Construction Federation Executive Pension Scheme

Annual Report and Accounts
for the Year Ended 31st May 2012

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We are pleased to present you with the annual report of the Construction Federation Executive Pension Scheme (CFEPS) for the year ending 31st May 2012.

This is the final report under the CFEPS banner. From 1st June 2012 the fruits of a fundamental review of the scheme will become evident with the launch of our new brand Construction Executive Retirement Savings (CERS) which encompasses a new website **www.cers.ie** which will have on line access for all members giving up to date information on the value of their individual pension scheme and which offers a broad range of investment choices.

The management of the scheme has been taken over by the Construction Industry Federation Pension Administration Services (CPAS) a dedicated pension administration company. Your administration and consultancy team have now moved into CPAS and continue to provide you with the same personalised service.

This current report sets out the key features of the scheme with particular emphasis on the investment performance, the statement of accounts for the period which includes the Auditors Report and the Actuary's statement. We hope you find the report to be of interest.

If you have any queries on the content of this report or if you require further particulars on CERS please contact a member of the administration team at Canal House, Canal Road, Dublin 6 telephone 01 4071430 or for current information on CERS log onto **www.cers.ie**

Donal O'Brien

Chairman of the Trustees

December 2012

The Construction Federation Executive Pension Scheme is established under Trust with an independent Board of Trustees and was established to enable participating companies to provide their employees with pension and associated benefits which include lump sum death benefits, spouse's and dependant's income benefit, and benefits for members who are forced to retire early due to ill-health on a cost-effective basis.

- All Scheme assets are totally separate from the assets of participating companies and the Construction Industry Federation.
- The Main Fund assets being managed by Irish Life Investment Managers continue to be managed on a passive basis.
- Edinburgh Partners no longer have any assets under management. This change was made with effect from August 2011.
- State Street Global Advisors Ireland Limited, Kleinworth Benson Investors and F&C all actively manage small property portfolios within the main fund.
- Funds under Management by Alder Capital Ltd., Kleinworth Benson Investors and Standard Life Investments form the Alternative Asset fund. Since January 2012, there has been a small alternative asset holding with BNY Mellon.
- The Pensioner Fund is held on a segregated basis with a third party custodian. There is also a separate Bond Fund which is an investment option for active arrangements and individual member funds which is managed by Irish Life Investment Managers.
- With effect from June 2012 there is no longer a separate currency hedge as part of the Main Fund.
- In addition to the Irish Life Cash Fund, there is a portion of assets for the Construction Federation Executive Pension Scheme Cash Fund on deposit with Bank of Ireland since December 2011.
- Total benefits paid since the inception of the Construction Federation Executive Pension Scheme amount to €349.62 million.
- Total contributions by participating employers (and their employees) amounted to €14.799 million. This represents a decrease of 28.91% over the previous 12 months.
- Over the scheme year the Executive Scheme Main Fund recorded an investment return of 0%. Since the scheme year end the Multi Asset Fund return to 31st December 2012 was +6.60%
- An actuarial valuation of the Scheme was carried out as at 31st May 2012 and this indicated that the Scheme's assets were €10.6 million in excess of its liabilities. The next actuarial valuation will be carried out to ascertain the value of the assets and liabilities as they were at 31st May 2013.
- At 31st May 2012 there were 1,005 active members in relevant employment. There were 966 pensioners receiving benefit and 2,420 members with entitlement to deferred benefits.

For members of defined benefit arrangements a copy of their arrangement's Annual Actuarial Statement is attached to this Report. For all members, details as to whether or not there were contributions outstanding at the renewal year end are also attached.

The facility under the Executive Scheme whereby employees can avail of tax relief attaching to Additional Voluntary Contributions (AVCs) continues to prove attractive to employees.

A list of participating employers is available on request to the Administration team.

Alder Capital Ltd

How the assets are managed

As outlined by Alder Capital in its presentations to the Trustees, the Currency Fund uses a systematic investment process to invest in the following major liquid currencies: EUR, USD, JPY, AUD, CAD, GBP and SEK. The system has three main drivers of return: (i) trend-following component; (ii) ranging component; and (iii) yield component.

Value of the assets

Value of assets at 31st May 2011	€5,323,011
Net contributions	-€2,000,000
Appreciation/Depreciation	-13.12%
Value of assets at 31st May 2012	€2,857,382

How the assets are invested

During the Period, the Construction Federation Executive Pension Scheme (the "Scheme") was invested in Euro Class 1 Series 1 shares of the Currency Fund for which Alder Capital Limited acts as the investment manager. In the Period, the value of Euro Class 1 Series 1 shares in the Currency Fund decreased by 13.12%.

Investment performance

The 12-month period ending 31 May 2012 (the "Period") was a very difficult one for the Currency Fund. However, since the onset of the Global Financial Crisis in 2008 which includes the Period, the Currency Fund has outperformed the equity and managed fund indices.

In the Period, the ranging component and the yield component of the system were the major contributors to the loss. In terms of currencies, the biggest contribution to the loss came from the Swiss Franc in Q3 2011 in the ranging component. The Currency Fund's position was to sell the Swiss Franc which resulted in a loss as the Swiss Franc appreciated over this period.

Time Period	Annualised Investment Performance
1 year to 31 May 2012	-13.12% p.a.
3 years to 31 May 2012	-2.82% p.a.
5 years to 31 May 2012	2.34% p.a.

Performance of Euro Class 1 Series 1 Shares over Different Time Periods Ending 31st May 2012

Investment return for the period -13.12%

BNY Mellon Asset Management

BNY MELLON

How the assets are managed

The objective of the Sub-Fund is to achieve a total return in excess of a cash benchmark over an investment horizon of 3-5 years. The fund has a performance aim of cash (1 Month Euribor) + 4% p.a over 5 years before fees.

Value of the assets

Value of assets at 18th January 2012	€ 2,000,000.00
Net contributions	€ 980.22
Appreciation/Depreciation	-0.18%
Value of assets at 31st May 2012	€1,997,438.72

How the assets are invested

Equities		Bonds	
UK	12.04%	Corp Bonds	10.54%
North America	15.29%	Govt Bonds	9.70%
Europe Ex UK	15.85%	Index Linked Govt	2.55%
Japan	3.30%		
Pacific Ex Japan	2.96%	Total Bonds	22.79%
Other	2.38%		
Total Equities		Convertibles	1.18%
	51.82%	Cash & Cash Equivalents	20.45%
		Other	0.00%
		Commodities	3.76%
		Derivatives	0.03%
		TOTAL	100.03%

Investment performance

Since 18 January 2012, the client's inception, the Fund has returned -0.18% compared to the return of +0.21 for the 1-month EURIBOR + 4% benchmark, both in Euro terms to 31 May 2012.

