

Parliamentary Contributory Pension Fund Account 2013-14

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Presented to the House of Commons pursuant to Schedule 6 of the Constitutional Reform and Governance Act 2010

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Contents

	Page
Foreword	2
Statement of Trustees' responsibilities	9
Governance Statement	10
The Certificate and Report of the Comptroller and Auditor General	15
Fund Account	17
Net Assets Statement	18
Notes to the Financial Statements	19

The Government Actuary's valuation report as at 1 April 2011 referred to in these Accounts is available for review on <http://www.official-documents.gov.uk/document/hc1012/hc19/1907/1907.pdf>

The next valuation, as at 1 April 2014, will be undertaken after the year end and will be published by 31 March 2015.

Foreword

Legislation relating to the Fund

The Fund is a statutory scheme. Prior to 24 October 2011 the Fund was set up under the Parliamentary and Other Pensions Act 1987. The main governing Regulations were the Parliamentary Pensions (Consolidation and Amendment) Regulations 1993 (the 1993 Regulations). Other legislation relating to the Fund included the Parliamentary and Other Pensions Act 1972, which restructured the Fund and established the pension scheme for the holders of certain Ministerial and other offices, and the Pension (Increase) Act 1971, under which pension increases were granted.

With effect from 24 October 2011, following the enactment of Schedule 6 of the Constitutional Reform and Governance Act 2010 (the 2010 Act), the provisions of the 1993 Regulations became an IPSA scheme in relation to the administration and management of the Fund and benefits payable under the Fund for MPs, paid Committee Chairmen, and other paid office holders in Parliament; and The Ministerial Pension Scheme (MCS) in relation to benefits payable under the Fund for certain paid Ministers. Collectively these schemes create the Fund Rules.

Following the enactment of the 2010 Act, the Trustees are responsible for a number of areas, such as how Trustee business is conducted, administration of the Fund, dealing with investment matters, settlement of disputes and being consulted on requirements laid down in the 2010 Act.

Future Developments

Following consultation with the Trustees (and other parties), IPSA announced that following the 2015 General Election they will implement a new MPs' Pension Scheme. All newly elected MPs will be entered into the new scheme, but the extent that the new scheme will affect existing MPs largely depends on whether they are approaching retirement. IPSA have agreed to offer all Members within 10 years of retirement on 1 April 2013 full protection from the changes to the pension scheme. In addition, MPs within 10 and 13.5 years of retirement on 1 April 2013 will have the option to continue in the existing scheme for a defined period, before moving into the new scheme.

The main features of the new MPs pension scheme from 8 May 2015 will be:

- Scheme design based on Career Average Revalued Earnings (CARE).
- An accrual rate of 1/51st of pensionable earnings, to be revalued using the Consumer Prices Index (CPI).
- Normal pension age equal to and increasing in line with State Pension Age.
- Spouse/Partner pensions to be based on 3/8ths of the scheme pension.
- Lump sum death benefit of two times salary.
- Options to make additional pension contributions through Added Pension and Additional Voluntary Contributions.

The MCS have also consulted on the new scheme for the paid Ministers that fall within their remit and have announced that the new MCS scheme, which will also be in place from the 2015 General Election, will be largely based on the new Principal Civil Service Pension Scheme, currently referred to as the 'reform scheme'.

Both the IPSA and the MCS will be drafting the new rules for their respective schemes during 2014 and finer detail on both schemes will become available once their rules are complete.

Trustees

From 24 October 2011 the governing legislation specified that there should be ten Trustees, eight of whom were Member Nominated Trustees (MNTs), plus one appointed by each of IPSA and the MCS.

Method of appointment

On 24 October 2011, two Trustees stood down (from the Trustee board) and the eight remaining Trustees automatically became the first MNTs under the provisions of the 2010 Act. Future MNTs will be appointed in an MNT nomination and selection process which is determined by the Trustees. The IPSA Trustee is appointed by the IPSA Board after consultation with the MCS and the MNTs. The MCS Trustee is appointed by the MCS after consultation with IPSA and the MNTs.

Resignation and removal of Trustees

MNTs do not have a term of office. However, an MNT will cease to serve as a Trustee if they resign as a Trustee by giving prior written notice to the other Trustees, they are removed by a unanimous agreement of the other Trustees or they cease to satisfy the eligibility criteria set out in the Trustees' MNT nomination and selection process.

The IPSA Trustee may resign by giving written notice to IPSA, or be removed by IPSA after consultation with the MCS and the other Trustees. The MCS Trustee may resign by giving written notice to the MCS, or be removed by the MCS after consultation with IPSA and the other Trustees.

Trustees during the year to 31 March 2014

Brian Donohoe MP (Chairman)
 Clive Betts MP
 Sir Graham Bright
 William Hague (MCS Trustee) (until 12 March 2014)
 Rt Hon Peter Lilley MP
 Andrew Love MP
 Bridget Micklem (MCS Trustee) (from 13 March 2014)
 David Mowat MP
 Rt Hon the Lord Naseby PC
 John Sills (IPSA Trustee)
 Rt Hon John Thurso MP

Officers of the Fund

Secretary to the Trustees

Myfanwy Barrett, Director of Finance, House of Commons

Secretariat

The Trustees have appointed Officials from the House of Commons' Department of Finance to provide a full secretariat and administrative service to the Trustees. The Pensions Unit, based in the Department of Finance, act as Secretariat, along with the Secretary to the Trustees. However, the day-to-day administration of the Fund, including the operation of the pension payroll and accounting has been outsourced to RPMI Ltd.

