

**REPORT OF THE TRUSTEES  
AND FINANCIAL STATEMENTS OF  
THE COLLEGE OF LAW  
PENSION AND ASSURANCE SCHEME**

**FOR THE YEAR**

**TO**

**30 JUNE 2015**

**(SCHEME NO. - S 0310918 A)**



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**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015**

The Trustees present their Report and the Financial Statements for the year ended 30 June 2015 together with an Investment Report and the Scheme Actuary's actuarial statements.

**Introduction**

The Report summarises the activities of the Scheme, financial and otherwise, during the year. Further information, including the formal legal documentation, is available on request from the Secretary to the Trustees.

**Pension and Assurance Scheme**

The College of Law Pension and Assurance Scheme provides defined pension and lump sum benefits payable to members on their retirement or to their dependants on the member's death before or after retirement. Full details are in the Scheme Rules which are available to Scheme members on request.

The Trustees have periodically carried out the bulk purchase of annuities for pensioners. At 30 June 2015 the Scheme provides pensions in payment to pensioners by way of annuities purchased on or before 31 July 2012 together with direct payment for pensions that have come into payment since that date.

**Legal Status**

The scheme was started on 1 August 1962 and is governed by English Law.

Active Members are contracted-out of the additional component of the State Earnings-Related Pension Scheme (the State Second Pension from 6 April 2002).

The Scheme is approved by HM Revenue and Customs and consequently is registered as a tax exempt Scheme.

**Trustees**

Trustees are appointed or removed in accordance with the Trust Deed and Rules of the Scheme. The total number of Trustees is currently five of whom two are Member-Nominated, the other three being Employer-appointed. Trustees may resign from office at any time by giving not less than one month's written notice to the Employer.

During the year the Trustees met on 10 July 2014, 25 September 2014, 11 December 2014 and 17 March 2015.

A Trustee who is Member-Nominated is removed only at the end of their term of office if not re-elected as a Member-Nominated Trustee, or on earlier resignation.

No changes to the Trustees took place in the year to 30 June 2015.

The Trustees have an Investment Committee to consider investment matters and make recommendations to the Trustees. The Committee, which met three times during the year, has no general delegated powers. At their July 2015 meeting the Trustees noted that Liability Driven Investment strategic review had been completed and agreed that the Investment Committee should be abolished with immediate effect.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015**

**Actuarial Position**

The most recent full On-going basis (also known as Technical Provisions basis) actuarial valuation of the Scheme was made as at 1 August 2012. This showed that the actuarial value of assets represented 82% of actuarial liabilities (the benefits which had accrued to members, after allowing for expected increases in earnings). In arriving at this figure the following assumptions were applied:

	%
Rate of return on investments pre-retirement	5.2
Rate of return on investments post-retirement	3.2
Rate of increase in Active Members' pensionable earnings	2.5
Rate of increase in price inflation	3.9
Retail Price Index for pension increases (maximum 5%)	3.9
Retail Price Index for pension increases (maximum 2.5%)	2.5

It should be noted that it is the relationship between assumptions which is important, rather than the assumptions themselves in isolation. So if the rate of return actually achieved on investments is less than the rate assumed, that is less significant if the rate of price inflation and/or pension increases is in turn less than the rate assumed.

The On-going basis actuarial valuation at 1 August 2012 showed a deficit in the Scheme of £28.4 million. The Employer made special contributions of £1.5 million in September 2012 and £29.8 million in December 2012. As these eliminated the deficit at 1 August 2012 it was agreed that no further Recovery Plan was required. The Employer also agreed with the Trustees, who had been advised by the Scheme Actuary, a contribution rate of 29.8% of Active Members' pensionable salaries as from 1 August 2013. This is an increase from the contribution rate used during the year ended 31 July 2013 of 24.7%. Insurance premiums for lump sum death in service benefits are payable by the Employer in addition.

