

**PORT OF LONDON AUTHORITY
RETIREMENT BENEFITS SCHEME**

ANNUAL REPORT FOR THE YEAR ENDED

31 MARCH 2014

**PORT OF LONDON AUTHORITY
RETIREMENT BENEFITS SCHEME**

FOR THE YEAR ENDED 31 MARCH 2014

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PORT OF LONDON AUTHORITY RETIREMENT BENEFITS SCHEME

TRUSTEES REPORT FOR THE YEAR ENDED

31 MARCH 2014

Trustees:	Mr B Chapman Mr W Everard Mr R Everitt (to 31 March 2014) Mr R Mortimer (from 27 May 2014)
Actuary:	Mr M Whitfield, Aon Hewitt
Auditors:	Ernst & Young LLP
Investment Manager:	AXA Investment Managers Ltd
Custodians:	HSBC
Solicitors:	Sacker & Partners
Bank:	National Westminster Bank PLC
Treasurer:	Mr D Giles
Administrative Officer:	Mr W T Bean
Scheme Secretary:	Miss D Bottacchi
Scheme Reference Number:	10177129

PORT OF LONDON AUTHORITY RETIREMENT BENEFITS SCHEME

TRUSTEES REPORT FOR THE YEAR ENDED 31 MARCH 2014

Introduction

The Scheme was set up under irrevocable trust with effect from 3 April 1992, by an interim trust deed, and was granted approval by the Pension Schemes Office with effect from that date. The Definitive Trust Deed and Rules was executed on 21 April 1992.

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 Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in 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 Scheme 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 Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme 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 Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Trustees

The power of appointing Trustees and removing them from office is vested with the Port of London Authority.

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

The 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. If you require any further details or information about the Scheme or a statement of your benefits under it, you should contact the Scheme Secretary at the address given on page 9.

General Information

The Scheme 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 Trustees' knowledge there is no reason why this registration should be prejudiced or withdrawn.

The Retirement Benefits Scheme is a closed defined benefit Scheme providing for the payment of Benevolent Allowances, Retiring Allowances and certain other pension payments, in accordance with the Rules, formerly paid from the Authority's Revenue.

Custodial Arrangements

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

The Trustees are responsible for ensuring that the Scheme'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 Scheme advisers listed on page 2.

Changes in the Scheme

There have been no changes in the benefit structure of the Scheme nor in any of the other provisions of the Rules during the period covered by this report.

Actuarial Valuation

A triennial actuarial valuation was carried out as at 31 March 2013 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		1.5% p.a.
▪ RPI price inflation		3.25% p.a.
▪ Pension increases in payment	RPI subject to a minimum of 3% pa Maximum 5% pa RPI	3.7% p.a. 3.25% p.a.
▪ Mortality		SAPS Tables, birth year, 2012 CMI projections, 1.25% p.a. underpin, increased by 5%

The valuation assessed that the technical provisions (£5m) were 58% covered by the market value of the assets (£2.9m) at the effective date.

Treating the Scheme as an ongoing entity, this revealed a deficit of £2.1m. Following discussions between the Trustees and the Authority, it was agreed that a recovery period of 10 years and 10 months would be adopted from 1 April 2013, and that the Authority will make contributions of £215,000 per annum, payable in equal monthly instalments. 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 Scheme will be undertaken as at 31 March 2016.

Membership

	As at 31/3/14	As at 31/3/13
Benevolent Allowances (A)	256	283
Retiring Allowances (A)	18	22
Pension Payments		
i) Metropolitan Terminals Limited Retirement and Widows Pension Scheme (B)	16	18
ii) Former Chief Officers (C)	8	9
Widows' Pensions in respect of PLA Pension Fund Leavers 6.4.80 to 30.9.80 (D)	57	52
TOTAL	355	384
Members with deferred pensions	1	1

Annual Funding Statement

As part of the Scheme Specific Funding Regulations the Trustees were required to issue the annual statement to all members on the funding of the Scheme. All members received their statement in October 2013.