Other parties who held office in connection with the Fund during the current accounting year:

		Appointed under
Actuarial Advice	The Government Actuary	The 2010 Act
External Auditor of Annual Accounts	Comptroller and Auditor General, National Audit Office	The 2010 Act
Investment Advice	Hymans Robertson LLP	Trustees
Fund Management	MFS International (UK) Ltd	Trustees
	BlackRock Advisers (UK) Ltd	Trustees
	PIMCO Europe Ltd	Trustees
	Sarasin and Partners LLP	Trustees
	Morgan Stanley Global Property Fund	Trustees
	Standard Life UK Property Fund	Trustees
	BlackRock UK Property Fund	Trustees
	UBS Global Asset Management Triton Property Fund	Trustees
	Schroder Exempt Property Unit Trust	Trustees
Legal Advice	Sacker & Partners LLP	Trustees
Custodian	The Northern Trust Company	Trustees
Third Party Administration and Fund accounting and payroll	RPMI Ltd	Trustees
AVC providers	Equitable Life	Trustees
	Zurich Insurance plc	Trustees

Preparation of annual accounts

The Fund Rules, which under the 2010 Act reconstitute the provisions of the 1993 regulations, require that annual accounts are prepared in accordance with a direction given by the Comptroller and Auditor General. The Fund is a public service pension scheme and as such is exempt from the majority of the requirements of the 1995 Pensions Act including those relating to accounts. However, the accounts have been prepared, as far as appropriate, in accordance with the Statement of Recommended Practice (SORP), Financial Reports of Pension Schemes, revised in May 2007, in order to conform to best practice reporting requirements. The SORP does not require pension scheme accounts to reflect the pension scheme liabilities. The actuarial pension liabilities are shown in the triennial actuarial valuation. However, the House of Commons Members Annual Accounts, which are published separately from these accounts, reflect an assessment of the liabilities of the accrued benefits of the scheme. These are calculated in accordance with International Accounting Standards (IAS 19).

A Statement of the Trustees' responsibilities with regard to the preparation of the accounts is on page 9.

Benefits payable

The Fund is made up of the MPs' pension scheme which provides benefits for MPs and certain office holders, and the Ministers' pension scheme which provides benefits for paid Government Ministers and certain office holders. The benefit structure of the MPs' pension scheme is determined by IPSA and the benefit structure of the Ministers' pension scheme is determined by the MCS.

MPs' pension scheme

The MPs' pension scheme is currently a defined benefit final salary scheme based on a Member's salary over the last 12 months of service. During 2013-14 Members could opt to make contributions of 13.75% of their salary for a 1/40th accrual, 9.75% of their salary for a 1/50th accrual, or 7.75% of their salary for a 1/60th accrual (subject to a maximum pension of 2/3rds of final pensionable salary, less pensions built up prior to being elected as a Member).

During the accounting year, MPs' salaries (which are also set by IPSA) were £66,396. After the year end IPSA increased MP's salaries by 1% to £67,060 from the 1 April 2014.

IPSA did not increase pension contribution rates for MP's during the accounting year.

Ministers' pension scheme

The MPs' pension scheme and the Ministers' pension scheme are identical in many respects. The main difference is that the final pension in the MPs' pension scheme is calculated on final salary while in the Ministers' pension scheme final pension is effectively calculated on re-valued career average earnings. This takes account of the fact that Ministers may be in office for one or several short periods at a time and that they may revert to being backbenchers for several years before they retire.

If a Minister is also an MP, they may be members of both the MPs' pension scheme and the Ministers' pension scheme, although Ministers who are Members of the House of Lords are only eligible to join the Ministers' pension scheme. In the case of those Ministers, their salary is their Ministerial salary. The pension accrual rates for the MPs' and Ministers' pension scheme were the same during the accounting year.

During 2013-14 Members could opt to make basic contributions of 11.9% of salary for a 1/40th accrual, 7.9% of their salary for a 1/50th accrual, or 5.9% of salary for a 1/60th accrual. From 1 April 2013 the MCS increased contributions by an additional 4.8%, 3.2% or 2% of salary depending on the position of office held by the member. As a result of the MCS increasing pension contributions to the Ministerial pension scheme, the Exchequer contribution decreased in 2013-14 from 29% to 28.8%.

Following the year end, the MCS increased contributions by a further 1.2%, 0.8% or 0.5% of salary (depending on the position held by the member) from 1 April 2014. The Exchequer contribution decreased with effect from 1 April 2014 to 28.7%.

MPs' and Ministers' pension schemes

Benefit provisions of the MPs' and Ministers' pension schemes include:

- A pension payable at age 65 (once no longer a serving member).
- An option to commute part of the annual pensions for a lump sum.
- A pension before pension age (65), subject to certain restrictions.
- An immediate pension on retirement at any age on the grounds of ill health.
- A dependant's pension of 5/8ths of the member's pension.
- Children's pensions (at the rate of one quarter of the basic or prospective pension of the member if there is one child, 3/16ths if there is more than one child, up to a maximum of two children, or 5/16ths if there is no surviving parent).
- A lump sum death gratuity on death in service equal to 4 x salary.
- Transfer of pension rights (into and out of the scheme).
- Options to purchase added years, and/or contribute to an AVC scheme with an outside provider.

Overall Membership of the Fund

Categories*	31 March 2013	31 March 2014
Active Members	653	649
Deferred Pensioners	206	180
Pensioners	1000	1003

*Some members could be considered to be in more than one category, but each member is only shown once, in the most relevant category.

Income

Income to the Fund is derived from three main sources:

- 1 contributions from Members of Parliament and holders of a qualifying office;
- 2 an Exchequer contribution paid from the House of Commons Members Estimate; and
- 3 investment income as detailed below.

In addition, transfers of pension benefits into the Fund amounted to £421,000 in 2013-14, (£1,248,000 in 2012-13).

Investment details and performance

Section 35 of the Pensions Act 1995 requires that the Trustees of pension funds prepare and maintain a Statement of Investment Principles. Whilst the Fund is exempt from this provision, the Fund Rules require the Trustees to produce a Statement of Investment Principles (SIP).

The Statement covers such items as how investments are chosen; the balance between asset classes; the Trustees' attitude to risk, and the expected return and review procedures. It has been designed to cover the fundamental aspects of investment policy that are not expected to differ greatly from one year to the next, and in the past the SIP has been drawn up in consultation with the relevant advisors and in consultation with the Leader's Office. The current SIP was adopted by the Trustees on 13 June 2013 following consultation with both IPSA and the MCS, as now required by the 2010 Act.

