

The T&N UK Asbestos Trust and The T&N EL Trust

Trustee's Annual Report 2015

Contents

1. Introduction	2
1.1 Executive summary	2
1.2 The Trustee	3
1.3 Core objective.....	3
2. T&N Fund/T&N EL Trust Claims	3
2.1 Trust Claims analysis	3
2.2 Payments to Trust Claimants	4
2.3 Disease analysis.....	4
2.4 Trust Claims subject to Expert review process	4
2.5 Rejected claims	4
2.6 Cape Trust Claims.....	5
2.7 Product liability (PL) claims	6
3. Chester Street Fund	6
4. Dividend policy/Actuarial Review	7
5. Trusts' investments	7
5.1 Investment strategy.....	7
5.2 Funds held at year end	7
5.3 Investment performance.....	8
6. Hercules	8
7. Professional costs	9
8. Trusts accounts.....	10
9. Contact details.....	10

Appendices

Appendix A: The T&N UK Asbestos Trust Accounts for the period from 12 October 2014 to 11 October 2015

Appendix B: The T&N EL Trust Accounts for the period from 12 October 2014 to 11 October 2015

1. Introduction

1.1 Executive summary

The purpose of this report is to provide an update to the key stakeholders of the T&N UK Asbestos Trust and T&N EL Trust (the **Trusts**). The T&N UK Asbestos Trust consists of a number of funds. The primary funds are the T&N Fund and the Chester Street Fund. Under the terms of the Trust Deed, these Funds must remain separate and cannot be co-mingled.

This report is the ninth annual report issued by the Trustee. This report contains terms which are defined in the Trust Distribution Procedures (the **TDP**).

This report includes detail in relation to the operational, financial and legal matters, which have been of relevance to the Trusts throughout the period. This report should be read in conjunction with the Trustee's previous reports.

The highlights of the report are as follows:

- i During the year the number of Trust Claims received and paid by the Trusts can be summarised as follows:

	Received	Paid/settled
T&N excluding Cape Trust Claims	148	146
T&N – Cape Trust Claims	172	289
Chester Street	109	81
Total	429	516

Note: Excludes second dividends

Payments to Trust Claimants can be summarised as follows:

£ million

T&N – first dividend	2.93
T&N – second dividend	1.80
T&N – Cape Trust Claims	1.62
Chester Street – first dividend	0.62
Chester Street – second dividend	0.20
T&N EL Trust – first dividend	1.14
T&N EL Trust – second dividend	0.08
Total	8.39

- ii The investment return during the past year was 1.0%. Whilst this result is significantly less than we anticipated it was in line with general movements in the markets. Regrettably this poor level of return has continued into the present year. Such a significant divergence from our actuarial model will, if continued, have a material impact on the level of future dividend payments. Under the terms of the TDP, the Trustee is obliged to commission a full actuarial review every five years. The next actuarial review is due during 2016. In conjunction with our professional advisers we intend to use this review as an opportunity to critically re-examine whether our assumptions on future investment returns and certain other factors remain appropriate.

- iii During the year we worked closely with the US Asbestos Trust to try to secure a settlement of the Hercules Policy. After a prolonged period of negotiation we agreed to commute the policy and shortly after the year end the agreement was finalised and became binding on all parties. Full details are shown in Section 6. In summary the commutation will result in a minimum payment of £3 million to the UK Asbestos Trusts which, in accordance with the terms of the T&N CVA, is split £1.8 million to the T&N Fund and £1.2 million to the Chester Street Fund.

1.2 The Trustee

The Trustee is 'The T&N Asbestos Trustee Company Limited' a limited company, number 05548874, registered in England and Wales.

The directors of the Trustee are James Gleave, Anne O'Keefe and Christopher Melton QC.

James Gleave and Anne O'Keefe are Chartered Accountants at AlixPartners Services UK LLP. Christopher Melton QC is a Barrister at Byrom Street Chambers.

1.3 Core objective

The Core Objective of the Trusts is broadly to allow Trust Claimants to receive a payment (or payments) from the appropriate Fund or Funds which:

- reflects the value of their underlying claim;
- is fair and proportionate, having regard to the interests of other Trust Claimants with similar Trust Claims claiming out of the same Fund or Funds; and
- is calculated and paid in an efficient and cost-effective manner, following an efficient and cost-effective assessment of the Trust Claim.

2. T&N Fund/T&N EL Trust Claims

This section relates to claims against the above two Funds and excludes Chester Street Claims, which are shown in section 3 of this report.

2.1 Trust Claims analysis

The Trust Claims submitted in the first nine years of operation are summarised below:

Status	As at 11 October 2014	As at 11 October 2015
Paid	2162	2,455
Awaiting further information from Trust Claimants	46	55
Pending issue of Admission Notice	5	24
Subject to Expert review process	-	-
Withdrawn	75	77
Rejected	200	217
Total	2,488	2,828

During the year the Trust received 172 Cape Trust Claims (see 2.6), all of which have been paid or are awaiting payment.

2.2 Payments to Trust Claimants

During the year a total of £9.06 million was paid out in respect of Trust Claims. The total paid out during the first nine years was £71.02 million and can be summarised as follows:

£ million	As at 11 October 2014	Paid during year	As at 11 October 2015	% of total
Payments to Trust Claimants	57.67	8.39	66.06	93.0
Trust Claimants' legal fees	3.53	0.57	4.10	5.7
Trust Claimants' medical costs	0.73	0.10	0.83	1.2
Other	0.03	-	0.03	0.1
Total	61.96	9.06	71.02	100.00

2.3 Disease analysis

The Trust Claims during the first nine years of operations are analysed between disease types as follows:

Disease	Total claims %	Total claims % (excluding Cape)
Mesothelioma	23	39
Lung cancer	6	10
Asbestosis	55	24
Pleural thickening	7	12
Pleural plaques	9	15
Total	100	100

During the past five years the proportion of Trust Claims attributable to asbestosis has increased substantially. This is due to the vast majority of Cape Trust Claims being for asbestosis. In order to give a clearer perspective on the levels of disease types in the UK we have also shown the analysis excluding Cape Trust claims.

2.4 Trust Claims subject to Expert review process

In the last year, no Trust Claims were referred to the Expert.

In total, during the first nine years of the Trusts, 21 Trust Claims have been referred to the Expert.

2.5 Rejected claims

During the year 17 Trust Claims were rejected, making a total of 217 rejected Trust Claims over the first nine years of operation. This represents 7.6% of the total number of Trust Claims received. All rejected Trust Claims are reviewed and discussed in detail at a meeting of the directors of the Trustee. A detailed explanation of the reason for rejection is provided to the Trust Claimant at the time of rejection.