The Trustees regularly monitor changes in the actuarial position of the Scheme. The Scheme Actuary has extrapolated figures from the last full triennial valuation, together with actual data where known, to provide the results as at 30 June 2015 as set out below:

	30 June 2015		31 July 2014	
	Funding %	Surplus / (Deficit) £ million	Funding %	Surplus / (Deficit) £ million
On-going valuation	109	17.0	108	13.6
FRS 17 valuation	123	34.9	113	19.4
Solvency	83	(42.2)	83	(36.0)
Pension Protection Fund	127	42.8	128	38.3

The 2015 figures take account of updated assumptions regarding the element of pension which may be exchanged for cash on retirement and are based on mortality tables (Series 00 – medium cohort). This assumes that a man retiring from the Scheme at age 65 will survive for 23.6 years and a woman for 25.0 years. As a result of expected improvements to mortality in the future, the future expectation of life at retirement for a member retiring at age 65 in 20 years' time would be 25.7 years for men and 26.5 years for women.

The On-going valuation basis, as referred to in the table above, most closely reflects the full triennial valuation basis.

The next full triennial valuation is due to take place based on data as at 30 June 2015.

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015

### **Scheme Benefits**

Information on the Scheme benefits is set out in the Scheme Rules. These are available to Scheme Members on request and to Active Members on the Employer's Intranet.

No discretionary increases were awarded during the year.

### **Contributions**

During the year Employer normal contributions were paid in accordance with the rate agreed by the Scheme Actuary of 29.8% of Active Members' pensionable salaries.

All Active Members contributed at the rate of 8% by way of a salary sacrifice. All contributions were received from the Employer in respect of the Active Members.

Provision was made for members to pay Additional Voluntary Contributions (AVCs) under arrangements with AEGON until 4 September 2001. As from that date all new AVC contributors were contracted with Standard Life. The Scheme ceased to offer new AVC facilities as from 6 April 2006.

### **Membership**

Total membership has decreased by a net 10 during the year to 30 June 2015. Active membership increase by one to 6 at 30 June 2015. Further details are contained on page 8.

### **Investments**

The asset allocation and investment strategy have been considered regularly by the Investment Committee in conjunction with Hymans Robertson LLP and at each Trustees' meeting. A full report from the Investment Committee to the Trustees is made and then discussed before any action is approved.

In the last quarter of 2013 the Trustees agreed a proposal to change the Asset Allocation of the Scheme's holdings in order to reduce volatility by adopting a strategic target asset allocation (excluding annuities) of 50% "growth" and 50% "matching" assets and to implement a Liability Driven Investment policy. These changes were fully implemented by the end of July 2014.

A review of the scheme's growth allocation in the last quarter of 2014 resulted in the Trustees approving a restructuring of the Scheme's equity holdings. The main change being the liquidation of the holding in the actively managed Lazard Global Equity Thematic fund and its reinvestment in the Legal & General FTSE RAFI All World 3000 index fund. At the same time the holdings in the Legal & General Index tracking funds were liquidated and re invested in the RAFI World 3000 index fund.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015**

The effects of the implementation of the equity restructuring can be seen in the table below:

	Actual at 30 June 2015 %	Actual at 30 June 2014 %
Index tracking funds with Legal & General		
UK Equities	-	18.2
Overseas Equities	-	12.1
All World Equities	37.0	-
Bonds	13.1	14.6
Gilt Funds	9.1	8.5
Index-linked Gilt Funds	3.8	3.6
Leveraged Gilt Funds	10.0	12.9
Leveraged Index-Linked Gilt funds	9.5	8.6
	<hr/>	<hr/>
	82.5	78.5
Non-Index Tracking Funds		
First State Emerging Markets	4.4	5.0
Lazard Thematic Global	-	11.0
Schroder Indirect Real Estate	5.2	5.5
Cash*	7.9	-
	<hr/>	<hr/>
	17.5	21.5
Total	<hr/> <hr/>	<hr/> <hr/>
	100.0	100.0

\*This does not include the cash held in the Trustee bank account

The Trustees have made no employer-related investment during the year. The Trustees maintain a Statement of Investment Principles and a copy is available to Scheme members on request and to Active Members on the Employer's Intranet. It is the Trustees' policy to use the investment managers' preferred custodians.

**Financial Position of the Scheme**

The Scheme's audited financial statements for the year ended 30 June 2015 are on pages 19 to 26. The whole of the Scheme's invested assets (apart from the AVC funds which are separately invested as requested by individual Scheme members through either AEGON or Standard Life) were invested with Legal & General Assurance (Pensions Management) Limited (90.4%), First State Global Emerging Markets Fund (4.4%) and The Schroder Indirect Real Estate Fund (5.2%) as described in the investment report on pages 12 to 15. The value of the Scheme's net assets excluding annuities at the year-end was £137,763k as shown on page 21.

