

CAPITA



William Hill Pension Scheme

Scheme Registration Number: 10142428

Trustee's Annual Report and Financial Statements
For the Year Ended 30 September 2018

CONFIDENTIAL

Contents

Trusteeship and Advisers	2
Chairman's Report.....	4
Trustee's Report	6
Scheme Management.....	6
Investment Matters	11
DC Governance Statement	17
Report on Actuarial Liabilities	23
Statement of Trustee's Responsibilities	25
Summary of Contributions	27
Compliance Matters.....	28
Contact for Further Information	29
Actuary's Certification of the Schedule of Contributions	30
Independent Auditor's Statement about Contributions to the Trustee of William Hill Pension Scheme	31
Independent Auditor's Report to the Trustee of William Hill Pension Scheme	32
Fund Account.....	34
Statement of Net Assets available for Benefits	35
Notes to the Financial Statements.....	36
Appendix I - Certificate of Technical Provisions.....	58
Appendix II - Membership	59
Retirement plan movements	60
Pension Savings Plan 2001 membership movements	62
Employee Pension Plan membership movements	65
Appendix III - Statement of Investment Principles - DC Section.....	67
Appendix IV - Internal Controls	78
Appendix V - DC Section Charges.....	79
Appendix VI - Trustee's Knowledge and Resources.....	84

Trusteeship and Advisers

Trusteeship

The Trustee of the Scheme is William Hill Trustee Limited (Trustee). The Directors of the Trustee Company, who served throughout the year except where stated, are:

H D Nolan (Chairman, Dalriada Trustees Limited)

P Searle*

C W South

A Kerr

R A King*

M Ford (appointed 29 March 2018)

L Thomas was appointed as Secretary to the Trustee on 17 September 2018 and replaced on 19 December 2018

B Kelly-Bisla was appointed as Secretary to the Trustee on 19 December 2018

*Member Nominated Directors (MNDs)

Trusteeship and Advisers (continued)

Advisers

The Trustee has retained or appointed the following professional advisers and organisations during the year:

Investment Consultants	Mercer Limited KPMG LLP (appointed January 2018)
Administrators	Capita Employee Solutions
Scheme Actuary	Andrew R Cook FIA of Mercer Limited
Investment Managers	Legal & General Investment Management Limited
AVC Provider	Legal & General Investment Management Limited
Annuity Policy Provider	Just Retirement Limited
Auditor	Grant Thornton UK LLP
Solicitors	Eversheds LLP
Bankers	National Westminster Bank PLC
Insurers (lump sum death benefits)	Legal & General Assurance Society Limited

The Retirement Plan (defined benefit) also uses the following AVC providers:

Standard Life Assurance Company Limited

The Equitable Life Assurance Society

Address for Enquiries

If you are a current employee, please contact your Local HR Manager, who will refer you to the Group Pensions Department if appropriate. The Group Pensions Manager can be contacted at:

**William Hill Organization Limited,
Greenside House,
50 Station Road,
Wood Green,
London,
N22 7TP**

pensions@williamhill.co.uk

Chairman's Report

I am pleased to present the William Hill Pension Scheme (the Scheme) Report and Accounts for the year ended 30 September 2018. As always, it's been another busy year for the Scheme.

The Retirement Plan ("the Plan") – the Defined Benefits Section of the Scheme

The annual actuarial funding update of the Plan as at 30 September 2018 showed that the Plan is still fully funded on the Technical Provisions basis adopted by the Trustees and the position has actually improved slightly the full valuation in 2016. Despite this improvement in the funding position, the Employer has continued contributing to the Plan, which is great news and gives us an added safety margin going forwards.

Investment

We have reviewed the Plan's investment portfolio over the year, with help from our investment advisers and in close consultation with the Employer. We have bought annuity policies for the majority of our pensioner liabilities to give the Plan extra protection against market movements and even the risk of people living longer than expected and keep receiving their pension for longer as a result. Our overall investment strategy remains very low risk.

Employer Covenant

As well as the risk of changes in the investment values which could affect the funding position of the Plan, the Plan is also exposed to other risks which could impact its funding level. Two significant risks are that inflation is higher than expected and the risk that members live longer than expected (although, as noted above, we do have some insurance to mitigate this risk for current pensioners). If either of these or other potential risks were to crystallise, the Plan could be obliged to pay out more in benefits than it currently expects i.e. the liabilities would be higher.

If this were to occur the Plan is largely dependent on the Employer to make additional contributions to the Plan to ensure the liabilities could continue to be met. Consequently the Trustee monitors the financial strength of the Employer on a regular basis to assess its ability to fund the Plan.

The Trustee assessed the Company's financial strength (the employer covenant) formally as part of the last actuarial valuation and continues to monitor the strength of the employer covenant. Despite some difficult trading conditions, the Trustee still believes that the Employer is able to provide the financial support needed and that the current level of contributions remain affordable for the Employer given the Group's current level of profitability and ability to generate cash flow.

Defined Contribution Section (Pensions Savings Plan 2001 and the Employee Savings Plan)

In addition to the Defined Benefit section of the Scheme, which has been closed to new members since 2002, the Scheme also has two Defined Contribution (DC) sections - the Pension Savings Plan 2001 (PSP) and the Employee Pension Plan (EPP). These are money purchase arrangements where contributions paid in by members and the Employer are invested to build up a pot of money to be used to fund the member's retirement.

Under the DC arrangements the Scheme offers a choice of investment funds provided by Legal and General into which members can invest their and the Company's pension contributions. The investment performance of these funds can be found in the Investment Section of this Report.

The Trustee continues to monitor the range of funds to ensure that it is offering value for money and members are getting good outcomes for their investments.

Chairman's Report (continued)

Defined Contribution Section (Pensions Savings Plan 2001 and the Employee Savings Plan) (continued)

In July 2016, the Pensions Regulator published its updated defined contribution ("DC") code of practice, replacing the existing version of that code which was published in 2013. The code is called *governance and administration of occupational trust-based schemes providing money purchase benefits*. The Trustee has undertaken an assessment of the new code and considers the Scheme meets the quality standards set out by the Regulator.

As ever, I would also like to thank my fellow Trustee Directors and the Group Pensions Department for their ongoing support and help in the management and running of the Scheme.

Hugh Nolan, Senior Trustee Representative
Dalriada Trustees Limited
Chair of William Hill Trustee Limited

April 2019

Trustee's Report

The Trustee confirms that the financial statements for the year ended 30 September 2018 have been prepared and audited in accordance with regulations made under sections 41 (1) and (6) of the Pensions Act 1995.

Scheme Management

The Principal Employer under the Scheme has the power to appoint and remove the Trustee of the Scheme. The Principal Employer is William Hill Organization Limited. William Hill PLC, WHG (International) Limited, WHG Services Limited, Willstan Racing Limited and Willstan Limited are additional participating employers. The Directors of the current Trustee Company are appointed and removed in accordance with the arrangements approved by the Scheme membership pursuant to section 19 of the Pensions Act 2004.

The Trustee is responsible for the management of the Scheme and has duties and obligations, which are set out in the Definitive Trust Deed and Rules, including maintaining an up to date Schedule of Contributions. In order to discharge their various duties and liabilities, the Directors of the Trustee Company have met regularly and, in addition, have appointed professional advisers and administrators to assist them and to undertake many of the day to day duties involved in the running of the Scheme.

Copies of the Pensions Regulator's booklet on the duties and responsibilities of trustees have been given to all Directors of the Trustee Company.

Cash Equivalents

The cash equivalents paid during the year were calculated and verified in the manner prescribed by regulations under section 97 of the Pension Schemes Act 1993 and none were less than the amount for which section 94 (1) of that Act provides. Transfer values do not take into account any future discretionary increases to pensions in payment. Following advice from the Scheme Actuary, the Trustee, after careful consideration, agreed that cash equivalent transfer values should continue to be paid in full. This will be kept under review.

Tax Status

The Scheme is registered for tax purposes with HMRC in accordance with the Finance Act 2004. Accordingly no provision for taxation has been included.

Investment Principles

The Trustee has produced a Statement of Investment Principles as required by the relevant section of the Pensions Act 1995 as amended by the Pensions Act 2004, and this is revised and updated as necessary. A copy of this statement may be obtained on request from the Group Pensions Manager, William Hill Organization Limited, Greenside House, 50 Station Road, Wood Green, London, N22 7TP.

Further Information

The following documents are also available on request from the Group Pensions Department at Greenside House:

1. The Schedule of Contributions
2. The Statement of Funding Principles
3. Recovery Plan
4. The Formal Actuarial Valuation Report as at 30 September 2016
5. The Scheme Information Booklet

Trustee's Report (continued)

Scheme Management (continued)

Membership

A summary of the Membership of the Scheme is shown below:

Retirement Plan (defined benefit)

Employed members as at 30 September 2018	279
Deferred Pensioners as at 30 September 2018	791
Pensioners as at 30 September 2018	1,504
Dependants as at 30 September 2018	200
Total membership as at 30 September 2018	2,774

Pension Savings Plan 2001 (defined contribution)

Employed members as at 30 September 2018	1,696
Deferred members as at 30 September 2018	1,282
Leavers (Refund/Transfer Option)	36
Total membership as at 30 September 2018	3,014

Employee Pension Plan (defined contribution)

Employed members as at 30 September 2018	5,692
Deferred members as at 30 September 2018	5,765
Leavers (Refund/Transfer Option)	803
Total membership as at 30 September 2018	12,260

Details of the membership movements for the Scheme during the year to 30 September 2018 can be found in Appendix II on pages 59 to 66.

Trustee's Report (continued)

Scheme Management (continued)

Scheme Background

Retirement Plan (Defined Benefit)

Until 5 April 1997, the Plan was “contracted out” of the State Earnings Related Pension Scheme (SERPS) on a Guaranteed Minimum Pension basis. This meant that members had the benefit of having a lower rate of National Insurance contribution deducted from their pay, and the Employer also paid a lower rate of National Insurance. In return for this concession, the Plan had to promise to provide benefits at least as good as those a member would have received from SERPS – a “Guaranteed Minimum Pension” (GMP).

From 6 April 1997, the Plan contracted out of SERPS on a “Protected Rights” basis. Both the Employer and the members continued to pay reduced rate National Insurance contributions. These savings plus an age-related addition paid into the Plan by the Department of Work and Pensions, form a notional Fund and must be used to secure benefits subject to special conditions. The Protected Rights Fund forms part of the members' Plan benefits. From 6 April 2002, the State Second Pension (S2P) replaced SERPS.

Following a review of pension provision, the Company decided that the Retirement Plan section would be closed to new entrants after the 1 January 2002 entries (existing employees who qualified by promotion were allowed in up to 1 April 2002). This did not affect any existing members of the Retirement Plan.

Following consultation with affected employees, the Company made the decision to close the Retirement Plan section of the Scheme and restrict future benefits accrual with effect from 31 March 2011. As a result of negotiations with the Trustee, the Company granted a number of concessions including maintaining the link for benefits accrued up to 31 March 2011 with future salary increases (up to a maximum of 5% per annum). It was also agreed that the Company would make additional payments to affected employees of £10,000 (reduced pro rata for part time employees) over a five year period from April 2011 to March 2016.

All members in active employment as at 1 April 2011 were automatically enrolled in the Pension Savings Plan 2001.

Pension Savings Plan 2001 (Defined Contribution)

The Pension Savings Plan was set up in April 1997. Members are not contracted-out of the State scheme. It was redesigned to comply with Stakeholder legislation with effect from 1 July 2001 and re-named the Pension Savings Plan 2001. It was further amended with effect from 1 January 2007 to comply with age discrimination legislation.

From 1 January 2013, the Pension Savings Plan was closed to new entrants other than for discretionary entrants permitted by the Company. Contributions are a flat rate of 5% of employee pensionable earnings and 5% by the employer, with higher employer contributions for senior members.

Employee Pension Plan (Defined Contribution)

The Employee Pension Plan was set up from 1 March 2013 specifically in response to the Government's automatic enrolment pension legislation. Contributions are a flat rate of 4% of pensionable earnings by the employee and 4% by the employer.

Trustee's Report (continued)

Scheme Management (continued)

Pensioners

Retirement Plan (Defined Benefit)

The Rules of the Plan include a provision for pensions in payment to be increased on 1 April each year. The increase is 5% (or, if lower, the increase in the Retail Price Index (RPI) over the year to the preceding December) on that part of the pension which exceeds the (Guaranteed Minimum Pension) GMP in payment. This provision meets the requirements for pension increases under the terms of the Pension Schemes Act 1995.

The percentage increase awarded on 1 April 2018 was 4.1% (2017: 2.5%) which was in line with the change in the RPI to December of the previous year.

In addition, the GMP payable after GMP Age (or immediately for some widows/widowers) is to be increased in line with the change in the CPI to September of the previous year which was 3%. How this is done depends on when the member built up GMP entitlements:

- for GMPs earned up to 5 April 1988, no increase is made by the Plan;
- for GMPs earned after 5 April 1988, an increase is made in line with the annual increase in the RPI, subject to an annual limit of 3%.

Employee Pension Plan and Pensions Savings Plan 2001 (Defined Contribution)

At retirement the member may choose what benefits to buy with their Pension Account (and AVC Account). Normally an annuity is chosen that provides an income for life either at a flat rate or one that will increase in line with price inflation, to a maximum of 5% in any year. Following changes to pension legislation members now have greater freedom to choose what to do with their pension savings at retirement from taking it all as cash, buying an annuity or leaving it invested and drawing an income from their investment during retirement.

Trustee's Report (continued)

Scheme Management (continued)

Deferred Pensioners

Retirement Plan (Defined Benefit)

Deferred pensions are increased on 1 April each year.

In deferment, the amount by which a deferred pension exceeds the GMP, and the whole deferred pension built up from 6 April 1997, is increased in line with Statutory Revaluation which is 5%, or the increase in the Retail Price Index over the year to the preceding September, if lower. The increase on the GMP portion is at the prescribed percentage for each complete tax year between ceasing to be in pensionable service and reaching State Pension Age.

The prescribed percentage is specified in statutory regulations:

- for leavers after 5 April 1988 but before 6 April 1993, it is 7.5% per annum;
- for leavers after 5 April 1993 but before 6 April 1997, it is 7.0% per annum;
- for leavers after 5 April 1997 but before 6 April 2002, it is 6.25% per annum;
- for leavers after 5 April 2002 but before 6 April 2007 it is 4.5% per annum;
- For leavers after 5 April 2007 it is 4.0% per annum.