The reasons for rejection are shown below:

Reason for rejection	As at 11 October 2014	Activity	As at 11 October 2015
Failure to satisfy medical criteria	51	3	54
No response to requests for further information	36	1	37
Failure to satisfy exposure criteria	56	6	62
Trust claimant had already been compensated in full	19	-	19
Exposure to asbestos prior to 1965 and did not fall within the Margereson/Hancock judgment	18	3	21
Limitation grounds	13	4	17
Lung cancer not meeting Helsinki criteria	5	-	5
Other	2	-	2
Total	200	17	217

2.6 Cape Trust Claims

Cape Trust Claims are defined within the TDP and are essentially those overseas claims originating from Swaziland, Zimbabwe, Botswana, South Africa and India.

The T&N Fund continues to receive a significant number of Cape Trust Claims from India, all relating to the operation of Hindustan Ferodo, a brake pad manufacturer and Asbestos Cement Limited, an asbestos cement manufacturing company. Both these companies were at one time subsidiaries of T&N Limited. All of these Cape Trust Claimants have opted for an Expedited Review and in accordance with legal advice received by the Trustee, have been subject to a discount of 50% to reflect the significant litigation risks associated with claims of this nature.

During the year a further 172 Cape Trust Claims have been received (including one claim from the Shabanie and Mashaba mine in 2015). Payments to these Cape Trust Claimants total £1.62 million and associated medical and legal fees were £0.40 million. Since the inception of the Trusts a total of 895 Cape Trust Claims originating from India have been received. Payments to these Cape Trust Claimants totalled £4.54 million and medical and legal fees totalled £1.35 million.

The disease mix for Cape Trust claims is as follows:

	%
Mild Asbestosis	32
Moderate Asbestosis	41
Sever Asbestosis	27
Total	100

Historically the vast majority of Cape Trust Claims have been for mild to moderate asbestosis. As a consequence the average dividend payment is far less than for other types of Trust Claim. However in the past two years we have received an increasing number of claims for severe asbestosis. We keep under review the quality of the medical evidence submitted to support a diagnosis of severe asbestosis, and believe that the evidence is sufficiently robust. Although the total number of claims does not exceed our actuarial estimates, we are receiving more claims earlier than we had anticipated. In addition we have now received Cape household claims. After taking advice from David Allan QC these will have a further deduction of 50% applied to the original discount giving a settlement value of 25%. In conjunction with the actuarial review due this year (see below) we will reassess the likely value of future Cape Trust claims.

2.7 Product liability (PL) claims

The number of PL claims paid during the past nine years is summarised as follows:

Financial year	Number of claims
2007	3
2008	15
2009	10
2010	14
2011	21
2012	10
2013	8
2014	2
2015	6
Total	89

The T&N Trust paid out £175,000 in respect of PL claims in the year to 11 October 2015, making a total of £1.6 million since the inception of the Trust. All PL claims are subject to detailed individual scrutiny by the Trustee, whether progressing by Expedited or Individual Review, and are subject to a discount of 50%.

The numbers of PL claims received by the Trust peaked in 2011 and has been declining since then. Historically the majority of PL claims were from individuals who were not covered by employer's liability insurance. We believe that the decline in recent years is primarily a consequence of the introduction of the Mesothelioma Act, as this now affords an alternative and generally more attractive route for claimants to obtain compensation.

3. Chester Street Fund

The Chester Street Fund is part of the T&N UK Asbestos Trust but must be kept separate from the other Funds. The purpose of this fund is to provide compensation to Chester Street, an insolvent insurer, and related parties. This fund provides a contribution towards Trust Claims made against T&N and Federal-Mogul companies, as joint tortfeasors, by Chester Street.

The Trust Claims submitted to the Chester Street Fund in the nine years of the Trusts' operation can be summarised as follows:

Investment	As at 11 October 2014	As at 11 October 2015
Paid/established	376	464
British Shipbuilders' settlement	2,219	2,219
Awaiting further information	1	3
Rejected	120	135
Total	2,716	2,821

During the year a total of £0.82 million has been paid out in respect of compensation payments.

During the year, 17 Chester Street Trust Claims were rejected.

4. Dividend policy/Actuarial review

The dividend levels paid from the Trusts have remained unchanged from last year and are shown below:

Fund	Dividends (pence/£)		Total
	Initial	Second	
T&N EL Trust	60	5	65
T&N Fund	27	5	32
Chester Street Fund	30	5	35
TBA Industrial Products	10	-	10
Federal-Mogul Friction Products	100	-	100

Under the terms of the TDP, the Trustee is obliged to commission an actuarial review every five years irrespective of any interim review that might have taken place in the intervening period. Accordingly a full review will take place during 2016. We have already identified two factors which will require re-assessment. We will liaise with the Trust Advisory Committees over the implications of this review prior to any changes in dividend payment policy.

5. Trusts' investments

5.1 Investment strategy

The Trustee remains of the view that it should adopt a prudent investment policy whilst remaining conscious of the long-term nature of the Trusts. In practical terms, this equates to the Trustee adopting an investment approach similar to pension scheme trustees.

The Trust's investments are held in two funds, the BlackRock Dynamic Diversified Growth Fund (**Blackrock**) and the M&G Real Estate Debt Fund (**M&G**). The BlackRock fund does not have a targeted rate of return but rather concentrates on an investment profile with moderate levels of risk. The M&G Fund is a more risky investment but we believe that the increased level of risk is warranted by the potential additional return. M&G accounts for less than 20% of the total Trust investments. Across the two Funds the overall level of risk remains low.

The funds below include amounts relating to Federal-Mogul Friction Products (£2.2 million) and TBA Industrial Products (£0.8 million).

5.2 Funds held at year end

At the year end the Trusts held investments and cash as shown below:

Investment	Amount (£ million)	% of total
BlackRock	62.28	86.2
M&G	7.81	10.8
Cash	2.16	3.0
Total	72.25	100.0

The funds held at the year end may be analysed across the Trusts as follows:

	Amount (£ million)
T&N Fund	33.41
FMFP Fund	2.16
TBA Fund	0.77
Remuneration Fund	1.31
T&N EL Trust	13.10
Chester Street Fund	21.50
Total	72.25

5.3 Investment performance

The performance of the Trusts' investments in the BlackRock and M&G Fund can be summarised as follows:

£ million	Valuation 11 October 2014	Investment/ (Withdrawals)	Investment returns	Valuation 11 October 2015
BlackRock	71.96	(10.20)	0.52	62.28
M&G	4.01	3.67	0.13	7.81
Total	75.97	(6.53)	0.65	70.09

During this year the return on the Trusts' investments with BlackRock was a small gain of 0.1%. The annualised return over the last four years is 4.1%. The return on the M&G Real Estate Debt Fund during the past year was 7.6%. Across the two funds the average return during the past year was 1.0%.