The annuities purchased in previous years from Aviva referred to above had a total cost of £46.8 million and these are not included in the table set out above.

The Scheme's investments are invested in accordance with the Statement of Investment Principles as required under the Pensions Act 1995.



**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2015**

**Matters relating to the Scheme's auditors**

Chantrey Vellacott DFK LLP merged its practice with Moore Stephens LLP with effect from 1 May 2015 and now practises under the name of Moore Stephens LLP. A resolution to appoint Moore Stephens LLP as auditor was passed at the 2 July 2015 Trustees meeting.

**Queries and complaints**

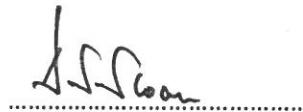
Any queries about the Scheme or any complaint should be made in writing to the Secretary to the Trustees at the address shown on page 1 or by email to [pensionsinfo@thef.org](mailto:pensionsinfo@thef.org).

Any complaint will be dealt with in accordance with the Scheme's Internal Dispute Resolution Procedure.

Signed on behalf of the Trustees



Trustee



Trustee

Date: 10 December 2015

## MEMBERSHIP CHANGES DURING THE YEAR ENDED 30 JUNE 2015

	Year to 30 June 2015	Period to 30 June 2014
<b>Active membership at 1 July</b>	5	5
New members	1	1
	<u>6</u>	<u>6</u>
Less:		
Retirements	-	1
Leavers with deferred pension	-	-
	<u>-</u>	<u>(1)</u>
<b>Active membership at 30 June</b>	<b>6</b>	<b>5</b>
Pensioners	223	210
Deferred retirements with preserved pension	12	13
Deferred members with preserved pension	<u>521</u>	<u>544</u>
<b>Total membership at 30 June</b>	<u><b>762</b></u>	<u><b>772</b></u>

Pensioners include 167 (2014: 172) members whose benefits are fully provided through annuities purchased in previous years.

Pensioner numbers increase by 13 in the year. This is due to 18 members retiring in the year and 5 pensioner deaths.

Deferred member numbers reduced by 24 in the year. This is due to 18 members (2 of whom had two periods of service) taking their pensions, 3 triviality payments and 1 transfer out of the scheme.

There are 4 (2014: 2) life assurance only members in addition to the 6 (2014: 5) active members as at 30 June 2015.

**The College of Law Pension and Assurance Scheme  
Schedule of Contributions**

**Scheme:** The College of Law Pension & Assurance Scheme

**Period:** The Schedule runs for five years from date of certification.

Contribution from active members:

8% of pensionable earnings, payable monthly, to be deducted from salary and paid to the Scheme no later than the 19<sup>th</sup> of the month following deduction. Any AVC contributions are additional to this figure.

Contributions from the employer:

In respect of future accrual of benefits, 29.8% of total pensionable earnings less employees' contributions, payable monthly and no later than the 19<sup>th</sup> of the following month.

Scheme expenses:

All expenses to be met from the fund, including PPF levies, standard contract administration and service charges.

**On behalf of the trustees:**

Name: Derek Sloan

Position: Trustee

Date: 1 August 2013

**On behalf of the employer:**

Name: A S Humphreys

Position: Secretary

Date: 1 August 2013

**The College of Law Pension and Assurance Scheme  
Certification of Schedule of Contributions**

**Scheme:**        **The College of Law Pension and Assurance Scheme**

**Adequacy of rates of contributions**

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective can continue to be met for the year in which the Schedule is to be in force.

**Adherence to Statement of Funding Principles**

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles.

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.

Name: G F Stormont FIA

Employer:  
Legal & General Assurance Society Limited  
Legal & General House  
Kingswood  
Tadworth  
Surrey KT20 6EU

Date: 1 August 2013

**Actuarial Statement made for the Purposes of Regulation 7 (4) (a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005-Certification of the calculation of Technical Provisions**

**Name of Scheme:**                      **The College of Law Pension & Assurance Scheme**

**Calculation of technical provisions**

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 1 August 2012 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.