Once in payment, the pension is increased in the same way as for any other pensioner.

Employee Pension Plan and Pension Savings Plan 2001 (Defined Contribution)

The amount standing to the account of a deferred pensioner will continue to reflect investment returns (net of any charges).

Transfers out of the Scheme

Members who have retained a deferred pension within the Scheme may apply to the Trustee for a transfer of their pension rights to be paid to another approved pension arrangement.

Retirement Plan (Defined Benefit)

The transfer value is calculated and paid in accordance with recommendations of the Actuary using methods consistent with the Pensions Schemes Act 1993.

Employee Pension Plan and the Pension Savings Plan 2001 (Defined Contribution)

The transfer value is the value standing to their Pension Account (and AVC Account) at the time such a transfer is made.

Trustee's Report (continued)

Investment Matters

Investment principles

The Trustee has produced a Statement of Investment Principles (the "SIP") in accordance with Section 35 of the Pensions Act 1995 (as amended) and the Occupational Pension Schemes (Investment) Regulations 2005 (and subsequent legislation). The SIP was updated during the year in September 2018 and is available on request.

Retirement Plan (DB Section)

The purpose of the DB Section is to enable benefits to be paid as and when they fall due. In pursuit of this, the Trustee's overall investment objective is to earn an investment return which, in combination with the contributions from the Employer, is sufficient to achieve over an acceptable period of time a funding level above 100%, whilst not taking undue risk.

Employee Pension Plan and Pensions Savings Plan 2001 (Defined Contribution Section ('DC Section'))

The Trustee's overall investment objective is to provide a range of fund options which serve to meet the various investment needs and risk tolerances of the Plan's members in a cost effective manner.

Investments

General

The majority of the Scheme's investments (with the exception of some Additional Voluntary Contributions ('AVC') assets) were managed by Legal & General Investment Management Limited ('LGIM') during the year.

The DB Section's bulk annuity contract (buy-in) was written by JUST.

Retirement Plan (DB Section)

The Trustee terminated the global equity and property portfolios on 30 April 2018. The proceeds were transferred to the cash portfolio. On 30 April 2018, the LDI portfolio was restructured to include leveraged gilt funds.

In May 2018, existing assets were used to fund the purchase of a bulk annuity contract (buy-in) written by JUST to secure 75% of the Scheme's pensioner liabilities as at November 2017. The Trustee adopted the following interim strategy excluding the buy-in policy:

Manager Name	Fund	Interim Benchmark Weight (%)
LGIM	Corporate Bonds	40
LGIM	LDI	40
LGIM	Cash Fund	20

On 11 June 2018 the Trustee agreed on the long term strategy (excluding the buy-in) for the DB Section. This is reflected in the latest SIP update but will come into effect following completion of the transition into the new strategy (due to be completed in early December 2018).

Trustee's Report (continued)

Investment Matters

Employee Pension Plan and Pensions Savings Plan 2001 (DC Section)

The DC Section's investment options were last reviewed in September 2015 with the latest review currently in progress. The investment options include three lifestyle options (targeting cash, annuity and drawdown at retirement) and a range of self-select funds, as set out in member communications.

Employer-related Investments

As the Plan's investments are held in unit-linked insurance contracts the employer related investment legislation is not applicable. However, there is a very small proportion of indirect investment in William Hill PLC via the UK Equity investments which track the FTSE All Share Index. As at 30 September 2018, William Hill PLC made up less than 1% of the Plan's total (DB, DC and AVC) invested assets with Legal & General.

Trustee's Report (continued)

Investment Matters

Custodial Arrangements

During the period the Trustee employed two investment managers. They in turn used the following companies to act as global custodians of the investments underlying their pooled fund arrangements:

Investment Manager	Global Custodian
LGIM	HSBC, Citibank and Northern Trust
Aberdeen Standard Investments (formerly Standard Life Investments)	Citigroup

The appointed custodians are inter alia responsible for the settlement of all day-to-day investment transactions, the collection of investment income and related tax reclaims and the safe custody of the investments.

Retirement Plan (DB Section)

The assets of the DB Section are held in a series of insurance policies with Legal & General and a buy-in contract written by JUST.

Review of investment performance

The following table shows the DB Section's performance to 30 September 2018:

Fund	Last Year		3 Years	
	Fund (%)	Benchmark (%)	Fund (% p.a.)	Benchmark (% p.a.)
LDI (including corporate bonds)	1.1	1.0	6.7	6.2
Cash Fund	0.5	0.4	0.4	0.3
Total	1.6	1.5	7.1	6.9

Figures shown gross of fees and are based on performance provided by LGIM, Mercer estimates and Thomson Reuters Datastream.

Valuation of investments

The distribution of the DB Section's assets at the beginning and at the end of the Plan year is set out below:

Asset Class	Actual Asset Allocation		Strategic Asset Allocation	
	30 September 2017 (%)	30 September 2018 (%)	30 September 2017 (%)	30 September 2018 (%)
Global Equity	9.4	0.0	9.0	0.0
LDI (including corporate bonds)	88.1	69.0	90.0	80.0
LDI (cash)	-	11.0	-	-
Property	1.2	0.0	1.0	0.0
Cash	1.3	20.0	0.0	20.0
Total	100.0	100.0	100.0	100.0

Source: LGIM and Mercer.

Figures may not sum to total due to rounding.

Trustee's Report (continued)

Investment Matters

DC Section

The assets of the DC Section are held in a series of insurance policies with Legal & General Assurance (Pensions Management) Limited ("Legal & General") and Aberdeen Standard Investments. Some members also have AVC assets in funds managed by Aberdeen Standard Investments. There are four pools of DC assets: the Pension Savings Plan 2001, the Employee Pension Plan, the Transfers In and the AVCs. These are described in further detail below.

The two main pools of the DC Section are the Employee Pension Plan and the Pension Savings Plan 2001. The Pension Savings Plan 2001 was closed to new entrants other than by Company invitation whilst the Employee Pension Plan was set up to satisfy the Company's obligation under pensions auto-enrolment legislation.

The two other pools of invested assets are Transfers In where members have transferred funds from other pension provider arrangements and Additional Voluntary Contributions paid by members.

LGIM

Review of investment performance

The following table shows the performance of the LGIM funds to 30 September 2018:

Fund	Last Year		Last 3 Years	
	Fund (%)	Benchmark (%)	Fund (% p.a.)	Benchmark (% p.a.)
UK Equity (5% capped) Passive Fund	5.3	5.4	11.1	11.1
Global Equity Market Weights 30:70 Index Fund - 75% GBP Currency Hedged	9.8	9.9	14.2	14.3
Overseas Equity Consensus Index Fund ^(a)	13.7	13.8	18.4	18.5
World Emerging Markets Equity Index Fund	1.4	1.7	16.9	17.3
AAA-AA-A Corporate Bond All Stocks Index Fund	0.2	0.2	3.9	4.0
Diversified Fund ^(b)	4.2	13.1	11.3	16.7
Pre-Retirement Fund	0.3	0.5	5.2	5.4
Pre-Retirement Inflation Linked Fund	0.8	0.9	6.1	6.3
Property Fund	6.2	8.8	5.2	7.1
Sterling Liquidity Fund	0.4	0.4	0.4	0.3

Figures shown are based on performance net of fees provided by the Investment Managers, Mercer estimates and Thomson Reuters Datastream.

(a) LGIM restructured the strategy underpinning the Overseas Consensus Index Fund in August 2016 which resulted in a change in the Fund

benchmark to reflect FTSE AW All-World (ex UK) Index.

(b) The benchmark comparator for this fund is the FTSE Developed World Index (50% hedged to GBP).

Trustee's Report (continued)

Investment Matters

Valuation of investments - PSP 2001 and Employee Pension Plan

The distribution of the Plan's assets at the beginning and at the end of the year is set out below:

Investment Funds	30 September 2017	30 September 2018
	(£000s)	(£000s)
UK Equity (5% capped) Passive Fund	8,920	9,044
Global Equity Market Weights 30:70 Index Fund - 75% GBP Currency Hedged Fund	58,552	68,736
Overseas Equity Consensus Index Fund	5,191	5,589
World Emerging Markets Equity Index Fund	1,514	1,529
AAA-AA-A Corporate Bond All Stocks Index Fund	158	158
Diversified Fund	56,393	63,900
Pre-Retirement Fund	7,346	8,041
Pre-Retirement Inflation Linked Fund	1,782	1,522
Property Fund	789	924
Sterling Liquidity Fund	1,748	1,849
Total Assets	142,393	161,292

Source: LGIM, Capita and Mercer.
Figures may not sum to total due to rounding.

Trustee's Report (continued)

Investment Matters

Valuation of investments – Retirement Plan AVCs

The distribution of the AVC assets at the beginning and at the end of the Plan year is set out below:

Investment Funds	30 September 2017	30 September 2018
	(£000s)	(£000s)
UK Equity (5% capped) Passive Fund	228	191
Global Equity Market Weights 30:70 Index Fund - 75% GBP Currency Hedged	17	14
Overseas Equity Consensus Index Fund	112	102
Diversified Fund	25	24
Pre-Retirement Fund	25	17
Pre-Retirement Inflation Linked Fund	50	49
Property Fund	2	3
Sterling Liquidity Fund	9	6
Total Assets	468	406

Source: LGIM, Capita and Mercer.
Figures may not sum to total due to rounding.

Valuation of investments – Transfers In

The distribution of the Transfers In assets at the beginning and at the end of the Plan year is set out below:

Investment Funds	30 September 2017	30 September 2018
	(£000s)	(£000s)
UK Equity (5% capped) Passive Fund	262	264
Global Equity Market Weights 30:70 Index Fund - 75% GBP Currency Hedged Fund	781	790
Overseas Equity Consensus Index Fund	127	145
World Emerging Markets Equity Index Fund	21	21
Diversified Fund	22	21
Pre-Retirement Fund	7	8
Pre-Retirement Inflation Linked Fund	41	-
Property Fund	10	-
Sterling Liquidity Fund	26	27
Total Assets	1,297	1,276

Source: LGIM, Capita and Mercer.
Figures are based on mid prices and may not sum to total due to rounding.

Trustee's Report (continued)

DC Governance Statement

Introduction

I am pleased to present the Trustee's annual statement of governance, covering the period 1 October 2017 to 30 September 2018.

The Scheme's mission is to help members attain a good financial outcome for life after work. This statement describes the work that the Trustee has done to achieve that, and how it seeks to ensure that the Scheme is well-managed and delivers excellent services to members. In doing so, the Trustee provides the various statutory disclosures required by the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

This statement covers five key areas:

1. The investment strategy relating to the Scheme's default arrangement;
2. The processing of core financial transactions;
3. Charges and transaction costs within the Scheme;
4. Value for Members considerations; and
5. The Trustee's compliance with the statutory knowledge and understanding ('TKU') requirements.

Trustee's Report (continued)

DC Governance Statement (continued)

1. The Scheme's default investment arrangements

The Trustee's Statement of Investment Principles (see Appendix III to the financial statements) in relation to the Scheme's default investment arrangements is attached. This covers the aims and objectives of the default investment arrangements as well as its policies in relation to matters such as risk and diversification. It also states why the Trustee believes the default investment arrangement to be designed in members' best interests.

The assets of the DC Section are invested with Legal & General Investment Management ('LGIM') with some members also have AVC assets in funds managed by Standard Life. There are four pools of DC assets: The Pension Savings Plan 2001 ('PSP'), the Employee Pension Plan ('EPP'), the Transfers In and the AVCs.

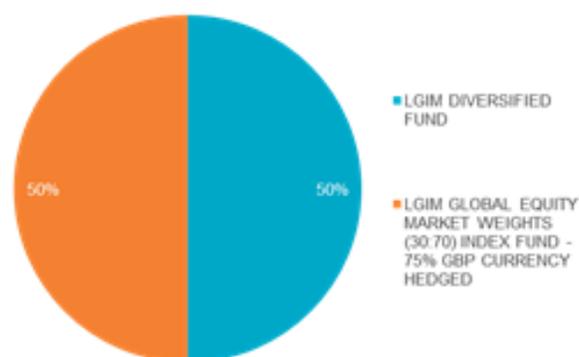
The most recent review of the suitability of the default investment arrangements was completed by the Trustee in August 2018. The review took into account recent industry retirement trends and member demographics including age and pot size. The Trustee agreed to make some changes to the default strategy and the self-select fund range in 2019 as a result of the review. These changes are noted below.

The Trustee currently offers three lifestyle strategies:

- **Annuity Lifestyle Strategy** – for those planning to buy a level annuity (a fixed pension income for life) at their target retirement date. This is the current default investment option for PSP members that do not make their own investment decision. The Trustee has decided to change the default investment option for PSP members to the Drawdown Lifestyle Strategy.
- **Cash Lifestyle Strategy** - for those planning to take their DC savings as a cash lump sum. This is the default investment option for EPP members that do not make their own investment decision.
- **Drawdown Lifestyle Strategy** - for members planning to leave their DC savings invested and withdraw income flexibly over time. Members who wish to drawdown their savings in retirement would have to transfer their DC savings out of the Scheme at retirement to a drawdown provider.

Currently, all three strategies invest per the allocation shown in the pie chart to the right until members reach eight years before their Target Retirement Date. After the eight-year point:

- Investments in the Annuity Lifestyle Strategy are switched into the LGIM Pre-Retirement fund and the LGIM Sterling Liquidity Fund.
- Investments in the Cash Lifestyle Strategy are switched into the LGIM Sterling Liquidity Fund.

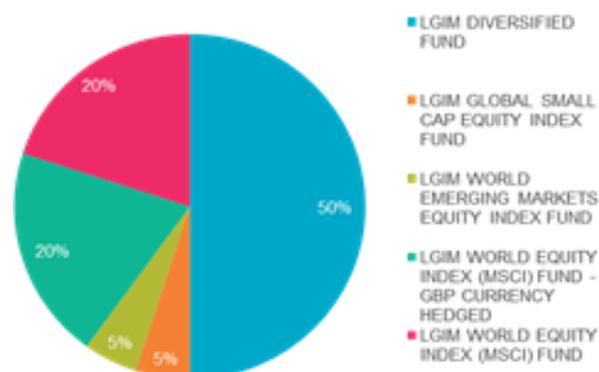


Trustee's Report (continued)

DC Governance Statement (continued)

1. The Scheme's default investment arrangements (continued)

The Trustee has decided to replace the allocation to the LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged to a more diversified blend of equity funds. The new allocation of the initial phase is shown in the chart to the right. The reason for the change is to improve the expected risk-adjusted return over the long term.