Pensions

Membership data detailed below 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)

A)	<u>Benevolent Allowances</u>		<u>Retiring Allowances</u>		<u>Total</u>
	No	£ Per Annum	No	£ Per Annum	£ Per Annum
Members at 31.03.2013	283	273,348	22	43,031	316,379
Commenced during the year	0	0	-	-	0
	283	273,348	22	43,031	316,379
Ceased during the year	(27)	(23,988)	(4)	(8,216)	(32,204)
	256	249,360	18	34,815	284,175
Pensions Increases		8,448		1,177	9,625
Members at 31.03.2014	256	257,808	18	35,992	293,800
Commutated trivial pension during period	-		-		Commutated amount NIL
Deferred pension ceased during period	-		-		Grants NIL

B) Pension Increases – Metropolitan Terminals Limited Retirement and Widows' Pension Scheme

	<u>Members Pensions</u>		<u>Widows Pensions</u>	
	No	£ Per Annum	No	£ Per Annum
Members at 31.03.2013	2	3,804	16	24,415
Commenced during the year	-	-	-	-
	2	3,804	16	24,415
Ceased during the year	-	-	(2)	(1,830)
	2	3,804	14	22,585
Pensions Increases		157		1,104
Members at 31.03.2014	2	3,961	14	23,689

C) Ex Revenue Payments – Former Chief Officers

	<u>Members Pensions</u>		<u>Widows Pensions</u>	
	No	£ Per Annum	No	£ Per Annum
Members at 31.03.2013	7	40,272	2	42,951
Commenced during the year	-	-	-	-
	7	40,272	2	42,951
Ceased during the year	(1)	(3,949)	-	-
	6	36,323	2	42,951
Pensions Increases		163		945
Members at 31.3.2014	6	36,486	2	43,896

D) Widows' Pensions payable in respect of persons who were members of the PLA Pension Fund and who left between 6 April 1980 and 30 September 1980.

	<u>No</u>	<u>Basic Pension</u> £ per annum	<u>Pension Increase</u> £ per annum
As at 31.03.2013	52	14,935	33,296
Ceased during the year	(2)	(565)	(1,326)
	50	14,370	31,970
Commenced during the year	7	2,070	4,905
	57	16,440	36,875
Pensions Increases			1,545
As at 31.03.2014	57	16,440	38,420

Pensions Increases

As guaranteed under the Rules of the Scheme, an increase of 3.27% in the allowances of retired members and deferred pensioners in group A above was made with effect from 1 December 2013.

Members in group B received an increase of 3.27% with effect from 1 December 2013, whilst members in group C received an increase of 2.2% with effect from 8 April 2013 and an increase of 3.27% payable from the Port of London Authority Pension Fund, with effect from 1 December 2013. This latter increase for members in group C was offset against the payments being made, from the Scheme, to these persons. These increase percentages were applied to the total pensions received by the members from all of the Authority's pension schemes.

With effect from 1 December 2013 Members in group D received an increase of 3.27% in accordance with the increase granted to PLA Pension Fund members.

Transfer Values

Transfer values paid during the year were determined, where appropriate, in accordance with the statutory cash equivalent requirements, and fully reflected the value of the deferred pensioners' accrued benefit rights. During the year, no transfer payments were made. All calculations conform with factors and instructions provided by the Actuary. They do not include an allowance for discretionary pension increases since such benefits are not customarily awarded.

Contributions

The Scheme was funded by means of a lump sum payment of £6.35 million made in 1992 by the Port of London Authority. The Authority is also liable to pay the Trustees such contributions as are from time to time necessary in order to provide the benefits payable under the Rules. A one-off contribution of £2.01 million was made to the scheme on 31 December 1998 to fully fund pension increases for certain individuals which had previously been paid from the Authority's revenue.

A revised schedule of contributions was prepared following the 2013 actuarial valuation as required by Section 227 of the Pensions Act 2004 and this is included, together with associated actuarial certificates on pages 10 to 13 of this report.

Contributions are now due under the new schedule of contributions.

Statement of Investment Principles

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

To ensure compliance with the Pensions Act 1995 a written "Notice of Appointment" between the Trustees and the custodian is in place.