In June 2013, the Trustees commissioned Hymans, their investment consultant, to undertake a full investment strategy review of the Fund's assets. In view of the upcoming scheme benefit changes announced by both the MCS and IPSA during 2013 and 2014, the Trustees are keen to focus on the investments of the Fund and consider these in line with the changes that will be made. As the first part of this process the Trustees considered their overall investment objectives and agreed new investment objectives on 4 December 2013. Following the year end the Trustees will turn their focus to setting an appropriate investment structure, taking into account the new investment objectives. Once the new structure has been set, the Trustees will adopt a new SIP following the required consultation with IPSA and the MCS.

The current target asset allocation for the Fund is:

Asset Class/Region	Total Fund Benchmark	Lower range	Upper range
	%	%	%
Total Equities	66.0	61.0	71.0
UK Equities	26.4	23.9	28.9
Europe (ex UK) Equities	9.2		
North American Equities	11.1		
Sterling Currency Hedging Fund	6.7		
Japan Equities	3.8		
Asia Pac ex Japan Equities	1.8		
Emerging Market Equities	7.0		
Total Overseas Equities	39.6	37.1	42.1
Bonds	21.5	17.5	25.5
UK Property	10.0	No lower range	No upper range
Global Property	2.5	No lower range	No upper range
Total	100.0		

The manager proportions and mandates at the year end are shown in the table below:

Manager	Mandate	Actual proportion	Target proportion
		%	%
MFS International (UK) Ltd	UK Equities	10.4	10.0
MFS International (UK) Ltd	Global Equities	10.0	10.0
Sarasin and Partners LLP	Global Equity	10.1	10.0
BlackRock Advisers (UK) Ltd	Multi-Asset* – Passive	47.1	43.8
PIMCO Europe Ltd	UK Bonds	12.7	13.7
BlackRock, Morgan Stanley, Schroders, Standard Life and UBS	Property	9.7	12.5
Total		100.0	100.0

*The BlackRock multi-asset fund contains both equities and bonds.

Investment income in 2013-14 was £7.271 million and the change in market value of assets was £33.334 million. The net assets of the Fund at the year end were £523.497 million. This figure includes the value of AVC investments.

The overall effect of the movements in pensions payable, income and investments, was an increase of £36.446 million in the net assets of the Fund during the year.

Actuarial position of the Fund

The Government Actuary's Department's valuation of the Fund as at 1 April 2011 was published as a House of Commons paper on 27 March 2012. The report showed an increase in the deficit to £55.9 million and recommended that the Exchequer contribution payable from 1 April 2012 should be 29.0% of MP and Office Holder salaries (which includes a payment to reduce the deficit). However, following increases in member contributions payable by Ministers (and certain other office holders) in April 2013, the Government Actuary's Department recommended that the Exchequer contribution should reduce to 28.8% from the 1 April 2013. Further increases to the contributions made by Ministers (and certain other officeholders) following the year end, resulted in the Exchequer contribution reducing to 28.7% from 1 April 2014.

The next actuarial valuation is due as at 1 April 2014.

Annual Report

In order to comply with best practice reporting requirements as set out in the SORP, the Trustees have prepared an Annual Report, which incorporates, inter alia, a Trustees' Report and Investment Report. A copy of the Report is sent to all active members, deferred members and pensioners of the Fund.

Contact address

Further information about the Fund can be obtained from the Parliamentary Contributory Pension Fund Secretariat, Pensions Unit, Department of Finance, House of Commons, London SW1A 0AA.

Disclosure of Information

So far as we are aware, there is no relevant audit information of which the Comptroller and Auditor General (the C&AG) is unaware, and we have taken all steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that the C&AG is aware of that information.

Approved on behalf of the Trustees on: 16 October 2014 by:

Brian H Donohoe MP
Chairman of Trustees

Statement of Trustees' responsibilities

The Fund Rules require the Trustees of the Fund to prepare annual accounts in such a form and in such a manner as the Comptroller and Auditor General may direct. The financial statements for the year ended 31 March 2014 were prepared on an accruals basis to give a true and fair view of the financial transactions of the Fund during the year then ended, and of the disposition at 31 March 2014 of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year.

In preparing those financial statements, the Trustees were required to:

- observe the accounts direction issued by the Comptroller and Auditor General, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgments and estimates on a reasonable basis;
- state whether applicable accounting standards were followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, on the presumption that the Fund will continue in operation.

The Trustees are responsible for the keeping of proper accounting records, for ensuring that proper financial procedures are followed, for the regularity and propriety of public finances provided by the Exchequer contribution, for safeguarding the assets of the Fund and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Governance Statement

Introduction

This statement covers the operation of the Fund for the year ending 31 March 2014. On behalf of all of the Trustees I acknowledge our responsibility for ensuring that an effective system of governance is maintained and operated in connection with the Fund.

Governance framework of the Parliamentary Contributory Pension Fund (Fund)

While the Trustees maintain overall responsibility for the management of the Fund, in practise they have appointed Officials from the House of Commons' Department of Finance to provide a full secretariat and administrative service to the Trustees. The Pensions Unit, based in the Department of Finance, act as Secretariat, along with Myfanwy Barrett, Director of Finance, who is Secretary to the Trustees. The Secretariat is responsible for providing support and advice to Trustees, arranging all meetings, drafting papers including agendas and minutes, responding to first stage complaints and drafting responses to press enquiries, Parliamentary Questions and Freedom of Information requests. This responsibility includes maintaining Trustee records and ensuring minuted decisions are actioned.

The Secretariat is also responsible for assisting the Trustees in the discharging of their legal and regulatory duties. This includes, for example: the preparation of the annual accounts; ensuring the Statement of Investment Principles (SIP) is agreed and maintained in consultation with IPSA and the MCS; monitoring that the current investment strategy is consistent with the SIP; drafting and issuing Fund communications; the preparation and maintenance of the Trustees' risk register; management of applications for retirement on grounds of ill-health and management of procurement exercises.

In order to keep the Trustees' knowledge and understanding of general pensions matters and the Fund up to date, the Secretariat arrange Trustee training 2 to 3 times per year. Training is specialised and often focuses on Fund events or current pensions issues to ensure its relevance. During the scheme year the Trustees received training on compliance with the Regulator's Trustee Knowledge and Understanding which included: trusteeship, key trustee duties and key governance issues, the legislative structure of the PCPF, board composition, key function under Constitutional Reform and Governance Act 2010 (CRaG 2010) and Trustee protections. The Trustees also received training on setting investment strategy which included an exploration of the risks of choosing a lower or higher risk strategy.