The proportion of a member's fund invested in the Diversified, Pre-Retirement and Cash Funds at a member's Target Retirement Date will depend on which lifestyle strategy the member is invested in. The Trustee decided that members invested in the Drawdown Lifestyle Strategy will gradually be switched into 75% LGIM Retirement Income Multi-Asset Fund and 25% LGIM Sterling Liquidity by the Target Retirement Date.

The Trustee has decided to change the default investment option for PSP members to the Drawdown Lifestyle Strategy and maintain the Cash Lifestyle Strategy as the default investment option for EPP members, based on the profile of the respective membership. However, members have complete freedom to choose whichever lifestyle strategy suits their needs from those listed above. The additional funds that will be incorporated into the lifestyle strategies will also be made available as self-select options.

The Trustee reviews how the funds within the Scheme's default investment arrangements (and the wider self-select fund options) have performed against their targets at each of their quarterly meetings, taking input from its professional investment advisors. The Trustee also maintains a programme of ongoing review of the suitability of the default arrangements in light of considerations that include how members withdraw benefits at retirement, the ages at which they do so and the size of their funds.

2. The processing of Scheme financial transactions

The Trustee recognises that delay and error in processing transactions can cause significant losses for members. Delays in processing can also cause members to lose faith in schemes which may in turn reduce their propensity to save and impair future outcomes. The Trustee therefore operates measures and controls aimed at ensuring that all financial transactions (such as benefit payments and switches between funds) are processed promptly and accurately.

The Scheme's administration is outsourced to Capita Employee Benefits Limited ('Capita'). As part of that model, the Trustee has agreed timescales with Capita for the processing of all member-related services, including core financial functions such as benefit quotations, investment switches and benefit payments. These timescales are well within any applicable statutory timescale and are summarised in table 1 in Appendix IV. This appendix also records the main measures and controls that the Trustee operates to satisfy themselves that the Scheme's financial transactions are both prompt and accurate, including regular evaluation of Scheme data and reporting of all member complaints to the Trustee.

Trustee's Report (continued)

DC Governance Statement (continued)

2. The processing of Scheme financial transactions

Other controls that address the promptness and accuracy of core financial controls include:

- Its administrators record all member transactions and benefit processing activities in a work management system which assigns the relevant timescale to the task. They must disclose quarterly to the Trustee their performance against these agreed timescales. These disclosures are considered by the Trustee at its quarterly meetings.
- The Trustee requires additional disclosures in respect of any transactions and benefit processing activity that have not been completed within the agreed timescales including the cause of the delay, the extent to which agreed timescales were breached and the proposed remedial measures. None of the breaches of agreed timescale during the period covered by this statement are regarded as a matter for significant concern. The Trustee has been monitoring and discussing delays in the payment of transfer values with Capita during the Scheme year. The Trustee has ongoing dialogue with Capita and has also met them to resolve any issues.

For the period being reported, the Trustee is satisfied that the Scheme's core financial transactions have been processed promptly during the period to which this Statement relates.

3. Charges and transaction costs within the scheme

The Trustee benchmarks LGIM's charges against comparable alternatives and has negotiated with fund managers accordingly. It regards this process as fundamental to its mission of helping members achieve good outcomes, given the potential for investment-related charges to erode members' fund sizes. At the same time, the Trustee does not regard value as solely about achieving the lowest costs - rather, it is a measure of the extent to which economic outlays (or 'price') are converted to provide the performance targets (or 'performance') for members that the Trustee seeks to achieve.

As required by the Administration Regulations, the Trustee is required to report on the charges and transaction costs for the investments used in the default investment option as well as the wider fund choice available and assess the extent to which the charges and costs represent good value for members.

Appendix V shows the total expense ratio for each of the funds underlying the Scheme's default investment arrangements as well as the wider self-select fund range and AVC arrangements. The Total Expense Ratio ('TER') comprises the investment manager's annual charge for managing and operating a fund, but also includes the costs of other services paid for by the fund, such as the legal costs, registration fees and custodian fees. However, it excludes other costs that are also member borne and which can therefore have a negative effect on investment performance such as transaction costs and interest on borrowings.

Each of the funds in the default investment arrangements are available to members on a self-select basis. Additionally six further funds are available to self select members, shown in Appendix III.

Reporting of Costs and Charges

Using the charges and transaction cost data provided by LGIM and Standard Life Investments, and in accordance with regulation 23(1)(ca) of the Administration Regulations, as inserted by the 2018 Regulations, the Trustee has prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Plan on their retirement savings pot. Details of the illustration can be found in appendix III.

Trustee's Report (continued)

DC Governance Statement (continued)

4. Value for members considerations

The Trustee is committed to ensuring that members receive good value in respect of the DC and AVC arrangements in place within the Scheme. In conjunction with their professional advisors, they undertook a value for members assessment, in accordance with regulation 25(1)(b)

There is no legal definition of "good value", so the process of determining good value is a subjective one. Therefore, the Trustee assessment examines the current investment management charges relative to standard institutional fees, as well as looking at the fees for equivalent size mandates, Mercer Manager Research Ratings and historical performance. The review concluded that the Scheme's overall benefits and options represent **good value for money** in comparison to the costs payable by members. The reasons underpinning this conclusion include:

- Charges for the Scheme's funds used by the default investment arrangements are significantly below the charge cap of 0.75% per annum;
- Charges for the majority of funds have been assessed by its advisors as comparing favourably with those of peer funds.
- The funds used by the Scheme are highly rated by its investment advisors as having good prospects of achieving their risk and return objectives.
- The performance of the majority of the Scheme's funds over the 3 years (or 1 year where more recent inception) to 30 September 2018 compare favourably relative to the performance benchmarks set by the Trustee.

Additionally, the Company pays for all administration, member communication and advisory costs associated with operating the Scheme. The Trustee has appointed a specialist pensions communication agency to help it develop a communications strategy.

As mentioned previously some members also have AVC assets in funds managed by Standard Life. The 2018 assessment concluded that the Standard Life Managed Fund was not providing good value for money. During the investment strategy review in August 2018, the Trustee also considered the ongoing investment into this fund and is considering the potential options for its replacement to be implemented in early 2019.

Additionally, the Value for Members assessment highlighted that the charges for the Emerging Markets Equity Fund and Corporate Bond Fund are above the typical range for a fund of that type. The Trustee will work with LGIM to ensure that the overall fees paid by members are competitive and continue to monitor the performance of the funds offered to members

Trustee's Report (continued)

DC Governance Statement (continued)

5. Trustee's Knowledge and Understanding (TKU)

Section 247 and 248 of the Pensions Act 2004 require individual trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts and the investment of the assets. The degree of knowledge and understanding required is that appropriate for the purposes of enabling the Trustee to exercise the function in question.

Trustees must also be conversant with the Scheme's own documentation. These are described in legislation as the trust deed and rules and the statement of investment principles. Trustees must also be conversant with any other document recording current policy relating to the administration of the Scheme generally.

Appendix VI shows how these duties have been fulfilled and how the combined knowledge and understanding, together with the advice which is available to the Trustee Directors, enables them to properly exercise their duties and responsibilities.

All of the Trustees in office during the period have completed the Pension Regulator's Trustee Toolkit. New Trustees are required to complete the toolkit within 6 months of their appointment.

Taking into account the review carried out by the trustee body, and the professional advice available to them, the Trustee Board consider they are properly enabled to exercise their function as Trustees.

The Trustee will also, on an ongoing basis, review and assess whether the systems, processes and controls across key governance functions are consistent with those set out in the Pensions Regulator's Code of Practice 13.

Chair's declaration

I confirm that the above statement has been produced by William Hill Trustee Limited.

Signature: _____

Name: _____

Chair of William Hill Trustee Limited
April 2019

The following documents appear as an Appendix to the financial statements:

- III. Statement of Investment Principles
- IV. Internal Controls
- V. Charges and Transaction Costs
- VI. Trustee's Knowledge and Resources

Trustee's Report (continued)

Report on Actuarial Liabilities

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

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, assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 30 September 2016.

What is the Scheme's financial position?

The value of the Technical Provisions was: £452 million

The value of the assets at that date was: £454 million

This means that there was a surplus of £2 million.

Method

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

How has the Scheme's financial position changed since the last actuarial valuation?

The latest review showed that the financial position of the Scheme has improved so that at 30 September 2016, there was a surplus of £2m (deficit of £47m as at 30 September 2013) as a result of higher than expected investment returns and increased employer contributions to the Scheme.

How will the surplus be maintained going forward?

The Company agreed to pay the following amounts to the Pension Scheme:

- Monthly contributions of £783,333 during the period 1 October 2016 to 31 December 2017
- Annual Contributions of £8.75m during the period 1 January 2018 to 31 December 2019, in equal monthly instalments of £729,167.

To calculate whether there is a surplus or a deficit, assumptions have to be made about what will happen in the future, for example, the rate at which the Scheme's assets will grow. If the assumptions do not all turn out to be exactly right, it may be necessary to change the level of contributions to the Scheme for a deficit to be paid off.

Please be assured that, should there be a deficit, all members who have retired have still received the full amount of their pension.

Trustee's Report (continued)

Report on Actuarial Liabilities (continued)

The main financial assumptions underlying the valuation calculations were:

Discount rate:	2.05% p.a.
Rate of salary increases:	2.00% p.a.
Price inflation (RPI):	3.20% p.a.
Price inflation (CPI):	2.20% p.a.
Rate of pension increases:	
RPI up to 5% p.a.	3.10% p.a.
CPI up to 3% p.a.	1.95% p.a.
Deferred revaluations:	2.20% p.a.

Trustee's Report (continued)

Statement of Trustee's Responsibilities

The financial statements, which are prepared in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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 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 Regulations 3 and 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.¹

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 them to safeguard the assets of the scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time 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.¹ The Trustee is responsible under pensions legislation for securing that a payment schedule is prepared, maintained and from time to time revised 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.

Trustee's Report (continued)

Statement of Trustee's Responsibilities (continued)

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 payment schedule. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustee is responsible for the maintenance and integrity of the financial information of the scheme included on the Pension Scheme's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Trustee's Report (continued)

Summary of Contributions

The contributions payable to the Scheme in respect of the year under the Schedule of Contributions were as follows:

	£'000
Employers' normal contributions*	9,103
Employers' other contributions	10,867
Employees' normal contributions	6,784
Total contributions payable under the schedule	26,754
Other contributions:	
Employees' additional voluntary contributions	555
Employers' other contributions	24
Total contributions in respect of the year	579
Total	27,333

Date:	For and on behalf of William Hill Trustee Limited
-------	---

Trustee's Report (continued)

Compliance Matters

A copy of the Definitive Trust Deed and Rules and copies of the Trustee Report and Accounts for each Scheme year are available for inspection at Greenside House.

Active members receive a Benefit Statement each year effective as at 6 April (although they are not issued until later in the year). These give Retirement Plan members an indication of their prospective benefits (based on current earnings) at Normal Retirement Age. Employee Pension Plan and Pension Savings Plan 2001 members receive a statement detailing the current value of their Pension Account (and AVC Account).

Deferred pensioners with protected rights in the Retirement Plan receive a statement each year showing the current value of their protected rights fund.

Members should check their Benefit Statement carefully and let the HR Department or the Group Pensions Department know if they do not understand it, or if any of the data looks incorrect.

We would always hope to be able to resolve questions and complaints informally, but (in accordance with the Pensions Act 1995) the Scheme does have a formal Internal Dispute Resolution Procedure (IDRP). A written copy of this procedure is available from the Group Pensions Department upon request.

Information about the Scheme, including current and previous employers associated with the Scheme and the address at which the Trustee may be contacted, has been registered with the Registrar of Occupational and Personal Pension Schemes, who may be contacted at PO Box 1NN, Newcastle Upon Tyne, NE99 1NN.

The Pensions Regulator is an independent statutory body created under the Pensions Act 2004 to regulate work based pension schemes. Its objectives are to protect the benefits of Scheme members, to promote good administration and to reduce the risk of schemes defaulting.

The Pension Protection Fund is an independent statutory body, set up to provide compensation to members of eligible defined benefit schemes which have wound-up following employer insolvency with insufficient assets to meet minimum levels of benefit. It is funded by a levy on defined benefit pension schemes.

The Pensions Advisory Service (TPAS) is available to assist members and beneficiaries of the Scheme in connection with any difficulties they have failed to resolve with the Trustee or administrators. TPAS will not normally intervene until the member has raised their complaint with the Scheme, but can assist before, during or after the member has been through the IDRP.

The Pensions Ombudsman, appointed by the Government, may investigate and determine any complaint or dispute of fact or law in relation to the Scheme made or referred to him in accordance with the statutory requirements. The Ombudsman normally requires complainants to have sought assistance from TPAS before he will consider a case. From 1 April 2018, The Pensions Advisory Service's (TPAS) dispute resolution service has been brought under The Pensions Ombudsman (TPO). Following the merger, TPO is available for people to access all pensions dispute resolution services, both pre and post-IDRP complaints, in one place.

The Pensions Ombudsman may be contacted at this address:

1st Floor, 10 South Colonnade, Canary Wharf, London, E14 4PU.

Trustee’s Report (continued)

Contact for Further Information

If any active member has any questions with regard to the Scheme, they should in the first instance contact their local HR Department. HR will refer the member to the Group Pensions Department if the member is not happy with the response to their queries (see page 3 for address). Pensioners should address questions to the Group Pensions Department and Deferred Members should contact the administrators:

Capita, Hartshead House
2 Cutlers Gate
Sheffield
S4 7TL

Email: wmillpensions@capita.co.uk

Date:	For and on behalf of William Hill Trustee Limited
Date :	

Actuary's Certification of the Schedule of Contributions



CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS

Name of the Scheme William Hill 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 can be expected to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated 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 to be wound up.

Signature

Name

A R Cook

Date of signing

22 December 2017

Qualification

Fellow of the Institute and Faculty of Actuaries

Name of employer

Mercer Limited

Address

One Christchurch Way, Woking, Surrey GU216JG

Independent Auditor's Statement about Contributions to the Trustee of William Hill Pension Scheme

We have examined the summary of contributions to the William Hill Pension Scheme (the 'scheme') for the scheme year ended 30 September 2018 which is set out in the Trustee's report on page 27.