Financial Statements

The Scheme's financial statements for the period ended 31 March 2014 are shown on pages 15 to 19. 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 Trustees after consultation with the Actuary, the Investment Consultant and the Investment Manager appointed AXA to manage the Scheme's investments and have delegated to them the day to day investment decision making. The Investment Manager has selected a portfolio of bonds that provides an appropriate match to the liabilities.

Since the investment strategy is driven by cashflow considerations, rather than by investment performance objectives (which might carry a higher risk that the assets would not be sufficient to pay the benefits), the Trustees do not measure the absolute investment return achieved on the assets. However, implementation of the chosen investment strategy has caused the investment performance to be correlated strongly with the change in the value of the liabilities for the Scheme's benefits and is in line with

the strategy set out in the statement of investment principles. Therefore it is not appropriate to provide a review of investment performance as required by the Occupational Pension Schemes (Disclosure of Information) Regulations 1996.

During the year to 31 March 2014 net assets decreased by £287,000 (2013 : decrease of £30,000) to £2,636,000 (2013 : £2,923,000).

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, Benchmark'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 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 value of the Fund's invested assets are shown below:

Assets	AXA (£'m)
Assets as at 31 March 2012	3.0
Assets as at 31 March 2013	2.9
Assets as at 31 March 2014	2.7

Market value is based on the bid price.

Over the year and annualised three years, the total fund performance after fees was -0.8% and 6.8% p.a. respectively, outperforming the yearly benchmark of -1.2% by 0.4% and the three year benchmark of 6.3% p.a. by 0.5% p.a.

Self Investment

There were no self investment at any time during the year.

Data Protection Act 1998

The Trustees 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 Scheme and paying benefits under it. This may include passing on data about members to the Scheme's actuary, auditor, administrator and such other third parties as may be necessary for the administration and operation of the Scheme.

The Trustees 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:

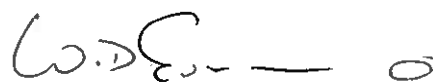
11 Belgrave Road
London SW1V 1RB

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 Scheme, or potential benefits under it, should be addressed to:

Scheme Secretary
Port of London Authority
London River House
Royal Pier Road
Kent DA12 2BG



(on behalf of)
The Trustees of the
Port of London Authority
Retirement Benefits Scheme

PORT OF LONDON AUTHORITY RETIREMENT BENEFITS SCHEME
("the Scheme")

SCHEDULE OF CONTRIBUTIONS
CONTRIBUTIONS PAYABLE FOR THE PERIOD
30 JUNE 2014 TO 31 JANUARY 2024

Status

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

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:

Members:

Members shall not pay contributions to the Scheme during the period of this Schedule.

By the Port of London Authority:

The expenses of administering the Scheme and the Pension Protection Fund levy are payable separately by the Port of London Authority.

In respect of the shortfall in funding

In accordance with the Recovery Plan dated 30 June 2014, the Port of London Authority will pay contributions of £215,000 per annum in respect of the shortfall in funding. This amount is to be paid to the Scheme in level monthly instalments of £17,917 on or before the 19th of the calendar month following that to which the payment relates.

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 Trustees of the
Port of London Authority Retirement Benefits Scheme:



Name: WILLIAM BEAN

Position: ADMINISTRATIVE OFFICER

Date: 30 June 2014

Form of actuary's certification of schedule of contributions

Name of scheme: Port of London Authority Retirement Benefits Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2013 to be met by the end of the period specified in the Recovery Plan dated 30 June 2014.

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 Retirement Benefits Scheme

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme'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 Scheme and set out in the statement of funding principles dated 20 June 2014.