Date: 4 July 2013

Name: GF Stormont  
Fellow of the Institute of Actuaries

Name and Address of Employer: Legal & General Assurance Society Limited  
Legal & General House  
Kingswood  
Tadworth  
Surrey KT20 6EU

**INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2015****Economic Overview**

Data releases have highlighted divergent trends in the major economies over the last twelve months. The US economy rebounded strongly and grew at the fastest pace in eleven years during the third quarter of 2014 although growth contracted in early 2015 due to the impact of severe winter weather. The UK economy has seen a marked turnaround, with growth for 2014 the strongest for seven years. In both economies, the central banks have signalled a shift towards a gradual tightening of monetary policy. Pressure to raise interest rates eased as the oil price fell dramatically, declining to a six-year low in January. With the euro zone experiencing deflation in recent months, i.e. a general decline in prices, the European Central Bank (ECB) is deploying large-scale quantitative easing (asset purchases), which commenced in March to shore up business and consumer confidence. In Japan, a controversial 3% VAT hike last spring heralded a sharp contraction in economic output and consumer demand remains sluggish although the weakness of the yen has boosted exports. The Bank of Japan announced an extension to its asset purchase programme in late 2014, in a further attempt to revive economic activity. Data releases from the emerging economies have been disappointing. In China, the crackdown on shadow banking and speculative investment in the real estate market has led to a slowdown and the authorities have cut interest rates and loosened banks' reserve requirements to underpin economic activity. The Brazilian economy is forecast to contract this year while Russia has been hard hit by the plunge in energy prices and western sanctions.

**Equities**

The US stock market recorded double-digit percentage gains, with the dollar reaching a four-year peak against a basket of currencies, enhancing returns for UK-based investors. In contrast, the UK equity market has posted relatively modest returns weighed down by the performance of large-cap stocks, which have lagged domestically-focused mid-caps and smaller companies. Returns from European markets have also been relatively disappointing, as economic growth has been sluggish and the weakness of the euro has diluted returns for UK-based investors. Japan has outperformed other major equity markets in sterling terms over the last 12 months as investors reacted favourably to a series of policy initiatives from the central bank and the Abe administration. Emerging markets have been volatile as the strength of the dollar and the weakness of commodity markets have affected investor sentiment with Asian markets outperforming both Latin America and Eastern Europe, where returns have been disappointing.

**Bonds**

Over the last year, higher rated government bonds such as US treasuries, UK gilts and German bunds have been underpinned by demand from risk-averse investors, particularly as conflict has escalated in the Middle East and the Ukraine. Bond markets have also been driven by a sharp fall in the oil price and weak commodity markets. This has pushed down inflation in the major economies and convinced investors that interest rates will remain lower for longer. Previously distressed 'peripheral' European sovereign bond markets have rallied strongly although as with equity markets the weakness of the euro has diluted returns for UK-based investors. However, European bond markets sold off sharply during the second quarter of 2015 due to lack of progress in talks between Greece and its creditors, which reignited some concerns over the contagion effect if the country was forced to leave the euro zone. Corporate bonds have also gained ground, as with the likelihood interest rates will remain lower for longer in the developed economies, investors have continued to search for securities that carry a higher yield than government bonds and this has sparked high volumes of new issuance. Although emerging bond markets have been more volatile, reflected in the pronounced weakness of several local currencies, the appeal of higher yields and potential for higher total returns has drawn international investors into this asset class.

**Property**

Commercial property has continued to attract significant capital inflows benefitting from increased recognition amongst institutional investors that it offers diversification of risk and a steady income stream.

## Performance of Individual Funds

### 1. Legal & General

The Scheme's assets managed by Legal & General Investment Management (LGIM) and are invested in an insurance policy through Legal & General Assurance (Pensions Management) Limited, part of the Legal & General Group, which is one of the largest financial institutions in the United Kingdom.

The policy is designed for corporate and public sector pension Schemes and takes full advantage of the tax exemptions available to an insurance policy of this type. It is a unitised policy and the value of the units fluctuates directly in relation to the value of the underlying assets. All units are redeemable at bid prices that are calculated from independent external pricing sources. The assets underlying the units are held by independent corporate custodians who are regularly reviewed by external auditors.

Changes to the distribution of the funds (which are sections within the policy) are affected in accordance with instructions issued by the Trustees.

