

**PORT OF LONDON AUTHORITY (UPPER DIVISION STAFF)  
WIDOWS', WIDOWERS' AND ORPHANS' PENSION FUND**

**ANNUAL REPORT FOR THE YEAR ENDED**

**31 MARCH 2014**

PORT OF LONDON AUTHORITY (UPPER DIVISION STAFF)  
WIDOWS', WIDOWERS' AND ORPHANS' PENSION FUND

FOR THE YEAR ENDED 31 MARCH 2014

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**PORT OF LONDON AUTHORITY (UPPER DIVISION STAFF)**  
**WIDOWS', WIDOWERS' AND ORPHANS' PENSION FUND**  
**ANNUAL TRUSTEES REPORT FOR THE YEAR ENDED 31 MARCH 2014**

<b>Principal Employer:</b>	Port of London Authority
<b>Committee:</b>	
<b>Chairman</b>	Mr W Everard
<b>Port Authority Committee Men</b>	Mr B Chapman Mr R Everitt (to 31 March 2014) Mr R Lenthall Mr J F Mills Mr R Mortimer (from 27 May 2014) Dr S Steedman
<b>Members' Committee Men</b>	Mr D S Bird Mr R G Brodie Capt D Dickins Mr K Elliott Mr R J Quy
<b>Administrator:</b>	Port of London Authority
<b>Treasurer:</b>	Mr D Giles
<b>Secretary:</b>	Mr W T Bean
<b>Actuary:</b>	Mr M Whitfield, Aon Hewitt
<b>Auditors:</b>	Ernst & Young LLP
<b>Investment consultant:</b>	Aon Hewitt
<b>Investment Managers:</b>	AXA Investment Managers Ltd Newton Investment Management Ltd
<b>Custodians:</b>	HSBC BNY Mellon Asset Services
<b>Solicitors:</b>	Sacker and Partners
<b>Bulk Annuity Policy:</b>	MetLife Assurance
<b>Bank:</b>	National Westminster Bank PLC
<b>Scheme Reference Number:</b>	10080699

**PORT OF LONDON AUTHORITY (UPPER DIVISION STAFF)**  
**WIDOWS', WIDOWERS' AND ORPHANS' PENSION FUND**  
**ANNUAL TRUSTEES REPORT FOR THE YEAR ENDED 31 MARCH 2014**

The Trustees were constituted under Deed dated 7 November 1929, as amended by Supplemental deeds of the 31 March 1955, the 20 May 1968, the 23 March 1984, 10 May 1995 the 4 December 1996, 6 January 1999, and 24 October 2001.

**Statement of Trustees' Responsibilities**

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, are the responsibility of the Trustees. Pension scheme regulations require the Trustees to make available to Fund members, beneficiaries and certain other parties, audited financial statements for each Fund year which:

- show a true and fair view of the financial transactions of the Fund during the Fund year and of the amount and disposition at the end of the Fund year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year; and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice "Financial Reports of Pension Schemes".

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

The Trustees are also responsible for making available certain other information about the Fund in the form of an Annual Report.

The Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the Fund by or on behalf of the employer and the active members of the Fund and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Fund and for monitoring whether contributions are made to the Fund by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustees also have 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 Fund and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

**Administration**

The Fund is administered by a Committee of Management consisting of a Chairman appointed by the Port Authority and ten other persons of whom five are Port Authority Committee men and five are Subscribers' Committee men.

The Committee are regarded as Trustees of the Fund for the purposes of exercising their powers under the Rules.

The Chairman and the five Port Authority Committee men are appointed by the Authority. The five Subscribers' Committee men are elected by the members by ballot vote. The constitution provides for at least two pensioners' Committee men and two in-service Committee men subject to sufficient candidates being willing to stand.

Any casual vacancy is filled in the case of a Port Authority Committee man by nomination by the Port Authority and in the case of a Subscribers' Committee man by co-option by the remaining Subscribers' Committee men.

Following the retirement of Mr R Everitt on 31 March 2014, Mr R Mortimer was appointed to the Committee with effect from 27 May 2014.

There are no procedures for the removal of Committee men.