6. Hercules

The T&N Asbestos Trust is entitled to 11.9% of any net recovery under the Hercules Reinsurance Policy (the **Policy**), with the US Asbestos Trust being entitled to the remainder. The Policy has a face value of £500 million. Under the terms of the Trust Deed, the US Asbestos Trust has the primary responsibility for pursuing recoveries under the Policy.

In our report last year we discussed the unsuccessful litigation conducted by the US Asbestos Trust in the UK courts. In the light of the results of this litigation and a similarly disappointing case in the USA, the US Asbestos Trust re-commenced settlement negotiations with the Re-insurers. A commutation of the Policy was eventually agreed and became legally binding on all parties at the end of October 2015. Whilst the US Asbestos Trust took the lead in the settlement negotiations we worked closely with them and agreed that the commutation was the best result that could be reasonably achieved in the circumstances.

The commutation is complex and all parties are bound by confidentiality agreements. However the details can be broadly summarised as follows:

	Amount (£ million)	Note
Gross Commutation Sum	56.55	
Less: Payable to US sub Trusts	(3.56)	Due under the terms of the T&N CVA
Less: Costs incurred by US Asbestos Trust	(27.65)	Current estimate and subject to review
Less: Costs incurred by UK Asbestos Trust	(0.10)	
Net Commutation Proceeds	25.24	
Distribution:		
Due to US Asbestos Trust	22.24	
Due to UK Asbestos Trust	3.00	
Total	25.24	

The gross commutation sum has now been remitted and in accordance with the terms of the T&N CVA has been paid to the Payment Agents (two UK based Chartered Accountants). Pending agreement of the distribution of the gross proceeds the Payment Agents have deposited the funds in a low risk cash investment fund. The costs incurred by the US Asbestos Trust are clearly substantial and represent a considerable proportion of the gross commutation proceeds. The largest items of expenditure relate to the cost incurred in the UK in the 2014 litigation. The largest single expense is the legal costs incurred by the reinsurers that the US Trust were obliged to reimburse. The UK Asbestos has the power to review all costs incurred in the pursuit of the Policy. At this point we are considering our strategy for this review but are mindful that a cost review exercise of this nature is likely to be exceedingly costly and could further erode the commutation proceeds.

7. Professional costs

During the year the legal and other professional fees paid by the Trusts are detailed as follows:

£000	T&N	Chester St	T&N EL
Legal fees	127	95	35
Audit fees	4	3	7
Total	131	98	42

Claims management and Trustee fees incurred in the year to 11 October 2015 are as follows:

£000	
Chester Street Fund	170
T&N EL Trust	132
T&N Remuneration Fund	325

All these fees were paid to AlixPartners Services UK LLP.

Claims management and Trustee fees in respect of the Chester Street Fund and the T&N EL Trust are drawn from the relevant Fund and approval is required from the appropriate Trust Advisory Committee. A separate letter detailing the composition of the fees relating to those two funds will be sent to the Committee members.

8. Trusts' accounts

Attached at Appendices A and B are copies of the Trust accounts for the period 12 October 2014 to 11 October 2015.

9. Contact details

The T&N Asbestos Trustee Company Limited

Suite 11b
Manchester International Office Centre
Styal Road
Manchester
M22 5WB

Telephone: (0) 161 838 4559
Fax: (0) 161 493 9488
Website: www.tandnasbestostrust.org
Email: acrichton@alixpartners.com

Should you wish to discuss any aspect of this report or obtain further copies, please do not hesitate to contact us.

**Appendix A: The T&N UK Asbestos Trust Accounts for the period from 12
October 2014 to 11 October 2015**

The UK Asbestos Trust

**Report and Financial Statements
for the year ended 11 October 2015**

The UK Asbestos Trust

Annual Report and Financial Statements for the year ended 11 October 2015

Contents	Page
Trustees and advisors	1
Trustee's annual report	2-5
Independent auditors' report to the Trustee of The UK Asbestos Trust	6-7
Fund account	8
Net asset statement	9
Notes to the financial statements	10-14

The UK Asbestos Trust

Trustees and advisors for the year ended 11 October 2015

Trustee	The T & N Asbestos Trustee Company Limited
Actuary	Willis Towers Watson Saddlers Court 64-74 East Street Epsom Surrey KT17 1HB
Investment manager	BlackRock Investment Management (UK) Limited 33 King William Street London EC4R 9AS
Investment advisor	Jardine Lloyd Thompson Group plc Bond House The Bourse Boar Lane Leeds LS1 5EN
Auditor	Hurst & Company Accountants LLP Chartered Accountants & Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport Cheshire SK1 1TD
Bankers	Allied Irish Bank Vantage Point Hardman Street Spinningfields Manchester M3 3PL
Solicitors	Weil Gotshal & Manges 110 Fetter Lane London EC4A 1AY
Administration office	The T & N Asbestos Trustee Company Limited Unit 11b Manchester International Office Centre Styal Road Manchester M22 5WB

The UK Asbestos Trust

Trustee's annual report for the year ended 11 October 2015

The Trustee presents their annual report and financial statements for the year ended 11 October 2015.

Introduction

The UK Asbestos Trust was set up on 12 October 2006 and is governed by a Trust Deed signed on 10 October 2006. The Trust comprises three funds: the T & N Asbestos Fund, the Chester Street Fund and the T & N Remuneration Fund. The purpose of the Trust is to handle claims for compensation for asbestos related diseases caused by the activities of the T&N Group of companies.

The UK Asbestos Trust was established as a consequence of the approval of Company Voluntary Arrangements (CVAs) for a group of 51 UK registered companies, all subsidiaries of Federal Mogul Inc. The Trust establishes a mechanism for paying all current and future asbestos liabilities of this group (excluding claims that originate in the USA). The Trust does not have sufficient funds to meet these liabilities in full and therefore claimants only receive a partial dividend. Almost all of the liabilities relate to the major UK operating company T&N Ltd and a number of its, now dormant, subsidiaries. As a consequence of the approval of the CVAs, current and future asbestos claimants are obliged to pursue the Trust for compensation: they are not able to pursue any of the companies subject to the CVAs.