The Secretariat support the Trustees by managing contracts with external parties held by the Trustees. This includes the third party pension administrators, the legal adviser, independent investment adviser, investment consultant, investment managers, custodian, communications specialist and medical advisers.

The Trustees adopted a codified conflicts of interest policy on 26 November 2013 due to the Pensions Regulator's expectation for schemes to manage conflicts of interest and a desire to improve their governance framework. As part of this policy, all Trustees are given an opportunity to declare any conflicts of interest at the beginning of each meeting as a standing agenda item.

As the Secretariat are based in the Department of Finance, House of Commons, they are subject to review by the House's internal audit team. Internal audit undertook a comprehensive review of the work of the Pensions Unit in 2012-13. This included the Fund's Secretariat. The conclusions of the review were finalised in June 2013 and the Trustees were informed of the broad outcome of the review at their June meeting. The main findings relating to the PCPF were generally satisfactory in all areas and areas where action was required related to: (i) a need for proactive contract management and periodic review of contracts; and (ii) some improvement to be made in the Fund's governance arrangements. The Trustees have already addressed these issues by agreeing to adopt a conflicts of interest policy and considering ways in which to increase the time spent on investment matters. For example, the Trustees agreed to hold three extra meetings in 2014 to consider investment items only. The Secretariat will be further reviewing recommendations from the report and ask the Trustees to consider any specific matters that concern their responsibilities over the course of 2014-15.

The day to day administration of the Fund, including the operation of the pension payroll and accounting has been outsourced by the Trustees to RPMI Ltd (RPMI). The safekeeping of the Fund's assets is undertaken by the Northern Trust Company, in their capacity as custodian to the Fund.

Work of the Trustee Board

The Trustees held six formal meetings during the year in June, October, November and December 2013 and February and March 2014. There was one change to membership of the Board. On the 13 March 2014, following consultation with the Trustees, the MCS appointed Bridget Micklem as the MCS nominated Trustees, to replace William Hague.

The Trustees are not bound by the Treasury and Cabinet Office's Corporate Governance Code, and this reflects the fact that the Fund's governance circumstances are inherently different from those of Government departments. However I am content that the Board meets the overall objective of separating policy and operations. The Trustees pay due regard to codes of practices and guidance issued by the Pensions Regulator, where relevant.

The Trustees monitor the performance of the Fund's investments through quarterly reports prepared by the Fund's investment consultant, Hymans Robertson LLP, showing the performance of each manager against the Fund's benchmark. In June, the Trustees commissioned Hymans to undertake a formal review of the investment structure of the Fund, in view of the upcoming benefit structure changes which will be announced by both IPSA and the MCS before 2015. The Trustees spent a lot of time on this during 2013-14 and this will continue to be an important area of focus during 2014-15 as the investment review progresses.

Due to the increase in the amount of time and commitment required by the Trustees to investment matters, at their meeting in October 2013, the Trustees agreed to an additional three meetings during 2014. This will help the Trustees focus on the principle of good governance and spending more time on investment matters. The additional meetings will be reviewed at the end of 2014, and the Trustees will decide whether or not it is necessary to continue more regular investment focused meetings.

The Trustees, each quarter, monitor the performance of the Fund's administrator, RPMI against contractual service level agreements. The Secretariat, on behalf of the Trustees, hold regular administration meetings with RPMI to monitor performance and update the Trustees at meetings. The Fund's actuarial adviser, The Government Actuary's Department (GAD), also attend board meetings when necessary.

During the scheme year, for the first time the Trustees have approved a balance of powers document. This sets out the Trustees' responsibilities in relation to the administration and governance of the scheme. Following on from this a document will be drafted to set out the Secretariat terms of reference. This will make clear exactly which roles and responsibilities the Trustees have delegated to the Secretariat, and improve scheme governance by ensuring that all parties are clear of their obligations.

Finally, in March 2014, the Trustees approved a Trustee business plan for the Fund. The business plan sets out the expected projects over the next three scheme years. The Trustees will monitor regular reports which will be provided by the Secretariat at Trustee meetings on the progress being made in each area, including Secretariat performance.

For the first time this year the Pensions Regulator has issued a draft code of practice on the governance and administration of public service pension schemes. Improving scheme governance has been a key focus of the Trustee board for the last few years. The Trustees have made improvements in various areas such as agreeing the formal conflicts of interest policy, improving Trustee training to comply with the Pensions Regulators' Trustee Knowledge and Understanding requirements and increasing time spent on investment matters. The Trustees are meeting and in some areas exceeding the expectations of the Regulator in relation to administration and governance.

Risks

The Secretariat, on behalf of the Trustees, maintains a Risk Register for the Fund to support the active management of risk. This identifies and analyses potential issues that pose a risk to the Fund's objectives in terms of impact and probability. The full Risk Register is taken to the Trustees once a year, but at each meeting they receive a report highlighting any significant risks along with actions planned to reduce the impact or likelihood of these potential risks. Lower level risks are managed by the Secretariat and are escalated to the Trustees for action as necessary under the system of risk management.

During the year the Trustees agreed to take part in the 2013 National Fraud Initiative (NFI) Exercise. Membership data was supplied by RPMI to the National Fraud Office in November 2013 to be checked against data held by other private sector bodies to prevent and detect fraud. The results, issued in January 2014, initially highlighted two cases of possible fraud. RPMI checked these cases and it was confirmed that soon after data was passed to the NFI, these two members had died and notification of the bereavements of these two members was received and the pensions had been stopped by the time the NFI results were made available. The Trustees were notified of the results at their meeting in March 2014 and noted there were in fact no cases of fraud identified.

Review of effectiveness

The Trustees have responsibility for reviewing the effectiveness of the system of internal control. Our review of internal control effectiveness is informed by the work of the Secretariat, who have been tasked with the development and maintenance of the control framework.