In accordance with the Rules of the Fund a new Committee was appointed from 1 November 2009 and will serve until 31 October 2014. A new Committee will be appointed with effect from 1 November 2014, in accordance with the Rules of the Fund.

The Committee met on three occasions during the period to 31 March 2014.

The Committee as a Board of Trustees have received training as appropriate throughout the year.

#### **Occupational Pension Schemes Disclosure Regulations**

This report is prepared in accordance with the requirements of the Occupational Pension Schemes (Disclosure of Information) Regulations 1996. For further details and information about the Fund, please contact the Secretary at the address given on page 8.

#### **General Information**

The Fund is a Registered Pension Scheme under the provisions of Schedule 36 of the Finance Act 2004. Accordingly, under the provisions of sections 186 and 187 of the Finance Act 2004 its income and investment gains are free of taxation. However, income from a trading activity is not investment income and so will be assessed to tax in the normal way. To the Committee's knowledge there is no reason why this registration should be prejudiced or withdrawn.

The Fund is a closed defined benefit scheme providing for the payment of spouses' pensions and child allowances on the death of a subscriber.

#### **Custodial Arrangements**

The Fund's assets are held by State Street and HSBC. The custodians are responsible for the safe keeping of documents relating to the ownership of Fund investments.

The Trustees are responsible for ensuring that the Fund's assets continue to be held securely. The custodian arrangements are reviewed from time to time.

#### **Scheme Advisers**

There are written agreements in place between the Trustees and each of the Fund advisers listed on page 1.

#### **Changes in the Fund**

There were no changes in the benefit and contribution structure of the Fund during the period covered by the report.

### Actuarial Valuation

A triennial actuarial valuation was made as at 31 March 2013 and signed on 30 June 2014. This valuation complied with Scheme Specific Funding Regulations.

The key assumptions used for calculating the technical provisions and future contributions requirement for the Fund were:

		Principal actuarial assumptions For valuation as at 31 March 2013
▪ Discount rate		2.8% p.a.
▪ RPI price inflation		3.4% p.a.
▪ Salary increases		3.9% p.a.
▪ Pension increases		3.7% p.a.
▪ Mortality	Males	SAPS tables, 2012 CMI projections, long term improvement rate 1.25% pa increased by 5%
▪ Mortality	Females	SAPS tables, 2012 CMI projections, long term improvement rate 1.5% pa

The valuation assessed that the technical provisions (£28.1m) were 101% covered by the market value of the assets (£28.3m) at the effective date.

Treating the Fund as an ongoing entity, this revealed a surplus of £209K. The valuation was carried out in accordance with the Statement of Funding Principles agreed by the Trustees and the Authority on 20 June 2014.

The next actuarial valuation of the Fund will be undertaken as at 31 March 2016.

### Annual Funding Statement

As part of the Scheme Specific Funding Regulations the Trustees are required to issue the annual funding statement to all members about the funding of the Fund.

All members received their annual Statement in October 2013.

### Subscribers and Pension Payments

At 31 March 2014 there were 322 subscribers (8 in service and 314 on pension) and 239 other persons who had left service with preserved benefits. In addition, there were 214 widows receiving pensions from the Fund totalling £1,173,184 per annum.

Details of the changes during the period 31 March 2013 to 31 March 2014 are shown below:-

#### Subscribers in service

	At 31.03.13	To pension (continuing to contribute)	To pension (contributions ceased)	Died	Leavers with preserved benefits	At 31.03.14
Contributory	-	-	-	-	-	-
Non- contributory (Paid-up benefits)	8	-	-	-	-	8
Totals	8	-	-	-	-	8

### Subscribers on pension

	At 31.03.13	From service	Died	Transfers Out	Ceased to contribute	At 31.03.14
Contributory	-	-	-	-	-	-
Non-contributory	327	-	(13)	-	-	314
	327	-	(13)	-	-	314
<u>Preserved benefits</u>	243	-	(4)	-	-	239
<u>Totals</u>	570					553