Recent developments

During the year the Trust received 387 claims (278 against the T&N Asbestos Fund and 109 against the Chester Street Fund) and processed for payment 634 claims, of which 158 were second dividend payments (95 against the T&N Asbestos Fund and 63 against the Chester Street Fund). In total £7.2m was paid to claimants: £6.4m from the T&N Asbestos Fund and £0.8m from the Chester Street Fund. Contributions from the T&N EL Trust totalled £1.2m.

Management of the Trust

The Trustee named on page 1 has served throughout the period.

Under the Trust Deed, Trustees are appointed and removed by the Trustee.

The Trustee is a sole corporate trustee, and it shall have the power to resign as trustee, appoint additional trustees and appoint a new trustee in its own place.

The Trustee shall not have the power to resign as trustee until it has appointed a new trustee to take its place in accordance with Clause 14.2.2.

Trustees meetings may be attended by one or more of its directors or duly authorised officers, employees or agents, and it shall have only one vote on business to be decided at the meeting.

The Trustee delegates many of their day to day responsibilities to a dedicated claims agreement team base in Manchester. However they reserve to themselves all strategic decisions as well as certain specific matters including claims rejection, investment strategy and tax. The Directors of the Trust company meet approximately 10 times during the year. In addition they convene meetings of the Trust Advisory Committee on at least a yearly basis.

The UK Asbestos Trust

Trustee's annual report for the year ended 11 October 2015

Financial development of the Trust

The financial statements of the Trust for the year ended 11 October 2015, as set out on pages 8 to 14 have been prepared and audited in accordance with the Trust Deed dated 10 October 2006. A summary of the Trust's financial statements is set out in the table below:

	Chester Street Fund £	T & N Fund £	T & N Remuneration Fund £	2015 Total £	2014 Total £
Contributions receivable	-	1,214,564	-	1,214,564	2,402,364
Compensation payments	(820,616)	(6,352,154)	-	(7,172,770)	(7,133,302)
Other claims payments	-	(672,292)	-	(672,292)	(549,368)
Administrative expenses	(79,963)	237,564	(349,398)	(191,797)	(234,902)
Net withdrawal	(900,579)	(5,572,318)	(349,398)	(6,822,295)	(5,515,208)
Investment income	123,087	248,979	286	372,352	9,972
Change in market value of investments	127,687	264,840	13,508	406,035	3,407,296
Net returns/(losses) on investments	250,774	513,819	13,794	778,387	3,417,268
Net (decrease)/increase in funds	(649,805)	(5,058,499)	(335,604)	(6,043,908)	(2,097,940)
Net assets at start of year	22,147,993	41,394,849	1,650,649	65,193,491	67,291,431
Net assets at end of year	21,498,188	36,336,350	1,315,045	59,149,583	65,193,491

The funds statement and net assets statement on pages 8 to 9 show that the values of the Trust's assets are £59,149,583 as at 11 October 2015 (2014: £65,193,491).

Further details of the financial developments of the Trust may be found in the audited financial statements on pages 8 to 14.

The net returns on investments of £778,387 (2014: £3,417,268) reflects a combination of investment income and an increase in the value of the underlying investments. The significant reduction from the previous year primarily reflects the poor investment climate during the year together with a decrease in the size of the underlying funds.

The UK Asbestos Trust

Trustee's annual report for the year ended 11 October 2015

Actuarial review

The financial statements set out on pages 8 to 14 do not take into account the liabilities to provide claim payments which fall due after the year end. In respect of these liabilities, these are considered by the Trust actuary who carries out an actuarial valuation of such liabilities every five years or when requested by the Trustee. The last valuation took place during the year to 11 October 2014 and the results of the valuation were incorporated into the dividend policies of the Trust with effect from 12 October 2014.

Investment management

The Trustee delegates the day-to-day management of their investments to external investment managers, BlackRock Investment Management (UK) Limited. The Trustee sets the long term investment strategy for the Trust after taking advice from the Trust's investment advisor.

The investment objective set by the Trustee is to achieve the best overall investment return over the longer term consistent with an acceptable degree of risk in relation to the nature and duration of the Trust's liabilities.

Further information

Enquiries about the Trust generally or about individual entitlement should be forwarded to:

The T & N Asbestos Trustee Company Limited
Unit 11B
Manchester International Office Centre
Styal Road
Manchester
M22 5WB

Tel: 0161 838 4558

Website: tandnasbestos.org.uk

The UK Asbestos Trust

Trustee's annual report for the year ended 11 October 2015

Statement of Trustee's responsibilities

The audited financial statements are the responsibility of the Trustee. The Trust is governed by a Trust Deed which requires the Trustee to make available to certain other parties audited financial statements for each Trust year which:

- show a true and fair view of the financial transactions of the Trust during the year and of the amount and disposition at the end of that year of the assets and liabilities, other than liabilities to pay claims which occur after the end of the Trust year; and
- have been prepared in accordance with the Trust Deed dated 10 October 2006 and in accordance with United Kingdom Generally Accepted Accounting Practice.

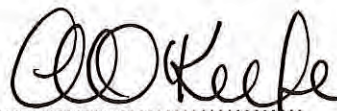
The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

Under Trust law the Trustee 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 Trust and to prevent and detect fraud and other irregularities, including the maintenance of appropriate internal controls.

Signed on behalf of the Trustee Company



.....
J J Gleave
Chairman
The T & N Asbestos Trustee Company Limited



.....
A O'Keefe
Director
The T & N Asbestos Trustee Company Limited

Approved by the Trustee on 25 February 2016

The UK Asbestos Trust

Independent auditors' report to the Trustee of The UK Asbestos Trust for the year ended 11 October 2015

We have audited the financial statements of The UK Asbestos Trust for the year ended 11 October 2015 on pages 8 to 14 which comprise the Fund account, Net Asset statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Trust's Trustee, as a body, in accordance with the Trust Deed dated 10 October 2006 and in accordance with United Kingdom Generally Accepted Accounting Practice. Our audit work has been undertaken so that we might state to the Trust's Trustee those matters we are required to state to them in 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 Trust and the Trust's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustee and the auditor

As described in the statement of Trustee's responsibilities on page 5, the Trustee is responsible for obtaining an annual report, including audited financial statements prepared in accordance with applicable United Kingdom law and accounting standards, and for procuring that compensation claims are paid out to claimants in accordance with the Trust Deed and with the recommendations of the actuary. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

We report to you our opinion as to whether the financial statements show a true and fair view and contain the information required by the relevant legislation. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

We read the Trustee's report and other information contained in the annual report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 Trustee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed. The work we carried out also included examination, on a test basis, of evidence relevant to the amounts of compensation claims paid out to claimants and the timings 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 and that compensation claims have been paid in accordance with the Trust Deed and with the recommendations of the actuary. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

The UK Asbestos Trust

Independent auditors' report to the Trustee of The UK Asbestos Trust for the year ended 11 October 2015

Opinion

In our opinion the financial statements:

- give a true and fair view of the financial transactions of the Trust during the year ended 11 October 2015 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay compensation claims after the end of the Trust year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

Hurst & Company Accountants LLP
.....