M R Whitfield

30 June 2014

M R Whitfield

Fellow of the Institute and Faculty of Actuaries

Aon Hewitt Limited

Verulam Point
Station Way
St Albans
AL1 5HE

**PORT OF LONDON AUTHORITY
RETIREMENT BENEFITS SCHEME**

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE PORT OF LONDON
AUTHORITY RETIREMENT BENEFITS SCHEME**

We have audited the financial statements of the Port of London Authority's Retirement Benefits Scheme for the year ended 31 March 2014 which comprise the fund account, the net assets statement and the related notes 1 to 10. 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 3, the Scheme'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 Scheme'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 Scheme 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 October 2014*

**PORT OF LONDON AUTHORITY
RETIREMENTS BENEFITS SCHEME**

FUND ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2014

	<u>Notes</u>	2014	2013
		£000	£000
<u>Contributions and Benefits</u>			
Contributions			
Employer contributions	4	215	215
Benefits			
Retirement allowances		(41)	(45)
Benevolent allowances		(263)	(279)
Grants and commutation payments		(10)	(4)
Pension increases for members of the Metropolitan Terminals Limited Retirement and Widows' Pension Scheme		(27)	(25)
Revenue payments under a special pension arrangements for former Chief Officers		(81)	(82)
Ex-gratia pension		(3)	(4)
Widows' pension		(51)	(49)
Benefits payable		<u>(476)</u>	<u>(488)</u>
Administrative expenses		-	-
Net withdrawals from dealings with members		<u>(261)</u>	<u>(273)</u>
 <u>Returns on investments</u>			
Change in market value of investments	5	(26)	243
Net return on investments		<u>(26)</u>	<u>243</u>
Net decrease in the fund during the period		(287)	(30)
Net assets of the scheme			
At 1 st April		2,923	2,953
At 31st March		<u>2,636</u>	<u>2,923</u>

The notes on pages 17 to 19 form part of these financial statements.

**PORT OF LONDON AUTHORITY
RETIREMENTS BENEFITS SCHEME**

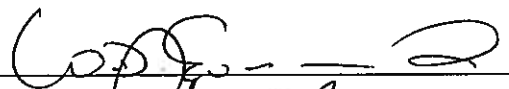
NET ASSETS STATEMENT

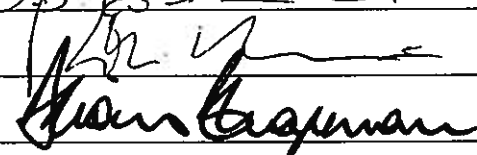
AS AT 31 MARCH 2014

	<u>Notes</u>	2014 £000	2013 £000
<u>Investments</u>			
Pooled funds	5	2,654	2,949
Net investment assets		<u>2,654</u>	<u>2,949</u>
Current assets	6	1	-
Current liabilities	7	(19)	(26)
Net assets of the scheme at 31st March		<u><u>2,636</u></u>	<u><u>2,923</u></u>

The financial statements do not take into account of liabilities to pay pensions and benefits after the scheme year end but summarise the net assets and transactions of the scheme. The actuarial position of the scheme, which does not take into account of such obligations, is dealt with in the statement by the actuary on pages 10 to 13 of the annual report and these financial statements should be read in conjunction therewith.

The financial statements on pages 15 to 19 were approved by the Trustees on 26 September 2014.





 Alan Chapman

The notes on pages 17 to 19 form part of these financial statements.

**PORT OF LONDON AUTHORITY
RETIREMENT BENEFITS SCHEME**

**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.

Investments

Pooled investment vehicles are valued at the closing bid price if bid and offer prices are published.

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

Income from investments

Income on Pooled investment vehicles is reinvested 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. 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.

Administrative expenses

The Port of London Authority has discretion to pay or reimburse the Scheme in respect of the following expenses:-

- (i) the administrative expenses of operating the Scheme including the cost of professional services; and
- (ii) the expenses of maintaining, investing and insuring the assets of the Scheme.

During the current period the Port of London Authority has paid all the administrative expenses but not charged the Scheme. For the year ended 31 March 2014 the Port of London Authority paid all the administrative expenses and did not charge the Scheme.

Residual Surplus

Under Clause 22 of the Trust Deed, in the event of the Scheme being wound up, any residual surplus would be passed back to the Port of London Authority.

Contributions

Employer's contributions are accounted for on an accruals basis.

Benefits

Benefits are accounted for an accruals basis.

