

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

FOR THE YEAR

TO

30 JUNE 2016

(SCHEME NO. - S 0310918 A)

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PENSION SCHEME INFORMATION

| | |
|---|--|
| Trustees | Mr D. Sloan (Chairman) Mr C Beanland* Mr A. S. Humphreys Mr R. G. Jones* Mrs J Reeves (resigned 20 October 2015) *Member-nominated Trustees |
| Secretary to the Trustees | Miss J. Gale |
| Address of the Trustees (Principal place of business) | Secretary to the Trustees The College of Law Pension and Assurance Scheme Suite 2, River house Broadford Business Park Shalford Guildford GU4 8EP |
| Principal Employer (Referred to hereafter as Employer) | The Legal Education Foundation (formerly The College of Law) Suite 2, River house Broadford Business Park Shalford Guildford GU4 8EP |
| Scheme Actuary | Mr S Tidy FIA Legal & General Assurance Society Limited Legal & General House Kingswood Tadworth Surrey KT20 6EU |
| Administrator | Legal & General Assurance Society Limited Legal & General House Kingswood Tadworth Surrey KT20 6EU |
| Investment Managers | Legal & General Assurance (Pensions Management) Limited One Coleman Street London EC2R 5AA, England First State Investments (UK) Limited 3 rd Floor 30 Cannon Street London EC4M 6YQ, England |

PENSION SCHEME INFORMATION

| | |
|---|---|
| Investment Managers (continued) | Schroder Property Managers (Jersey) Limited PO Box 490 29 Esplanade St Helier Jersey JE4 9WB |
| AVC Providers (policies to 4 September 2001) | AEGON Edinburgh Park Edinburgh EH12 9SE |
| (policies from 5 September 2001) | Standard Life Plc 5 Devonshire Square London EC2M 4YD |
| Auditor | Moore Stephens LLP 150 Aldersgate Street London EC1A 4AB |
| Solicitor | Linklaters LLP One Silk Street London EC2Y 8HQ |
| Banker | National Westminster Bank plc 3 rd Floor, Cavell House 2A Charing Cross Road London WC2H 0NN |
| Investment Consultants | Hymans Robertson LLP Actuaries and Consultants First Floor One London Wall London EC2Y 5EA |
| Annuity providers | Aviva Annuity UK Limited Legal & General Retirement Limited Prudential Annuities Limited Canada Life Limited |

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2016

The Trustees present their Report and the Financial Statements for the year ended 30 June 2016 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 2016 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 were contracted-out of the additional component of the State Earnings-Related Pension Scheme (the State Second Pension from 6 April 2002) up to 5 April 2016.

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

The Principal place of business of the Scheme is shown on page 1.

Trustees

Trustees are appointed or removed in accordance with the Trust Deed and Rules of the Scheme. The total number of Trustees is currently four of whom two are Member-Nominated, the other two 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 2 July 2015, 24 September 2015, 10 December 2015 and 18 March 2016.

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. The two Member-Nominated Trustees reached the end of their term in March 2016 and were both re-elected.

Jane Reeves resigned as a Trustee on 20 October 2015.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2016

Report on 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 July 2015. This showed that the actuarial value of assets represented 109% 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 | 4.8 |
| Rate of return on investments post-retirement | 2.8 |
| Rate of increase in Active Members' pensionable earnings | 2.4 |
| Rate of increase in price inflation | 3.2 |
| Retail Price Index for pension increases (maximum 5%) | 4.2 |
| 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 July 2015 showed a surplus in the Scheme of £16.0 million. 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 2016. 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 2016 as set out below:

| | 30 June 2016 | | 30 June 2015 | |
|-------------------------|--------------|----------------------------------|--------------|----------------------------------|
| | Funding % | Surplus / (Deficit) £ million | Funding % | Surplus / (Deficit) £ million |
| On-going valuation | 110 | 21.4 | 109 | 16.0 |
| FRS 102 valuation | 127 | 48.3 | 123 | 34.9 |
| Solvency | 85 | (42.4) | 83 | (42.2) |
| Pension Protection Fund | 139 | 55.7 | 127 | 42.7 |

The 2016 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 (PCMA00 and PCFA00). This assumes that a man retiring from the Scheme at age 65 will survive for 23.4 years and a woman for 24.8 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 25.6 years for men and 26.3 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 2018.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2016

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.