In authorising investment managers to make investments on our behalf, the Trustees receive sufficient information to make informed decisions and to understand the risks associated with those investments. Specifically, they take advice from Hymans Robertson LLP and receive regular updates as to the investment managers' performance and movement of the Fund's assets. The Fund's liabilities are measured by the Government Actuary and reported to the Trustees via the Actuarial Valuation every three years. Due to the focus on investment structure the Trustees have not recently considered whether they wish to receive annual reports to monitor funding in the periods between actuarial valuations. As the Trustees will be undertaking a Valuation following the year end, it is likely that they would consider the need for this in 2015-16.

The organisations that provide the Fund's secretariat, custodianship and administration functions are subject to review by their respective organisations' internal audit units, which operate to relevant professional Internal Audit Standards.

Financial management

As well as receiving quarterly administration and investment reports, and reviewing a list of documents signed by the Secretariat on our behalf, which are presented to the Trustees at each meeting, the Trustees also review all expenditure incurred by the Fund at each meeting. During 2014, the Secretariat will provide a report on the scheme budget and the costs being incurred by the Fund. This report will form part of the Business Plan and will be taken to the Trustees at each meeting and help increase governance around spending behaviour and improve decision making.

In March 2013, the Trustees agreed to adopt a statement of compliance to the UK Stewardship Code and received their first report on voting activity of PCPF managers to the year ending 30 September 2013 at their December Trustee meeting in compliance with the Code. This report will be taken to the Trustees annually.

Procurement

During 2013-14 a legal tender for the Trustee's legal adviser was undertaken by the Secretariat and the House's Procurement Service. One of the Trustees was a member of the selection panel of the four top firms and a recommendation was taken to the Trustees at their meeting in December 2013. The Trustees accepted the recommendation which was to reappoint the incumbent legal advisers.

Since June 2012 the Trustees have been following the House's Finance and Procurement Rules, working with the House's commercial services directorate to ensure that all tender exercises follow House guidelines and comply with the EU procurement directives, ensuring equal treatment, non-discrimination and transparency. As the Trustees' external contracts are coming to the end of their terms over the next few years, it is anticipated that the Secretariat will arrange tender exercises as appropriate, gradually ensuring that all contracts conform to standard House terms.

The area of contract management has continued to be a focus for the Secretariat during 2013-14. Any concerns are reported to the Trustees and the Secretariat have liaised with the House's Procurement Service for advice to ensure that all of the Trustees' contracts are managed appropriately.

Fund Administration

RPMI has been appointed by the Trustees to undertake the day to day administration of the Fund. The delegation extends to the administration, fund accounting, and the calculation and payment of all pension benefits. The Trustees have free access to all documents and records maintained by RPMI, on their behalf.

The Fund Secretariat undertake regular reviews of work undertaken by RPMI, to ensure that the benefits have been calculated in accordance with the Fund's rules and legislative requirements, and that responses to members have been provided within the agreed service levels and are to a high standard.

The Secretariat meets regularly with RPMI (at a minimum three times a year), to discuss performance against the contractual service level agreements and the Internal Control Assurance Report (AAF 01/06). At each Trustee meeting, the Trustees receive a quarterly administration report from RPMI and have an opportunity to discuss any concerns.

A separation of duties exists at RPMI whereby the officer initiating a payment cannot authorise the production of the payable instrument or, dispatch the instrument. Furthermore, password controls and authorisation levels are in operation within the operating systems of RPMI.

RPMI undertake a monthly reconciliation of expected member and Exchequer contributions and this has been carried out every month during the accounting year. This enables RPMI to uncover any incorrect contributions from Ministerial Departments and to liaise with the department to rectify the position as soon as possible. RPMI also monitor the timing of payments received from departments. At the end of 2012, following concerns over some instances of late payment of contributions from departments, the Trustees agreed that a communication from a senior Cabinet Office official stressing the need to make payments promptly and correctly was appropriate. Following this communication, the Trustees noted that payments were being received on time but the Secretariat agreed to monitor the payment of contributions and to raise the issue with the Trustees if the situation changed.

Custody of Assets

The Northern Trust Company acts as Custodian of the assets managed on a segregated basis on the Trustees' behalf. Securities are registered in the name of the Custodian's nominee name (wherever the local market permits) and identified as investments of the Fund. Cash with Northern Trust is held in accounts in the Fund's name. Monthly reconciliations are undertaken by Northern Trust and the Fund Secretariat against the records of all of the investment managers appointed by the Trustees. The Trustees have free access to all documents and records maintained by the Custodian on their behalf.

The Custodians of the assets underlying the unitised equity and bond pooled funds (BlackRock and the property funds) are appointed by the respective managers.

Separation of duties exists whereby responsibility for investment dealings and stock settlements is segregated between the appointed fund managers and Custodian, respectively.

Conclusion

There are no significant control issues relating to the management of the Fund's assets or the administration of pensions and there have been no implications for the effectiveness of the Fund's internal controls.

Approved on behalf of the Trustees:

Brian H Donohoe MP
Chairman of Trustees

16 October 2014

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of the Parliamentary Contributory Pension Fund for the year ended 31 March 2014 under Schedule 6 of the Constitutional Reform and Governance Act 2010. The financial statements comprise a Fund Account, a Net Assets Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Trustees and Auditor

As explained in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements in accordance with the Constitutional Reform and Governance Act 2010, and directions made thereunder, and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Constitutional Reform and Governance Act 2010. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Parliamentary Contributory Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Foreword, the Statement of Trustees Responsibilities and the Governance Statement to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on the financial statements

In my opinion:

- the financial statements give a true and fair view of the financial transactions of the Parliamentary Contributory Pension Fund for the year ended 31 March 2014 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 Fund year; and
- the financial statements have been properly prepared in accordance with the Constitutional Reform and Governance Act 2010 and directions issued thereunder.