BNY Mellon Asset Management (ctnd)

Q1 2012

The equity holding in Accenture, the global management consulting, technology services and outsourcing company, was one of the Fund's main contributors. Accenture, a relatively new position, is well placed to help businesses adapt to the rapidly changing technological landscape. INPEX Holdings, Centrica and Bayer were also among the top contributors. Over the quarter, the price of gold rose modestly, which was beneficial for the holding in ETFS Physical Gold. However, gold mining companies produced mixed and mostly negative returns, as they fell in tandem with the decline in the gold price during March.

At the beginning of the quarter, we wrote (sold) call options when volatility was high. Despite the market rising over the quarter as a whole, the call options we sold did not rise in value very much because volatility, which drives the price of options, fell. Consequently, we took the opportunity to buy back the sold call options for little more than we had written (sold) them. This gave us the ability to structure fresh protection consistent with the higher index level of the market.

The Fund's other risk-offsetting positions, including Norwegian and Australian government bonds and exposure to the US dollar, were unsurprisingly weak in this environment. Among European high-yield credit, the Fund's holdings in the Italian telecom provider Wind, the materials handling company KION Group and Jaguar Land Rover produced solid returns.

Q2 2012

The defensive characteristics of the securities held in the portfolio, combined with successful hedging strategies, allowed the Fund to generate a positive return despite the difficult market environment. A significant contribution was made by the Fund's holdings in Australian and New Zealand government bonds, which benefited from economic slowdown in the Australasian region as a whole. Currency forwards which hedged the Fund's Australian dollar and New Zealand dollar currency exposure back to base protected the Fund against the devaluation of these currencies against the Euro.

Holdings in US Treasury Inflation Protected Securities (TIPS) benefited from both the falling yield and the appreciation of the US dollar against the euro. Additional US dollar exposure – obtained though holdings in US T-bills (US Treasuries with less than 12 months maturity) and via currency forwards – was similarly advantageous.

Our equity holdings in the healthcare, telecommunications, utilities and consumer staples sectors all performed well amid investors' flight into the more defensive areas of the market. Notable contributions were made from the holdings in Reynolds American, Severn Trent, GlaxoSmithKline and Vodafone Group. Equity index options on the S&P 500 Index provided very effective downside protection. Broadly, the Fund's high yield corporate debt holdings held up well.

Gold mining equities (such as Barrick Gold and Newcrest Mining) performed poorly, and fell in line with the broader sell-off within the mining sector in spite of their specific attributes. With gold miners at their lowest level for many years relative to the commodity price and the likely response to ongoing macroeconomic weakness set to be further money printing, resulting in the debasement of currencies, we feel it is appropriate to maintain this exposure.

Investment return for the period -0.18%.

Please note that this client switched from the EUR C Share Class which had a standard fee of 1% to the EUR W Share Class which has a fee of 75bps on 30 March 2012.

IRISH LIFE INVESTMENT MANAGERS

Irish Life
Investment Managers

How the assets are managed

The long term investment objectives of your pension fund are to achieve a return on fund assets which is sufficient, over the long-term, to meet your funding objectives and to earn a rate of return on assets that will exceed inflation and the risk free rate (cash).

In general, this will require a long-term investment return of at least price inflation plus 4% per annum. Examination of the long term return characteristics of asset types indicates that these objectives are most likely to be achieved by allocating a higher proportion of the fund to risk assets, such as equities and property with lower allocations to monetary assets such as bonds and cash. Each scheme however is unique and as such will have its own unique characteristics that determine the appropriate asset allocations between risk & monetary assets. Risk assets as outlined above whilst providing superior longer term returns, tend to be more volatile when compared with monetary assets which historically have provided lower returns but with less volatility.

Investment performance

The year ending 31st May 2012 has seen financial stresses and volatility in financial markets result in large swings in sentiment towards riskier assets. The FTSE® World Index returned 2.80% for the year ending 31st May 2012.

The economic recovery in Ireland has slowed in recent months, as the robust export sector is waning in response to the weaker outlook for growth in the global economy but most notably the Eurozone economies. The ISEQ returned 5.70% for the year ending 31st May 2012.

Volatility has increased for government bonds, as the divergence between safer countries and the peripheral countries in Europe has widened as the sovereign debt crisis has intensified. The ML EMU >5 yrs bond index returned 10.64% for the year to the end of May 2012.

Property returned -3.21% to the year ended 31st May 2012 as activity levels in the property market declined, due to the lack of debt finance and weak investor confidence

Assets of the Fund

Your fund invests through Irish Life's range of unit-linked pension funds. Virtually all of these assets are readily tradable on recognised markets or exchanges. Our unit-linked funds are managed very prudently, so that the security of your fund's assets is high. The funds are valued daily in accordance with recognised practices.

CFEPS MAIN FUND

Bid Value @ 31st May 2011	€138,670,025
Net Contributions	(€ 16,726,241)
Appreciation / Depreciation	€ 4,668,274
Bid Value @ 31st May 2012	€126,612,059

With effect from the 31st August 2008 all valuations are shown using bid prices. This is in accordance with changes to the *Statement of Recommended Practice (SORP 2002 – Revised May 2007) Financial Reports of Pension Schemes.*

Irish Life Investment Managers (ctnd)

Investment Strategy

Your fund invests in the **Alpha Cash Fund Series 4**

The Cash Fund aims to provide capital security through investment predominately in managed mixed deposits together with short dated gilts and money market instruments. This fund can be used as part of a diversified portfolio and to protect fund values against falling equity markets

Asset Type	Region	% Weight
Cash	Eurozone	100.00

Your fund invests in the **Indexed Emerging Markets Equity Fund S3**

The Indexed Emerging Market Fund is managed on an indexed basis against the MSCI Emerging Markets Index. The fund captures the characteristics of the underlying index in terms of country and industry exposure. Emerging markets involve higher risk than investments in developed markets.

Asset Type	Region	% Weight
Equity	Global	100.00

Your fund invests in the **Alpha Indexed World Equity Fund**

The Alpha Indexed World Equity Fund is managed on a passive basis against the FTSE World Index. The fund tracks the market return by investing in a basket of securities in the same proportion as they are represented in the market index. The fund is re-balanced on a monthly basis.

Asset Type	Region	% Weight
Equity	US	53.13
	Pacific	14.88
	Eurozone	10.26
	UK	8.39
	Japan	7.74
	Europe ex Eurozone	5.61

Your fund invests in the **Absolute Alpha S1**

The Irish Life Absolute Alpha Fund aims to deliver a stable positive return over any given economic cycle. The Fund has at its core specific return and volatility targets and will invest in specific Hedge Fund strategies managed by a range of global best-in-class managers.

Asset Type	Region	% Weight
Multi-Asset	Global	100.00

Irish Life Investment Managers (ctnd)

Your fund invests in the **Alpha Active Fixed Income**

This is an actively managed unitised fixed interest fund, designed to deliver superior fixed interest returns in a consistent fashion. It's objective is to provide reasonable long-term returns with low capital risk.