In our opinion, contributions for the scheme year ended 30 September 2018 as reported in the summary of contributions and payable under the schedule of contributions have in all material respects been paid at least in accordance with the schedule of contributions certified by the scheme actuary on 22 December 2018 .

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 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 schedule of contributions.

Respective responsibilities of Trustee and the auditor

As explained more fully in the statement of Trustee's responsibilities set out on page 25, the 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.

Use of our statement

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

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield
Date

Independent Auditor's Report to the Trustee of William Hill Pension Scheme

Opinion

We have audited the financial statements of the William Hill Pension Scheme (the 'scheme') for the year ended 30 September 2018 which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the scheme during the year ended 30 September 2018 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year ;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the 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.

Conclusions relating to going concern

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

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any 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.

Other information

- The Trustee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Trustee of William Hill Pension Scheme (continued)

Other information (continued)

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustee for the financial statements

As explained more fully in the Trustee's responsibilities statement set out on page 25, the Trustee is responsible for the preparation of financial statements which show a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the 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 Trustee either intends to wind up the scheme, or has 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Trustee, 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 Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield
Date

Fund Account for the Year Ended 30 September 2018

		Defined Benefit Section 2018 £'000	Defined Contribution Section 2018 £'000	Total 2018 £'000	Total 2017 £'000
Contributions and Benefits					
Employer Contributions		10,867	9,127	19,994	19,776
Employee Contributions		-	7,339	7,339	7,808
Total Contributions	4	10,867	16,466	27,333	27,584
Transfers In	5	-	206	206	198
Other Income	6	666	1,316	1,982	834
		11,533	17,988	29,521	28,616
Benefits Paid or Payable	7	(13,467)	(4,727)	(18,194)	(15,221)
Transfers Out	8	(15,445)	(5,141)	(20,586)	(6,317)
Payment to and on Account of Leavers	9	-	(62)	(62)	(260)
Administrative Expenses	10	(1,199)	-	(1,199)	(996)
Other Payments	11	(994)	-	(994)	(960)
		(31,105)	(9,930)	(41,035)	(23,754)
Net (Withdrawals)/Additions from Dealings with Members		(19,572)	8,058	(11,514)	4,862
Returns on Investments					
Investment Income	12	2,909	-	2,909	-
Change in Market Value of Investments	13	(12,843)	10,057	(2,786)	3,770
Investment Management Expenses	14	(484)	(88)	(572)	(453)
Net Returns on Investments		(10,418)	9,969	(449)	3,317
Net (Decrease)/Increase in the Fund During the Year		(29,990)	18,027	(11,963)	8,179
Transfer Between Sections		192	(192)	-	-
Net Assets of the Scheme at Start of Year		440,503	145,064	585,567	577,388
Net Assets of the Scheme at End of Year		410,705	162,899	573,604	585,567

The accompanying notes on pages 36 to 57 are an integral part of these financial statements.

Statement of Net Assets available for Benefits As at 30 September 2018

	Note	Defined Benefit Section 2018 £'000	Defined Contribution Section 2018 £'000	Total 2018 £'000	Total 2017 £'000
Investment Assets:					
Pooled Investment Vehicles	15	254,403	161,292	415,695	581,218
Insurance Policies	16	155,000	-	155,000	-
AVC Investments	17	597	-	597	880
Total Net Investments		410,000	161,292	571,292	582,098
Current Assets	21	1,810	2,270	4,080	5,279
Current Liabilities	22	(1,105)	(663)	(1,768)	(1,810)
Total Net Assets of the Scheme available for Benefits		410,705	162,899	573,604	585,567

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 takes into account such obligations for the defined benefit section, is dealt with in the Report on Actuarial Liabilities on pages 23 and 24 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 36 to 57 form an integral part of these financial statements.

These financial statements were approved by the Trustee on:

	For and on behalf of William Hill Trustee Limited

Notes to the Financial Statements

1. General Information

The Scheme commenced on 1 October 1990 and is a Hybrid Scheme.

There is one defined benefit (DB) section, the Retirement Plan, and two defined contribution (DC) sections, the Pension Savings Plan and Employee Pension Plan.

The Retirement Plan section of the Scheme is closed to future accrual. The Pension Savings Plan is closed to new entrants other than for discretionary entrants permitted by the Company.

The Employee Pension Plan was set up on 1 March 2013 specifically in response to the Government's automatic enrolment pension legislation.

The Scheme is registered for tax purposes in accordance with the Finance Act 2004.

2. 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 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with guidance set out in the Statement of Recommended Practice (Revised November 2014).

3. Accounting Policies

The principal accounting policies of the Scheme are set out below. Unless otherwise stated, they have been applied consistently year on year.

- i. Employers' normal contributions are accounted for by the Trustee in the period to which they relate and as the amounts receivable in accordance with the Schedule of Contributions in force during the year.
- ii. Employees' contributions, including AVCs, are accounted for by the Trustees as amounts receivable on wages and salaries paid in the year, except for the first contribution due where the employee has been auto-enrolled by the Employer in which case it is accounted for when received by the Scheme, or the expiry of the opt out period if earlier.
- iii. Employers' deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions and Recovery Plan, or on receipt if earlier.
- iv. Employers' other contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions and Recovery Plan, or on receipt if earlier.
- v. Employer augmentation contributions are accounted for in accordance with the agreement under which they are payable or, in the absence of an agreement, on a receipts basis.
- vi. Income from cash and short term deposits is accounted for on an accruals basis.
- vii. Pensions in payment are accounted for in the period to which they relate.
- viii. Benefits, and any associated taxation, are accounted for in the period in which the member notifies the Trustee of his decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.

Notes to the Financial Statements

3. Accounting Policies (continued)

- ix. Opt-outs are accounted for when the Scheme is notified of the opt-out.
- x. Income Drawdown is accounted for in the period to which it relates.
- xi. Administration Expenses are accounted for on an accruals basis
- xii. Management fees are accounted for on an accruals basis.
- xiii. Tax is accounted for in the period to which it relates.
- xiv. Transfer payments relate to those early leavers whose transfers have been agreed by the Trustee, and they are included in the financial statements on the basis of sums received or paid during the year. All transfers have been calculated and verified as required by Regulations under the Pension Schemes Act 1993. Cash equivalents paid were not reduced below the actuarially calculated values.
- xv. Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager. 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 the sales of investments during the year.

Investments purchased in Employee Pension Plan and the Pension Savings Plan 2001 are allocated to provide benefits to the individuals in respect of whom the corresponding contributions were paid. Accordingly, the assets identified as designated to members in the net assets statement do not form a common pool of assets available for members generally. Members each receive an annual statement confirming the contributions paid in respect of them and the value of their money purchase rights.

- xvi. Additional Voluntary Contributions (AVCs)

Members are allowed to make AVCs under the terms of the Scheme rules to purchase additional benefits over and above normal scheme entitlement.

The Trustee holds assets invested separately from the main fund in the form of unitised investments with Standard Life and Legal & General that are stated at values as advised by the investment manager.

Members participating in this arrangement each receive an annual statement confirming the amounts held to their account and the movements in the year. Investments purchased with AVC monies are included with those of the main fund and disclosed separately.

- xvii. Insurance Policies: Insurance policies are reported at the value provided by the policy provider.
- xviii. Insurance Policies Receipts: Receipts from Insurance policies are reported when received from the provider and are included within investment income.
- xix. Presentation Currency: The Scheme's functional and presentation currency is pounds Sterling.

Notes to the Financial Statements

4. Contributions

	2018 Defined benefit section £'000	2018 Defined contribution section £'000	2018 Total £'000
Employer Contributions			
Normal Contributions*	-	9,103	9,103
Employers' Other Contributions**	10,867	24	10,891
	<u>10,867</u>	<u>9,127</u>	<u>19,994</u>
Employee Contributions			
Normal Contributions	-	6,784	6,784
Additional Voluntary Contributions	-	555	555
	<u>-</u>	<u>7,339</u>	<u>7,339</u>
	<u>10,867</u>	<u>16,466</u>	<u>27,333</u>
	2017 Defined benefit section £'000	2017 Defined contribution section £'000	2017 Total £'000
Employer Contributions			
Normal Contributions*	-	8,271	8,271
Augmentation	181	-	181
Employers' Other Contributions**	11,300	24	11,324
	<u>11,481</u>	<u>8,295</u>	<u>19,776</u>
Employee Contributions			
Normal Contributions	-	7,260	7,260
Additional Voluntary Contributions	-	548	548
	<u>-</u>	<u>7,808</u>	<u>7,808</u>
	<u>11,481</u>	<u>16,103</u>	<u>27,584</u>

* Contributions received from Members and participating employers were in accordance with the Schedule of Contributions.

** Employers' other contributions, in respect of the Defined Benefit Section, are payable at £887,500 per month until 31 December 2022 and are intended to cover administration expenses (including the levy payable to the Pension Protection Fund).

The Employer has also paid £24,000 to cover any errors and omissions in respect of Defined Contribution Section contributions.

Notes to the Financial Statements

5. Transfers In

	2018 Defined benefit section £'000	2018 Defined contribution section £'000	2018 Total £'000
Individual Transfers In	-	206	206
	2017 Defined benefit section £'000	2017 Defined contribution section £'000	2017 Total £'000
Individual Transfers In	-	198	198

6. Other Income

	2018 Defined benefit section £'000	2018 Defined contribution section £'000	2018 Total £'000
Group Life Claims	666	1,315	1,981
Compensation	-	1	1
	666	1,316	1,982
	2017 Defined benefit section £'000	2017 Defined contribution section £'000	2017 Total £'000
Group Life Claims	199	635	834

Notes to the Financial Statements

7. Benefits Paid or Payable

	2018 Defined benefit section £'000	2018 Defined contribution section £'000	2018 Total £'000
Pensions Paid	9,805	-	9,805
Commutated Benefits	2,946	2,531	5,477
Annuities Purchased	43	492	535
Payments on Death of Members	673	1,704	2,377
	<u>13,467</u>	<u>4,727</u>	<u>18,194</u>

	2017 Defined benefit section £'000	2017 Defined contribution section £'000	2017 Total £'000
Pensions Paid	9,200	-	9,200
Commutated Benefits	1,963	2,929	4,892
Annuities Purchased	-	152	152
Payments on Death of Members	202	775	977
	<u>11,365</u>	<u>3,856</u>	<u>15,221</u>

8. Transfers Out

	2018 Defined benefit section £'000	2018 Defined contribution section £'000	2018 Total £'000
Transfers to Other Arrangements	15,445	5,141	20,586
	<u>15,445</u>	<u>5,141</u>	<u>20,586</u>

	2017 Defined benefit section £'000	2017 Defined contribution section £'000	2017 Total £'000
Transfers to Other Arrangements	3,950	2,367	6,317
	<u>3,950</u>	<u>2,367</u>	<u>6,317</u>

Notes to the Financial Statements

9. Payments to and on Account of Leavers

	2018 Defined benefit section £'000	2018 Defined contribution section £'000	2018 Total £'000
Refunds to Members	-	62	62
	2017 Defined benefit section £'000	2017 Defined contribution section £'000	2017 Total £'000
Refunds to Members	-	260	260

10. Administrative Expenses

	2018 Defined benefit section £'000	2018 Defined contribution section £'000	2018 Total £'000
Administration	512	-	512
Legal and Consultancy	607	-	607
Audit Fees	28	-	28
Sundries	34	-	34
Pensions Regulator	11	-	11
PPF Levy	7	-	7
	1,199	-	1,199
	2017 Defined benefit section £'000	2017 Defined contribution section £'000	2017 Total £'000
Administration	557	-	557
Legal and Consultancy	332	-	332
Audit Fees	28	-	28
Sundries	20	-	20
Pensions Regulator	11	-	11
PPF Levy	48	-	48
	996	-	996

Notes to the Financial Statements

11. Other Payments

	2018 Defined benefit section £'000	2018 Defined contribution section £'000	2018 Total £'000
Death in Service Insurance Premiums	994	-	994

	2017 Defined benefit section £'000	2017 Defined contribution section £'000	2017 Total £'000
Death in Service Insurance Premiums	960	-	960

12. Investment Income

	2018 Defined benefit section £'000	2018 Defined contribution section £'000	2018 Total £'000
Annuity Income	2,909	-	2,909

	2017 £'000	2017 £'000	2017 £'000
Annuity Income	-	-	-

13. Reconciliation of Investments held at the Beginning and End of the year

Defined Benefit Section

	Value at 1 October 2017 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Value at 30 September 2018 £'000
Pooled Investment Vehicles	437,656	175,763	(366,918)	7,902	254,403
Insurance Policies	-	175,769	-	(20,769)	155,000
Additional Voluntary Contributions	880	10	(317)	24	597
	438,536	351,542	(367,235)	(12,843)	410,000

Purchases and Sales above include in-specie transfers between funds within Policies held with LGIM. Cash Policy switches between LGIM funds are included gross within Purchases and Sales.

Notes to the Financial Statements

13. Reconciliation of Investments held at the Beginning and End of the Year (continued)

Defined Contribution Section

	Value at 1 October 2017 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Value at 30 September 2018 £'000
Pooled Investment Vehicles	143,562	19,419	(11,746)	10,057	161,292

Purchases and Sales above include in-specie transfers between funds within Policies held with LGIM.

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

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 during the year.

There are no unallocated units within the Defined Contribution section (2017: nil).

All of the Scheme's investments are managed by companies registered in the United Kingdom.

Concentration of Investments

The following investments account for more than 5% of the Scheme's net assets as at the year end:

	£'000	2018	£'000	2017
Defined Benefit Section :				
Legal & General – Fixed Interest Active Corp Bond	100,562	17%	103,696	18%
Legal & General – Cash Fund	78,639	13%	44,561	8%
Legal & General – 2040 Index Linked Gilt	-	-	34,609	6%
Legal & General – 2047 Index Linked Gilt	-	-	45,294	8%
Just Retirement – Insured annuity policy	155,000	27%	-	-
Defined Contribution Section :				
Legal & General – Multi Asset Diversified Fund	63,890	11%	56,647	10%
Legal & General – Global Equity Index	68,767	12%	59,351	10%

Transaction Costs

Transaction costs comprising fees, commissions, stamp and other duties are included in the cost of purchases and sale proceeds. Direct transaction costs incurred during the year amounted to £NIL (2017: £NIL). Indirect transaction costs are incurred through the bid-offer spread on investments within pooled investment vehicles. Indirect transaction costs are not separately provided.