In accordance with the Scheme Rules the part of each pension in payment, except for any GMP which is payable:

- That is attributable to Pensionable Service before 6 April 1997 will increase by 4% each year,
- That is attributable to Pensionable Service on and after 6 April 1997 but before 1 August 2006 will increase by a maximum of 5% each year,
- That is attributable to Pensionable service on or after 1 August 2006 will increase by a maximum 2.5% each year.

However, no part of any pension that is attributable to Pensionable Service on or after 6 April 1997, other than the GMP element, will be increased by more than the increase in the Retail Prices Index during each 12-month period.

Where GMP is payable, the part of the GMP that is attributable to earnings for the tax year 1988-89 and subsequent tax years will increase by the percentage specified under Section 109 of the Pension Schemes Act 1993. The part attributable to any other period of the GMP will not increase.

These Rules apply to all pensions paid by the Scheme. The Trustees do not have power to make discretionary increases.

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 and no contributions were made by Members to AVC's after 1st September 2012.

Membership

Total membership has decreased by a net 7 during the year to 30 June 2016. Active membership increased by two to 8 at 30 June 2016. Further details are contained on page 9.

Investments

The asset allocation and investment strategy have been considered regularly at each Trustees meeting in conjunction with Hymans Robertson LLP.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2016

A review of the scheme’s growth asset 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 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 also re invested in the RAFI World 3000 Index Fund.

During the year ended 30 June 2016 £2 million was disinvested from investment cash to provide working cash for administration, benefits and payments on account of leavers. In addition, £4 million was transferred from Gilt funds and £1.6 million from Index-linked Gilt funds to Leveraged Index-Linked Gilt Funds in order to maintain the interest rate and inflation hedging ratios.

The allocation of investments at the year-end (excluding AVCs and Annuities) was as follows:

| | Actual at 30 June 2016 % | Actual at 30 June 2015 % |
|---|--------------------------------|--------------------------------|
| Index tracking funds with Legal & General | | |
| All World Equities | 33.1 | 37.0 |
| Bonds | 12.2 | 13.1 |
| Gilt Funds | 7.4 | 9.1 |
| Index-Linked Gilt Funds | 2.5 | 3.8 |
| Leveraged Gilt Funds | 16.6 | 10.0 |
| Leveraged Index-Linked Gilt funds | 15.0 | 9.5 |
| | <hr/> | <hr/> |
| | 86.8 | 82.5 |
| Non-Index Tracking Funds | | |
| Stewart Investors Emerging Markets Fund | 3.9 | 4.4 |
| Schroder Indirect Real Estate Fund | 4.1 | 5.2 |
| Cash* | 5.2 | 7.9 |
| | <hr/> | <hr/> |
| | 13.2 | 17.5 |
| | <hr/> | <hr/> |
| Total | 100.0 | 100.0 |

*This does not include cash of £656k (2015: £1,217k) 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.

Social, Environmental and Ethical Considerations

The Trustees understand that social, environmental and ethical and governance considerations are among the factors which the investment managers will take into account, when considering voting intentions at company Annual General Meetings.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2016

Exercise of Voting Rights

Where relevant the Trustees have delegated the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long-term shareholder value. The Trustees receive regular reports from the Investment Manager on the exercise of voting rights.

Financial Position of the Scheme

The Scheme's audited financial statements for the year ended 30 June 2016 are on pages 21 to 33. The value of the Scheme's net assets at the year-end was £243,401k as shown on page 23. The whole of the Scheme's invested assets (excluding the AVC funds and annuities) were invested with Legal & General Assurance (Pensions Management) Limited (92.0%), Stewart Investors Global Emerging Markets Fund (3.9%) and The Schroder Indirect Real Estate Fund (4.1%) as described in the investment report on pages 13 to 17. The AVC funds are separately invested as requested by individual Scheme members through either AEGON or Standard Life.

The value of annuities purchased in the Scheme's name to secure full benefits in respect of those members who first took their pension prior to 1 August 2012 been included at the present value of the related obligations for the first time in these Accounts as required by the Financial Reporting Standard 102. Note 1 (page 24) provides information on the impact of this change on the Fund Account balance.

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

Matters relating to the Scheme's auditors

A resolution to appoint Moore Stephens LLP as auditor was passed at the 2 July 2015 Trustees meeting.

Post Balance Sheet Event

During the year Trustees agreed that market conditions were suitable to consider purchasing additional Insurance Policies to cover the liabilities arising from 53 of the 65 pensions in payment at the reporting date that were not already covered by insurance policies. As a result of a tender exercise the Trustees signed a Bulk Purchase agreement with Aviva Annuity UK Limited and cover commenced on 18 October 2016 with the first pension payments due to be made by Aviva in February 2017.