### Widows' pensions and child allowances from Fund

#### Pensions

	No. in payment		Pensions Basic & CA p.a. £	Units Basic p.a. £	Pension Increase p.a. £	Total * p.a. £
	Total	<i>of which no. paid from MetLife</i>				
At 31.03.13	218	187	249,228	3,622	893,488	1,146,338
Adjustments		2				
Ceased during period	(15)	(11)	(10,284)	0	(65,761)	(76,045)
	203	178	238,944	3,622	827,727	1,070,293
Commenced during period	11	-	18,488	0	47,717	66,205
Pensions increases					36,687	36,687
At 31.03.14	214	178	257,432	3,622	912,131	1,173,185

\* Membership data detailed above reflects the member benefits payable per annum and not the amount paid over the 12 months covered by the report (as stated in the accounts)

Included in the above total amount was an annual amount of £1,660.46 per annum (2013 : £1,607.88) payable to one widow in respect of a child allowance.

#### Pensions Increases

In accordance with the Rules of the Fund, an increase in pensions and additional units of 3.27% was applied with effect from 1 December 2013, in respect of widows whose husbands had retired or died before 1 July 2012.

The increases were also to be applied to widows' pensions and child allowances coming into payment in the future on the death of former members who left before 1 July 2013.

#### Transfer Values

Transfer values are determined in accordance with the statutory cash equivalent requirements and fully reflect the value of accrued benefit rights. All calculations conform with factors and instructions provided by the Actuary. Transfer value calculations make full allowance for discretionary benefits by taking into account the value of pensions paid to common-law spouses and pension increases up to the level of price inflation.

### **Contributions**

A revised schedule of contributions was prepared following the 2013 actuarial valuation, as required by Section 227 of the Pensions Act 2004. This, together with the associated actuarial certificate, is included on pages 9 to 11.

### **Statement of Investment Principles (SIP)**

The Committee, after consultation with the Actuary and the Authority, have prepared a Statement of Investment Principles which is available upon request.

The Rules of the Fund do not permit Employer Related Investments.

### **Financial Statements**

The Fund's financial statements for the year ended 31 March 2014 are shown on pages 13 to 18. They have been prepared and audited in accordance with regulations made under Section 41 (1) and (6) of the Pensions Act 1995.

### **Financial and Investment Review**

The Committee, after consultation with the Actuary, set a broad investment policy with day to day investment decisions being delegated to the Investment Managers.

During the 12 months to 31 March 2014 net assets decreased by £0.317m to £16.162m. The bulk annuity is treated as an expense, the Trustees decided not to assign a value to it as permitted by SORP. The liability to pay pensions remains with the Fund.

### **INVESTMENT COMMENTARY**

Year to 31 March 2014

On the back of some encouraging economic data and the fastest developed market GDP growth, UK equity market returns over the 12 months to 31 March 2014 were 8.8%. US and European equity market returns were even more impressive.

Bank of England (BoE) policy rates remained at 0.5%, unchanged since March 2009. New BoE Governor Mark Carney, who started in July, issued forward guidance that interest rates would stay low until unemployment falls. After falling faster than anticipated, the unemployment rate was dropped as the main trigger for allowing interest rates to rise. Improving UK economic data caused sterling to appreciate against most major currencies over the year. Sterling ended the year up 7.2% on a trade-weighted basis.

The Federal Reserve (Fed) continued its open-ended quantitative easing (QE) programme to support the US economy. However, investors became anxious in May as Fed Chairman Bernanke signalled a reduction in QE sooner than expected. In the event, the Fed actually initiated its withdrawal of QE in December 2013. As the Fed continued to wind down its asset purchases, Bernanke's successor Janet Yellen emphasised her commitment to maintain accommodative monetary policy in order to support continuing economic growth.

The Eurozone emerged from recession in Q2 2013, led by stronger German growth, although many peripheral countries continued to struggle. Deflationary concerns caused the ECB to lower its policy rate to 0.25%.

Growth in emerging economies slowed, with the larger economies, such as China, particularly disappointing investors.

Markets brushed aside concerns over a reduction in QE, and despite various economic and political difficulties, global equity returns were strong over the 12 months to 31



March 2014, and the MSCI All Country World Index returned 17.4% in local currency terms. However sterling strength over the year eroded the majority of these returns, the sterling return on the index was only 6.7%.

