

	2017 £'000	2016 £'000
Accrued expenses	619	379
Accrued benefits	-	73
HMRC	-	-
Sundry creditors	-	-
	619	452

19. Employer related investments

There were no direct employer related investments during the year. The Trustee recognises that indirect investment in the employer's parent company is possible through holdings in pooled investment vehicles. Based on information provided by the investment managers, the Trustee believes that any indirect exposure to shares in the employer has not exceeded 0.1% of the Scheme assets at any time during the year.

20. Related Party Transactions

Contributions received into the Scheme and any benefits paid in respect of Trustee Directors who are members of the Scheme have been made in accordance with the Trust Deed and Rules.

Principal and participating employers are considered related parties. All transactions involved with these entities relate to remittance of monthly contributions required under the rules of the Scheme. The principal employer recharges the Scheme for costs.

The Employer is reimbursed by the Scheme for expenses incurred in the maintaining of the Scheme during the year. The amount of reimbursement of expenses was £806,147.

Two of the Trustee Directors on page 1 are members of the Scheme and like any other member they are thus eligible for benefits in accordance with the Scheme Rules.

21. Contingent assets and liabilities

In the opinion of the Trustee, the Scheme had no contingent liabilities as at 31 December 2017 (2016: £nil).

BRUSH GROUP 2013 PENSION SCHEME

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS FOR THE YEAR ENDED 31 DECEMBER 2017

Independent Auditor's Statement about Contributions to the Trustee of The Brush Group (2013) Pension Scheme

We have examined the summary of contributions to the Brush Group 2013 Pension Scheme for the scheme year ended 31 December 2017 to which this statement is attached.

In our opinion contributions for the scheme year ended 31 December 2017 as reported in the summary of contributions and payable under the Schedules of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 22 January 2015.

Use of our statement

This statement is made solely to the Scheme's Trustee, as a body, in accordance with regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our work, for this statement, or the opinions we have formed.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions on page 28 have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and the timing of those payments under the Schedules of Contributions.

Respective responsibilities of Trustees and the auditor

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions and for monitoring whether contributions are made to the scheme by the employer in accordance with the Schedule of Contributions.

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

Ernst & Young LLP

Ernst & Young LLP
Statutory Auditor
Reading

Date: 23.4.18

BRUSH GROUP 2013 PENSION SCHEME

SUMMARY OF CONTRIBUTIONS FOR THE YEAR ENDED 31 DECEMBER 2017

During the year ended 31 December 2017 the contributions payable to the Scheme were as follows:
Deficit contributions for 2017 were paid in 2016, as per note 3 on page 18.

2017
£'000s

Contributions required by the schedule of contributions
Employer's Contributions - deficit funding

Total

—
—

Approved by the Trustee and signed on its behalf:

Trustee Director:

Trustee Director:

Date:

BRUSH GROUP 2013 PENSION SCHEME

ACTUARIAL STATEMENTS

ACTUARIAL CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS

Name of scheme: Brush Group (2013) Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2016 to be met by the end of the period specified in the recovery plan dated 18 December 2017.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles effective from 18 December 2017.

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

Signature: ALKA SHAH

Date: 9 January 2018

Name: Alka Shah

Qualification: Fellow of the Institute and Faculty of Actuaries

Address: Colmore Gate
2 Colmore Row
Birmingham
B3 2QD

Name of employer: Aon Hewitt Limited