Note 3: Contingent Liabilities

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

Note 4: Contributions

During the year deficit funding contributions of £215,000 were required under the schedule of contributions certified by the Scheme actuary on 1 April 2011. The actuarial valuation at 31 March 2013 was completed post year end and revealed a deficit of £2,154,000. A recovery plan was agreed between the Trustees and the employer (Port of London Authority). Deficit funding contributions of £215,000 per annum are to be paid by the employer until 31 January 2024.

Note 5: Investment Assets

	2014 £000	2013 £000
UK bond fund	2,654	2,949
Net investment assets	2,654	2,949

Net Investment Assets

	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
UK pooled investment fund	2,949	-	(269)	(26)	2,654

Friends Life Services Ltd, who operates the UK Bond Fund, is registered in the UK. 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.

Note 6: Current Assets

	2014 £000	2013 £000
Overpaid benefits	1	-
	1	-

**PORT OF LONDON AUTHORITY
RETIREMENTS BENEFITS SCHEME**

Note 7: Current Liabilities

	2014	2013
	£000	£000
Unpaid benefits	<u>(19)</u>	<u>(26)</u>
	<u>(19)</u>	<u>(26)</u>

Note 8: Employer Related Investments

There were no employer related investments during the year or at the year end.

Note 9: Related Party Transactions

Investment management, actuarial, audit and all other administrative fees are paid by the principal employer. The principal employer, the Port of London Authority did not charge a general management fee for administering the Scheme (2013 nil).

The Scheme pays pension increases which relate to the Metropolitan Terminals Limited Retirement and Widows' Pension Scheme as noted on pages 6 - 7 of the Trustees report. No other transactions have been entered into during the year with related parties which require disclosure under Financial Reporting Standard No.8.

Note 10: Concentration of Investments

The Fund holds 100% of its net assets in UK Pooled Bonds.

	2014 Bid	% of net	2013 Bid	% of net
	value	assets	value	assets
	£		£000	
UK Bond Fund	2,654	100%	2,949	100%

**PORT OF LONDON AUTHORITY
RETIREMENT BENEFITS SCHEME**

**INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEES
OF THE PORT OF LONDON AUTHORITY RETIREMENT BENEFITS SCHEME**

We have examined the summary of contributions to the Port of London Authority Retirement Benefits Scheme, for the Scheme year ended 31 March 2014, which is set out on the trustees' report on page 21.

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 3, the Scheme'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 Scheme by or on behalf of the employer and the active members of the Scheme. The Scheme's Trustees are also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions.

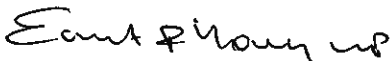
It is our responsibility to provide a statement about contributions paid under the schedule of contributions and to report our opinion to you.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached summary of contributions 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 Scheme and the timing of those payments under the schedule of contributions.

Statement about contributions

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


Ernst & Young LLP
Statutory Auditor
Manchester
Date 3 OCTOBER 2014

**PORT OF LONDON AUTHORITY
RETIREMENT BENEFITS SCHEME**

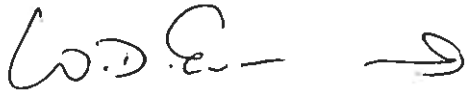
SUMMARY OF CONTRIBUTIONS PAYABLE IN THE YEAR

During the year deficit funding contributions of £215,000 were required under the schedule of contributions certified by the Scheme actuary on 1 April 2011. The actuarial valuation at 31 March 2013 was completed post year end and revealed a deficit of £2,154,000. A recovery plan was agreed between the Trustees and the employer (Port of London Authority). Deficit funding contributions of £215,000 per annum are to be paid by the employer, payable in monthly instalments, be paid for a period of ten years and ten months from 1 April 2013 to 31st January 2024.

During the year, the contributions payable to the Fund by the employer, in respect of members' and employers contributions, as required by the schedule of contributions were as follows:

	Member £000	Employer £000
Normal Contributions	0	0
Deficit Contributions	0	215
Total	<u>0</u>	<u>215</u>

Signed on behalf of the Trustees:



Date 26 September 2014