UK fixed interest gilts provided a negative return over the year as better economic data resulting in falling US bond prices put pressure on UK bonds.

Index-linked gilt returns were weaker than their fixed interest gilt counterparts across all maturities as future expectations of inflation fell.

The combination of income return and the perceived riskiness of holding corporate bonds falling, more than offset the fall in gilt prices over the year and corporate bonds returned 1.6%.

The IPD Monthly Index moved up by 14.0% over the year, giving the highest 12 month return since 2010. The income return was 6.7% capital growth was 6.8%, while rental value growth was 1.2%.

### **Fund Values**

The market values of the Fund's invested assets are shown below:

Assets	AXA (£'m)	Newton (£'m)	Total (£'m)
Assets as at 31 March 2012	10.0	5.0	15.0
Assets as at 31 March 2013	11.0	5.5	16.5
Assets as at 31 March 2014	10.7	5.5	16.2

Valuation figures above are based on the bid price for AXA and Invesco and the NAV price for Newton.

Over the year and annualised three years, the total estimated fund performance after fees were -0.6% and 5.9% p.a. respectively, underperforming the annual benchmark by 0.7% but outperforming the three-year benchmark by 0.2% p.a.

### **Data Protection Act 1998**

The Committee and the Employer have both a legal obligation and a legitimate interest to process data relating to members for the purpose of administering and operating the Fund and paying benefits under it. This may include passing on data about members to the Fund's actuary, auditor, administrator and such other third parties as may be necessary for the administration and operation of the Fund.

The Committee and the Employer are both regarded as 'Data Controllers' (for the purposes of the Data Protection Act 1998) in relation to data processing referred to above and can be contacted at the address shown below.

### **TPAS, Pension Ombudsman and the Pensions Regulator**

If a member has a complaint against the scheme, which has not been resolved to their satisfaction through the scheme's dispute procedure, TPAS (The Pensions Advisory Service) an independent voluntary organisation may be able to offer advice. The name of the local TPAS advisor can be obtained from any local Citizens Advice Bureau. If the complaint is not satisfactorily resolved, the government appointed Pensions Ombudsman can investigate complaints of injustice caused by bad administration, either by the trustee or scheme administrators, or disputes of fact or law. The Pensions Ombudsman can be contacted at:

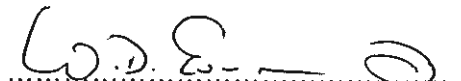
11 Belgrave Road  
London SW1V 1RB

The Pensions Regulator is responsible for overseeing pension scheme administration and for complaints about non-disclosure of information. It also now acts as the registrar of occupational and personal pension schemes. The address for the Pensions Regulator is:

Napier House  
Trafalgar Place  
Brighton BN1 4DW

Enquiries concerning the Fund, or potential benefits under it, should be addressed to:

Mr W T Bean  
Fund Secretary  
Port of London Authority  
London River House  
Royal Pier Road  
Gravesend  
Kent DA12 2BG

  
.....  
(on behalf of)

The Trustees of the Port of London  
Authority (Upper Division Staff)  
Widows', Widowers and Orphans'  
Pension Fund.

PORT OF LONDON AUTHORITY (UPPER DIVISION STAFF) WIDOWS',  
WIDOWERS' AND ORPHANS' PENSION FUND ("the Fund")

SCHEDULE OF CONTRIBUTIONS  
CONTRIBUTIONS PAYABLE FOR THE PERIOD  
30 JUNE 2014 TO 29 JUNE 2019

Status

This schedule of contributions has been prepared by the Committee of Management, after obtaining the advice of Mr M R Whitfield, the actuary to the Fund.

For each complete month ending after the 30 June 2014, contributions of at least the following rates for retirement benefits and for administration expenses are due:

Subscribers:

Subscribers shall not pay contributions to the Fund during the period of this Schedule.

By the Port of London Authority:

The audit, actuarial and investment advisor expenses of the Fund will be met from the Fund assets. The Pension Protection Fund levy and administration expenses are payable separately by the Port of London Authority.