As referred to on page 5 of the Trustees' Report the Trustees approved a restructuring of the Scheme's equity holdings during the year. As a result, in January 2015, the Scheme disinvested its holding in Lazard Thematic Global Equity Fund (£14 million) and its allocation in LGIM's passively managed regional equity funds (£35.6 million) and invested the proceeds in the FTSE RAFI All World 3000 Index Fund managed by LGIM.

The values of the units held under the Policy at the beginning and end of the reporting year, on a bid price basis, were:

### Asset Valuation and Distribution

#### Investment Sector Fund

	Valuation and Distribution 30 June 2015			Valuation and Distribution 30 June 2014		
	£000s	% of L&G holdings	% of total investment assets	£000s	% of L&G holdings	% of total investment assets
UK Equity Index	-	-	-	21,151	23.2	18.2
North America Equity Index	-	-	-	5,778	6.3	5.0
Europe (ex UK) Equity Index	-	-	-	4,898	5.4	4.2
Japan Equity Index	-	-	-	1,729	1.9	1.5
Asia Pac exJap Developed Equity Index	-	-	-	1,673	1.8	1.4
FTSE RAFI All World 3000 Index Fund	<b>50,472</b>	<b>41.0</b>	<b>37.0</b>	-	-	-
AAA-AA-A Bonds-Over 15Y Index	<b>17,894</b>	<b>14.5</b>	<b>13.1</b>	17,035	18.7	14.6
Cash Fund	<b>10,822</b>	<b>8.8</b>	<b>7.9</b>	-	-	-
LDI Mandate Gilt funds:						
Gilt Funds	<b>12,370</b>	<b>10.0</b>	<b>9.1</b>	9,908	10.8	8.5
Index-linked Gilt funds	<b>5,096</b>	<b>4.1</b>	<b>3.8</b>	4,226	4.6	3.6
Leveraged Gilt Funds	<b>13,660</b>	<b>11.1</b>	<b>10.0</b>	14,918	16.3	12.9
Leveraged Index-linked Gilt Funds	<b>12,981</b>	<b>10.5</b>	<b>9.5</b>	10,025	11.0	8.6
<b>Total Assets</b>	<b>123,295</b>	<b>100.0</b>	<b>90.4</b>	<b>91,341</b>	<b>100.0</b>	<b>78.5</b>

## THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME

The unit prices for these valuations were based on market closing prices on the previous working day. The values shown include any activity that took place on the valuation days.

### Performance

The time-weighted investment returns on the Scheme's total assets managed by LGIM for the year ended 30 June 2015 excluding cash holdings was 23.65% after deducting fees (2014:+9.87%).

The returns for funds held in the year were:

#### Investment Sector Fund

	2015		2014	
	Fund Return	Index Return	Fund Return	Index Return
	%	%	%	%
UK Equity Index	-1.3	-1.3	+13.3	+13.1
North America Equity Index	+14.2	-14.1	+11.0	+11.0
Europe (ex UK) Equity Index	-2.2	-2.3	+16.8	+16.6
Japan Equity Index	-7.9	-8.0	-1.6	-1.7
Asia Pac exJap Developed Equity	+3.1	-3.0	+6.2	+6.1
AAA-AA-A Bonds-Over 15Y Index	+11.1	+10.9	+8.6	+8.6
Invnt Grade Cp Bond All Stks Int	n/a	n/a	+6.0	+6.3
FTSE RAFI All World 3000 Equity	+1.7	+1.7	n/a	n/a
LDI Mandate Gilt Funds	+38.1	+38.0	n/a	n/a
Cash Fund	+0.4	+0.4	+0.3	+0.3

The investment portfolio has been passively managed, with the exception of the cash fund which is actively managed, within a range of LGIM's index tracking funds. Each index tracking fund in which the Scheme invests should track the total return (capital plus income combined) of its relevant market index within the specified tolerances. For each leveraged gilt or index-linked gilt fund in which the Scheme invests, LGIM aims to operate within the leveraged multiple limits specified by the manager. The Cash Fund aims to match the median return of similar cash funds as measured by the Russell/Mellon CAPS Pooled Pension Fund Survey, without incurring excessive risk.



**2. First State Global Emerging Markets Fund**

The value of units held at 30 June 2015 was £5,896k. No investments were made in this fund during the year.