The process of purchasing further annuities for pensions in payment forms part of the strategy to reduce risk in the Scheme. The Buy-In will result in the percentage of assets in the Scheme invested in annuities being some 40% of total assets.

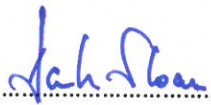
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2016

Queries and complaints

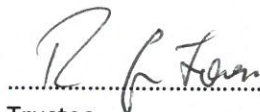
Any queries about the Scheme or any complaint should be made in writing to the Secretary to the Trustees at the address shown on page 1 or by email to pensionsinfo@thelef.org.

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:

13 December 2016

MEMBERSHIP CHANGES DURING THE YEAR ENDED 30 JUNE 2016

| | Year to 30 June 2016 | Year to 30 June 2015 |
|---|-------------------------|-------------------------|
| Active membership at 1 July | 6 | 5 |
| New members | 2 | 1 |
| | <hr/> | <hr/> |
| Active membership at 30 June | 8 | 6 |
| | | |
| Pensioners | 238 | 228 |
| Deferred retirements with preserved pension | 13 | 12 |
| Deferred members with preserved pension | 496 | 516 |
| Total Deferred membership | 509 | 528 |
| | <hr/> | <hr/> |
| Total membership at 30 June | 755 | 762 |

Pensioners include 173 (2015: 173) members whose benefits are fully provided through annuities purchased in previous years.

Pensioner numbers increased by 10 in the year. Deferred member numbers reduced by 19 in the year. This is due to 10 members (1 of whom had two periods of service) taking their pension, 3 triviality payments and 4 transfers out of the scheme (two of which related to one member).

There are 3 (2015: 4) life assurance only members in addition to the 8 (2015: 6) active members as at 30 June 2016.

**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 19th of the month following deduction. Any AVC contributions are excluded from 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 19th of the following month.

Employer expense contributions - All expenses including standard contract administration and service charges, PPF levies to be paid from the Scheme's assets until 30 June 2019.

On behalf of the trustees:

Name: Derek Sloan

Position: Trustee

Date: 4 October 2016

On behalf of the employer:

Name: A S Humphreys

Position: Deputy Chief Executive

Date: 30 September 2016

**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 period 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.

Simon Tidy FIA

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

30 September 2016

INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2016

Economic overview

Data releases highlighted divergent trends in the major economies over the past twelve months. The US economy continued to grow steadily, despite fluctuations in quarterly GDP, with the Federal Reserve sanctioning the first hike in interest rates since 2006 in December. The UK economy also performed well, although growth remained unbalanced with business investment spending and exports failing to keep pace with a robust services sector. Inflationary pressures remained subdued as commodity prices weakened and the oil price plunged to its lowest level since 2004, collapsing to below \$30/barrel in February before rebounding strongly in recent months. With the euro zone experiencing very low levels of inflation, the European Central Bank (ECB) continued to sanction large-scale quantitative easing (asset purchases) to shore up business and consumer confidence. In Japan, economic growth remained weak while inflation was well below its 2% target although a stronger labour market did begin to lift wages. In January, the Bank of Japan became the latest central bank to adopt the unorthodox policy of negative interest rates, following the ECB, Swiss National Bank and the Swedish Riksbank. The Chinese economy slowed as it continued its transition from export and investment-driven growth towards consumption. This led the authorities to cut interest rates, loosen banks' reserve requirements and devalue the yuan. The Brazilian economy slipped into recession, while Russia was hard hit by the plunge in energy prices.

Equities

Equity markets became increasingly volatile, recording heavy losses during the third quarter of 2015 and in the opening weeks of 2016 before rebounding. UK equities rose on the back of gains for globally focused large cap stocks, although the UK vote to leave the EU in the June referendum was the cue for a turbulent finish to the period. Overseas equity markets fell back in local currency terms although the weakness of sterling translated into a gain for UK-based investors as the pound fell to a 31-year low against the US dollar in the aftermath of the June referendum. In the US, the latest quarterly earnings season revealed that the strengthening dollar remains a significant impediment for revenue growth. As a result, companies continue to place a strong emphasis on cost cutting measures to maintain profit margins. European markets declined on concerns over the economic outlook as the outcome of the UK referendum provided a severe jolt to investor sentiment. Asian and emerging equity markets suffered initially as a stronger US dollar and mounting concern over the health of the Chinese economy encouraged international investors to reduce allocations to both regions. However, these markets stage a recovery in the second quarter of 2016. Japanese stocks also fell sharply on concerns that a resurgent yen would erode corporate profits and business confidence.