Asset Type	Region	% Weight
Bond	France	24.50
	Italy	23.80
	Germany	13.80
	Spain	8.10
	Austria	7.40
	Belgium	7.20
	Netherlands	6.00
	Finland	5.60
	EUR	3.60

Investment return achieved for the period

Alpha Cash Fund Series 4	+0.9%
Alpha Active Fixed Income	+9.5%
Alpha Indexed Linked Bond Fund	+2.7%
Alpha Indexed World Equity Fund	+2.5%
Indexed Emerging Markets Equity Fund S3	-8.1%

CFEPS PENSIONER FUND

Value of the assets

Bid Value @ 31st May 2011	€ 0
Net Contributions	€ 175,796,713
Appreciation /Depreciation	€ 22,319,271
Bid Value @ 31st may 2012	€ 198,115,984

Investment Strategy

The CFEPS Pensioner Fund is invested in a bespoke mix of Fixed Income Securities – Nominal and Inflation Linked. The fund is managed to a specific duration target as instructed by the Scheme Actuary and Investment adviser from time to time. The fund is re-balanced on instruction

Assets of the Fund

The CFEPS Pensioner Fund invests in fixed income securities through a segregated (CFEPS) account. Virtually all of these assets are readily tradable on recognised markets or exchanges. The securities are valued daily in accordance with recognised practices.

Performance Investment return achieved for the period: 12.4%
CFEPS Direct Pensioner (13.07.2011 – 31.05.2012)

Irish Life Investment Managers (ctnd)

CFEPS CASH FUND

Value of the assets

Bid Value @ 31st May 2011	€35,575,820
Net Contributions	€ 5,775,992
Appreciation /Depreciation	€ 331,246
Bid Value @ 31st May 2012	€41,683,058

Investment Strategy

Your fund invests in the **Alpha Cash Fund Series 4**

The Cash Fund aims to provide capital security through investment predominately in managed mixed deposits together with short dated gilts and money market instruments. This fund can be used as part of a diversified portfolio and to protect fund values against falling equity markets

Asset Type	Region	% Weight
Cash	Eurozone	100.00

Performance Investment return achieved for the period: Alpha Cash Fund Series 4 +0.9%

Fusion
Alternative Investments

FUSION
The Alternative Investments Programme

How the assets are managed

The Fusion Asset Allocation Fund invests in a range of alternative assets which are managed by external specialist managers. The asset allocation between the different asset classes is actively managed by the Fusion investment committee and currently comprises of currencies, commodities and hedge funds. The currency component is spread among two different currency managers; Alder and Goldman Sachs. The commodity component is managed by Schroder, Deutsche Bank and BNP, while the hedge fund of funds component is managed by LGT Capital. The investment objective of the fund is to achieve long-term capital appreciation through indirect investment in a range of alternative investment assets, the aggregate return from which should have low correlation with global equity markets and lower volatility.

The asset split as at 31st May 2012 is outlined further below.

Value of the assets

Market value of the assets held at 31st May 2011	€5,228,826
Net Contributions:	€ 0
Appreciation/depreciation:	€ -530,240
Market value of assets held at 31st May 2012	€4,698,586

How the assets are invested

Fusion Currency Fund	29.80%
Fusion Commodity Fund	28.12%
Fusion Hedge Fund	41.89%
Cash	0.19%

Investment performance

The 12 months to the end of May 2012 was a very volatile period for “risk” assets. The total return for the fund for the year was -10.1%, with all components providing negative returns. The Commodity component of the fund was the most affected as commodity prices fell more than 10% over the year (as measured in euro terms by the Dow Jones UBS Commodity Index), predominantly due to worries of an economic slowdown in China and the potential impact of that on global demand.

There was significant falls in the price of WTI Crude Oil from $103 per barrel to $87 over the 12 months, and copper which fell over 19%. The Currency component of the fund was impacted by significant shifts in exchange rates over the year as currency markets experienced considerable volatility. Political actions impacted heavily on currency markets as the economic fundamentals were to a large extent ignored. The euro crisis weighed heavily on the euro which depreciated by 17%, 14% and 8% against the Japanese Yen, US Dollar and Pound Sterling respectively, as investors took flight from the euro and sought out these perceived safer-haven currencies. The Hedge Fund component produced the best return within the fund but was still in negative territory for the year.

Investment return for the period -10.1%

How the assets are managed

The Scheme holds units in Standard Life's GARS Fund in accordance with the provisions of a Standard Life Trustee Investment Plan policy. Standard Life Assurance Limited has delegated its investment management function to Standard Life Investments Limited.

The fund aims to provide positive investment returns in a variety of market conditions. The investment team who actively manage the fund have a wide investment remit to help them try to achieve this aim. The team look to exploit market inefficiencies through active allocation to highly diversified market positions over a 3 to 5 year time horizon. They aim to adopt these market positions using a combination of traditional assets (such as equities and bonds) and investment strategies based on advanced derivative techniques.

Value of the assets

Market value of the assets held at 31st May 2011	€10,115,887
Net Contributions:	€ 0
Appreciation/depreciation:	+6.6%
Market value of assets held at 31st May 2012	€10,724,398

Investment performance

Falling equity markets were detrimental to performance at the start of the period, as the Fund failed to achieve adequate diversification from other positions. June and July were difficult months for our Swiss versus German equity strategy, which suffered as the Swiss franc continued to strengthen and we subsequently closed the position. However, as markets weakened, our duration positions generally performed well and were a key factor for positive returns during the third quarter of 2011.

In the final quarter of the year and into 2012, the Fund benefited from its core equity and credit market positions, as these asset classes regained some ground. High-yield credit was particularly strong. As markets rallied in October our two US relative value positions detracted from returns as US large caps and technology stocks underperformed small caps. However, this reversed somewhat in the first quarter of 2012 as the technology stocks versus small caps strategy added to performance. In April and May, the Fund delivered a negative return as falling markets hit our global core equity positions.

Activity in the first half of the period included implementing a US equity strategy alongside our US large-cap stocks versus small-cap stocks position, this time favouring technology companies while maintaining the small-cap component as the short leg. Towards the end of 2011, we also added a strategy favouring the US dollar versus the Canadian dollar. At the start of 2012, we adjusted our exposure to duration and inflation, closing the Swedish versus German short-term rates strategy as well as the UK inflation position. In March, we initiated a new long equity volatility strategy which will benefit if implied volatility in US equities increases from current low levels. Meanwhile, we recently opened a new relative volatility strategy favouring the Hang Seng versus the S&P 500.

Looking ahead, we continue to expect a variable and protracted recovery in global markets with additional regulation of financial firms serving to reduce their credit risk and allowing us to exploit their high relative spread. Credit positions, both long and relative, therefore form a significant part of our portfolio. Return-seeking strategies have been focused on generating yield while aiming to ensure that the Fund will benefit should there be an economic surprise. We are also positioned to take advantage of the restructuring strain on the equity of banks and growth prospects in emerging markets.

Investment return for the period 6.6%

Bank of Ireland

How the assets are managed

The Assets in question are held in a cash based deposit account at an agreed rate (3.45% Gross) for a term of six months.