Notes to the Financial Statements

14. Investment Management Expenses

	2018 Defined benefit section £'000	2018 Defined contribution section £'000	2018 Total £'000
Managed Fund Units Policy Charges	484	88	572
	2017 Defined benefit section £'000	2017 Defined contribution section £'000	2017 £'000
Managed Fund Units Policy Charges	296	157	453

15. Pooled Investment Vehicles

The Scheme's investments in pooled investment vehicles at the year end comprised:

	2018 £'000	2017 £'000
Defined Benefit Section		
Equity	431	41,675
Bonds	114,214	180,439
Index Linked	61,092	204,856
Property	-	5,077
Cash	78,666	5,609
	254,403	437,656
	2018 £'000	2017 £'000
Defined Contribution Section		
Equity	84,898	75,045
Bonds	-	158
Index Linked	9,721	1,782
Property	924	836
Cash	1,849	1,748
Diversified fund	63,900	63,993
	161,292	143,562

Notes to the Financial Statements

16. Insurance Policies

The Trustee holds assets invested in Just Retirement as a result of a bulk buy in on 1 May 2018 to secure benefits for Defined Benefit Section Pensioners and Dependents. The Defined Benefit Section receives £581,788 each month from the policy provider to cover 75% of Pensioner Payroll. This percentage will remain fixed until the completion of a data cleanse exercise. The value of policy is follows:

	2018 £'000	2017 £'000
Just Retirement	155,000	-

17. AVC Investments

The Trustee holds assets invested separately from the main Defined Benefit Section investments to secure additional benefits on a money purchase basis for those Defined Benefit Section members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement made up to 5 April 2018 confirming the amounts held in their account and the movements in the year.

The aggregate amounts of AVC investments are as follows:

	2018 £'000	2017 £'000
Standard Life Unitised Insured Investments	228	450
Equitable Life with Profits	2	2
Legal and General Managed Fund	367	428
	597	880

Notes to the Financial Statements

18. Fair Value Determination

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

Level 1	The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
Level 3	Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Plan's investment assets and liabilities have been fair valued using the above hierarchy levels as follows:

As at 30 September 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Defined Benefit Section				
Pooled Investment Vehicles	-	254,403	-	254,403
Insurance Policies	-	-	155,000	155,000
AVC Investments	-	597	-	597
	-	255,000	155,000	410,000
Defined Contribution Section				
Pooled Investment Vehicles	-	161,292	-	161,292
	-	161,292	-	161,292
As at 30 September 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Defined Benefit Section				
Pooled Investment Vehicles	-	437,656	-	437,656
AVC Investments	-	880	-	880
	-	438,536	-	438,536
Defined Contribution Section				
Pooled Investment Vehicles	-	143,562	-	143,562
	-	143,562	-	143,562

Notes to the Financial Statements

19. Investment Risk

Investment Risks

FRS 102 requires the disclosure of information in relation to certain investment risks to which the Scheme is exposed at the end of the reporting period. These risks are set out by FRS 102 as follows:

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 is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of 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 is responsible for determining the Scheme's investment strategy. The Trustee has set the investment strategy for the Scheme after taking appropriate advice. Subject to complying with the agreed strategy, the day-to-day management of the asset portfolio of the Scheme, including the full discretion for stock selection, is the responsibility of the investment managers.

The Scheme has exposure to the above risks because of the investments it makes to implement its investment strategy. The Trustee manages its investment risks within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. The 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 through regular reviews of the investment portfolios. The investment and risk objectives of the Scheme are further detailed in the Statement of Investment Principles ("SIP").

Further information on the Trustee's approach to risk management and exposures to credit and market risk is set out below. The Scheme's investments as at 30 September 2017 and 30 September 2018 for the Defined Benefit, Defined Contribution ("DC") and Additional Voluntary Contributions ("AVCs") Sections are detailed in note 13.

Notes to the Financial Statements

19. Investment Risk Disclosures (continued)

Defined Benefit Investments

Investment Strategy

The main priority of the Trustee when considering the investment policy for the Retirement Plan (DB Section) is to aim ensure that the benefits payable to members are met as they fall due. Further, the Trustee looks to limit the downside risk in respect of the DB Section's potential future shortfall against the DB Section's liabilities.

The Trustee sets the investment strategy for the DB Section taking into account considerations such as the strength of the Employer covenant, the long-term liabilities of the DB Section and the funding agreed with the Employer. The current investment strategy is summarised below:

- The Trustee holds a buy-in contract with JUST which was purchased in May 2018 in order to cover 75% of pensioner liabilities as at November 2017.

Interim investment strategy (excluding the buy-in) as at 30 September 2018 is shown below:

- 80% of the assets (excluding buy-in) are liability matching assets, which share similar characteristics to the long term liabilities of the Plan. These assets are invested in a series of government bonds, corporate bonds and swaps. Under this strategy, if interest rates fall, the value of the matching portfolio will rise to help offset some of the increase in the actuarial liabilities arising from the fall in the discount rate. Similarly, if interest rates rise, the matching portfolio will fall in value, as will the actuarial liabilities because of an increase in the discount rate. Further the matching portfolio is held to manage against inflation risk associated with pension liability increases.
- 20% of the assets (excluding buy-in) was held in cash.
- On 11 June 2018 the Trustee agreed on the long term strategy (excluding the buy-in) for the DB Section. This is reflected in latest SIP update but will come into effect following completion of the transition into the new strategy (which is due to be completed in early December 2018)

The actual allocations will vary from the above due to market price movements and intervals between rebalancing.

The DB Section accesses funds by contracting directly with Legal & General Assurance (Pensions Management) Limited ("Legal & General") and invests in pooled funds that are structured as unit-linked insurance contracts managed by Legal & General Investment Management ("LGIM").

Notes to the Financial Statements

19. Investment Risk Disclosures (continued)

Defined Benefit Investments (continued)

Market Risk

The following table shows the indirect market risks which affected each of the DB Section's defined benefit investments as at 30 September 2018:

Fund	Market Risk				2017 (£m)	2018 (£m)
	Indirect Credit	Currency	Interest rate	Other price		
Equity					41.3	0.0
UK Equity (5% Capped) Passive Fund				✓	8.2	0.0
North America Equity Index Fund	✓	✓		✓	4.4	0.0
North America Equity Index Fund - GBP Currency Hedged	✓			✓	4.6	0.0
Europe (ex UK) Equity Index Fund	✓	✓		✓	4.7	0.0
Europe (ex UK) Equity Index Fund - GBP Currency Hedged	✓			✓	4.6	0.0
Japan Equity Index Fund	✓	✓		✓	2.0	0.0
Japan Equity Index Fund - GBP Currency Hedged	✓			✓	2.4	0.0
Asia Pacific (ex Japan) Developed Equity Index Fund	✓	✓		✓	2.1	0.0
Asia Pacific (ex Japan) Developed Equity Index Fund - GBP Currency Hedged	✓			✓	2.1	0.0
World Emerging Markets Equity Index Fund	✓	✓		✓	6.3	0.0
LDI					385.8	175.3
2046 Gilt Fund	✓		✓		3.0	0.0
2049 Gilt Fund	✓		✓		16.3	0.0
2055 Gilt Fund	✓		✓		12.5	0.0
2060 Gilt Fund	✓		✓		22.3	0.0
2068 Gilt Fund	✓		✓		22.6	0.0
2049 Leveraged Gilt Fund	✓		✓		0.0	2.1
2055 Leveraged Gilt Fund	✓		✓		0.0	4.6
2060 Leveraged Gilt Fund	✓		✓		0.0	3.8
2068 Leveraged Gilt Fund	✓		✓		0.0	3.1
Active Corporate Bond - All Stocks – Fund	✓		✓		104.0	100.6
Over 15 Year Index-Linked Gilts Index Fund	✓		✓	✓	11.1	0.0

Notes to the Financial Statements

19. Investment Risk Disclosures (continued)

Defined Benefit Investments (continued)

Fund	Market Risk				2017 (£m)	2018 (£m)
	Indirect Credit	Currency	Interest rate	Other price		
2027 Index-Linked Gilt Fund	✓		✓	✓	1.9	0.0
2032 Index-Linked Gilt Fund	✓		✓	✓	44.6	0.0
2035 Index-Linked Gilt Fund	✓		✓	✓	1.1	0.0
2037 Index-Linked Gilt Fund	✓		✓	✓	22.6	0.0
2040 Index-Linked Gilt Fund	✓		✓	✓	34.6	0.0
2047 Index-Linked Gilt Fund	✓		✓	✓	45.3	0.0
2050 Index-Linked Gilt Fund	✓		✓	✓	8.0	0.0
2055 Index-Linked Gilt Fund	✓		✓	✓	19.6	0.0
2062 Index-Linked Gilt Fund	✓		✓	✓	11.8	0.0
2068 Index-Linked Gilt Fund	✓		✓	✓	4.2	0.0
2024 Leveraged Index-Linked Gilt Fund	✓		✓	✓	0.0	8.7
2030 Leveraged Index-Linked Gilt Fund	✓		✓	✓	0.0	10.0
2037 Leveraged Index-Linked Gilt Fund	✓		✓	✓	0.0	6.5
2042 Leveraged Index-Linked Gilt Fund	✓		✓	✓	0.0	7.0
2047 Leveraged Index-Linked Gilt Fund	✓		✓	✓	0.0	8.5
2050 Leveraged Index-Linked Gilt Fund	✓		✓	✓	0.0	8.2
2055 Leveraged Index-Linked Gilt Fund	✓		✓	✓	0.0	6.3
2062 Leveraged Index-Linked Gilt Fund	✓		✓	✓	0.0	4.1
2068 Leveraged Index-Linked Gilt Fund	✓		✓	✓	0.0	1.8
Property	✓			✓	5.1	0.0
Cash	✓		✓		5.6	78.6
Total	✓	✓	✓	✓	437.8	253.9

Inflation risk

The Plan holds a pensioner buy-in and a liability driven investment mandate to manage against inflation risk associated with pension increases.

Notes to the Financial Statements

19. Investment Risk Disclosures (continued)

Defined Benefit Investments (continued)

Longevity risk

The Plan holds pensioner buy-in policies to manage some of the Plan's longevity risk.

Credit Risk

The DB Section is subject to credit risk because it invests in pooled investment vehicles which are structured as insurance contracts, have cash balances, participate in stock lending and invest in corporate bonds. The value at year end is disclosed in note 15.

The DB Section is subject to direct credit risk through their long-term insurance policies with Legal & General and the buy-in with JUST. Legal & General and JUST are authorised by the Prudential Regulation Authority and regulated by both the Financial Conduct Authority and the Prudential Regulation Authority. In the event of default by the insurer, the DB Section may be protected by the Financial Services Compensation Scheme ("FSCS") and may be able to make a claim for 100% of its policy value, although noting that compensation is not guaranteed and may not apply to all funds accessed via the insurer. This is the position at the current and previous year end.

Cash balances: Indirect credit risk arising on cash held within financial institutions is mitigated by ensuring cash is held with institutions which are at least investment grade credit rated. This is the position at the current and previous year end.

Indirect credit risk arises in relation to underlying bond investments held in the matching portfolio. Indirect credit risk is mitigated by the Trustee investing in funds which hold primarily investment grade bonds and through diversification of the underlying securities to minimise the impact of default by any one issuer.

Over-the-counter ("OTC") derivative contracts which the leverage LDI fund can use are not guaranteed by any regulated exchange and therefore the Plan is subject to risk of failure of the counterparty. The investment manager seeks to diversify counterparty exposure and monitors the creditworthiness of the counterparties with a view to managing and mitigating this risk. The credit risk for OTC swaps is also reduced by collateral arrangements

*Source: LGIM

The DB Section is also invested in pooled liquidity funds and subject to indirect credit risk through the underlying holdings. This risk is mitigated by the liquidity fund managers investing in a portfolio of diversified and overall high quality liquidity instruments.

Notes to the Financial Statements

19. Investment Risk Disclosures (continued)

DC and AVC Investments

Investment Strategy

The Trustee recognises that individual members have differing investment needs and that these may change during the course of their working lives. The Trustee also recognises that members have differing attitudes to risk.

The Trustee regards their duty as providing members with a range of investment options to enable them to tailor the investment strategy to their needs, specifically in controlling the risks inherent in their savings. In particular, the Trustee regards their duty as providing vehicles that aim to maximise the value of members' assets at retirement and maintain the purchasing power of members' savings.

The Trustee also aims to provide protection for members' accumulated assets in the years approaching retirement against sudden (downward) volatility in capital values and fluctuations in the (implicit and explicit) cost of retirement benefits.

The DC and AVC Sections of the Scheme access funds by contracting directly with Legal & General and Aberdeen Standard Investments. This arrangement provides the Trustee with access to a range of unitised pooled investment funds managed by LGIM and Aberdeen Standard Investments respectively.

In addition, the Trustee offers three lifestyle strategies:

Annuity Lifestyle Strategy – for those planning to buy a level annuity (a fixed pension income for life) at their target retirement date. This is the default investment option for PSP members that do not make their own investment decision.

Cash Lifestyle Strategy - for those planning to take their DC savings as a cash lump sum. This is the default investment option for EPP members that do not make their own investment decision.

Drawdown Lifestyle Strategy - for members planning to leave their DC savings invested and withdraw income flexibly over time. Members who wish to utilise this option would have to transfer their DC savings out of the Plan at retirement.

All three strategies initially invest 50% in the LGIM Global Equity Market Weights 30:70 Index – 75% GBP Currency Hedged Fund and 50% in the LGIM Diversified Fund until members reach eight years before their target retirement date when their contributions are gradually switched into the LGIM Pre-Retirement Fund and LGIM Cash Fund. The proportion of a member's fund invested in the LGIM Diversified, LGIM Pre-Retirement and LGIM Cash funds at a member's target retirement date will depend on which lifestyle strategy the member is invested in.

Day-to-day management of the assets is ultimately delegated to LGIM and Aberdeen Standard Investments (via respective long term insurance policies). The Trustee expects LGIM and Aberdeen Standard Investments to manage the assets delegated to them under the terms of their contracts, including the direct management of credit and market risks. LGIM and Aberdeen Standard Investments have full discretion to buy and sell investments on behalf of the Scheme, subject to agreed constraints and applicable legislation. They have been selected for their expertise in different asset classes.

Notes to the Financial Statements

19. Investment Risk Disclosures (continued)

DC and Additional Voluntary Contributions Investments (continued)

Market Risk

The DC and AVC Sections are subject to market risk arising from the underlying investments held in the various funds, as summarised in the following table.