Bonds

Over the past year, higher-rated government bonds such as US treasuries, UK gilts and German bunds were underpinned by demand from risk-averse investors, outperforming equities by a wide margin as financial market volatility increased. Bond markets were also driven by a sharp fall in the oil price and weak commodity markets in the first half of the period, which pushed down inflation in the major economies and convinced investors that the major central banks would leave interest rates lower for longer. Previously distressed 'peripheral' European sovereign bond markets rallied, as investors sought higher returns with European interest rates falling below zero. Sterling-denominated corporate bonds underperformed gilts as the uncertain global economic outlook preoccupied investors and equity markets became more volatile. Liquidity constraints, as tighter regulations forced banks to hold more capital thereby reducing the capacity of market makers, also weighed on the corporate bond market. The search for higher levels of income underpinned emerging bond markets which were periodically unsettled by the weakness of commodity prices and the prospect of higher US interest rates.

Property

Commercial property continued to deliver positive returns, with rental income and capital growth contributing broadly equally to overall returns. However, emphasis in the sector continued to move away from generating returns through an improvement in capital values and towards delivering a recovery in leasing markets and enhancing rental income growth. Following the result of the EU referendum, announced on 24 June, considerable investor uncertainty prevailed across various asset classes and markets saw significant pricing volatility. While yields on both primary and secondary commercial property remain elevated in comparison with bonds, the number of commercial property transactions slowed after the referendum result, and the confidence exhibited by valuers in their assessment of market clearing prices reduced, making it difficult to fairly value the underlying assets in commercial property portfolios.

Performance Summary (Net of Fees)

| | Legal & General | | Multi asset* | First State | | Schroders | | Total Fund |
|---------------------------|-------------------------------------|-------------|--------------|--|--|-------------|--|------------|
| | FTSE RAFI All World 3000 Index Fund | LDI | | Stewart Investors Global Emerging Markets Fund | The Schroder Indirect Real Estate Fund | | | |
| 12 months Absolute | 11.4 | 58.6 | 10.6 | 12.5 | 7.3 | 26.5 | | |
| 12 months Benchmark | 11.3 | 58.6 | 10.3 | 3.6 | 9.0 | 26.1 | | |
| 3 years Absolute | n/a | 50.7 | 7.7 | 4.9 | 12.3 | n/a | | |
| 3 years Benchmark | n/a | 50.7 | 7.4 | 2.7 | 13.3 | n/a | | |
| 5 years Absolute | n/a | n/a | 7.6 | 7.2 | 8.6 | n/a | | |
| 5 years Benchmark | n/a | n/a | 7.4 | 1.5 | 8.9 | n/a | | |

*Multi asset includes corporate bonds, sterling liquidity fund and regional funds.

The total benchmark performance has been weighted by actual asset allocation at the start of the quarter. The three-year time period for the LDI mandate shows performance from inception on 16 June 2014. The three-year time period for LDI shows performance from inception in January 2015. For LDI there is no formal benchmark so the benchmark is shown as being equal to actual performance in the table above.

The assets are valued in the Scheme at BID price. Due to uncertainty in the market following the outcome of the EU referendum Schroders made the decision to set the BID price NAV less an 8.5% discount. The discount has not been reflected in the Absolute return in the above table

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.

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

| | Valuation and Distribution 30 June 2016 | | | Valuation and Distribution 30 June 2015 | | |
|--|--|----------------------|------------------------------------|--|----------------------|------------------------------------|
| | £000s | % of L&G holdings | % of total investment assets | £000s | % of L&G holdings | % of total investment assets |
| FTSE RAFI All World 3000 Index Fund | 56,259 | 35.9 | 33.1 | 50,472 | 41.0 | 37.0 |
| AAA-AA-A Bonds-Over 15Y Index | 20,789 | 13.3 | 12.2 | 17,894 | 14.5 | 13.1 |
| Cash Fund | 8,879 | 5.7 | 5.2 | 10,822 | 8.8 | 7.9 |
| LDI Mandate Gilt funds: | | | | | | |
| Gilt Funds | 12,514 | 8.0 | 7.4 | 12,370 | 10.0 | 9.1 |
| Index-linked Gilt funds | 4,236 | 2.7 | 2.5 | 5,096 | 4.1 | 3.8 |
| Leveraged Gilt Funds | 28,424 | 18.2 | 16.6 | 13,660 | 11.1 | 10.0 |
| Leveraged Index-linked Gilt Funds | 25,421 | 16.2 | 15.0 | 12,981 | 10.5 | 9.5 |
| Total Assets | 156,522 | 100.0 | 92.0 | 123,295 | 100.0 | 90.4 |

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.