Opinion on other matters

In my opinion, the information given in the Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters for which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse KCB
Comptroller and Auditor General

17 October 2014

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Fund Account for the year to 31 March 2014

	Notes	2013-14 £000	2012-13 £000
Contributions and Benefits			
Contributions	3	19,796	19,747
Individual transfers in	4	421	1,248
		20,217	20,995
Benefits payable	5	(21,566)	(21,641)
Individual transfers out	6	(341)	(1,797)
Administrative expenses	7	(518)	(516)
		(22,425)	(23,954)
Net decrease from dealings with members		(2,208)	(2,959)
Returns on investments			
Investment income	8	7,271	8,026
Change in market value of investments	9	33,334	55,444
Investment management expenses	10	(1,951)	(2,097)
Net returns on investments		38,654	61,373
Net increase in the Fund during the year		36,446	58,414
Net assets of the Fund as at 1 April		487,051	428,637
Net assets of the Fund as at 31 March		523,497	487,051

The notes on pages 19 to 29 form part of these accounts

Net Assets Statement as at 31 March 2014

	Notes	2013-14 £000	2012-13 £000
Investment assets	11	547,503	511,250
Investment liabilities	11	(31,699)	(29,422)
Additional voluntary contribution investments	13	2,970	2,826
Current assets	14	6,483	4,310
Current liabilities	15	(1,760)	(1,913)
Net assets of the Fund as at 31 March		<u>523,497</u>	<u>487,051</u>

The Financial Statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustees. They do not deal with the obligations to pay pensions and benefits which fall due after the end of the year. The actuarial position of the Fund, which does take account of such obligations, is dealt with in the Government Actuary's valuation report on the position of the Fund as at 1 April 2011 and these financial statements should be read in conjunction with that report.

The financial statements on pages 17 to 29 were approved by the Trustees on: 16 October 2014

Signed on behalf of the Trustees:

Brian H Donohoe MP
Chairman of Trustees

The notes on pages 19 to 29 form part of these accounts

Notes to the Financial Statements

1 Basis of Preparation

The financial statements meet the accounting and disclosure requirements of the Statement of Recommended Practice (SORP) Financial Reports of Pension Schemes (revised May 2007) as far as is appropriate.

2 Accounting Policies

The principal accounting policies, which have been applied consistently, are:

- a Normal member contributions, contributions for the purchase of added years, additional voluntary contributions, and employer (Exchequer) contributions, including deficit contributions, are accounted for in the year that the contributions are due.
- b Benefits are accounted for on the date that they fall due and refunds of contributions are accounted for when they are made.
- c Transfer values from and to other pension funds represent the amounts received and paid during the year for members who either joined or left the Fund.
- d All other expenditure is accounted for in the period to which it relates.
- e Investment income.

Income from equities and any pooled investment vehicles which distribute income, is accounted for on the date stocks are quoted ex-dividend/interest.

The income from equities is received into the income statement at the security 'pay date' in line with contractual settlement arrangements. This date may differ as to when the monies are actually received in custody.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, change in market value also includes income, net of withholding tax, which is reinvested in the fund.

Income from fixed interest securities, index-linked securities, cash and short term deposits is accounted for on an accruals basis.

- f Investments.

Quoted investments are stated at the bid price or last traded price, depending on the convention of the stock exchange on which they are quoted, at the date of the net assets statement.

Fixed interest securities are stated at their 'clean' prices, with accrued income accounted for within investment income.

Unquoted securities are valued by each fund manager at the year end in accordance with accounting guidelines.

Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published, or if single priced, at the closing single price.

Transaction costs

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Fund such as fees, commissions, stamp duty and other fees.

Derivatives

Derivative contracts are valued at fair value. Derivative contract assets are fair valued at bid price and liabilities are fair valued at offer price.

Changes in fair value are included in change in market value where the economic purpose of the contracts relates to assets. Where the economic purpose relates to income, the change in fair value is included in investment income.

Futures contracts' fair value is determined using exchange prices at the reporting date. The fair value is the unrealised profit or loss at the current bid or offer market quoted price of the contract. Amounts due from the broker represent the amounts outstanding in respect of the initial margin (representing collateral on the contracts) and any variation margin which is due to or from the broker. The amounts included in change in market value are the realised gains and losses on closed futures contracts and the unrealised gains and losses on open futures contracts.

Exchange traded options' fair value is determined using the exchange price for closing out the option at the reporting date. If a quoted market price is not available on a recognised exchange, the over the counter ('OTC') contract options' fair value is determined by the Investment Manager using generally accepted pricing models, where inputs are based on market data at the year end date.

All OTC contracts are priced per the Asset Manager at month end valuation periods.

The fair value of the interest rate swaps and currency swaps is calculated using pricing models based on the market price of comparable instruments at the year end date, if they are publicly traded. Interest is accrued monthly on a basis consistent with the terms of the contract. The amounts included in change in market value are the realised gains and losses on closed contracts and the unrealised gains and losses on open contracts. Net receipts or payments on swap contracts are either reported in investment income (where the economic purpose relates to income) or change in market value (where the economic purpose relates to assets).

Interest rate swaps have been priced using an OIS discounting methodology.

The fair value of the forward currency contracts is based on market forward exchange rates at the year end date and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.

Foreign currencies

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end.

Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction.

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

Funds invested to secure additional benefits are included in the Net Assets Statement as AVC investments and are stated at the value as advised by the provider on a going concern basis.

Loans and deposits and net current assets/liabilities are included at book costs which the Trustees consider represents a reasonable estimate of fair value.

3 Contributions

	2013-14	2012-13
	£000	£000
Members		
Normal	5,799	5,705
Added years	258	216
Additional voluntary contributions	142	217
Employer (Exchequer)		
Normal	9,570	9,579
Deficit	4,027	4,030
	<u>19,796</u>	<u>19,747</u>

The Exchequer was required to contribute 8.5% of pensionable salaries over a 15 year period from 2008 to 2023 to amortise the accumulated deficit, subject to review at future actuarial valuations. From April 2012 this increased to 8.6% as a result of the 2011 valuation. The next valuation is due in 2014.