Signed on behalf of the Port of London Authority:



Name: BRIAN CHAPMAN

Position: CHIEF FINANCIAL OFFICER.

Date: 30 June 2014

Signed on behalf of the Committee of Management  
of the Port of London Authority (Upper Division Staff)  
Widows', Widowers' and Orphans' Pension Fund:



Name: WILLIAM BEAN

Position: FUND SECRETARY

Date: 30 June 2014

*Form of actuary's certification of schedule of contributions*

Name of scheme: Port of London Authority (Upper Division Staff) Widows', Widowers' and Orphans' Pension Fund

**Adequacy of rates of contributions**

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2013 to continue to be met for the period for which the schedule is to be in force.

I also certify that the rates of contributions shown in this schedule are not lower than I would have provided for had I had responsibility for preparing or revising the schedule, the statement of funding principles and any recovery plan.

**Adherence to statement of funding principles**

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 20 June 2014.

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

Signature:

*M R Whitfield*

Date:

30 June 2014

Name:

M R Whitfield

Qualification:

Fellow of the Institute and Faculty of Actuaries

Address:

Verulam Point  
Station Way  
St Albans  
AL1 5HE

Name of employer:

Aon Hewitt Limited

# Appendix 5: Certificate of technical provisions

*Actuarial certificate given for the purposes of Regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005*

**Port of London Authority (Upper Division Staff) Widows', Widowers' and Orphans' Pension Fund**  
**Calculation of technical provisions**

I certify that, in my opinion, the calculation of the Fund's technical provisions as at 31 March 2013 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustees of the Fund and set out in the statement of funding principles dated 20 June 2014.

*M R Whitfield*

M R Whitfield  
Fellow of the Institute and Faculty of Actuaries

30 June 2014

Aon Hewitt Limited  
Verulam Point  
Station Way  
St Albans  
AL1 5HE

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE PORT OF LONDON AUTHORITY (UPPER DIVISION STAFF) WIDOWS', WIDOWERS' AND ORPHAN'S PENSION FUND

We have audited the financial statements of the Port of London Authority (Upper Division Staff) Widows', Widowers' and Orphans' Pension Fund for the year ended 31 March 2014 which comprise the fund account, the net assets statement and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Trustees, as a body, in accordance with regulation 3 (c) of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees as a body, for our audit work, for this report, or the opinions we have formed.

### Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 2, the Fund's Trustees are responsible for the preparation of financial statements which show a true and fair view. Our responsibility is to audit and express an opinion on 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.

### 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 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, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on the Financial Statements

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Fund during the year ended 31 March 2014, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and,
- contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

*Ernst & Young LLP*  
Ernst & Young LLP  
Statutory Auditor  
Manchester  
Date 30 Oct 2014

**PORT OF LONDON AUTHORITY (UPPER DIVISION STAFF), WIDOWS',  
WIDOWERS' AND ORPHANS' PENSION FUND**

**FUND ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 2014**

	<u>Notes</u>	2014 £000	2013 £000
<b><u>Contributions and Benefits</u></b>			
Contributions		-	-
Benefits payable - Pensions		(1,150)	(1,117)
Administrative expenses	5	(49)	(43)
<b>Net withdrawals from dealings with members</b>		<b>(1,199)</b>	<b>(1,160)</b>
<b><u>Returns on investments</u></b>			
Annuity policy income	6	986	1,007
Investment management fee	7	(26)	(31)
Change in market value of investments	8	(78)	1,715
<b>Net return on investments</b>		<b>882</b>	<b>2,691</b>
<b>Net (decrease) / increase in the fund during the period</b>		<b>(317)</b>	<b>1,531</b>
<b>Net assets of the scheme</b>			
At 1 April		<b>16,479</b>	14,948
<b>At 31 March</b>		<b>16,162</b>	<b>16,479</b>

The notes on pages 15 to 18 form part of these financial statements.