Hurst & Company Accountants LLP
Chartered Accountants & Statutory Auditors
Lancashire Gate
21 Tiviot Dale
Stockport
Cheshire
SK1 1TD

Date *16 March 2016*
.....

The UK Asbestos Trust

Fund account for the year ended 11 October 2015

	Notes	2015 £	£	2014 £	£
Contributions and benefits					
Contributions receivable	2	1,214,564		2,402,364	
			1,214,564		2,402,364
Claims payable					
Compensation payments	3	(7,172,770)		(7,133,302)	
Other claims payments	3	(672,292)		(549,368)	
Administrative expenses	4	(191,797)		(234,902)	
			(8,036,859)		(7,917,572)
Net withdrawal			(6,822,295)		(5,515,208)
Returns on investment					
Investment income	5	372,352		9,972	
Change in market value of investments	6	406,035		3,407,296	
Net returns on investments			778,387		3,417,268
Net decrease in the fund	9		(6,043,908)		(2,097,940)
Net assets as at 12 October 2014	9		65,193,491		67,291,431
Net assets as at 11 October 2015	9		59,149,583		65,193,491


The notes on pages 10 to 14 form part of these financial statements.

The UK Asbestos Trust

Net asset statement As at 11 October 2015

	Notes	2015 £	£	2014 £	£
Fixed assets					
Investments	6		57,402,493		62,505,663
Current assets					
Cash at bank	7	1,755,490		2,696,228	
		<u>1,755,490</u>		<u>2,696,228</u>	
Creditors: amount falling due within one year	8	<u>(8,400)</u>		<u>(8,400)</u>	
			1,747,090		2,687,828
Total assets less current liabilities			<u>59,149,583</u>		<u>65,193,491</u>
Financed by					
Chester Street Fund	9		21,498,188		22,147,993
T & N Fund	9		36,336,350		41,394,849
T & N Remuneration Fund	9		1,315,045		1,650,649
			<u>59,149,583</u>		<u>65,193,491</u>
Restricted Fund Reserve at 11 October 2015			<u>59,149,583</u>		<u>65,193,491</u>

These financial statements were approved by the Trustee on the ~~25 FEB 2016~~ and are signed on their behalf by:



J J Gleave
Chairman
The T & N Asbestos Trustee Company Limited



A O'Keefe
Director
The T & N Asbestos Trustee Company Limited

The notes on pages 10 to 14 form part of these financial statements.

The UK Asbestos Trust

Notes to the financial statements As at 11 October 2015

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with the Trust Deed dated 10 October 2006 and with the guidelines set out in United Kingdom Generally Accepted Accounting Practice.

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

Accounting policies

The principal accounting policies are set out below.

- (a) Contributions receivable are recognised when the Trust becomes unconditionally entitled to receive the contribution.
- (b) Investments are stated at market value as defined below.
- (c) Compensation payments are accounted for in the period in which they fall due.
- (d) Income from investments is dealt with in the period in which it is earned.
- (e) The costs of administration expenses and investment management are borne by the Trust and accounted for as they fall due.

Investment assets and income

Investment assets are stated at market value provided by BlackRock Investment Management (UK) Limited and M&G Investment Management Limited.

Asbestos liabilities

The UK Asbestos Trust was established as a consequence of the approval of Company Voluntary Arrangements (CVAs) for the Federal Mogul Group of companies. The CVAs provided a mechanism for paying all asbestos liabilities, both current and future, of the Federal Mogul Group (excluding asbestos claims originating in the USA and Canada). The CVAs were also subject to approval by the UK High Court and the US Bankruptcy Court. As part of the US Bankruptcy process the US Bankruptcy Court was asked to consider the magnitude of asbestos liabilities relevant to The UK Asbestos Trust. On 19 August 2005 the US Court issued an order estimating that the net present value of current and future asbestos liabilities was £229.0m. The Directors concur with the views of the US Court. The US Court did not consider the net present value of current and future liabilities relating to Chester Street. The Directors have estimated these liabilities at £108.0m. In total therefore, the Directors estimate that the net present value of all current and future liabilities of the Trust at the date of the inception of the Trust were £337.0m.

In view of these liabilities the Directors believe that it is inconceivable that the Trust (excluding the Chester Street Fund) will ever have a surplus after discharging all current and future asbestos claims.

The UK Asbestos Trust

**Notes to the financial statements
for the year ended 11 October 2015**

2. CONTRIBUTIONS RECEIVABLE

	Chester Street Fund £	T & N Fund £	2015 Total £	2014 Total £
Claims contributions: EL Scheme	-	1,214,564	1,214,564	2,402,364
Total contributions receivable	-	1,214,564	1,214,564	2,402,364

3. CLAIMS PAYMENTS

	Chester Street Fund £	T & N Fund £	2015 Total £	2014 Total £
Payments to claimants:				
Legal costs	-	(571,212)	(571,212)	(461,099)
Medical costs	-	(100,983)	(100,983)	(88,269)
Issue fees	-	(97)	(97)	-
	-	(672,292)	(672,292)	(549,368)
Compensation – Initial Dividend	(617,086)	(5,091,956)	(5,709,042)	(4,766,734)
Compensation – Second Dividend	(203,530)	(1,260,198)	(1,463,728)	(2,366,568)
	(820,616)	(6,352,154)	(7,172,770)	(7,133,302)
	(820,616)	(7,024,446)	(7,845,062)	(7,682,670)

The UK Asbestos Trust

Notes to the financial statements
for the year ended 11 October 2015

4. ADMINISTRATIVE EXPENSES

	Chester Street Fund £	T & N Fund £	T & N Remuneration Fund £	2015 Total £	2014 Total £
Legal and professional fees	95,528	89,132	37,435	222,095	196,113
Second dividend search fees	-	1,940	-	1,940	420
Rebate on management fees	(213,543)	(372,646)	(15,653)	(601,842)	(390,109)
Irrecoverable VAT	19,942	21,796	7,920	49,658	42,907
Audit fee	2,800	4,200	-	7,000	7,000
Trust advisory committee	-	-	-	-	840
Insurance	4,712	9,424	-	14,136	6,975
Bank charges	-	610	-	610	395
Claim management and Trustee fees	169,626	5,500	319,696	494,822	368,973
Sundry	898	2,480	-	3,378	1,388
	<u>79,963</u>	<u>(237,564)</u>	<u>349,398</u>	<u>191,797</u>	<u>234,902</u>