4 Individual transfers in

	2013-14	2012-13
	£000	£000
Individual transfers in	421	1,248
	<u>421</u>	<u>1,248</u>

5 Benefits payable

	2013-14	2012-13
	£000	£000
Pensions	19,285	18,694
Lump sum retirement benefits	1,974	2,364
Lump sum death benefits	265	526
Annuities	42	57
	<u>21,566</u>	<u>21,641</u>

6 Individual transfers out

	2013-14	2012-13
	£000	£000
Individual transfers out	341	1,797
	<u>341</u>	<u>1,797</u>

7 Administrative expenses

	2013-14	2012-13
	£000	£000
Trustees – Secretariat	126	144
Third party administration and advisor fees	141	138
Actuarial fees	20	47
Legal fees	200	154
External Audit fee	31	33
	<u>518</u>	<u>516</u>

The auditors were not paid any remuneration for non-audit work.

8 Investment income

	2013-14 £000	2012-13 £000
Fixed interest securities	2,185	2,145
Index-linked securities	20	48
Equities	3,695	4,302
Derivatives	105	50
Pooled investment vehicles	1,233	1,456
	<u>7,238</u>	<u>8,001</u>
Interest on cash held on deposit	33	25
	<u>7,271</u>	<u>8,026</u>

From 2011-12 currency exchange gains are included within the change in market value in note 11.

9 Change in market value of investments

	Note	2013-14 £000	2012-13 £000
Defined benefit assets	11	33,167	55,221
Additional voluntary contribution assets	13	167	223
		<u>33,334</u>	<u>55,444</u>

10 Investment management expenses

	2013-14 £000	2012-13 £000
Investment management basic fees	1,120	744
Investment management performance fees	638	1,130
Custody fees	77	77
Investment consultancy	116	146
	<u>1,951</u>	<u>2,097</u>

The investment management basic fees are higher this year due to the fact that TT international is no longer an investment manager, in previous year the fund received a rebate from them.

The investment management performance fees are lower this year due to the fact that TT International is no longer an investment manager.

11 Investments

	Market value 1 April 2013 £000	Purchases at cost and derivative payments £000	Sales proceeds and derivative receipts £000	Change in Market Value £000	Market Value at 31 March 2014 £000
Fixed Interest	52,215	92,641	(70,327)	(1,842)	72,687
Index Linked	6,662	2,999	(9,367)	(294)	–
Derivatives	(202)	220,002	(219,761)	(467)	(428)
Equities	148,387	47,938	(49,256)	7,801	154,870
Pooled Investment vehicles	264,615	16,798	(16,798)	27,437	292,052
	<u>471,677</u>	<u>380,378</u>	<u>(365,509)</u>	<u>32,635</u>	<u>519,181</u>
Cash and cash equivalents	8,347			532	(5,020)
Accrued income	1,804				1,643
	<u>481,828</u>			<u>33,167</u>	<u>515,804</u>

Included within the above purchases and sales figures are transaction costs of £114,388 (2013: £89,128). Costs are also borne by the Fund in relation to transactions in pooled investment vehicles. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not separately identifiable.

The amount recorded in the derivative payments and receipts are the settlements of each leg of the transactions settled in the year which relate to the gross nominal exposure of the contracts rather than their market value.

	2013-14 £000	2012-13 £000
Investment assets		
Fixed Interest Securities		
UK public sector quoted	32,971	14,820
UK quoted	20,167	17,195
Overseas public sector quoted	3,642	6,640
Overseas quoted	15,907	13,560
	<u>72,687</u>	<u>52,215</u>
Index Linked Securities	–	6,662
UK Public Sector quoted		
Derivative contracts		
Swaps – OTC	118	1,519
Options – OTC	42	–
Futures	4	152
FX contracts – OTC	22,088	25,888
	<u>22,252</u>	<u>27,559</u>
Equities		
UK quoted	54,719	53,899
Overseas quoted	100,151	94,488
	<u>154,870</u>	<u>148,387</u>
Pooled investment vehicles		
UK – equity	79,810	73,294
UK – bond	43,691	39,190
UK – property	37,583	34,602
Overseas – equity	54,763	53,313
Overseas – other	76,205	64,216
	<u>292,052</u>	<u>264,615</u>

	2013-14	2012-13
	£000	£000
Other investment assets		
Cash and cash equivalents	3,515	3,622
Reverse Repo	200	4,200
Pending sales	284	2,186
Accrued income	1,643	1,804
	<u>5,642</u>	<u>11,812</u>
	<u>547,503</u>	<u>511,250</u>
Investment liabilities		
Derivative contracts		
Swaps – OTC	(485)	(2,012)
Options – OTC	(68)	(11)
FX contracts – OTC	(22,127)	(25,710)
Futures – exchange traded	–	(28)
	<u>(22,680)</u>	<u>(27,761)</u>
Other investment liabilities		
Pending purchases	(8,790)	(1,498)
Cash margin	(38)	(163)
Repo	(191)	–
	<u>(9,019)</u>	<u>(1,661)</u>
	<u>(31,699)</u>	<u>(29,422)</u>

Derivative contracts

Objectives and policies

The Trustees have authorised the use of derivatives, where they are specifically permitted in the investment management agreement, as part of their investment strategy for the pension fund.

Swaps

Swap contracts are over the counter arrangements in which the parties agree to exchange one stream of cashflows for another. The details of swap contracts in place at the year end date are as follows:

Type of swap	Duration Years	Nominal amount £000	Asset value at year end 000	Liability value at year end £000
Credit default	1 to 3	1,500	11	–
Credit default	3 to 5	10,200	73	(79)
Exchange Rate Swap	Over 10	7,600	–	(170)
Interest Rate Swap	5 to 10	48,000	34	–
Interest Rate Swap	Over 10	1,700	–	(236)
			<u>118</u>	<u>(485)</u>

Collateral deposited by counterparties in respect of swap contracts at the year end date amounted to £20,000 (2013: £63,000). Collateral received in this way is not reported within the fund's net assets.

Futures

Futures contracts are standardised, transferable, exchange traded contracts that require delivery of a commodity, bond, currency or stock index, at a specified price, on a specified future date. The details of open futures contracts at the year end date are as follows:

Type of future	Expiration	Economic exposure at year end £000	Asset value at year end £000
Assets			
Currency rate future	3 months	548	<u>4</u>
			<u>4</u>

Included within cash balances is (£5,000) (2013: £132,000) in respect of initial and variation margins arising on open futures contracts at the year end.