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 - Stewart Investors Global Emerging Markets Fund

The value of units held at 30 June 2016 was £6,638k (2015 £5,896k). No investments or redemptions were made in this fund during the year.

The value of units represents 2.7% of the total net assets of the scheme (2015: 3.0%).

3. The Schroder Indirect Real Estate Fund

The value of the units held at 30 June 2016 was £6,876k (2015 £7,133k). No investments or redemptions were made in this fund during the year. However, dividends of £248k (2015:£236k) were paid out.

See page 15 for additional information regarding the BID price at 30 June 2016.

The value of units represents 2.8% of the total net assets of the scheme (2015: 3.6%).

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 2016 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 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 our audit. 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 2016, 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

Moore Stephens LLP
Chartered Accountants
Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB
Date: 13 December 2016

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 2016 which is set out on page 21.

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 2016 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 30 September 2016.



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

Date: 13 December 2016

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME

SUMMARY OF CONTRIBUTIONS PAID IN THE YEAR ENDED 30 JUNE 2016

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:

| | £000s |
|---|------------|
| Employer normal contributions | 121 |
| | <hr/> |
| Payable under the schedule of contributions | 121 |
| | <hr/> |
| Total contributions | 121 |

Signed on behalf of the Trustees:



Trustee



Trustee

Date: 13 December 2016

FUND ACCOUNT FOR THE YEAR ENDED 30 JUNE 2016

| | | Year ended 30 June 2016 | Year ended 30 June 2015 |
|---|------|------------------------------|------------------------------|
| | Note | £000s | £000s |
| Contributions & Benefits | | | |
| Employer Contributions | 2 | 121 | 99 |
| | | <u>121</u> | <u>99</u> |
| Benefits | 3 | 4,330 | 3,895 |
| Payments to and on account of leavers | 4 | 776 | 173 |
| Other payments | 5 | 7 | 7 |
| Administrative expenses | 6 | 302 | 298 |
| | | <u>5,415</u> | <u>4,373</u> |
| Net withdrawals from dealings with members | | (5,294) | (4,274) |
| Returns on investments | | | |
| Investment income | 7 | 3,044 | 2,818 |
| Change in market value of investments | 8 | 46,850 | 23,202 |
| Investment management expenses | 9 | (256) | (203) |
| Net returns on investments | | <u>49,638</u> | <u>25,817</u> |
| Net increase in the fund during the period | | 44,344 | 21,543 |
| Net assets of the Scheme | | | |
| Brought forward at 1 July 2015 | | 199,688 | 178,145 |
| At 30 June 2016 | | <u><u>244,032</u></u> | <u><u>199,688</u></u> |

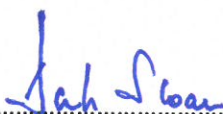
The notes on pages 24 to 33 form part of the financial statements.

NET ASSETS STATEMENT AS AT 30 JUNE 2016


| | | Year ended 30 June 2016 | Period ended 30 June 2015 |
|--|-----------|----------------------------|------------------------------|
| | Note | £000s | £000s |
| Investment assets | | | |
| Pooled Investment Vehicles | 8 | 170,037 | 136,325 |
| Insurance policies | 8 | 73,059 | 61,925 |
| AVCs | 8 | 305 | 301 |
| | | 243,401 | 198,551 |
| Current assets and liabilities | 10 | 631 | 1,137 |
| Net assets of the Scheme at 30 June | | 244,032 | 199,688 |

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 10 to 12 and the Report on Actuarial Position on page 4, 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 13 December 2016.



 Trustee



 Trustee

The notes on pages 24 to 33 form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. Accounting policies

These Financial Statements have been prepared in accordance with Financial Reporting Standard 102 – the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (SORP) (revised November 2014). This is the first year FRS102 and the Revised SORP have been applied to the Scheme’s Financial Statements.

The functional currency of the Scheme is Sterling.