The value of units represents 4.1% of the total net assets of the scheme (2014: 5.0%).

In the year to 30 June 2015 the fund returned 0.3% (net of fees) compared to its benchmark, the MSCI Emerging Markets Index, which returned 3.4%.

**3. Lazard Thematic Global Fund**

All of the units were sold in January 2015 for a sum of £14,050k, an increase of £1,301k from the value in the accounts as at 30 June 2014.

In 2014 the value of units held had represented 11.0% of the total net assets of the scheme.

**4. The Schroder Indirect Real Estate Fund**

The value of the units held at 30 June 2015 was £7,133k. No investments were made in this fund during the year.

The value of units represents 5.2% of the total net assets of the scheme (2014: 5.5%).

For the year to 30 June 2015 Schroder returned 14.4 (net of fees) compared to the benchmark, the AREF/IPD UK Pooled Property Fund Indices, which returned 15.9%.

## 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 have 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. If 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME**

We have audited the financial statements of The College of Law Pension And Assurance Scheme for the year ended 30 June 2015 which comprise the Fund Account, the Net Assets Statement and the related notes. 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 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 Scheme and the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Trustees and Auditor**

As explained more fully in the Statement of Trustees' Responsibilities, the Scheme's Trustees are responsible for the preparation of financial statements which give 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 Report of the Trustees and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion**

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 30 June 2015, 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.



**Moore Stephens LLP**

Chartered Accountants  
Statutory Auditor  
150 Aldersgate Street  
London  
EC1A 4AB  
Date: 10 December 2015

**INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEES OF THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME**

We have examined the summary of contributions to The College of Law Pension and Assurance Scheme for the Scheme year ended 30 June 2015 which is set out on page 19.

This report is made solely to the Trustees as a body. 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 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 statement, or for the opinions we have formed.

**Respective responsibilities of Trustees and the auditor**

As explained more fully in the Statement of Trustees' Responsibilities, 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 certain contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme. The 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 summary of contributions have in all material respects been paid at least in accordance with the schedule of contributions. This includes an 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 payable under the schedule of contributions**

In our opinion contributions for the Scheme year ended 30 June 2015 as reported in the summary of contributions and payable under the schedule 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 August 2013.

*Moore Stephens LLP*

**Moore Stephens LLP**  
Chartered Accountants  
Statutory Auditor  
150 Aldersgate Street  
London  
EC1A 4AB

Date: 10 December 2015

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME

**SUMMARY OF CONTRIBUTIONS PAID IN THE YEAR ENDED 30 JUNE 2015**

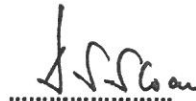
During the year, the contributions paid to the Scheme by the Employer, and Employees by way of salary sacrifice, under the schedule of contributions together with the deficit funding were as follows:

	<b>£000s</b>
Employer normal contributions	99
	<hr/>
Payable under the schedule of contributions	99
	<hr/>
<b>Total contributions</b>	<b>99</b>

Signed on behalf of the Trustees:



Trustee



Trustee

Date: 10 December 2015

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME

FUND ACCOUNT FOR THE YEAR ENDED 30 JUNE 2015

		Year ended 30 June 2015	Period ended 30 June 2014
	Note	£000s	£000s
<b>Contributions &amp; Benefits</b>			
Contributions	2	99	75
		<u>99</u>	<u>75</u>
Benefits	3	1,381	1,619
Payments to and on account of leavers	4	173	-
Other payments	5	7	11
Administrative expenses	6	298	310
		<u>1,859</u>	<u>1,940</u>
<b>Net withdrawals from dealings with members</b>		<b>(1,760)</b>	<b>(1,865)</b>
<b>Returns on investments</b>			
Investment income	7	304	250
Change in market value of investments	8	21,925	5,757
Investment management expenses	9	(203)	(100)
<b>Net returns on investments</b>		<u><b>22,026</b></u>	<u><b>5,907</b></u>
<b>Net increase in the fund during the period</b>		<b>20,266</b>	<b>4,042</b>
<b>Net assets of the Scheme</b>			
Brought forward at 1 July 2014		117,497	113,455
At 30 June 2015		<u><u><b>137,763</b></u></u>	<u><u><b>117,497</b></u></u>

The notes on pages 22-27 form part of the financial statements.