Value of assets on receipt on 13th December 2011	€4,999,990.00
Net contributions to date	€ 108,780.60
Appreciation continues @ 3.45% to maturity 09/12/2012	
*Interest to date	€ 52,151.45
Value as at 31st May 2012	€5,108,770.60

* This will be applied to the account along with the additional interest at maturity

How the assets are invested

The assets are held on deposit in Ireland

PROPERTY COMMENTARY : Year ended 31st May 2012

Weakness in capital values in highly illiquid and out-of-favour property markets again outweighed the high income yields available on property investments to produce a disappointing return from the Fund's investments in property during the year.

The SSGA Exempt Property Unit Trust continued to outperform its peers benefiting from active management of its well diversified, well let and unleveraged portfolio of Irish and U.K. properties.

The F & C Irish Property Fund is focused on the underperforming Irish market. The return on this fund was further constrained by its holding of a large vacant office block despite the Fund's otherwise strong income return.

The KBI/Lothbury European Property Fund is a fund of European property funds offering a wide exposure to properties across twelve underlying fund managers and across twenty countries. Uncertainty flowing from the ongoing European debt crisis put occupier markets under pressure creating particular difficulties for leveraged funds.

Tentative signs of a stabilisation of property yields has begun to emerge. The availability of secure yields on prime assets is attractive for investors at a time of minimal returns on safe bank deposits.

1. Introduction

Section 59 of the Pensions Act requires that the Trustees prepare a statement describing the principles underlying their investment policy.

This statement has been prepared in consultation with our actuarial and investment advisors. It will be reviewed at least every 3 years and revised whenever there is a change in our investment principles.

2. Overview

The assets of the Scheme are sub-divided into 3 separate funds for investment purposes:

The Bond Fund invests primarily in a combination of fixed interest and inflation linked Eurozone government bonds.

The strategic benchmark for the **Main Fund** is to invest 75% in return seeking assets such as equities, alternative assets and property and 25% in bonds and cash.

The **Cash Fund** invests in a diversified range of deposits and money market instruments to provide capital protection with cash type returns.

3. The Bond Fund

The Bond Fund is used for the following purposes:

(a) Assets held in respect of all retired members and assets held in respect of certain deferred pensions (which are no longer a direct liability of an employer's sub-fund) are invested entirely in the Bond Fund. Such assets represent over 95% of the total value of the Bond Fund.

(b) A proportion of the assets held in respect of the members of Defined Benefit sub-schemes who are within 7 years of their normal retirement date will be invested in the Bond Fund when the revised investment strategy for DB sub-schemes requiring recovery periods of more than 3 years as adopted by the Trustees in March 2009 has been fully implemented.

(c) The sponsoring employers of DB sub-schemes may in consultation with the Trustees opt to have part of the assets of their sub-scheme invested in the Bond Fund.

(d) Members of Defined Contribution sub-schemes and members paying AVCs may opt to have all or part of their retirement/AVC account invested in the Bond Fund.

Investment Objective and Asset Allocation

The investment objective for the Bond Fund is to hold assets which as far as practicable will "match" the liabilities referred to in sub-paragraph (a) above ("the Matched Liabilities"). This means holding a portfolio of assets which will, as closely as possible, change in value in line with changes in the value of these liabilities as financial conditions change.

The liabilities in question fall into two broad categories:

- Liabilities which are linked to the rate of Irish price inflation and
- Liabilities which are not inflation linked e.g. pensions in payment which do not increase while in payment or which increase at a fixed rate.

Inflation linked liabilities are "matched" by holding inflation linked bonds of average duration equivalent to the average duration of these liabilities. As it is not possible to purchase stocks of sufficiently long duration linked to Irish price inflation the Bond Fund invests partly in stocks of shorter duration linked to Irish inflation and partly in stocks of longer duration linked to Eurozone inflation. While rates of Irish and Eurozone inflation may diverge in the short-term, it is considered that investment in stocks linked to Eurozone inflation provides the best available long-term match for liabilities linked to Irish inflation in the expectation that rates of inflation within the Eurozone will converge in the long-term. The index linked stocks held are predominantly issued by or guaranteed by a Eurozone government.

Fixed Liabilities are "matched" by holding Eurozone government fixed interest stock of average duration equivalent to the average duration of these liabilities.

The Bond Fund is therefore entirely managed on a passive basis by reference to the "Matched Liabilities".

Risk Measurement and Monitoring

The principal investment risk facing the Bond Fund is that the return earned fails to match the change in the value of the "Matched Liabilities" as bond yields and rates of inflation change. This risk is managed by reviewing on an annual basis the suitability of the stocks held to match these liabilities.

This includes a review of:

(a) The overall value of the Bond Fund held in respect of the "Matched Liabilities" having regard to cash flows and new retirements during the year.

(b) The proportion of the Bond Fund to be held in fixed interest bonds and the proportion to be held in inflation linked bonds.

(c) The duration of the stocks held by comparison with the duration of the "Matched Liabilities".

The financial effect of investment risk is quantified each year as part of the overall actuarial valuation of the Scheme.

4. The Main Fund

The Main Fund is the primary investment vehicle for employer sub-funds including those which are established on a defined benefit basis, those which are established on a defined contribution basis and member AVCs.

Investment Objective and Asset Allocation

The investment objective for the Main Fund is to achieve the maximum rate of return consistent with an appropriate level of risk/volatility. The Trustees, with the assistance of the Scheme's investment consultant, determine the appropriate balance between risk and return based on their assessment of the requirements of a typical investor in the Main Fund.

In keeping with this objective the Trustees have adopted a long-term strategic benchmark for asset allocation purposes as follows:

Asset Class	Long-term Benchmark	Permitted Range
Bonds	20%	15% to 25%
Equities	60%	50% to 70%
Property	10%	5% to 15%
Cash	5%	0% to 10%
Alternative Assets	5%	0% to 10%

The Trustees, with the assistance of the investment consultant, determine where the Fund is positioned within the permitted ranges at any time. The Trustees' policy is to make occasional changes to asset allocation in anticipation of critical turning points in investment markets based on analysis received from their investment advisor.

The distribution of the Main Fund will also change in response to market movements. Should market movements lead to a breach of the specified limits the Fund will be automatically re-balanced to bring it back within the permitted ranges.

Stock Selection

The bond content of the Main Fund is managed on a passive basis by reference to the Merrill Lynch Eurozone government over 5 year index.

The allocation to equities is benchmarked against the FTSE World Index with 85% of this allocation to be managed on a passive basis and 15% being managed by a single active manager. Allocations to property, cash and alternative assets are managed on an active basis.

Currency Management

The first €30m of the US$ exposure of the Main Fund is hedged back to the Euro. The balance of the Main Fund is invested on an unhedged basis. This strategy has been adopted:

- To reduce the Fund's disproportionate exposure to the US$ which would otherwise arise from its allocation to Global Equities.
- To achieve a broad diversification of the Scheme's non-euro currency exposure and,
- To reduce the overall non-euro currency exposure to approximately 40% of the value of the Main Fund.