Pensions Saving Plan 2001 and Employee Pension Plan

Manager	Fund	Exposed to Indirect				2018 (£000s)	2017 (£000s)	FRED 62 Fair Value Hierarchy Category
		Credit	Currency	Interest Rate	Other Price			
LGIM	Global Equity Market Weights 30:70 Index– 75% GBP Currency Hedged Fund	✓	✓		✓	68,736	58,552	2
LGIM	Diversified Fund	✓	✓	✓	✓	3,900	56,393	2
LGIM	UK Equity (5% Capped) Passive Fund				✓	9,044	8,920	2
LGIM	Overseas Equity Consensus Index Fund	✓	✓		✓	5,589	5,191	2
LGIM	World Emerging Markets Equity Index Fund	✓	✓		✓	1,529	1,514	2
LGIM	AAA-AA-A Corporate Bond All Stocks Index Fund	✓		✓	✓	158	158	2
LGIM	Pre-Retirement Inflation Linked Fund	✓		✓	✓	1,522	1,782	2
LGIM	Pre-Retirement Fund	✓		✓	✓	8,041	7,346	2
LGIM	Property Fund	✓		✓	✓	924	789	3
LGIM	Sterling Liquidity Fund	✓		✓	✓	1,849	1,748	2

Notes to the Financial Statements

19. Investment Risk Disclosures (continued)

DC and Additional Voluntary Contributions Investments (continued)

Retirement Plan AVCs

Manager	Fund	Exposed to Indirect				2018 (£000s)	2017 (£000s)	FRED 62 Fair Value Hierarchy Category
		Credit	Currency	Interest Rate	Other Price			
LGIM	Global Equity Market Weights 30:70 Index– 75% GBP Currency Hedged Fund	✓	✓		✓	14	17	2
LGIM	Diversified Fund	✓	✓	✓	✓	24	25	2
LGIM	UK Equity (5% Capped) Passive Fund				✓	191	228	2
LGIM	Overseas Equity Consensus Index Fund	✓	✓		✓	102	112	2
LGIM	Pre-Retirement Inflation Linked Fund	✓		✓	✓	49	50	2
LGIM	Pre-Retirement Fund	✓		✓	✓	17	25	2
LGIM	Property Fund	✓		✓	✓	3	2	3
LGIM	Sterling Liquidity Fund	✓		✓	✓	6	9	2
Aberdeen Standard	Managed Fund	✓	✓	✓	✓	-	126	2
Aberdeen Standard	Millennium (With Profits) Fund	✓	✓	✓	✓	-	141	3
Aberdeen Standard	With Profits Fund	✓	✓	✓	✓	-	204	3

Notes to the Financial Statements

21. Current Assets

	2018 Defined benefit section £'000	2018 Defined contribution section £'000	2018 Total £'000
Cash at Bank	86	672	758
Employers' contributions due	888	806	1,694
Employees' contributions due	-	622	622
Payroll Prepayment	716	-	716
Pension Regulator Prepayment	11	-	11
PPF Prepayment	4	-	4
Other Debtors	105	170	275
	<u>1,810</u>	<u>2,270</u>	<u>4,080</u>
	2017 Defined benefit section £'000	2017 Defined contribution section £'000	2017 Total £'000
Cash at Bank	1,165	996	2,161
Employers' contributions due	-	726	726
Employees' contributions due	-	582	582
Payroll Prepayment	774	-	774
Pension Regulator Prepayment	11	-	11
Other Debtors	810	215	1,025
	<u>2,760</u>	<u>2,519</u>	<u>5,279</u>

All contributions due to the Scheme relate to the month of September and were paid in full to the Scheme within the timescale required by the Schedule of Contributions in force.

Notes to the Financial Statements

22. Current Liabilities

	2018 Defined benefit section £'000	2018 Defined contribution section £'000	2018 Total £'000
Benefits Payable	629	490	1,119
Legal and Consultancy	110	-	110
Audit Fees	28	-	28
Administration Fees	42	-	42
Investment Management Fees	120	128	248
PPF Levy	7	-	7
Amounts owed to HM Revenue and Customs	-	45	45
Other Creditors	169	-	169
	1,105	663	1,768
	2017 Defined benefit section £'000	2017 Defined contribution section £'000	2017 Total £'000
Benefits Payable	371	147	518
Legal and Consultancy	55	-	55
Audit Fees	28	-	28
Administration Fees	36	-	36
Investment Management Fees	110	40	150
PPF Levy	4	-	4
Amounts owed to HM Revenue and Customs	6	20	26
Other Creditors	183	810	993
	793	1,017	1,810

Notes to the Financial Statements

23. Capital Commitments

At 30 September 2018 there were no capital commitments (2017: £NIL).

24. Contingent Liabilities

The Scheme has no contingent liabilities as at 30 September 2018 (2017: £NIL).

25. Related Party Transactions

Certain Directors of the Trustee Board are either one or more of employed members of the DB section, contributing members of the DC section or pensioner members. Any contributions or pensions are paid in accordance with the rules of the Scheme. Professional Trustees received fees and expenses during the year amounting to £161,415.

Appendix 1

Actuary's Certification of the Technical Provisions

Certificate of Technical Provisions

Name of the Scheme

William Hill Pension Scheme

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 30 September 2016 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the statement of funding principles dated December 2017.

Signature



Name

A.R. Cook

Date of signing

22 December 2017

Name of employer

Mercer Limited

Address

One Christchurch Way
Woking
Surrey
GU21 6JG

Qualification

Fellow of the Institute and Faculty of Actuaries

Membership

Appendix II

- Retirement Plan membership movements
- Pension Savings Plan 2001 membership movements
- Employee Pension Plan membership movements

Membership

The membership movements for the Scheme during the year to 30 September 2018 are shown below.

Retirement Plan (Defined Benefit)

This Plan is closed to new members.

Employed Members

Employed Members as at 1 October 2017	346
Plus Re-instatement	2
Less Members retiring and drawing a pension	(27)
Members leaving and retaining a deferred pension in the plan	(42)
Full Members who died in service	-
Employed Members as at 30 September 2018	279
Deferred Pensioners	
Members with a Deferred Pension as at 1 October 2017	849
Plus Active Members leaving and retaining a deferred pension	42
Members taking a transfer of their deferred pension from the Plan	(39)
Members retiring and drawing a pension	(44)
Members retiring with full commutation	(17)
Re-instatement	-
Members with a Deferred Pension as at 30 September 2018	791
<i>Includes members with Protected Rights only.</i>	120

Membership (continued)

Retirement Plan (Defined Benefit) (continued)

Pensioners and Dependants

Pensioners including dependents as at 1 October 2017 **1,674**

Of which dependents (spouses/children/other dependents of members who have died) receiving benefits as at 1 October 2017

Plus	Members starting to receive their pension	71
	Dependants starting to receive their pension	11
Less	Pensioners who have died	(42)
	Dependants who have died	(8)
	Dependants no longer in receipt of pension	-
	Commutation of Spouse Pension	(2)

Pensioners including dependents as at 30 September 2018 **1,704**

Of which dependents (spouses/children/other dependents of members who have died)receiving benefits as at 30 September 2018

200

Total membership as at 30 September 2018

Employed Members	279
Deferred Pensioners	791
Pensioners	1,504
Dependants	200
Total Membership as at 30 September 2018	2,774

Membership (continued)

Pension Savings Plan 2001 (Defined Contribution)

Active Members

Active Members at 1 October 2017	1,694
Plus	
New Joiners	207
Enrolled from Employee Pension Plan	50
Re-instatement	4
Less	
Retirements with a pension	(24)
Retirements with full commutation	(1)
Retirements UFPLS	(11)
Leavers becoming deferred	(213)
Leavers - refund/transfer option	(1)
Members who died in service	(2)
Enrolled to the Employee Pension Plan	(2)
Non Joiner	(5)
Active Members at 30 September 2018	1,696

Membership (continued)

Pension Savings Plan 2001 (Defined Contribution) (continued)

Deferred Members

Deferred Members at 1 October 2017	1,196
Plus Active members leaving and retaining a deferred pension	213
Less	
Retirements with full commutation	(4)
Retirements UFPLS	(34)
Members taking a transfer of their deferred pension	(65)
Members retiring and drawing a pension	(14)
Members who died in deferment	(5)
Re-instatement	(4)
Non Joiner	(1)
Deferred Members at 30 September 2018	1,282

Membership (continued)

Pension Savings Plan 2001 (Defined Contribution) (continued)

Leavers - Refund/Transfer Option

Leavers - Refund/Transfer Option as at 1 October 2017	37
Plus New Refund/Transfer Options	-
Less Members taking a refund	(1)
Members taking a transfer of benefits	-
	<hr/>
Leavers - Refund/Transfer Option as at 30 September 2018	36
	<hr/>
Total Membership as at 30 September 2018	
Active Members	1,696
Deferred Members	1,282
Leavers – Refund/Transfer Option	36
	<hr/>
Total Membership as at 30 September 2018	3,014
	<hr/> <hr/>

Membership (continued)

Employee Pension Plan (Defined Contribution)

Active Members

Active Members at 1 October 2017		5,901
Plus	New Joiners	175
	Re-instatements	17
	Auto-Enrolments	1,888
Less	Enrolled into Pension Savings Plan 2001	(49)
	Retirements with a pension	(14)
	Leavers - refund/transfer option	(1)
	Leavers becoming deferred	(2,198)
	Deaths	(9)
	Retirements UFPLS	(2)
	Non Joiners	(15)
	Members taking a refund	(1)
Active Members at 30 September 2018		5,692

Membership (continued)

Employee Pension Plan (Defined Contribution)

Deferred Members

Deferred Members at 1 October 2017	3,665
Plus	
Active members leaving and retaining a deferred pension	2,198
Adjustment	1
Less	
Retirements with full commutation	(38)
Members taking a transfer of their deferred pension	(31)
Retirement UFPLS	(3)
Members who died in deferment	(7)
Members taking a refund	(1)
Re-instatement	(17)
Non-Joiner – Deferred in error	(2)
Deferred Members at 30 September 2018	5,765

Membership (continued)

Employee Pension Plan (Defined Contribution)

Leavers - Refund/Transfer Option

Leavers - Refund/Transfer Option as at 1 October 2017		804
Plus	New Refund/Transfer Options*	1
Less	Members taking a refund	-
	Members taking a transfer of benefits	(2)

Leavers - Refund/Transfer Option as at 30 September 2018	803
---	------------

Total Membership as at 30 September 2018

Active Members	5,692
Deferred Members	5,765
Leavers – Refund/Transfer Option	803
Total Membership as at 30 September 2018	12,260

Life Assurance Members

In addition to the membership of the Retirement Plan, Employee Pension Plan and the Pension Savings Plan 2001 the Scheme also provides lump sum death in service benefits for all employees of William Hill Organization Limited provided they have served at least one year of continuous service with the Company, and are under the age of 75.

All life assurance is currently covered by a policy of assurance underwritten by Legal & General Assurance Society Limited.

Statement of Investment Principles

Appendix III

Defined Contribution (DC) Section

Introduction

The Trustee's main aim is to provide a range of fund options which serve to meet the various investment needs and risk tolerances of the Scheme's members, in a cost effective manner.

The DC section of the Scheme, the Pension Savings Plan, was originally set up in April 1997. With effect from 1 July 2001, the terms of the Pension Savings Plan were amended to comply with Stakeholder regulations and to avoid confusion it was re-named the 'Pension Savings Plan 2001' ("PSP").

With effect from 31 March 2013 the Employee Pension Plan ("EPP") has been made available for auto enrolment.

Investment Objectives

The Trustee recognises that members have differing investment needs and that these may change during the course of members' working lives. The Trustee also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee regards their duty as making available a range of investment options and lifestyle strategies sufficient to enable members to tailor their investment strategy to their own needs.

The Trustee also recognises that members may not believe themselves qualified to take investment decisions. As such the Trustee makes available two Default Investment Strategies – one for PSP members and one for EPP members. The Default Investment Strategies place the emphasis on aiming to deliver a good level of real return over members' working lifetimes (whilst mitigating risk through diversification) and also encompasses de-risking in the years approaching a member's selected target retirement age into asset classes designed to be appropriate for how a member expects to withdraw their benefits in retirement.

These objectives translate to the following principles:

- a. Offering members a 'Lifestyle' approach to the Default Investment Strategy and ensuring that the other investment strategy options including additional lifestyle strategies allow members to plan for retirement;
- b. Making available a range of pooled investment funds and lifestyle strategies which serve to meet the varying investment needs and risk tolerances of Scheme members;
- c. Actively managed funds will only be included to the extent that the Trustee has a high level of confidence in the respective investment managers achieving their performance objectives, net of active investment management fees;
- d. The range of pooled investment funds will have strategies including additional lifestyle strategies that are highly rated by the Trustee's investment adviser unless the Trustee decides there is good reason not to;
- e. Providing general guidance as to the purpose of each investment option;
- f. Encouraging members to seek financial advice from an appropriate party in determining the most suitable option for their individual circumstances;
- g. In determining an appropriate balance between providing flexibility and choice, as well as simplicity and cost control, the Trustee aims to make available a range of options which satisfy the needs of the majority of members.
- h. The Trustee regularly reviews the suitability of the options including additional lifestyle strategies provided and from time to time will change or introduce additional fund choices as appropriate.

Statement of Investment Principles (continued)

Defined Contribution (DC) Section (continued)

Investment Strategy

Lifestyle Strategies

Following a review of the Scheme's investment arrangements in 2014, the Trustee has implemented a total of three lifestyle strategies (targeting cash, annuity and drawdown at retirement). Eight years prior to retirement members will be asked to choose one of the following three pre-retirement phase strategies best reflects how they intend to take benefits in retirement.

Lifestyle strategy	Funds
Annuity (default strategy for PSP members)	<p>Growth phase:</p> <p>50% LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged</p> <p>50% LGIM Diversified Fund</p> <p>De-risking phase (final allocation):</p> <p>75% LGIM Pre-Retirement Fund 25% LGIM Sterling Liquidity Fund</p>
Cash (default strategy for EPP members)	<p>Growth phase:</p> <p>50% LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged</p> <p>50% LGIM Diversified Fund</p> <p>De-risking phase (interim allocation):</p> <p>Funds are gradually switched to the LGIM Pre-Retirement Fund before being gradually switched to the LGIM Sterling Liquidity Fund.</p> <p>De-risking phase (final allocation):</p> <p>100% LGIM Sterling Liquidity Fund</p>
Drawdown	<p>Growth phase:</p> <p>50% LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged</p> <p>50% LGIM Diversified Fund</p> <p>De-risking phase (final allocation):</p> <p>50% LGIM Diversified Fund</p> <p>25% LGIM Sterling Liquidity Fund 25% LGIM Pre-Retirement Fund</p>

Default Investment Strategies

Typically, a proportion of DC section members will actively choose the Default Investment Strategy because they feel it is most appropriate for them. However, the vast majority of Scheme members do not make an active investment decision and are invested in the Default Investment Strategy appropriate to the specific section in which they are invested.