**NET ASSETS STATEMENT AS AT 30 JUNE 2015**

	Note	Year ended 30 June 2015 £000s	Period ended 30 June 2014 £000s
<b>Investment assets</b>	<b>8</b>	136,626	116,701
<b>Current assets and liabilities</b>	<b>10</b>	1,137	796
<b>Net assets of the Scheme at 30 June</b>		<u><b>137,763</b></u>	<u><b>117,497</b></u>

The financial statements summarise the transactions of the Scheme and deal with net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and other benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the statements by the Scheme Actuary on pages 8 to 10 and these financial statements should be read in conjunction with them.

The financial statements were approved and authorised for issue by the Trustees and were signed on their behalf on 10 December 2015.



Trustee



Trustee

The notes on pages 22-27 form part of the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**1. Accounting policies**

These financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995, and with the guidelines set out in the Statement of Recommended Practice, Financial Reports of Pension Schemes with the exception of an aggregated investment report.

The principal accounting policies which the Trustees have adopted are set out below.

**Accounting period end date**

At their meeting on 26 September 2013 the Trustees agreed to change the year end accounting date from 31 July to 30 June as from 2014. The comparatives for the Fund Account therefore represent the 11 month period from 1 August 2013 to 30 June 2014. The reason for the change was to bring it into line with a similar change of accounting date being proposed by the employer and also to better facilitate the provision of detailed asset performance reporting. This will also have the effect of changing the next triennial valuation value date to 30 June 2015.

**Valuation of assets**

The assets of the Scheme at the year-end were invested with Legal & General Assurance (Pensions Management) Limited, First State Global Emerging Markets Fund and The Schroder Indirect Real Estate Fund. They were valued at the bid or single price value as at 30 June 2015.

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

Transaction costs are included in the cost of purchases and sales proceeds. The amount of indirect costs is not separately provided to the Scheme.

Annuities purchased to secure specific benefits for the remaining lives of retired members are valued at £nil, as there is an effective discharge of the liabilities. See note 8.

**Contributions and benefits**

Contributions and benefits are included on the accruals basis.

**Investment income**

Investment income includes interest from cash and income arising on the Scheme's investments in respect of Property Units. The income from Property Units is recognised as attributable to the Scheme.

Interest from cash is included on an accruals basis.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

**Pensions**

Pensions payable are included in the financial statements on the accruals basis.

Where annuity income is received directly by the Scheme it is included as investment income and the associated pension is included as a benefit payable in the financial statements.

**Transfers from and to other Schemes**

Transfers to other Schemes are included on the basis of cash payments. The Trustees do not accept transfers in.

**Administrative expenses**

The administrative expenses comprise legal and professional costs (including advice from the Scheme's solicitors and investment and actuarial advisers, audit fees, Pension Protection Fund charges); service charges made by Legal & General Assurance Society Limited (relating to administration and actuarial work); bank charges and Trustee fees. All are included on the accruals basis. In the prior year administration expenses were borne by the employer.

**2. Contributions**

	<b>2015</b> <b>£000s</b>	<b>2014</b> <b>£000s</b>
Employer		
Normal	<u>99</u>	<u>75</u>

As the Scheme was in surplus at the last valuation no deficit contributions were required to be made in the year to 30 June 2015.

No refunds have been made to the Employer during the period.

**3. Benefits**

	<b>2015</b> <b>£000s</b>	<b>2014</b> <b>£000s</b>
Pensions	681	362
Annuity	67	60
Commutations and lump sum retirement benefits	633	1,197
	<u><b>1,381</b></u>	<u><b>1,619</b></u>

Further pensions are paid by way of annuities. See note 8.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

**4. Payments to and on account of leavers**

	<b>2015</b> <b>£000s</b>	<b>2014</b> <b>£000s</b>
Individual transfers to other Schemes	173	-
	<u>173</u>	<u>-</u>

**5. Other payments**

	<b>2015</b> <b>£000s</b>	<b>2014</b> <b>£000s</b>
Premiums on term insurance policies (active members life assurance and widows and dependents liability cover)	7	11
	<u>7</u>	<u>11</u>