Options

Options are contracts which confer the right, but not the obligation, to buy ('call' options) or sell ('put' options) a security, currency, commodity or derivative contract on a specified future date at the price specified in the contract. Options may be either over the counter or exchange traded and may be 'bought', which means they carry the *right* to buy or sell if exercised by the holder or 'sold', meaning they carry the *obligation* to buy or sell if exercised by the counterparty. The details of option contracts in place at the year end date are as follows:-

Type of options	Expiration	Call or put	Notional amount of outstanding contracts £000	Asset value at year end £000	Liability value at year end £000
OTC options					
Interest rate swap	May 14	Call	1,900	–	–
Interest rate swap	May 14	Put	4,800	–	(3)
Interest rate swap	Feb 15	Call	9,600	11	(10)
Interest rate swap	Feb 15	Put	5,400	13	(38)
Currency rate swap	Sep 15	Call	1,071	18	(17)
				<u>42</u>	<u>(68)</u>

Forward Foreign Exchange (FX)

The Fund had open FX contracts at the year end as follows:

Buy/Sell currency	Amount bought Currency 000	Amount sold Currency 000	Value at year end £000
Assets			
Turkish Lira/US Dollar	695	660	35
Euro/ Sterling	547	546	1
Sterling/ US Dollar	4,252	4,243	9
Sterling/ Euro	436	434	2
Sterling/ Japanese Yen	706	700	6
US Dollar/ Sterling	804	801	3
Euro/ US Dollar	3	3	–
Brazilian Real/ US Dollar	2,054	1,989	65
			121
Liability			
Euro/ Japanese Yen	16	16	–
Euro/ Sterling	584	590	(6)
Sterling/ Swiss Franc	136	137	(1)
Sterling/ US Dollar	1,283	1,287	(4)
Sterling/ Euro	7,871	7,916	(45)
Sterling/ Australian Dollar	337	351	(14)
US Dollar/ Euro	45	45	–
US Dollar/ Brazilian Real	1,669	1,707	(38)
US Dollar/ Turkish Lira	650	702	(52)
			(160)
Total	22,088	22,127	(39)

All FX contracts settle within 3 months of the year end.

Reverse Repo

This is where money is lent out in order to generate a better return on any excess cash. At the year end the contract details and collateral are as follows:

Nature of asset	Underlying Investment	Counterparty	Maturity Date	Notional Value	£000's
Reverse Repo	UK Gilt	Barclays	1 April 2014	200,000	200

Rolling contracts are in place in respect of these monies. As at 31 March 2014 the Trustees had committed to a similar trade commencing 1 April 2014, maturing 2 April 2014 for £200,000 with Barclays Bank plc based on the same collateral holding.

Repo

Nature of asset	Underlying Investment	Counterparty	Maturity Date	Notional Value	£000's
Repo	UK Gilt	Merrill Lynch	15 May 2015	191,000	191

12 Concentration of investment

The Fund held the following investments which had a value exceeding 5% of the total value of net assets as at 31 March 2014.

	Market Value	% of Net Assets	Market Value	% of Net Assets
	2013-14	2013-14	2012-13	2012-13
	£000		£000	
Pooled Investment Vehicles				
Aquila Life UK Equity Index	79,810	15.2	73,294	15.0
BlackRock Pensions Management Aquila Life	43,691	8.3	39,190	8.0
BlackRock active selection currency hedging	36,398	7.0	29,130	6.0
Aquila Life European Equity Index	32,215	6.2	28,970	5.9
BlackRock Emerging Markets	28,361	5.4	23,179	4.8

13 Additional Voluntary Contributions (AVCs)

The Trustees are responsible for administering an AVC Scheme whereby active members may make contributions to secure additional benefits to those provided by the Fund. These contributions are invested separately from the Fund, with outside providers (Equitable Life and or Zurich) securing additional benefits on a money purchase basis for those members electing to pay AVCs. Although the Trustees withdrew the option for Active members to pay AVCs to Equitable, a number of years ago, some members still retain their funds with them. Scheme members who have AVCs invested with Equitable and Zurich, receive an annual statement confirming the amounts held in their accounts and the movements in the year. The aggregate movements and amounts of AVC investments are as follows:

	2013-14	2012-13
	£000	£000
AVC investments as at 1 April	2,826	2,503
AVC contributions purchases	102	236
AVC sales	(125)	(136)
Change in market value	167	223
AVC investments as at 31 March	<u>2,970</u>	<u>2,826</u>
Market value of AVC investments by provider		
Equitable Life	1,349	1,325
Zurich	1,621	1,501
	<u>2,970</u>	<u>2,826</u>

AVCs are held in with-profits, unit-linking and deposit balances.

14 Current assets

	2013-14	2012-13
	£000	£000
Contributions due to Fund:		
Member normal contributions	485	471
Employer normal contributions	940	940
Member AVC	4	4
Employer deficit contributions	194	194
Member added years	20	18
	<u>1,643</u>	<u>1,627</u>
Balance at bank	4,684	2,671
Provision for overpaid Guaranteed Minimum Pension (GMP) owed by members to the Fund	8	12
Refund of investment management expenses	148	–
	<u>6,483</u>	<u>4,310</u>

15 Current liabilities

(amounts due within one year)	2013-14	2012-13
	£000	£000
Lumps sums and taxation	(371)	(361)
Administrative expenses	(219)	(153)
Investment management expenses	(1,157)	(1,387)
Unpresented cheques	(1)	(–)
Provision for GMP owed to members	(12)	(12)
	<u>(1,760)</u>	<u>(1,913)</u>

16 Related Party Transactions

The Exchequer contribution taking into account recommendations by the Actuary is paid from the House of Commons Members Estimate.

Of the ten PCPF Trustees, two are pensioners within the Fund, six are active members of the Fund and the remaining two are not members of the Fund. The Trustees who are pensioners or members of the Fund receive benefits on the same basis as other members of the Fund.

Other than the related party transactions disclosed above, none of the Trustees, key management staff nor any related party has undertaken any material transactions with the Fund during the year.

17 Employer Related Investments

There were no employer related investments during the year.

For further information about the National Audit Office please contact:

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