Statement of Investment Principles (continued)

Defined Contribution (DC) Section (continued)

The aims of the Default Investment Strategies

The Default Investment Strategies manages investment and other risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. Any investment in derivative instruments contributes to risk reduction, or efficient portfolio management.

- In designing the Default Investment Strategies, the Trustee has explicitly considered the trade-off between risk and expected returns.
- If members wish to, they can opt to choose their own investment strategy on joining but also at any other future date.
- Assets in the Default Investment Strategies are invested in the best interests of members and beneficiaries, taking into account the profile of members.
- Assets in the Default Investment Strategies are invested in a manner which aims to ensure the security, quality, liquidity and profitability of a member's portfolio as a whole.
- Assets are invested mainly on regulated markets (those that are not are kept to prudent levels).

Policies in relation to the Default Investment Strategies

The Trustee believes that:

- The growth phase structure, that invests in equities and other growth-seeking assets, will provide growth with some downside protection and some protection against inflation erosion.
- As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that the Default Investment Strategies that seeks to reduce investment risk as the member approaches retirement is appropriate.

Annuity Lifestyle Strategy (Default for PSP members)

This strategy is for those planning to buy an annuity (a pension income for life) at their target retirement date. Members will be invested in a 50% allocation to the LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged and 50% allocation to the LGIM Diversified Fund, as part of the growth element of the Annuity Lifestyle Strategy.

Statement of Investment Principles (continued)

Once a member is eight years from retirement the strategy gradually de-risks the member's growth phase assets into a final asset allocation of 75% LGIM Pre-Retirement Fund and 25% LGIM Sterling Liquidity Fund. This is illustrated in the table below:

Years to Retirement	LGIM Diversified Fund (%)	LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged (%)	LGIM Pre-Retirement Fund (%)	LGIM Sterling Liquidity Fund (%)
10	50.00	50.00	0.00	0.00
9	50.00	50.00	0.00	0.00
8	50.00	50.00	0.00	0.00
7	50.00	37.50	12.50	0.00
6	50.00	25.00	25.00	0.00
5	50.00	12.50	37.50	0.00
4	50.00	0.00	50.00	0.00
3	37.50	0.00	56.25	6.25
2	25.00	0.00	62.50	12.50
1	12.50	0.00	68.75	18.75
0	0.00	0.00	75.00	25.00

Based on member analysis undertaken in 2014 and the Trustee's understanding of the Scheme's membership, a default investment option that targets annuity purchase and a tax-free cash lump sum (up to 25% of a member's pot) was chosen as the Default Investment Strategy for PSP members. It should be noted that the Trustee has decided to review the appropriateness of the Annuity Lifestyle Strategy as the default investment option for PSP members on a periodic basis.

Cash Lifestyle Strategy (Default for EPP members)

The main objective of the Cash Lifestyle Strategy is capital preservation; as such the best match for taking cash at retirement is to invest in cash/money market instruments in the lead up to retirement. Members will be invested in a 50% allocation to the LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged and 50% allocation to the LGIM Diversified Fund, as part of the growth element of the Default Investment Strategy.

Once a member is eight years from retirement the strategy gradually de-risks the member's growth phase assets to the LGIM Pre-Retirement Fund and the LGIM Sterling before being allocated 100% to the LGIM Sterling Liquidity Fund. This is illustrated in the table on the next page:

Statement of Investment Principles (continued)

Years to Retirement	LGIM Diversified Fund (%)	LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged (%)	LGIM Pre-Retirement Fund (%)	LGIM Sterling Liquidity Fund (%)
10	50.0	50.0	0.0	0.0
9	50.0	50.0	0.0	0.0
8	50.0	50.0	0.0	0.0
7	50.0	37.5	12.5	0.0
6	50.0	25.0	25.0	0.0
5	50.0	12.5	37.5	0.0
4	50.0	0.0	50.0	0.0
3	37.5	0.0	37.5	25.0
2	25.0	0.0	25.0	50.0
1	12.5	0.0	12.5	75.0
0	0.0	0.0	0.0	100.0

Based on member analysis undertaken in 2014 and the Trustee's understanding of the Scheme's membership, a default investment option that targets taking cash at retirement was chosen as the Default Investment Strategy for EPP members. It should be noted that the Trustee has decided to review the appropriateness of the Cash Lifestyle Strategy as the default investment option for EPP members on a periodic basis.

Alternative Lifestyle Strategy – Drawdown Lifestyle strategy

This lifestyle strategy is designed for those members who intend to make use of drawdown in retirement. Members will be invested in a 50% allocation to the LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged and 50% allocation to the LGIM Diversified Fund, as part of the growth element of the Drawdown Lifestyle Strategy.

Statement of Investment Principles (continued)

Once a member is eight years from retirement the strategy gradually de-risks the member's growth phase assets into a final asset allocation of 50% LGIM Diversified Fund, 25% LGIM Sterling Liquidity Fund and 25% LGIM Pre-Retirement Fund. This is illustrated in the table below:

Years to Retirement	LGIM Diversified Fund (%)	LGIM Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged (%)	LGIM Pre-Retirement Fund (%)	LGIM Sterling Liquidity Fund (%)
10	50.00	50.00	0.00	0.00
9	50.00	50.00	0.00	0.00
8	50.00	50.00	0.00	0.00
7	50.00	43.75	6.25	0.00
6	50.00	37.50	12.50	0.00
5	50.00	31.25	18.75	0.00
4	50.00	25.00	25.00	0.00
3	50.00	18.75	25.00	6.25
2	50.00	12.50	25.00	12.50
1	50.00	6.25	25.00	18.75
0	50.00	0.00	25.00	25.00

Statement of Investment Principles (continued)

Self-select fund range

The self-select fund range allows members who do not wish to invest in the lifestyle strategies some flexibility in their selection of funds. The table below shows the list of the non-lifestyle self-select funds offered to members:

Fund Option	Investment Brief
Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged	The Fund invests passively in global equities to target higher capital growth. The Fund aims to capture the total returns of the UK and overseas equity markets as represented by the FTSE All-Share Index in the UK and the FTSE AW - All World (ex UK) Index overseas while maintaining a fixed 30/70 weighting between the UK and the overseas assets. A total of 75% of the overseas assets (excluding emerging markets) will be currency hedged to sterling, exposure to emerging market currencies will be left unhedged.
Diversified Fund	The Fund will hold between 20% and 50% in bonds, and the remaining 50% to 80% will be held in a range of assets which may include equities, property, commodities and the shares of infrastructure companies. Exposure to each asset class will primarily be through investing in passively managed funds, although active management may be used for some asset classes. The asset allocation will be reviewed periodically (typically annually). The expected annual return for this Fund is broadly similar to that of a developed market equity fund but with lower volatility than developed equity markets.
UK Equity Fund	The Fund invests passively in UK equities, with a maximum exposure limit of 5% to a single company. The Fund aims to track the performance of the FTSE All Share (5% Capped) Index.
Overseas Consensus Equity Fund	The Fund invests passively in overseas equities, to produce a return broadly comparable with the FTSE All-World (ex UK) Index (gross of fees).
Emerging Markets Equity Fund	The Fund invests passively in emerging market equities. It aims to track the performance of the FTSE AW – All Emerging Markets Index.
LGIM Pre-Retirement Inflation Linked Fund	The Fund aims to provide diversified exposure to sterling bond assets that reflect the broad characteristics of investments underlying the pricing of a typical inflation-linked annuity product. The benchmark allocation for the Fund is a composite of gilts and corporate bond funds managed on a passive basis.
AAA-AA-A Corporate Bond All Stocks Fund	The Fund invests passively in UK non-government bonds. It aims to track the performance of the iBoxx £ Non-Gilts (ex-BBB) Index.
Sterling Liquidity Fund	The Fund invests in high quality short term fixed income and variable rate securities across a range of financial institutions, sovereign and corporate issuers. It aims to provide returns in line with the 7 Day LIBID over rolling three year periods.
Property Fund	The Fund is 'actively managed' and invests directly in UK commercial property. It may also invest in shares of property companies from time to time. The Fund aims to outperform the AREF/IPD UK Quarterly All Balanced Property Funds Index over three and five year periods.
Pre-Retirement Fund	The Fund aims to provide diversified exposure to sterling assets that reflect the broad characteristics of investments underlying the pricing of a typical non- inflation linked annuity product. The benchmark asset allocation for the Fund is a composite of gilts and corporate bond funds managed on a passive basis.

Statement of Investment Principles (continued)

Investment manager fees

The investment manager fees for DC assets are set out in an appendix to this document.

Transfers In

Further DC monies are invested with Legal & General representing transfers in from the William Hill Investment Plan which operated from 1990 to 1997, and was subsequently wound up; and from the Pension Savings Plan. Any individual transfer which the Trustee agrees to accept may also utilise these funds.

The arrangement with Legal & General utilises the same funds as those offered for main contributions to the Pension Savings Plan 2001.

Additional Voluntary Contributions

Certain DB Scheme members have Additional Voluntary Contributions (AVCs) with Standard Life. All Scheme members can invest AVCs with Legal & General. The arrangement with Legal & General utilises the same funds as those offered for main contributions to the Pension Savings Plan 2001. These arrangements are reviewed from time to time to ensure that the investment performance achieved is acceptable and the investment profile of the Scheme remains consistent with the objectives of the Trustee and needs of the members.

The Trustee's policy with regard to risk

In respect of the DB section, the Trustee is aware of, and pays close attention to, a range of risks inherent in investing the assets of the Scheme; these are listed below.

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. The Trustee mitigates this risk by investing predominately in high quality instruments.

Market risk: this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk:

- **Currency risk:** this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates. Changes in exchange rates will impact the relative value of the assets and liabilities. Indirect currency risk arises from the DB Section's MAC funds where there is investment in sterling priced pooled investment vehicles which hold underlying securities denominated in foreign currency.
- **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. The Trustee mitigates this risk by aligning the interest rate sensitivity of its assets with those of its liabilities. The Trustee has further reduced interest rate risk through the purchase of a buy-in contract in respect of 75% of the pensioner liabilities as at November 2017.
- **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 mitigates this risk by investing its assets across a diversified range of asset classes and investment managers.

Statement of Investment Principles (continued)

Investment manager fees (continued)

The Trustee's policy with regard to risk (continued)

Inflation risk: This is the risk associated with the Scheme's pension liabilities increasing as a result of inflation. The Trustee mitigates this risk by partially aligning the inflation sensitivity of its assets with those of its liabilities as part of the LDI strategy. The Trustee has further reduced inflation risk through the purchase of a buy-in contract in respect of 75% of the pensioner liabilities as at November 2017.

Longevity Risk: This is the risk associated with the Scheme's pensioners living longer than expected. The Trustee has mitigated this risk via the purchase of a buy-in contract.

Failure of the annuity provider: The Trustee have taken appropriate advice and paid close attention to the security and operational soundness of the chosen annuity provider at the point of purchase.

Illiquidity: The Trustee does not expect to be able to obtain cash from the buy-in policy other than to meet promised benefits as agreed with the provider. The Trustee has considered this and has agreed upon a sufficiently liquid strategy for the remaining assets.

The use of leverage, within the LDI mandate, exposes the DB Section to some additional risks:

- **Counterparty risk** arises from the possibility that counterparty to a derivative contract will default on its contractual obligations.
- **Collateral adequacy** risk which requires the Trustee to make available assets to meet derivative obligations in response to changes in interest rates and inflation expectations (typically arises when interest rates rise and inflation falls). A strong collateral management process should be used to mitigate the risk of not being able to meet these requirements.
- **Roll risk** which can arise if the manager forgets to roll a derivative contract or liquidity may become poor at future roll dates and, in extreme circumstances, the manager may not be able to roll the position.

The Trustees delegate to their LDI manager the responsibility to monitor and manage these risks on a day-to-day basis.

In respect of the DB section, the Trustee pays close regard to the risks that may arise through a mismatch between the Scheme's assets and its liabilities, and the risks that may arise from the lack of diversification of investments. In considering the former, it was noted that by adopting a matched position the Trustee would reduce the prospect of improving the funding level through asset outperformance and the potential benefits that this may afford members. The Trustee, in consultation with the Employer, believes that a mismatched position is appropriate for the Scheme at the current time (see section 2, 3 and 4 for more details). Subject to satisfying the risk from a mismatch of assets and liabilities, the Trustee believes that the asset allocation policy in place provides an adequately diversified distribution of assets.

For both the DB and DC sections, the Trustee regularly reviews the performance of the investment managers, the investment profile of the underlying portfolios and the investment policy set for the investment managers, to ensure that the level of diversification is consistent with the investment objectives set. The Trustee will also consider the risk of holding assets that cannot easily be sold, should the need arise.

Statement of Investment Principles (continued)

Investment manager fees (continued)

The Trustee's policy with regard to risk (continued)

The Trustee has considered risk from a number of perspectives in the DC section. These are:

- a. The risk that the investment return over members' working lives does not lead to an adequate savings retirement pot and consequently provide an adequate income in retirement. The Trustee expects the long-term return on those investment options that invest predominantly in equities and other growth-seeking asset classes (e.g. Diversified Growth Fund) to exceed price inflation and general salary growth.
- b. The risk that relative market movements in the years just prior to retirement lead to a substantial reduction in the size of the savings pot at retirement and consequently a substantial reduction income or anticipated cash lump sum. The Trustee offers lifestyle strategies targeting annuities, cash lump sum and drawdown which help members invest more appropriately for how they wish to take their benefits.
- c. The risk that active management underperforms against the relevant benchmarks. To cater for member choice, the Trustee offers both passive and active funds.
- d. The risk that the pooled funds, through which the Trustee allows members to invest, do not provide the required level of liquidity. Members invest in a range of pooled investment vehicles that facilitate the availability of assets to meet benefit outflows.