Risk Management

Investment risk in the Main Fund is managed by:

- Investing a significant portion of the Fund on a passive basis in order to reduce manager risk.
- Adopting a 25% allocation to secure assets such as bonds and cash.
- Ensuring that the investments are well diversified both geographically and sectorally.
- Ensuring that appropriate control procedures are in place.
- Regular monitoring of manager performance and strategy.
- Hedging a significant proportion of the Fund's exposure to US$ in order to reduce currency risk.
- Ensuring a high exposure to liquid assets.

Performance Measurement

The actual return earned on the Main Fund is compared with a benchmark return on a quarterly basis. The performance objective is to exceed the benchmark return by 0.5% per annum on a rolling 3 years basis.

The benchmark return is calculated by applying the neutral asset allocation weightings to an appropriate index in each asset class as follows:

Asset Class	Neutral Benchmark Weighting	Performance Measurement Index
Bonds	20%	Merrill Lynch over 5 year Eurozone government index
Equities	60%	FTSE World Index
Property	10%	IPD all sectors index
Cash	5%	3 month interbank rate
Alternative assets	5%	3 month interbank rate + 2%

The FTSE world index used is that denominated in euro.

5. Investment Strategy for Defined Benefit Sub-Schemes which require extended recovery periods

The Trustees require that the strategy outlined below be implemented as a condition of their supporting an extended funding proposal period of more than 3 years. At the date of each actuarial valuation (normally every 3 years) the percentage of past service liabilities to be invested in the Bond Fund is calculated in accordance with the following table based on the age distribution of the employed and deferred members in the sub-scheme at the valuation date.

Period Remaining to Normal Retirement Date	% Of Past Service Liabilities to be Invested in Bond Fund
0 – 3 years	75%
3 – 5 years	50%
5 – 7 years	25%
Over 7 years	Nil

The balance of the assets of the sub-scheme is invested in the Main Fund.

This calculation results in an overall percentage of past service liabilities to be invested in the Bond Fund. This percentage is applied to the value of existing assets to determine the proportions to be invested in the Bond Fund and the Main Fund. Future contributions are allocated in the same proportions. Disinvestments to fund retirements will be made 75% from the Bond Fund and 25% from the Main Fund unless otherwise advised by the Scheme Actuary.

This strategy will be implemented on a phased basis as funding proposals, requiring a recovery period of more than 3 years, are implemented for each DB sub-scheme. Where the application of this strategy results in a material increase in the proportion of existing assets to be invested in the Bond Fund the increased bond content may be implemented on a phased basis in consultation with the sponsoring employer over a period of up to 3 years.

The employer sponsoring a DB sub-scheme may in consultation with the Trustees opt to have a greater allocation to the Bond and Cash funds than is derived from this strategy. In the case of sub-schemes which do not require an extended recovery period the investment strategy to be adopted is determined by the Trustees in consultation with the sponsoring employer.

6. Defined Contribution Schemes and Additional Voluntary Contributions

The Trustees' key investment objectives in relation to DC members and those paying AVCs are:

- To provide a suitable range of fund options to meet the requirements of individual members and
- To provide members with adequate information in relation to these options.

It is acknowledged that individual members will have different requirements depending on their age, their attitude to risk and investment knowledge.

Risk Measurement

The risks considered by the Trustees in determining the fund options currently available and their response to the management of these risks are shown below:

(a) The risk of insufficient long-term capital growth for younger members - managed by providing access to the Main Fund which has a benchmark allocation of 75% in return seeking assets.

(b) The risk that the value of a member's investment account may fall shortly before retirement due to stock market volatility leading to a permanent loss of retirement income - managed by offering members a Cash Fund to which they may transfer as they approach retirement.

(c) The risk that bond yields may fall shortly before retirement leading to an increase in annuity costs and a permanent loss of retirement income - managed by offering the Bond Fund to which members may transfer as they approach retirement.

(d) The risk that members may have insufficient investment knowledge to make appropriate choices in relation to the investment of their accounts. It is intended that this risk will be managed by offering a Lifestyle Option (as soon as practical) which is also the default option in the event that a member does not make a written fund choice.

(e) The risk that individual investment managers may under perform leading to a loss of investment return - controlled by offering funds which are mainly managed on a passive basis.

(f) The risk of loss due to inadequate diversification and/or investment in liquid unregulated markets - managed by only offering unitised funds which are themselves broadly diversified and which invest mainly in regulated stock markets.

Summary of Fund Options Available

In compliance with these principles the current fund options are as follows:

- The Main Fund
- The Bond Fund
- The Cash Fund

In addition, it is intended that a Lifestyle Option will be offered as soon as practical under which a defined contribution member's account is invested in the Main Fund until 5 years prior to a member's normal retirement date. The member's account is then transferred automatically to the Cash Fund in 5 equal steps over the period to normal retirement date. The Lifestyle Option will be the default for members who do not make an investment choice.

Trustees	Construction Federation Executive Pension Scheme Trustee Limited
	Directors
	D. O'Brien (Chairman)
	M. Behan (Retired 21st June 2011)
	B. O'Neill
	L. Crehan
	J. Gleeson (Retired 14th December 2011)
	O. Haslette (Retired 20th June 2011)
	G. Morrissey
	R.P Treacy
	C. Scott (Appointed 26th October 2011)
Secretary to the Trustee	P. Ferguson
Administrators	Construction Industry Federation, Construction House, Canal Road, Dublin 6
Actuaries	D McNamee FIA Consulting Actuary Towers Watson Ireland Limited, Trinity Point, 10 - 11 Leinster Street, Dublin 2
Auditors	Grant Thornton, Chartered Accountants & Registered Auditors 24–26 City Quay, Dublin 2
Bankers	Allied Irish Banks Plc., 1 Lower Baggot Street, Dublin 2

Looking after your Scheme (cntd)

Custodians	Bank of Ireland Securities Services, New Century House, International Financial Services Centre, Mayor Street Lower, Dublin 1
	Citibank Europe plc, 1 North Wall Quay, International Financial Services Centre, Dublin 1
Investment Managers	Alder Capital, 61 Merrion Square, Dublin 2
	BNY Mellon Asset Management (Appointed January 2012) Administration Centre, The Harcourt Building, Harcourt Street, Dublin 2
	Edinburgh Partners Ltd, (Removed August 2011) 12 Charlotte Square, Edinburgh, EH2 4DJ, Scotland
	F & C Ireland Ltd, Block 5, Harcourt Centre, Harcourt Road, Dublin 2
	Irish Life Investment Managers Ltd, Beresford Court, Beresford Place, Dublin 1
	Kleinwort Benson Investors Dublin Ltd Joshua Dawson House, Dawson Street, Dublin 2
	Standard Life Investments 1 George Street, Edinburgh, EH2 2LL Scotland
	State Street Global Advisors Ireland Limited 2 Park Place, Upper Hatch Street, Dublin 2
Insurers	Irish Life Assurance Plc, Beresford Court, Beresford Place, Dublin 1
Solicitors	Arthur Cox, Earlsfort Centre, Earlsfort Terrace, Dublin 2

TOWERS WATSON

I last carried out an actuarial valuation of the Construction Executive Retirement Savings (formerly known as the Construction Federation Executive Pension Scheme) ("the scheme") as at 31st May 2012.