**PORT OF LONDON AUTHORITY (UPPER DIVISION STAFF), WIDOWS',  
WIDOWERS' AND ORPHANS' PENSION FUND**

**NET ASSETS STATEMENT**

**AS AT 31 MARCH 2014**

	<u>Notes</u>	2014 £000	2013 £000
Investment assets	8	16,174	16,507
Current assets	9	10	5
Current liabilities	10	(22)	(33)
<b>Net assets of the fund at 31 March</b>		<b>16,162</b>	<b>16,479</b>

The financial statements do not take into account liabilities to pay pensions and benefits after the Fund year end but summarise the net assets and transactions of the scheme. The actuarial position of the Fund, which does not take into account of such obligations, is dealt with in the statement by the actuary on pages 9 to 11 of the annual report and these financial statements should be read in conjunction therewith.

The financial statements on pages 13 to 18 were approved by the Committee of Management on 26 September 2014 and are signed on its behalf by:

*CODE - Q*

*Rob. M.*

*Alan Chapman.*



**PORT OF LONDON AUTHORITY (UPPER DIVISION STAFF), WIDOWS',  
WIDOWERS' AND ORPHANS' PENSION FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**Note 1: Basis of Preparation**

The financial statements have been prepared in accordance with the Occupational Pension Schemes (requirement to obtain Auditors Accounts and a Statement from the Auditor) Regulations 1996. They have also been prepared in accordance with the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised May 2007).

**Note 2: Accounting Policies**

The following principal accounting policies have been applied consistently in the preparation of the financial statements.

**Contributions**

Subscribers' contributions are accounted for on an accruals basis at rates agreed between the Trustees and the employer based on the recommendations of the actuary and the schedule of contributions.

**Benefits payable**

Benefits payable are accounted for on an accruals basis.

**Investments and cash deposits**

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

**Income from investments**

Income from investments is recognised as follows:

- Income from cash and short term deposits is accounted for on an accruals basis.
- Income on managed funds and unit trusts is retained and reflected in the market value of the units.

The change in market value of the investments during the year comprises all increases and decreases in the market value of the investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value.

**Insurance Policy**

A bulk annuity policy was purchased from MetLife Assurance on 12 May 2011 this securing pensions payable to specified beneficiaries. The cost of the purchase of this annuity policy and the income received for the year from the annuity policy is included in the fund account.

**Administrative expenses**

The rules of the Fund provide that the Port of London Authority shall bear the full costs of the administration except those expenses incurred in the acquisition, variation, management, maintenance, improvement, development and disposal of any investment, and the remuneration of the auditors of the Fund and actuarial fees.

**PORT OF LONDON AUTHORITY (UPPER DIVISION STAFF), WIDOWS',  
WIDOWERS' AND ORPHANS' PENSION FUND**

**Solvency of the fund**

Under Clause 20 of the Trust Deed, the Port of London Authority is liable for the solvency of the Fund.

**Note 3: Capital Commitments**

At 31 March 2014 there were no capital commitments (2013 Nil).

**Note 4: Contingent Liabilities**

Other than the liability to pay future pensions, there are no contingent liabilities of the fund at 31 March 2014 (2013 Nil).

**Note 5: Administrative Expenses**

	2014 £000	2013 £000
Audit fees	8	7
Actuarial fees	41	36
	<u>49</u>	<u>43</u>

**Note 6: Annuity policy income**

	2014 £000	2013 £000
MetLife annuity policy income	986	1,007
	<u>986</u>	<u>1,007</u>

The income received for the year from the annuity policy is to fund pensions.

**Note 7: Investment Management Rebate**

	2014 £000	2013 £000
Investment management fee (AXA)	26	31
	<u>26</u>	<u>31</u>

The fee covers investment management, valuations, custodian services, tax recovery and investment accounting.

**PORT OF LONDON AUTHORITY (UPPER DIVISION STAFF), WIDOWS',  
WIDOWERS' AND ORPHANS' PENSION FUND**

**Note 8: Investment Assets**

The movement in investments during the year were:

	Market value at 1 April 2013 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	Market value at 31 March 2014 £000
AXA sterling indexed linked bond fund	6,052	-	(143)	(219)	5,690
AXA sterling long corporate bond fund	4,988	-	(112)	82	4,958
Newton real return fund	5,467	-	-	59	5,526
	<b>16,507</b>	<b>-</b>	<b>(255)</b>	<b>(78)</b>	<b>16,174</b>

Transaction costs include fees, commissions, stamp duty and other duties. Indirect transaction costs are incurred through the bid - offer spread on investments within pooled investment vehicles. The amount of indirect transaction costs are not separately provided to the scheme.