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

Transition to FRS102

| | 30 June 2015 | 30 June 2014 |
|--|-----------------------|-----------------------|
| | £000s | £000s |
| Net assets of the Scheme as previously stated | 137,763 | 117,497 |
| Effect of transition valuation of annuity policies | 61,925 | 60,648 |
| Net assets of the Scheme as restated | <u>199,688</u> | <u>178,145</u> |
| | 2015 | |
| Net increase in the fund as previously stated | 20,266 | |
| Effect of transition – valuation of annuity policies | 1,277 | |
| Net increase in fund as restated | <u>21,543</u> | |

Valuation of assets

The assets of the Scheme at the year-end were invested with Legal & General Assurance (Pensions Management) Limited, Stewart Investors State Global Emerging Markets Fund (previously known as the 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 2016.

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 included in these Financial Statements at the amount of the related obligation determined using the most recent Scheme funding valuation assumptions and methodology. The valuation was carried out on behalf of the Scheme by the Scheme Actuary. See note 8.

Contributions and benefits

Contributions and benefits are included on the accruals basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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.

It also includes the value of annuity income based on the value of pensions in payment covered by annuity policies.

Interest from cash is included on an accruals basis.

Pensions

Pensions payable are included in the financial statements in the period in which they fall due for payment.

Income from annuities whether received directly by the Scheme from annuity providers or used by the annuity provider to make pension payments the pension benefit is included in the Fund Statement as investment income and the associated pension payment is included as a benefit payable.

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.

2. Contributions

| | 2016 £000s | 2015 £000s |
|----------|-----------------------------|-----------------------------|
| Employer | | |
| Normal | 121 | 99 |

As the Scheme was in surplus at the last valuation no deficit contributions are required in the period to 30 June 2019.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

| | | |
|---|---------------------|---------------------|
| 3. Benefits | | |
| | 2016 | 2015 |
| | £000s | £000s |
| Pensions | 3,653 | 3,262 |
| Commutations and lump sum retirement benefits | 677 | 633 |
| | <u>4,330</u> | <u>3,895</u> |

The Pensions total above includes pensions paid directly to pensioners by annuity providers. The value of pensions paid in this way were as follows:

| | | |
|------------------------------------|---------------------|---------------------|
| | 2016 | 2015 |
| | £000s | £000s |
| Aviva Annuity UK Limited | 1,748 | 1,571 |
| Legal & General Retirement Limited | 536 | 518 |
| Prudential Annuities Limited | 441 | 425 |
| | <u>2,725</u> | <u>2,514</u> |

| | | |
|---|-------------------|-------------------|
| 4. Payments to and on account of leavers | | |
| | 2016 | 2015 |
| | £000s | £000s |
| Individual transfers to other Schemes | 776 | 173 |
| | <u>776</u> | <u>173</u> |

| | | |
|--|-----------------|-----------------|
| 5. Other payments | | |
| | 2016 | 2015 |
| | £000s | £000s |
| Premiums on term insurance policies (active member's life assurance and widows and dependents liability cover) | 7 | 7 |
| | <u>7</u> | <u>7</u> |

| | | |
|-----------------------------------|-------------------|-------------------|
| 6. Administrative expenses | | |
| | 2016 | 2015 |
| | £000s | £000s |
| Legal and Professional fees | 202 | 178 |
| Administration & processing | 55 | 75 |
| Actuarial fees | 30 | 30 |
| Trustees fees - Chairman | 15 | 15 |
| | <u>302</u> | <u>298</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

7. Investment income

| | 2016 £000s | 2015 £000s |
|--|---------------|---------------|
| Interest on cash deposits | 1 | 1 |
| Income from pooled investment vehicles | 248 | 236 |
| Annuity income | 2,795 | 2,581 |
| | <u>3,044</u> | <u>2,818</u> |

8. Investments

| Investments | Value at 1 July 2015 | Purchases at cost | Sales proceeds | Change in market value | Value at 30 June 2016 |
|-----------------------------------|-------------------------|----------------------|-------------------|---------------------------|-----------------------------|
| | £000s | £000s | £000s | £000s | £000s |
| Pooled Investment Vehicles | | | | | |
| Property | 7,133 | - | - | (257) | 6,876 |
| Equities | 56,368 | - | - | 6,529 | 62,897 |
| Gilts and Bonds | 62,003 | - | - | 29,382 | 91,385 |
| Cash | 10,821 | - | (2,000) | 58 | 8,879 |
| | <u>136,325</u> | - | <u>(2,000)</u> | <u>35,712</u> | <u>170,037</u> |
| Insurance policies | 61,925 | - | - | 11,134 | 73,059 |
| AVC investments | 301 | - | - | 4 | 305 |
| | <u>198,551</u> | - | <u>(2,000)</u> | <u>46,850</u> | <u>243,401</u> |