5. INVESTMENT INCOME

	Chester Street Fund £	T & N Fund £	T & N Remuneration Fund £	2015 Total £	2014 Total £
Bank interest received	571	3,946	286	4,803	3,958
M&G investment income	122,516	245,033	-	367,549	6,014
	<u>123,087</u>	<u>248,979</u>	<u>286</u>	<u>372,352</u>	<u>9,972</u>

6. INVESTMENTS

	Chester Street Fund £	T & N Fund £	T & N Remuneration Fund £	2015 Total £
Reconciliation				
Balance at 12 October 2014	21,817,630	39,201,554	1,486,479	62,505,663
Additions	963,599	1,927,196	-	2,890,795
Disposals	(1,900,000)	(6,275,000)	(225,000)	(8,400,000)
Change in market value	127,687	264,840	13,508	406,035
	<u>21,008,916</u>	<u>35,118,590</u>	<u>1,274,987</u>	<u>57,402,493</u>
Balance at 11 October 2015				

The UK Asbestos Trust

Notes to the financial statements for the year ended 11 October 2015

6. INVESTMENTS (continued)

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 sale of units held during the year.

	2015 Total %	2015 Total £	2014 Total %	2014 Total £
Details of investments held				
BlackRock Cautious Fund	89.8	51,542,231	95.2	59,499,033
M&G Real Estate Debt Funds	10.2	5,860,262	4.8	3,006,630
	<u>100.0</u>	<u>57,402,493</u>	<u>100.0</u>	<u>62,505,663</u>

7. CASH AT BANK

	Chester Street Fund £	T & N Fund £	T & N Remuneration Fund £	2015 Total £	2014 Total £
Deposit accounts	492,721	1,222,711	40,058	1,755,490	2,696,228
	<u>492,721</u>	<u>1,222,711</u>	<u>40,058</u>	<u>1,755,490</u>	<u>2,696,228</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Chester Street Fund £	T & N Fund £	2015 Total £	2014 Total £
Accruals and deferred income	3,360	5,040	8,400	8,400
	<u>3,360</u>	<u>5,040</u>	<u>8,400</u>	<u>8,400</u>

The UK Asbestos Trust

Notes to the financial statements for the year ended 11 October 2015

9. RESTRICTED FUND RESERVES

	Chester Street Fund £	T & N Fund £	T & N Remuneration Fund £	2015 Total £
Balance as at 12 October 2014	22,147,993	41,394,849	1,650,649	65,193,491
Net increase/(decrease) in funds	(649,805)	(5,058,499)	(335,604)	(6,043,908)
Fund account movement	(649,805)	(5,058,499)	(335,604)	(6,043,908)
Balance as at 11 October 2015	21,498,188	36,336,350	1,315,045	59,149,583

10. RELATED PARTY TRANSACTIONS

During the year Claim management and Trustee fees of £486,322 (2014: £361,720) were paid to AlixPartners Services UK LLP, in which one of the directors of the trustee company is also a member. AlixPartners Services UK LLP acquired Zolfo Cooper LLP in February 2015.

Independent Trustee fees of £8,500 (2014: £7,253) were paid to C Melton, a director of the trustee company.

11. SECOND DIVIDEND PAYMENTS

The Trust anticipates paying £1.2 million of second dividends in the financial year to 11 October 2015. Second dividend payments are a discretionary payment and only made if the Trustee considers the forecast liabilities and investment performance of the Trust are in line with expectations.

12. REFUND OF CLAIM CONTRIBUTIONS

During the year £198,540 was repaid in respect of the refund of claim contributions made in earlier years from other Funds. This amount has been netted off the 'Contributions Receivable from the EL Scheme' in Note 2 to the accounts.

**Appendix B: The T&N EL Trust Accounts for the period from 12 October 2014
to 11 October 2015**

T & N EL Scheme Trust

**Report and Financial Statements
for the year ended 11 October 2015**

T & N EL Scheme Trust

Annual Report and Financial Statements for the year ended 11 October 2015

Contents	Page
Trustees and advisors	1
Trustee's annual report	2-5
Independent auditors' report to the Trustee of the T & N EL Scheme Trust	6-7
Fund account	8
Net asset statement	9
Notes to the financial statements	10-13

T & N EL Scheme Trust

Trustees and advisors for the year ended 11 October 2015

Trustee	The T & N Asbestos Trustee Company Limited
Actuary	Willis Towers Watson Saddlers Court 64-74 East Street Epsom Surrey KT17 1HB
Investment manager	BlackRock Investment Management (UK) Limited 12 Throgmorton Avenue London EC2N 2DL
Investment advisor	Jardine Lloyd Thompson Group plc Bond House The Bourse Boar Lane Leeds LS1 5EN
Auditor	Hurst & Company Accountants LLP Chartered Accountants & Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport Cheshire SK1 1TD
Bankers	Allied Irish Bank Vantage Point Hardman Street Spinningfields Manchester M3 3PL
Solicitors	Weil Gotshal & Manges 110 Fetter Lane London EC4A 1AY
Administration office	The T & N Asbestos Trustee Company Limited Unit 11b Manchester International Office Centre Styal Road Manchester M22 5WB

**Trustee's annual report
for the year ended 11 October 2015**

The Trustee presents its annual report and financial statements for the year ended 11 October 2015.

11

Introduction

The Trust was set up on 10 October 2006 and is governed by a Trust Deed signed on 23 November 2006. The purpose of the Trust is to handle claims for compensation for asbestos related diseases caused by the activities of the T&N Group of companies. To qualify for compensation from this Trust, claimants must have been able to pursue claims against a number of Employers Liability Insurance policies held by the T&N Group.