The DC and AVC Sections are also subject to indirect credit risk and market risk arising from the underlying investments held in the funds. The Trustee has considered indirect risks in the context of the investment strategy. As members are able to choose their own investments from the range of funds offered by the Trustee, it should be noted that member level risk exposures will be dependent on the funds chosen by members.

The Trustee believes that the investment strategy outlined in section 5.3 is appropriate for meeting the risks outlined above.

Buying and selling investments

The responsibility for buying and selling the underlying investments has been delegated to the investment managers. However, both the Trustee and Administrator (Capita Hartshead) are involved in the process behind the buying and selling of investments. The day-to-day activities that the investment managers carry out are reviewed from time to time to ensure that the operating instructions, guidelines and restrictions remain appropriate. The safe custody of the Scheme's assets is delegated via the investment managers to professional custodians (via the use of pooled vehicles).

Responsible Investment and Corporate Governance

The Trustee believe that good stewardship and environmental, social and governance ("ESG") issues may have a material impact on investment returns. The Trustee has given the Investment Managers full discretion when evaluating ESG issues and in exercising rights and stewardship obligations attached to the Scheme's investments.

Similarly, the Scheme's voting rights are exercised by its investment managers in accordance with their own corporate governance policies, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code.

Equity managers who are FCA registered are expected to report on their adherence to the UK Stewardship Code on an annual basis.

Statement of Investment Principles (continued)

Investment consultant fees

Mercer fees are either based on fixed quotes for particular projects or are on a time-cost basis.

Compliance with Statement

We, William Hill Trustee Limited, the investment managers and Mercer, our consultant each have duties to perform to ensure compliance with this Statement. These are:

The Trustee will review this Statement every year on the advice of Mercer.

Legal & General, M&G Investments and CQS Management, the investment managers of the Scheme, will prepare quarterly reports to the Trustee including:

- Valuation of all investments held for the Scheme
- Records of all transactions together with a cash reconciliation
- A review of recent actions undertaken on behalf of the Scheme together with a summary of their current stated policy

Mercer, our consultants, will provide the advice needed to allow us to review and update this statement annually (or more frequently if required). In addition, they will provide all the investment managers with a copy of the signed Statement.

Internal Controls

Appendix IV

Table 1 - Timescales for benefit processing

Task	Service Level Agreement	Comment
Transfer out	18 working days	Subject to receipt of monies and the Fund Manager's own dealing dates
Transfer in	24 working days	Subject to receipt of monies and the Fund Manager's own dealing dates
Retirement – UFPLS	13 working days	Subject to receipt of monies and the Fund Manager's own dealing dates
Death claim – issue documentation	5 working days	
Investment switch – post or email	8 working days	Subject to receipt of monies and the Fund Manager's own dealing dates

Table 2

Core financial transaction	Key internal control
Investment switches requested by members	<p>Promptness</p> <ul style="list-style-type: none"> • Administrator's SLA for member initiated switching investments is 1 working day from date of request. • Lifestyle switching is subject to an agreed matrix and is carried out on the 1st day of each quarter (1st January, 1st April, 1st July, 1st October). <p>Accuracy</p> <ul style="list-style-type: none"> • All switches are reconciled by administrator with manager transaction statements. • All members are notified when a member-initiated investment switch is completed. Members are notified when their switch has been completed and provided with a revised unit holding
Payment of benefits to members, including retirements, transfers and death benefits	<p>Promptness</p> <ul style="list-style-type: none"> • Cash flow preparation includes identification of forthcoming benefit payments • SLAs for core benefit transactions (retirements, deaths and transfers) help ensure that member wishes are known well in advance of benefit payment date. • Annual appraisal of common data helps ensure that member data is accurate, reducing the likelihood of delay from data gaps. • All member complaints must be reported to the Trustee, even where no breach of agreed timescales has occurred. All member complaints are reported to the Trustee via the quarterly administration report regardless of their origin or outcome. <p>Accuracy</p> <ul style="list-style-type: none"> • Administrator operates peer review system for all benefit calculations. • Data accuracy is subject to regular evaluation and updating.

Charges

Appendix V

DC Section

LGIM Funds	Scheme TER (% p.a.)	Transaction Cost (% p.a.)
Funds used in the lifestyle strategies (and default investment options)		
Global Equity Market Weights 30:70 Index Fund - 75% GBP Currency Hedged	0.10	0.034
Diversified	0.18	-0.063
Pre-Retirement	0.15	-0.007
Sterling Liquidity	0.13	0.000
Self-select funds (PSP, EPP, AVCs and Transfers In)		
UK Equity (5% capped) Passive	0.11	0.012
Global Equity Market Weights 30:70 Index Fund - 75% GBP Currency Hedged	0.10	0.034
Overseas Equity Consensus Index	0.15	-0.004
World Emerging Markets Equity Index	0.45	0.034
AAA-AA-A Corporate Bond All Stocks Index	0.15	-0.049
Diversified	0.18	-0.063
Pre-Retirement	0.15	-0.007
Pre-Retirement Inflation Linked	0.13	0.004
Property	0.70	-0.015
Sterling Liquidity	0.13	0.000

Due to the way in which transaction costs are calculated, they can be negative or positive in nature; a negative figure is effectively a gain from trading activity, whilst a positive figure is effectively a cost from trading activity.

Standard Life AVC funds

Standard Life Funds	Scheme TER (% p.a.)	Transaction Cost (% p.a.)
Managed	1.12	0.073

With-Profits Funds

Standard Life Funds	Scheme TER (% p.a.)	Transaction Cost (% p.a.)
Millennium (With Profits) Fund	N/A	0.001
With Profits Fund	N/A	0.000

Members also have investments in with profits funds with Standard Life via the AVC section. The actual performance received by members, net of charges, is only ever known upon maturity/surrender, after any augmentation for guaranteed terms and after the effect of 'smoothing'. Payouts on surrender and maturity will reflect all charges incurred, though they are not separately identified.

Charges (continued)

DC Section (continued)

Assessing the value for money of a with-profits fund is directly related to an individual's attitude towards, and capacity for, investment risk. An individual may find comfort in the fact that a with-profits fund provides guarantees; whether that is a guaranteed pension, investment return or "just" capital security. Therefore, we consider it inappropriate to reach a general conclusion on value for money from the With-Profits Funds, as this will vary by member.

The Scheme TERs stated above do not include transaction costs, the expenses associated with a member trading in and out of a fund as well as the investment manager trading a fund's underlying securities, including commissions and stamp duty. Details of the transaction costs which apply to these funds are included in the Transaction Cost column.

The Pensions Regulator expects trustees to have an understanding of the types and levels of transaction costs that are incurred by different investments and include them in a value for members' assessment. However, the transaction cost reporting 'issue' is not still fully resolved within the new disclosure framework and we note the following:

- In the first phase of enhanced transparency, since 6 April 2015, trustees have been required to report on the transaction costs about which they are able to get information from those managing their scheme's assets. While trustees are encouraged to report this information in as useful a way as possible, flexibility has been built into these requirements to recognise that in some cases it may not be possible to obtain and report on full information on transaction costs.
- The second phase will build on these requirements to require disclosure of information about transaction costs in a standardised, comparable format. The DWP and FCA published a joint call for evidence on this issue in March 2015, and further guidance and information was provided by the Financial Conduct Authority (in September 2017) on how to calculate all transaction costs on a consistent basis with the regulation coming in to force on 3 January 2018. This requires assessment, within the Value for Members exercise, of the transaction costs occurred due to underlying trading by the fund managers within the funds and needs to be reported in Chair's Statements with a Scheme Year-End past April 2018. We have collected this information from LGIM and it is provided in the next section. The data does not suggest that members are not receiving value from these trading costs but no assessment of value in relation to transaction costs has been undertaken at this time, due to the absence of wider market data that would enable appropriate comparative assessment. The Trustee intends to build transaction costs into its 2019 Chair's Statement.

Charges (continued)

Reporting of Costs and Charges

Using the charges and transaction cost data provided by LGIM and Standard Life Investments, and in accordance with regulation 23(1)(ca) of the Administration Regulations, as inserted by the 2018 Regulations, the Trustee has prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Plan on their retirement savings pot. The statutory guidance provided has been considered when providing these examples.

The below illustration has taken into account the following elements:

- Savings pot size;
- Contributions;
- Real terms investment return gross of costs and charges;
- Adjustment for the effect of costs and charges; and
- Time.

Due to the diverse Plan demographics, the Trustee has presented two sets of illustration within the Appendix of this Statement to represent the members in each scheme. For the first set, the Trustee has based this on the youngest member age of 20 and 19, using a starting pot size of £4,500 and £1,500 and salary of £26,000 and £13,500, for PSP and EPP respectively. These values are based on the mean of the fund values and salaries for members up to age 25. A contribution scale of 10% is used for the PSP scheme and 8% for the EPP scheme.

The second set is based on a “typical member” in both the PSP and EPP arrangements, starting from the age 46 and 31 based on the median age of the PSP and EPP members respectively, and the corresponding average salary of £39,000 and £15,500 within the respective age groups. A contribution scale of 10% is used for the PSP scheme and 8% for the EPP scheme. The same contribution scale of 10% and 8% for the respective scheme are used as a prudent measure.

Other than the illustration of the default arrangements, the illustration also should show a representative range of assumed investment returns and charges (in respect of both DC and AVC investments), including:

- i) lowest charge;
- ii) highest charge;
- iii) lowest assumed level of growth, and
- iv) highest assumed level of growth.

For investment options other than default strategies, we have used the assumptions used in the EPP section for the “youngest” and “typical” member.

Charges (continued)

Reporting of Costs and Charges (continued)

Typical member

Year End	PSP 2001		EPP		Most Expensive -		Cheapest & Highest Return -		Lowest Return -	
	Default Arrangement		Default Arrangement		Standard Life Managed Fund		LGIM Global Equity Market 30:70 Weighted Index Fund (75% GBP Hedged)		LGIM Sterling Liquidity Fund	
	No Charges	Charges deducted	No Charges	Charges deducted	No Charges	Charges deducted	No Charges	Charges deducted	No Charges	Charges deducted
1	56,360	56,269	4,339	4,332	4,332	4,280	4,348	4,342	4,204	4,199
5	79,327	78,752	10,074	10,014	10,010	9,575	10,163	10,112	8,902	8,858
10	111,797	110,304	18,183	17,988	17,970	16,607	18,480	18,315	14,515	14,391
15	145,532	142,747	33,694	33,080	27,008	24,125	28,138	27,776	19,853	19,616
20	167,305	163,241	45,257	44,213	37,270	32,165	39,353	38,690	24,930	24,551
25			58,276	56,642	48,922	40,761	52,376	51,277	29,757	29,213
30			67,648	65,411	62,152	49,954	67,499	65,796	34,348	33,615
35			78,883	75,922	77,174	59,784	85,060	82,543	38,714	37,773

Charges (continued)

Reporting of Costs and Charges (continued)

Youngest member

Year End	PSP 2001		EPP		Most Expensive -		Cheapest & Highest Return -		Lowest Return -	
	Default Arrangement		Default Arrangement		Standard Life Managed Fund		LGIM Global Equity Market 30:70 Weighted Index Fund (75% GBP Hedged)		LGIM Sterling Liquidity Fund	
	No Charges	Charges deducted	No Charges	Charges deducted	No Charges	Charges deducted	No Charges	Charges deducted	No Charges	Charges deducted
1	7,257	7,246	2,635	2,631	2,631	2,600	2,640	2,637	2,560	2,557
5	19,071	18,961	7,499	7,456	7,455	7,150	7,559	7,523	6,695	6,664
10	35,773	35,402	14,374	14,228	14,217	13,191	14,595	14,471	11,636	11,541
15	54,917	54,095	22,256	21,928	21,894	19,651	22,765	22,485	16,334	16,147
20	76,861	75,348	31,289	30,682	30,611	26,559	32,252	31,728	20,803	20,498
30	130,844	126,987	53,513	51,951	51,748	41,845	56,061	54,686	29,093	28,488
40	199,350	191,406	82,379	79,124	78,998	59,322	88,165	85,230	36,590	35,615
46	221,196	211,032	92,849	88,606	98,998	70,990	112,574	108,208	40,740	39,516
47			92,996	88,673	102,638	73,028	117,085	112,435	41,408	40,141

Notes:

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Values are estimates and are not guaranteed.
3. The projected growth rates use the same underlying SMPI assumptions plus any transaction costs.
4. The projected growth rate (SMPI only) for each fund are as follows:
 - i. PSP and EPP Default Fund: 2.75% p.a. before de-risking to -0.475% p.a. at the end of de-risking phase, gross expected real return above inflation;
 - ii. Most Expensive – Standard Life Managed Fund: 2.50% p.a. gross expected real return above inflation;
 - iii. Cheapest and Highest Return – LGIM Global Equity Market 30:70 Weighted Index Fund (75% GBP Hedged): 3.00% p.a. gross expected real return above inflation;
 - iv. Lowest Return – LGIM Sterling liquidity: -1.00% p.a. gross expected real return above inflation.
5. The Transaction Costs relate to the actual transaction costs incurred in the Plan year. Negative transaction costs are assumed 0% as a prudent measure.

Trustee’s knowledge and resources

Appendix VI

Requirement	How met
Trustees must have appropriate knowledge and understanding of the law relating to pensions and trusts and the investment of the assets	<p>The Trustee undertakes an annual evaluation of training requirements, which includes specific consideration of whether any further training is required in respect of these statutory areas.</p> <p>All Trustee Directors certify annually that they have read the Regulator’s Code of Practice on knowledge and understanding during the Scheme year.</p> <p>Training has been provided on key issues on the Board’s agenda as part of Board meetings.</p> <p>The Trustee has undertaken an investment strategy review of the scheme, which includes knowledge and understanding of the investment process and potential members’ outcomes.</p>
Trustees must be conversant with the Scheme’s own documentation	<p>The Trustee undertakes an annual evaluation of training requirements, which includes specific consideration of whether any further training is required in respect of these documents.</p>
Knowledge and resources generally	<ul style="list-style-type: none"> • The Trustee Board comprises individuals with diverse professional skills and experiences, reflecting the varied nature of the challenges that its governance must address. • The employer pays all reasonable expenses of Trustee Directors attending conferences relevant to their role. • Trustee Directors are encouraged to undertake further training where appropriate with training logs maintained for each Director. • The Trustee’s pension advisors attend each of their quarterly meetings and input into the agenda. They also help the Trustee prepare its annual business plan. • The Trustee’s investment advisor reports quarterly on the performance of the Scheme’s investments and on their views regarding the Scheme’s funds and their managers.