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 pooled investment vehicles by fund manager is set out below:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

| | Value at 1 July 2015 £000s | Purchases at cost £000s | Disposals £000s | Change in Market value £000s | Value at 30 June 2016 £000s |
|---|----------------------------------|-------------------------------|--------------------|------------------------------------|-----------------------------------|
| Stewart Investors Global Emerging Markets Fund | 5,896 | | | 742 | 6,638 |
| Legal & General | 123,296 | - | (2,000) | 35,227 | 156,523 |
| The Schroder Indirect Real Estate Fund | 7,133 | | | (257) | 6,876 |
| | 136,325 | - | (2,000) | 35,712 | 170,037 |

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. These have been valued at the present value of the related obligations. 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.

| | 2016 | 2015 |
|----------------------------|------------|------------|
| Number of annuities | | |
| Full benefits | <u>176</u> | <u>176</u> |

Concentration of investments

The following funds represent more than 5% of the Net Assets of the Scheme at the year-end:

| | 2016 % | 2015 % |
|-------------------------------------|-----------|-----------|
| Insurance policies | 29.9 | 31.0 |
| FTSE RAFI All World 3000 Index Fund | 23.1 | 25.3 |
| Leveraged Gilt Funds | 11.6 | 6.8 |
| Leveraged Index-linked Gilt Funds | 10.4 | 6.5 |
| AAA-AA-A Bonds-Over 15Y Index | 8.5 | 9.0 |
| Gilt Funds | 5.1 | 6.2 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

9. Investment management expenses

| | 2016 £000s | 2015 £000s |
|--|---------------|---------------|
| Administration, management and custody | <u>256</u> | <u>203</u> |

10. Current assets and liabilities

| | 2016 £000s | 2015 £000s |
|----------------------------|---------------|---------------|
| Current assets | | |
| Bank account | 656 | 1,217 |
| Sundry debtors | 98 | 31 |
| | <u>754</u> | <u>1,248</u> |
| Current liabilities | | |
| Sundry creditors | <u>123</u> | <u>111</u> |
| Net current assets | <u>631</u> | <u>1,137</u> |

11. Investment Fair Value Hierarchy

In March 2016, the Financial Reporting Council published amendments to FRS102, revising the disclosure requirements for financial institutions and retirement benefits plans for accounting periods beginning on or after 1 January 2017. As permitted, the Scheme has adopted the revised disclosures earlier than required, in the financial statements for the year ended 30 June 2016. Therefore the Scheme's investment assets have been fair valued using the following fair value hierarchy:

| | |
|-------------------|---|
| Category: Level 1 | The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date. |
| Category: Level 2 | Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly. |
| Category: Level 3 | Inputs are unobservable (ie for which market data is unavailable) for the asset or liability. |

For the purposes of this analysis daily and weekly priced funds have been included in Level 1, monthly net asset values for Property funds in Level 2 and monthly net asset values for Insurance policies in Level 3.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Values as at 30.6.16

| Category | Level 1 £000s | Level 2 £000s | Level 3 £000s | Total £000s |
|-----------------------------|------------------|------------------|------------------|----------------|
| Pooled investment vehicles: | | | | |
| Legal and General | 156,523 | - | - | 156,523 |
| First State | 6,638 | - | - | 6,638 |
| Schroders | | 6,876 | - | 6,876 |
| Insurance policies | | | 73,059 | 73,059 |
| AVC investments | | | 305 | 305 |
| | 163,161 | 6,876 | 73,364 | 243,401 |

Values as at 30.6.15

| Category | Level 1 £000s | Level 2 £000s | Level 3 £000s | Total £000s |
|-----------------------------|------------------|------------------|------------------|----------------|
| Pooled investment vehicles: | | | | |
| Legal and General | 123,296 | | | 123,296 |
| First State | 5,896 | | | 5,896 |
| Schroders | | 7,133 | | 7,133 |
| Insurance policies | | | 61,925 | 61,925 |
| AVC investments | | | 301 | 301 |
| | 129,192 | 7,133 | 62,226 | 198,551 |

12. Investment Risks

The Accounting Standard FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are defined by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Scheme has exposure to these risks because of the investments it makes to implement its investment strategy described in the Trustees' Report. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustees by regular reviews of the investment portfolios.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Further information on the Trustees' approach to risk management and the Scheme's exposures to credit and market risks are set out below.