The results of the valuation show that, based on the assumptions used for the purposes of the valuation, the assets of the scheme were sufficient to meet the values of the following at 31st May 2012:

1. Pensions in payment;

2. Deferred benefits for members who have left service which are not covered by the pension arrangements for participating employers;

3. Guaranteed benefits for employed members in respect of service completed to 31st May 2012 which are not covered by the pension arrangements for participating employers; and

4. Funds calculated in respect of the pension arrangements for participating employers.

Separate actuarial valuations are carried out for defined benefit pension arrangements for participating employers in order to determine the contribution rates required for these arrangements.

Actuarial valuations are not required for defined contribution pension arrangements.

It is intended that the next valuation of the scheme will be carried out as at 31st May 2013.

D McNamee FIA
Consulting Actuary
Towers Watson Ireland Limited

19th December 2012

Statement of Trustee's Responsibility

The accounts are the responsibility of the Trustee. Irish pension legislation requires the Trustee to make available for each Scheme year the annual report of the Scheme, including audited accounts and the report of the auditor. The accounts are required to show a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the financial transactions for the Scheme year and the amount and disposition of the assets and liabilities (other than liabilities to pay benefits in the future) at the end of the Scheme year and include a statement as to whether the accounts have been prepared in accordance with Statement of Recommended Practice - Financial Reports of Pension Schemes ("SORP") (Revised May 2007), subject to any material departures disclosed and explained in the accounts.

Accounting standards generally accepted in Ireland in preparing accounts showing a true and fair view are those published by the Institute of Chartered Accountants Ireland and issued by the Accounting Standards Board. Accordingly, the Trustee must ensure that it has supervised the preparation of the Scheme accounts and ensure that:

- Suitable accounting policies are selected and then applied consistently
- Reasonable and prudent judgements and estimates are made
- SORP has been followed, or particulars of any material departures have been disclosed and explained.

The Trustee is responsible for ensuring that proper membership and financial records are kept on a timely basis sufficient to enable an Annual Report to be prepared for the Scheme containing the information specified in Regulation 7 of the Occupational Pension Schemes (Disclosure of Information) Regulations 2006, including accounts which show a true and fair view of the financial transactions of the Scheme in the year under review and of the assets and liabilities at the year end, other than liabilities for pensions and other benefits payable after the year end. It is also responsible for safeguarding the assets of the Scheme and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Signed on behalf of the Trustee

B O'Neill
Director of Trustee company

C Scott
Director of Trustee company

Approved by the Trustee on 19th December 2012

Independent auditors' report to the trustees

We have audited the financial statements of the Construction Executive Retirement Savings (formerly Construction Federation Executive Pension Scheme for the year ended the 31st May 2012 on pages 26 to 34 which have been prepared in accordance with the accounting policies set out on page 28.

This report is made solely to the Scheme's Trustee, as a body, in accordance with Section 56 of the Pensions Act 1990 and Regulations made there under. Our audit work and our work on contributions has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in such an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee, as a body, for our audit work, our work on contributions, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustee and independent auditors in relation to the financial statements.

As described in the Statement of Trustee Responsibilities on page 23 the Scheme's Trustee is responsible for ensuring that the financial statements are prepared in accordance with applicable Irish pension law and the accounting standards issued by the Accounting Standards Board and published by the Chartered Accountants Ireland (Generally Accepted Accounting Practice in Ireland).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition of its assets and liabilities other than liabilities to pay benefits in the future; and whether the financial statements contain the information specified in the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006. Because the financial statements include the transactions of individual schemes on an aggregate basis, we do not report to you whether the contributions payable to the Scheme during the Scheme year have been received by the Trustees within thirty days of the end of the Scheme year end and whether, in our opinion, the contributions payable to the Scheme during the Scheme year have been paid in accordance with the Scheme rules and with the recommendations of the actuary.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by or on behalf of the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Scheme's circumstances, consistently applied and adequately disclosed. Our work also includes examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. Because of the nature of the Scheme we have not checked that the contributions have been paid in accordance with the Scheme rules and the recommendations of the actuary nor have we checked that the contributions payable to the Scheme during the Scheme year have been received by the Trustees within thirty days of the end of the Scheme year end. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements:

- Show a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the financial transactions of the Scheme for the year ended 31st May 2012, 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 scheme year; and

- Contain the information specified in The Occupational Pension Schemes (Disclosure of Information) Regulations, 2006.

Emphasis of matter

In forming our opinion we have considered the adequacy of the disclosures made in note 1(b) on page 28 of the financial statements in relation to contributions recognised on a cash receipt basis. While our opinion is not qualified in this respect, International Auditing Standards require the auditors to draw this fact to the attention of the readers.

In addition, as set out in the basis of preparation of the financial statement on page 28, the transactions and assets in respect of the individual schemes for participating employees are included in the financial statements on an aggregate basis. Because of this and as explained above, in the respective responsibilities of the Trustee and independent auditors to the financial statements, we have not reported on the position relating to contributions payable, which are dealt with separately on an individual participating employer basis.

GRANT THORNTON
Chartered Accountants &
Registered Auditors
24-26 City Quay
Dublin 2

19th December 2012

Contributions and Benefits

	Note	2012 €	2011 €
Contributions		14,799,975	20,818,221
Transfers in from other schemes		445,840	322,069
Insurance Receipts		1,837,360	1,535,268
		17,083,175	22,675,558
Benefits payable	2	(19,309,541)	(20,972,431)
Leavers	3	(19,879,092)	(14,358,116)
Other payments	4	(3,621,159)	(1,940,933)
Administrative expenses	5	(1,875,929)	(1,973,449)
		(44,685,721)	(39,244,929)
Net withdrawals from dealings with members		(27,602,546)	(16,569,371)
Returns on investments			
Investment income	6	295,685	626,909
Change in market value of investments	7	18,603,300	2,980,713
Investment management expenses	8	(125,159)	(15,511)
Net returns on investments		18,773,826	3,592,111
Net decrease in the fund during the period		(8,828,720)	(12,977,260)
Net Assets of the Scheme at 1st June 2011		421,317,833	434,295,093
Net Assets of the Scheme at 31st May 2011		412,489,113	421,317,833

B O'Neill
Director of Trustee Company

C Scott
Director of Trustee Company

Approved by the Trustee on 19th December 2012

	Note	2012 €	2011 €
Investments	7		
Pooled investment vehicles		411,283,166	418,231,986
Derivative contracts		–	1,439,801
		411,283,166	419,671,787
Current assets			
Current assets	9	502,910	964,864
Cash at bank		1,989,634	1,003,611
		2,492,544	1,968,475
Current liabilities			
Liabilities - amounts falling due within one year	10	(1,286,597)	(322,429)
Net Assets of the Scheme at 31st May 2012		412,489,113	421,317,833

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Actuary's Report on page 22 included this report should be read in conjunction with it.