The market values of investments at 31 March are as follows:

	31 March 2014 £000	% of Net Assets	31 March 2013 £000	% of Net Assets
AXA sterling indexed linked bond fund	5,690	35%	6,052	37%
AXA sterling long corporate bond fund	4,958	31%	4,988	30%
Newton real return fund	5,526	34%	5,467	33%
	<b>16,174</b>		<b>16,507</b>	

Investments are managed by companies registered in the UK.

**Note 9: Current Assets**

	2014 £000	2013 £000
Cash at bank	5	5
Other debtors	5	-
	<b>10</b>	<b>5</b>

**Note 10: Current Liabilities**

	2014 £000	2013 £000
Accrued administrative expenses	21	31
Unpaid benefits	1	2
	<b>22</b>	<b>33</b>

**PORT OF LONDON AUTHORITY (UPPER DIVISION STAFF), WIDOWS',  
WIDOWERS' AND ORPHANS' PENSION FUND**

**Note 11: Self Investment**

The Fund does not hold any investment in the Port of London Authority or in any other company or person connected with the authority.

**Note 12: Related Party Transactions**

No other transactions have been entered into during the year with related parties which require disclosure under Financial Reporting Standard No. 8.

**Note 13: Insurance Policy**

The cost of purchasing this annuity policy was recorded in the fund account in the year it was purchased. This annuity policy secures pensions payable to specified beneficiaries. This policy remains an asset of the trustees, but as is permitted under current regulations and accounting practice, the trustees have decided that this policy need not be valued in the Net Asset Statement. The annuity covers the cost of the widow's pensions in payment as at 12 May 2011, any new widow's pensions post 12 May 2011 are not included within the annuity policy.

**Independent Auditor's Statement about Contributions to the Trustees of the  
Port of London Authority (Upper Division Staff) Widows', Widowers' and  
Orphans' Pension Fund**

We have examined the summary of contributions to the Port of London Authority (Upper Division Staff) Widows', Widowers' and Orphans' Pension Fund for the Fund year ended 31 March 2014 which is set out on page 20.

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

**Respective responsibilities of Trustees and auditor**

As described more fully in the Statement of Trustees' Responsibilities, set out on page 2, the Fund's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates and due dates of contributions payable towards the Fund by or on behalf of the employer and the active members of the Fund. The Fund's Trustees are also responsible for keeping records in respect of contributions received in respect of active members of the Fund and for monitoring whether contributions are made to the Fund by the employer in accordance with the schedule of contributions.

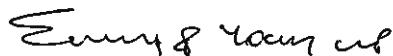
It is our responsibility to provide a statement about contributions paid under the schedule of contributions and to report our opinion to you.

**Scope of work on statement about contributions**

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported summary of contributions, set out on page 20, have in all material respects been paid at least in accordance with the schedule of contributions. This includes examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Fund and the timing of those payments under the schedule of contributions.

**Statement about contributions**

In our opinion contributions for the Fund year ended 31 March 2014, as reported in the summary of contributions set out on page 20, have, in all material respects, been paid at least in accordance with the schedule of contributions certified by the Fund actuary on 1 April 2011.



Ernst & Young LLP  
Statutory Auditor  
Manchester

Date 3 October 2014

PORT OF LONDON AUTHORITY (UPPER DIVISION STAFF), WIDOWS',  
WIDOWERS' AND ORPHANS' PENSION FUND

SUMMARY OF CONTRIBUTIONS PAYABLE IN THE YEAR

During the year ended 31 March 2014 the contributions payable to the Fund under the schedules of contributions were as follows.

	Employee £000	Employer £000
Normal contributions	-	-
<b>Total</b>	<u>-</u>	<u>-</u>

Signed on behalf of the Trustees:

*W.D.E. - M.D.*

Date *26 September 2014*