This does not include AVC investments as they are not considered significant in relation to the overall investment of the Scheme. However, the Trustees review the credit rating of the AVC providers at each meeting.

The types of risk that the pooled investment vehicles are exposed to are as follows:

| | Credit risk | Interest risk | Currency risk | Other Price risk |
|---|-------------|---------------|---------------|------------------|
| Legal and General | | | | |
| FTSE RAFI All World 3000 Index Fund | Y | | Y | Y |
| AAA-AA-A Bonds-Over 15Y Index | Y | Y | | |
| Cash Fund | Y | Y | | |
| LDI Mandate Gilt funds: | | | | |
| Gilt Funds | Y | Y | | |
| Index-linked Gilt funds | Y | Y | | Y |
| Leveraged Gilt Funds | Y | Y | | |
| Leveraged Index-linked Gilt Funds | Y | Y | | Y |
| First State Emerging market fund | Y | | Y | Y |
| Schroders Property Fund | Y | | | Y |

In value terms these can be summarised as follows for the current and prior year:

| Values as at 30.6.16 | Credit risk | Interest risk | Currency risk | Other | Total |
|-----------------------------|--------------------|----------------------|----------------------|---------------|----------------|
| | £000s | £000s | £000s | £000s | £000s |
| Legal and General | 156,523 | 100,263 | 56,259 | 85,916 | 156,523 |
| First State | 6,638 | | 6,638 | 6,638 | 6,638 |
| Schroders | 6,876 | | | 6,876 | 6,876 |
| Insurance policies | 73,059 | | | | 73,059 |
| | 243,096 | 100,263 | 56,259 | 85,916 | 243,096 |
| Values as at 30.6.15 | Credit risk | Interest risk | Currency risk | Other | Total |
| | £000s | £000s | £000s | £000s | £000s |
| Legal and General | 123,296 | 72,824 | 50,472 | 68,549 | 123,296 |
| First State | 5,896 | | 5,896 | 5,896 | 5,896 |
| Schroders | 7,133 | | | 7,133 | 7,133 |
| Insurance policies | 61,925 | | | | 61,925 |
| | 198,250 | 72,824 | 50,472 | 68,549 | 198,250 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Credit risk

The Scheme is subject to credit risk as the Scheme invests in pooled investment vehicles and has cash balances and insurance policies with a number of providers. It is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

Cash held directly by the Scheme is held in a banking institution which is a UK clearing bank which is significantly Government owned.

Direct credit risk arising from the pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring fenced from the pool manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. Trustees carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the regulatory and operating environment of the pooled manager.

The holding in Schroders is subject to a higher level of credit risk as it is a property fund. However, this risk is mitigated as the fund is mainly comprised of investments in other property funds rather than being directly invested in specific properties.

Pooled investment arrangements used by the Scheme comprise open ended pooled funds.

Indirect credit risk arises in relation to underlying investments in Sterling bond and gilt investment vehicles. This risk is mitigated by only investing in pooled corporate bond funds which invest in only AAA-AA-A rated bonds and also in UK Government Gilts where the credit risk is minimal.

Interest risk

Interest rate risk is present in the Bond and Cash funds however this is highly mitigated by the holdings in the Liability Driven Investment Mandate funds. LDI holdings are intended to hedge approximately 90% of the inflation and interest rate risk of the overall investments as part of the Scheme's Investment Strategy.

Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets via pooled equity investment vehicles. The Trustees accept the currency risk as part of the overall strategy and diversification of the fund.

Other Price Risks

The Scheme is exposed to indirect price risk due to its holdings, through pooled Investment Vehicles, in equities (FTSE RAFI All World 3000 Index Fund and First State Emerging Market Fund). However, the Trustees accept the increased risk of price volatility on equity investments as being justified by greater expected medium term returns than other asset categories.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Insurance policies (annuities)

The Trustees have purchased annuities when market conditions are favourable in order to pay pensions in payment. Such policies are subject to credit risk therefore the Trustees carry out due diligence checks before purchasing additional insurance policies and ensure that the Insurers are regulated by the FSA.

The Trustees also review the credit rating of Legal & General and the other main annuity provider, Aviva at each meeting.

13. Related party transactions

Of the five (2015: 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.

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