These financial statements were approved by the Trustee on the 19th December 2012 and are signed on their behalf by:

B O'NEILL
Director of Trustee Company

C SCOTT
Director of Trustee Company

1. Accounting policies

Constitution of Scheme

The Scheme was established by a Trust Deed dated 1st May 1971. The Scheme is now governed by a Definitive Trust Deed and Rules dated 12th March 2002. The Fund has been approved by the Revenue Commissioners. The Scheme pays pensions to retired members from the resources of the scheme and in the period up to retirement, individual member accounts are maintained within the scheme for each member on a defined contribution basis.

Basis of accounting

The financial statements record the transactions of the scheme during the period and summarise the assets held by the Trustee at the end of the financial year. The transactions and assets in respect of individual schemes for participating employees are included in the financial statements on an aggregate basis.

The financial statements have been prepared in accordance with the guidelines set out in the Statement of Recommended Practice, "Financial Reports of Pension Schemes" (Revised May 2007), published by the Pensions Research Accountants Group. The financial statements have been prepared in accordance with applicable accounting standards generally accepted in Ireland and under the historical cost convention with the exception of investments which are accounted for at market value. Accounting standards generally accepted in Ireland in preparing financial statements showing a true and fair view are those published by the Institute of Chartered Accountants Ireland and issued by the Accounting Standards Board.

a) Valuation of investments

Investments are stated at market value on the final working day of the accounting period as follows:

Quoted Investments are stated at bid market value as at 31st May 2012.

Listed securities are stated at market value.

Pooled investment vehicles are stated at the closing bid prices quoted by the fund managers.

Derivatives are valued at fair value as follows:

Forward foreign exchange contracts are valued by establishing the gain or loss that would arise on closing out the contract at the accounting date by entering into an equal and opposite contract on that date.

b) Contributions

Contributions are recognised for the overall scheme on a cash receipts basis when they are received by the Scheme. This treatment is at variance with the requirements of Statement of Recommended Practice, Financial Reports of Pension Schemes (Revised May 2007) and FRS 12 'Provisions, Contingent Liabilities and Contingent Assets'. This policy is adopted because of the unique nature of the scheme. The Trustee of the scheme is unable to estimate what contributions are due to the scheme until returns are made by employers on behalf of the scheme members in their employment.

c) Benefits payable

Benefits are accounted for in the year in which they fall due and represent all benefits payable to leavers prior to the Scheme year end.

d) Foreign exchange

Investments and current assets denominated in foreign currencies are translated into their Euro equivalents at the rates ruling at the year-end. Transactions during the year have been translated at the rate of exchange ruling at the date of the transactions.

e) Investment income

Income from quoted securities is accounted for when received. Income earned on investments in unit linked funds is not distributed but is accumulated with the capital of the funds. Any investment income earned relates to distributions actually paid out by the Investment managers.

f) Investment management fees

Investment Management fees are calculated as a percentage of the assets under management. Fees relating to unit funds are levied directly in either the unit price or by surrendering units from the Scheme to the value of the fee. Fees incurred in the year relate to funds managed on a segregated basis. All fees are borne by the Scheme fees relate to funds managed on a segregated basis. Where unitised funds are held, charges are reflected in the unit price.

g) Transfer to / from schemes

Transfer values are accounted for as they are received / paid at values determined by the Actuary advising the Trustee.

h) Taxation

The Scheme has been approved as an “exempt approved scheme” for the purposes of Section 784 and 785 of the Taxes Consolidation Act, 1997 and thus the Schemes income and gains are exempt from taxation with the exception of the Pension Levy which is borne by the Scheme. The levy was introduced by section 4 of the Finance (No. 2) Act 2011 under section 125B of the Stamp Duty Consolidations Act 1999 which introduced a four-year annual levy of 0.6% on the aggregate market value of private pension funds at a fixed valuation date of 30 June for each of the years 2011 to 2014 inclusive. This Pension Levy is accounted for in full in the year that it is paid values are accounted for as they are received / paid at values determined by the Actuary advising the Trustee.

2. Benefits

	2012	2011
	€	€
Pensions	11,823,831	11,371,941
Commutations and Lump sum retirement benefits	7,071,039	9,223,389
Lump sum death benefits	414,671	377,101
	19,309,541	20,972,431

3. Leavers

	2012	2011
	€	€
Refund of member contributions	57,290	79,974
Transfer to other schemes	14,350,228	8,087,873
Transfer to approved retirement funds	5,471,574	6,190,269
	19,879,092	14,358,116

4. Other payments

	2012	2011
	€	€
Insurance of risks	1,224,999	1,940,933
Pension Levy	2,396,160	–
	3,621,159	1,940,933

Death and ill-health retirement benefits are substantially insured for the year under review by Irish Life. Substantially all of these amounts have or will be collected. These amounts are recovered and included in contribution receipts from participating employers. In the long term there is no expense to the fund.

The Scheme is subject to an annual Pension Levy of 0.6% on the aggregate market value (excluding contingent assets) of Scheme assets commencing on 30th June 2011. Refer to accounting policy at 1(h) above.

5. Administrative expenses

	2012 €	2011 €
CIF Administration charges	1,650,000	1,649,168
Pension Board fees	4,370	6,163
Legal and consultancy fees	100,193	161,504
Trustee' fees	27,637	49,378
Other trustee related charges	55,827	72,312
Audit fee	33,740	34,020
Bank charges	4,162	904
	1,875,929	1,973,449

6. Investment income

	2012 €	2011 €
Deposit interest	107,107	–
Quoted and other securities	188,578	626,909
	295,685	626,909

7. Investments

	Value brought forward	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market value	Value carried forward
Pooled and directly held investments	418,231,986	20,311,732	(50,245,950)	22,985,398	411,283,166
Forward foreign exchange contracts	1,439,801	3,359,624	(417,327)	(4,382,098)	–
	419,671,787	23,671,356	(50,663,277)	18,603,300	411,283,166

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. Indirect transaction costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amounts of indirect transactional costs are not separately provided to the Scheme. Derivative receipts and payments represent the realised gains and losses on futures contracts. The Scheme's objective is to assure portfolio efficiency and to decrease the risk in the portfolio by entering into futures positions to match assets that are already held in the portfolio without disturbing the underlying assets.