The T&N EL Scheme Trust was established as a consequence of the approval of a Scheme of Arrangement for a large group of UK registered companies, all subsidiaries of Federal Mogul Inc. The Trust establishes a mechanism for paying asbestos related claims from ex-employees who were insured under various Employers' Liability policies. In the event that the Trust does not have sufficient funds to meet these liabilities in full the claimants may only receive a partial dividend. However all claimants also have the right to claim against The UK Asbestos Trust for any shortfall. All of the liabilities relate to the major UK operating company T&N Ltd and its subsidiaries. Many of these subsidiaries are now dormant. As a consequence of the approval of the Scheme of Arrangement claimants are obliged to pursue the T & N EL Scheme Trust and are precluded from claiming against the various Employers Liability Insurers. The settlement with the Employer's Liability Insurers amounted to £36m and this settlement formed the initial funding for the Trust.

Recent developments

During the year the Trust received 42 claims and processed for payment 72 claims, of which 32 were second dividend payments. In total, £1.2m was paid to claimants.

Management of the Trust

The Trustee named on page 1 has served throughout the period.

The Trustee is a sole corporate trustee, and it shall have the power to resign as trustee, appoint additional trustees and appoint a new trustee in its own place.

The Trustee shall not have the power to resign as trustee until it has appointed a new trustee to take its place in accordance with Clause 13.3.2.

Trustee meetings may be attended by one or more of its directors or duly authorised officers, employees or agents, and it shall have only one vote on business to be decided at the meeting.

The Trustee delegates many of its day to day responsibilities to a dedicated claims agreement team based in Manchester. However they reserve to themselves all strategic decisions as well as certain specific matters including claims rejection, investment strategy and negotiations over the Hercules Investment policy. The Directors of the Trust company meet approximately 10 times during the year. In addition they convene meetings of the Trust Advisory Committee on at least a yearly basis.

T & N EL Scheme Trust

Trustee's annual report for the year ended 11 October 2015

Financial development of the Trust

The financial statements of the Trust for the year ended 11 October 2015, as set out on pages 8 to 13 have been prepared and audited in accordance with the Trust Deed dated 10 October 2006. A summary of the Trust's financial statements is set out in the table below:

	2015	2014
	Total	Total
	£	£
Compensation payments	(1,216,268)	(2,406,627)
Administrative expenses	(58,431)	(255,025)
Net withdrawal	(1,274,699)	(2,661,652)
Investment income	123,489	3,023
Change in market value of investments	69,300	783,367
Net returns /(losses) on investments	192,789	786,390
Net (decrease)/increase in funds	(1,081,910)	(1,875,262)
Net assets at start of year	14,182,880	16,058,142
Net assets at end of year	13,100,970	14,182,880

The funds statement and net assets statement on pages 8 to 9 show that the value of the Trust's assets is £13,100,970 as at 11 October 2015 (2014: £14,182,880). The Trust achieved net gains on investments of £192,789 (2014: £786,390).

Further details of the financial developments of the scheme may be found in the audited financial statements on pages 8 to 13.

The net return on investments was £192,789 (2014: £786,390) and reflects a combination of investment income and an increase in the value of the underlying investments. The significant reduction from the previous year primarily reflects the poor investment climate during the year together with a decrease in the size of the underlying funds.

Actuarial status

The financial statements set out on pages 8 to 13 do not take into account the liabilities to provide claim payments which fall due after the year end. In respect of these liabilities, these are considered by the Trust actuary who carries out an actuarial valuation of such liabilities every five years or when requested by the Trustee. The last valuation took place during the year to 11 October 2014 and the results of the valuation have been incorporated into the dividend policies of the Trust with effect from 12 October 2014.

Investment management

The Trustee delegates the day-to-day management of their investments to external investment managers BlackRock Investment Management (UK) Limited. The Trustee sets the long term investment strategy for the Trust after taking advice from the Trust's investment advisor.

The investment objective set by the Trustee is to achieve the best overall investment return over the longer term consistent with an acceptable degree of risk in relation to the nature and duration of the Trust's liabilities.

Further information

Enquiries about the scheme generally or about individual entitlement should be forwarded to:

The T & N Asbestos Trustee Company Limited
Unit 11B
Manchester International Office Centre
Styal Road
Manchester
M22 5WB

Tel: 0161 838 4558

Website: tandnasbestos.org.uk

T & N EL Scheme Trust

Trustee's annual report for the year ended 11 October 2015

Statement of Trustee's responsibilities

The audited financial statements are the responsibility of the Trustee. The Trust is governed by a Trust Deed which require the Trustee to make available to certain other parties audited financial statements for each Trust year which:

- show a true and fair view of the financial transactions of the Trust during the year and of the amount and disposition at the end of that year of the assets and liabilities, other than liabilities to pay compensation claims after the end of the Trust year; and
- have been prepared in accordance with the Trust Deed dated 23 November 2006 and in accordance with United Kingdom Generally Accepted Accounting Practice.

The Trustee has supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

Under Trust law 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 Trust and to prevent and detect fraud and other irregularities, including the maintenance of appropriate internal controls.

Signed on behalf of the Trustee Company



.....
J J Gleave
Chairman
The T & N Asbestos Trustee Company Limited



.....
A O'Keefe
Director
The T & N Asbestos Trustee Company Limited

Approved by the Trustee on 25 February 2016

**Independent auditor's report to the Trustee of T & N EL Scheme Trust
for the year ended 11 October 2015**

We have audited the financial statements of T & N EL Scheme Trust for the year ended 11 October 2015 on pages 8 to 13 which comprise the Fund Account, Net Asset Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Trust's Trustee, as a body, in accordance with the Trust Deed dated 23 November 2006 and in accordance with United Kingdom Generally Accepted Accounting Practice.

Our audit work has been undertaken so that we might state to the Trust's Trustee those matters we are required to state to them in 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 Trust and the Trust's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustee and the auditor

As described in the statement of Trustee's responsibilities on page 5, the Trustee is responsible for obtaining an annual report, including audited financial statements prepared in accordance with applicable United Kingdom law and accounting standards, and for procuring that compensation claims are paid out to claimants in accordance with the Trust Deed and with the recommendations of the Actuary. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

We report to you our opinion as to whether the financial statements show a true and fair view and contain the information required by the relevant legislation. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

We read the Trustee's report and other information contained in the annual report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 Trustee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed. The work we carried out also included examination, on a test basis, of evidence relevant to the amounts of compensation claims paid out to claimants and the timings 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 and that compensation claims have been paid in accordance with the Trust Deed and with the recommendations of the Actuary. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

T & N EL Scheme Trust

**Independent auditor's report to the Trustee of T & N EL Scheme Trust
for the year ended 11 October 2015**

Opinion

In our opinion the financial statements:

- give a true and fair view of the financial transactions of the Trust during the year ended 11 October 2015 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay compensation claims after the end of the Trust year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the information given in the Trustees' Annual Report is consistent with the financial statements.