**6. Administrative expenses**

	<b>2015</b> <b>£000s</b>	<b>2014</b> <b>£000s</b>
Legal and Professional fees	178	217
Administration & processing	75	46
Actuarial fees	30	32
Trustees fees - Chairman	15	15
	<u>298</u>	<u>310</u>

**7. Investment income**

	<b>2015</b> <b>£000s</b>	<b>2014</b> <b>£000s</b>
Interest on cash deposits	1	1
Income from pooled investment vehicles	236	189
Annuity income	67	60
	<u>304</u>	<u>250</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 8. Investments

Investments	Value at 1 July 2014	Purchases at cost	Sales proceeds	Change in market value	Value at 30 June 2015
<b>Pooled Investment Vehicles</b>					
	£000s	£000s	£000s	£000s	£000s
Property	6,458	-	-	675	7,133
Equities	53,838	63,091	(63,091)	2,530	56,368
Gilts and Bonds	56,112	-	(12,792)	18,683	62,003
Cash	-	12,398	(1,606)	29	10,821
	<b>116,408</b>	<b>75,489</b>	<b>(77,489)</b>	<b>21,917</b>	<b>136,325</b>
AVC investments	293	-	-	8	301
	<b>116,701</b>	<b>75,489</b>	<b>(77,489)</b>	<b>21,925</b>	<b>136,626</b>

Details of the country in which the companies operating the pooled investment vehicles are registered are shown on pages 1 and 2.

The value of the investments by fund manager is set out below:

	Value at 1 July 2014	Purchases at cost	Disposals	Change in Market value	Value at 30 June 2015
	£000s	£000s	£000s	£000s	£000s
First State Global Emerging Markets Fund	5,860	-	-	36	5,896
Legal & General Lazard Thematic Global Fund	91,341	75,489	(63,439)	19,905	123,296
The Schroder Indirect Real Estate Fund	12,749	-	(14,050)	1,301	-
	6,458	-	-	675	7,133
	<b>116,408</b>	<b>75,489</b>	<b>(77,489)</b>	<b>21,917</b>	<b>136,325</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

**AVC investments**

The Trustees hold assets, which are separately invested from the main fund, in the form of individual insurance policies. These secure additional benefits, on a money purchase basis, for those members who have elected to pay Additional Voluntary Contributions.

**Annuities**

Annuities have been purchased to secure full benefits in respect of those members who first took their pension prior to 1 August 2012. The related liability has been set against this cost to show a net £nil asset position. It is recognised that the annuities remain assets of the Scheme and under certain circumstances in the future the Trustees could direct that the income arising should be paid to the Scheme rather than direct to pensioners. The total cost of annuities purchased to date by the Scheme is £46.8 million. The Trustees regularly review with their investment advisers the appropriateness of purchasing further annuities.

	2015	2014
<b>Number of annuities</b>		
Full benefits	<u>171</u>	<u>177</u>
Value of pensions paid under full annuities	<u>£2,423k</u>	<u>£2,381k</u>

In the event of any failure of the insurer to pay the benefits, it will be for the Scheme to pay them. The Trustees monitor the extent of the risk of failure of the insurers. The annuities are an asset of the Scheme and not the individual member although under current accounting conventions they are not included in the financial statements.

**9. Investment management expenses**

	2015 £000s	2014 £000s
Administration, management and custody	<u>203</u>	<u>100</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

**10. Current assets and liabilities**

	<b>2015</b> <b>£000s</b>	<b>2014</b> <b>£000s</b>
<b>Current assets</b>		
Bank account	1,217	775
Sundry debtors	31	94
	<u><b>1,248</b></u>	<u><b>869</b></u>
<b>Current liabilities</b>		
Sundry creditors	111	73
	<u><b>111</b></u>	<u><b>73</b></u>
<b>Net current assets</b>	<u><b>1,137</b></u>	<u><b>796</b></u>

**11. Related party transactions**

Of the five (2014:five) people who were Trustees during all or part of the year three, Mr C Beanland, Mr A.S. Humphreys and Mr R Jones, are members of the Scheme. All benefits and transactions with them during the year have been in accordance with the Scheme Rules.

In the prior year the Employer also paid the administrative fees, not shown in note 6 on behalf of the Scheme, in line with the Schedule of Contributions at that time.

A fee paid to the Chairman is disclosed in note 6.