7. Investments (continued)

	2012 €	2011 €
Main fund - Pooled investment vehicles		
Equities		
Irish	131,700	120,243
United Kingdom	8,384,303	13,857,435
Rest of Europe	14,927,777	24,557,301
U.S.A.	47,163,543	48,034,736
Japan	6,867,201	11,549,034
Other	20,361,850	21,345,960
	97,836,374	119,464,709
Fixed interest - Overseas	31,016,602	33,018,801
Property	13,666,456	14,571,566
Cash and cash instruments	18,240,844	30,797,473
	160,760,276	197,852,549
Pensioner fund		
Pooled investment vehicles		
Fixed interest		
Eurozone	5,619,954	184,803,618
Directly held		
Cash	406,023	–
Fixed interest - Eurozone	197,709,957	–
	203,735,934	184,803,618
Cash fund		
Pooled investment vehicles - Irish	41,683,059	35,575,819
Cash on deposit - directly held Bank of Ireland	5,103,897	–
	46,786,956	35,575,819
Total investments	411,283,166	418,231,986
Derivative contracts		
Forward foreign exchange contracts	–	1,439,801

7. Investments (continued)

Forward foreign exchange contracts

Forward foreign exchange contracts are over the counter contracts whereby two parties agree to exchange two currencies on a specified future date at an agreed rate of exchange. Forward foreign exchange contracts are over the counter so the size of the deal, the settlement date and price are all negotiable between the two counterparties.

The key risks associated with derivatives are:

Credit and counterparty risk

Credit risk is the risk that the counterparty to a financial transaction will fail to perform according to the terms and conditions of the contract causing the asset-holder to suffer a financial loss.

Credit risk for exchange traded derivatives is typically minimal due to a combination of daily margining of value movements and the exchange being the counterparty to the transaction.

Credit risk for Over the Counter (OTC) derivatives is typically managed by collateral arrangements. Therefore, the credit risk that remains will depend on the frequency of the revaluation of the derivatives and the period between collateral adjustments.

Market risk

Market risk is the risk that the market of an instrument moves over time as a result of changes in exchange rates, interest rates or other price risks. Market risk will exist regardless of an individual investor's or counterparty's financial status or of the particular nature of the contractual arrangement.

Liquidity risk

Market liquidity risk is the risk that a financial instrument cannot be sold quickly at or close to market value.

Basis risk

'Basis' refers to the spread between two market prices such as that between a futures price and the price of an underlying asset. Thus basis risk is the risk of an unfavourable basis change resulting in a futures gain which is less than a cash market loss or a futures loss which is greater than a cash market gain.

Settlement risk

The possibility that operational difficulties interrupt delivery of funds even where the counterparty is able to perform is referred to as settlement risk. This is often viewed as a type of credit risk, but is more common with complex derivative instruments where settlement values need to be quickly and accurately calculated based on the process of other underlying instruments and often using complex formulae.

In cases where there are many derivative contracts held at the year end, the SORP recommends that they are disclosed on an aggregate basis. The basis of aggregation depends on the nature of the contracts held. For the Construction Federation Executive Pension Scheme, the basis of aggregation used is the expiration of the contracts.

8. Investment Management Expenses

	2012	2011
	€	€
Investment manager fees	125,159	15,511

9. Current Assets

	2012	2011
	€	€
Risk premium prepaid	500,000	–
Pensions payroll	–	962,572
Pension Board fees	2,910	2,292
	502,910	964,864

10. Creditors and Accruals

	2012	2011
	€	€
Investment Managers fee	24,242	–
Audit fees	33,880	34,020
Legal fees	5,368	6,956
Lump sum death benefit accruals	1,020,287	–
Insurance of risk	–	90,934
PAYE/PRSI payable	202,820	190,519
	1,286,597	322,429

11. Potential Benefit Liabilities

The Trustee is not aware of any significant potential liabilities that exist at the year end which relate to members leaving or retiring from the scheme at or before the year end.

12. Related Party Transactions

An administration charge of €1,650,000 (2011: €1,649,168) was charged by the Construction Industry Federation. The Trustee company is beneficially owned and controlled by the Construction Industry Federation.

Travelling and other expenses to the directors of the Trustee company amounted to €27,637 (2011: €49,378).

13. Approval of financial statements

The financial statements were approved by the Trustee on 19th December 2012

INTERNAL DISPUTES RESOLUTION PROCEDURE

Internal Disputes Resolution Procedure (or IDRP) is a set of procedures drawn up in order to deal with certain types of complaints that may be made by actual or potential beneficiaries of the pension plan. Two types of complaint are eligible for the IDRP:

1. An actual or potential beneficiary alleges that they have sustained a financial loss due to maladministration, or

2. An actual or potential beneficiary has a dispute of fact or law in relation to an action taken by a person responsible for managing the scheme.

The Pensions Ombudsman can only consider complaints that have already gone through the IDRP. Complaints may be referred to the Ombudsman if, having gone through IDRP, you are not satisfied with the outcome.

Complaints should, in the first instance, be brought with any supporting documents to your employer's pension contact and be discussed. If a resolution is not agreed you can contact the Scheme Administration at Canal House, Canal Road, Dublin 6. (Phone 01 407 1430).

If you are not satisfied with the Administration's response then you can bring your complaint or dispute to the Trustees. The complaint must be brought in writing in the prescribed format. On receiving the letter, the Trustees or their representatives will initially assess the complaint. They will consult with any parties involved in the dispute. They will provide these parties with details of the case and consider their recommendations. The Trustees may also discuss the case with expert advisers and seek their opinion on the merits of the case.

The Trustees will make a decision in relation to the complaint or dispute and respond to the complainant in writing in a prescribed format within three months of receipt of the required information from the complainant. This response is referred to as a Notice of Determination.

If any party to the dispute does not accept the decision of the Trustees, they are then free to refer the matter to the Pensions Ombudsman at 36 Upper Mount Street, Dublin 2, for final adjudication.

For full details of the Internet Dispute Resolution procedure, please contact the Administration team.

The Construction Federation Executive Pension Scheme provides a complete pension service for all employers involved in the Construction Industry.

- Each participating Employer has complete flexibility to determine the benefits to be provided for its own pension plan on a cost effective basis, within Revenue limits.
- No commissions.
- No penalties.
- Competitive transparent charges.
- Additional benefits at very favourable rates.
- Full tax relief for both employer and employee contributions.
- Expert and impartial advice on all areas of pension planning.
- The choices available to Proprietary Directors and for Additional Voluntary Contributions under the Finance Acts 1999 and 2000 are available from the Scheme.

As at 31st May 2012 the personnel of the Administration of the Construction Federation Executive Pension Scheme were:

General Manager: Mary Burke

Consultants: John Geraghty, Susan O'Mara, Damien Starken and Paula Thornton

Administration Manager: Frances McNally

Administration: Lizzie Baxter, Sandra Blake, Carol Briody, Aisling Keane, and Siobhan McCabe

For more details, contact:

Construction Executive Retirement Savings (CERS)
(Formally Construction Federation Executive Pension Scheme)

Canal House, Canal Road, Dublin 6.

Tel: (01) 407 1430

Fax: (01) 507 7490

E.mail: info@cers.ie

Construction Federation
Executive Pension Scheme

Canal House,
Canal Road, Dublin 6