Hurst & Company Accountants LLP
.....

Hurst & Company Accountants LLP
Chartered Accountants & Statutory Auditors
Lancashire Gate
21 Tiviot Dale
Stockport
Cheshire
SK1 1TD

Date *16 March 2016*
.....

T & N EL Scheme Trust

Fund account for the year ended 11 October 2015

	Notes	2015 £	£	2014 £	£
Claims payable					
Compensation payments	2	(1,216,268)		(2,406,627)	
Administration expenses	3	(58,431)		(255,025)	
			(1,274,699)		(2,661,652)
Net withdrawal			(1,274,699)		(2,661,652)
Returns on investments					
Investment income	4	123,489		3,023	
Change in market value of investments	5	69,300		783,367	
			192,789		786,390
Net decrease in the fund	8		(1,081,910)		(1,875,262)
Net assets as at 12 October 2014	8		14,182,880		16,058,142
Net assets as at 11 October 2015	8		13,100,970		14,182,880

The notes on pages 10 to 13 form part of these financial statements.

T & N EL Scheme Trust

Net asset statement As at 11 October 2015

	Notes	2015 £	£	2014 £	£
Fixed assets					
Investments	5		12,696,240		13,463,343
Current assets					
Cash at bank	6	413,130		727,937	
		<u>413,130</u>		<u>727,937</u>	
Creditors: amount falling due within one year	7	(8,400)		(8,400)	
		<u>(8,400)</u>		<u>(8,400)</u>	
			404,730		719,537
Total assets less current liabilities			<u>13,100,970</u>		<u>14,182,880</u>
Restricted Fund Reserve at 11 October 2015	8		<u>13,100,970</u>		<u>14,182,880</u>

These financial statements were approved by the Trustee on the 25 FEB 2016 and are signed on their behalf by:



J J Gleave
Chairman
The T & N Asbestos Trustee Company Limited



A O'Keefe
Director
The T & N Asbestos Trustee Company Limited

The notes on pages 10 to 13 form part of these financial statements.

**Notes to the financial statements
for the year ended 11 October 2015**

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with the Trust Deed dated 23 November 2006 and with the guidelines set out in United Kingdom Generally Accepted Accounting Practice.

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

Accounting policies

The principal accounting policies are set out below:

- (a) Investments are stated at market value as defined below.
- (b) Compensation payments are accounted for in the period in which they fall due.
- (c) Income from investments is dealt with in the period in which it is earned.
- (d) The costs of administration expenses and investment management are borne by the Trust and accounted for as they fall due.

Investment assets and income

Investment assets are stated at market value provided by BlackRock Investment Management (UK) Limited and M&G Investment Management Limited.

Compensation payments

Claimants have up to 28 days in which to refer their claim to an Expert or accept the compensation offered.

2. COMPENSATION PAYMENTS

	2015 £	2014 £
Claim Payments to UK Asbestos Trust – Initial	1,140,222	1,783,626
Claim Payments to UK Asbestos Trust - Second	76,046	623,001
	<hr/>	<hr/>
	1,216,268	2,406,627
	<hr/>	<hr/>

T & N EL Scheme Trust

Notes to the financial statements for the year ended 11 October 2015

3. ADMINISTRATIVE EXPENSES

	2015 £	2014 £
Legal and professional fees	34,460	121,646
Rebate on management fees	(130,657)	(86,582)
Second dividend search fees	430	526
Irrecoverable VAT	9,176	26,648
Audit fee	7,000	7,000
Insurance	4,712	4,565
Bank charges	48	30
Claim management and Trustee fees	132,365	180,398
Sundry	897	794
	<u>58,431</u>	<u>255,025</u>

4. INVESTMENT INCOME

	2015 £	2014 £
Bank interest received	974	1,019
M&G investment income	122,515	2,004
	<u>123,489</u>	<u>3,023</u>

5. INVESTMENTS

	2015 £
Balance as at 12 October 2014	13,463,343
Additions	963,597
Disposals	(1,800,000)
Change in market value	69,300
	<u>12,696,240</u>

T & NEL Scheme Trust

Notes to the financial statements for the year ended 11 October 2015

5. INVESTMENTS (continued)

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 sale of units held during the year.

	2015 Total %	2015 Total £	2014 Total %	2014 Total £
Details of investments held				
Black Rock Cautious Fund	84.6	10,742,820	92.6	12,461,133
M&G Real Estate Debt Funds	15.4	1,953,420	7.4	1,002,210
	<u>100.0</u>	<u>12,696,240</u>	<u>100.0</u>	<u>13,463,343</u>

6. CASH AT BANK

	2015 £	2014 £
Deposit accounts	413,130	727,937
	<u>413,130</u>	<u>727,937</u>

6. CASH AT BANK

	2015 £	2014 £
Deposit accounts	413,130	727,937
	<u>413,130</u>	<u>727,937</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Accruals and deferred income	8,400	8,400
	<u>8,400</u>	<u>8,400</u>

T & N EL Scheme Trust

Notes to the financial statements for the year ended 11 October 2015

8. RESTRICTED FUND RESERVES

	2015 Total £
Balance as at 12 October 2014	14,182,880
Fund account movement	(1,081,910)
	<hr/>
Balance as at 11 October 2015	13,100,970
	<hr/>

9. RELATED PARTY TRANSACTIONS

During the year the Claims Management and Trustee fees of £129,865 (2014: £175,651) were paid to AlixPartners Services UK LLP relating to the claims processing team in which one of the directors of the Trustee company is also a member. AlixPartners Services UK LLP acquired Zolfo Cooper LLP in February 2015.

Independent Trustee fees of £2,500 (2014: £4,747) were paid to C Melton, a director of the Trustee company.

The Trustee management fees have been paid in accordance with clauses 16, 8.4 and 8.5 of the Deed.

10. SECOND DIVIDEND PAYMENTS

The Trust anticipates paying £nil of second dividends in the financial year to 11 October 2016. Second dividend payments are only made if the Trustee considers the forecast liabilities and investment performance of the Trust are in line with expectations.

11. REFUND OF CLAIM CONTRIBUTIONS

During the year £198,540 was received in respect of the refund of claim contributions made in earlier years to other Funds. This amount has been netted off the 'Claim Payments to UK Asbestos Trust – Initial Payments' disclosed in Note 2 to the accounts.

The T&N Asbestos Trustee Company Limited
Suite 11b, MIOC, Styal Road, Manchester, M22 5WB

T: 0161 838 4559 F: 0161 493 9488

www.tandnasbestostrust.org