201X–1Y Magenta Pension Scheme: illustrative pension scheme statement

1. The illustrative resource accounts for the fictitious "Magenta" Pension Scheme consist of:

   a Report of the Managers;

   b. Report of the Actuary;

   c. Statement of the Accounting Officer's Responsibilities;

   d. Statement on internal control;

   e. Certificate and Report of the Auditor;

   f. Statement of Assembly Supply;

   g [Combined] Statement of Comprehensive Net Expenditure (*);

   h. [Combined] Statement of Financial Position (*);

   i. [Combined] Statement of Changes in Taxpayers' Equity

   j. [Combined] Statement of Cash Flows (*);

   k. Notes to the accounts.

   * these statements will be "combined" if they reflect transactions relating to both pensions and early departure costs (see paragraph 3 below)

2. The resource accounts are for illustration only and should only be followed as the circumstances of an individual pension scheme dictate. The accounts do not show every line item which may be necessary in the circumstances of an individual scheme, but they do show the main headings and line items which most schemes would be expected to include.

3. As noted in Chapter 12 of the FReM, the accounts of pension schemes may include transactions relating to early departure costs (also known as compensation payments) payable under a compensation scheme. In this example, the accounts combine the transactions of the Magenta Pension Scheme and the Violet Compensation Scheme. The latter is considered to act as an agent and hence recognises liabilities to the former employees or amounts due from employees only to the extent that these represent year-end timing differences. Nevertheless, the scheme statements reflect transactions relating to a now-discontinued arrangement whereby part of the liability to former employees was met from central funding and was not wholly recharged to employers. Different accounting arrangements will apply if the Scheme acts as a principal, or if different pre-funding arrangements apply.

4. Text is provided in certain notes. Pension scheme statements should use this text in their notes where the relevant circumstances apply.

Report of the Managers

The Report of the Managers should include information under the following headings, to the extent that they are relevant and not included elsewhere, for example in the Statement on Internal Control. Additional information may be given if this will aid understanding of the Scheme. Similar information should be provided if there is a separate Compensation Scheme.

Background to the Scheme

- Statutory basis for the Scheme
- Eligibility to join the Scheme
- Main features of the Scheme, including benefits and how they are funded
- Management of the Scheme
- Organisations responsible for managing the Scheme
- Corporate governance of the Scheme, including management team
- Arrangements governing determination of contribution rates and benefits

Key developments in year

- Changes in contributions
- Changes in benefits
- Membership statistics (movement in year)
- Financial position at 31 March 2011, significant features of results for year
- Events after the reporting period [reference to Note 29]
- Issues for 2011-12

Information for Members

- Supplementary information available to members
- Information about Freestanding Additional Voluntary Contributions and Stakeholder Pensions
- The names and addresses of the Scheme's (or Schemes'):

  Accounting Officer;

  Managers or Administrators;

  Actuary;

  Bankers;

  Legal advisers;

  Auditors;

  Employers (this may be given in categories of employer, rather than by individual employer).
- Contact for enquiries.

Report of the Actuary

The Scheme's Actuary will be responsible for preparing this section of the Financial Statements. The content is likely to include:

Introduction

Membership data

Methodology for determining key financial information, such as Scheme liabilities

Financial assumptions underpinning the financial statements

Demographic assumptions

Details of liabilities and current service costs

Sensitivity Analysis

Statement of the Accounting Officer's Responsibilities

Drafting note: This draft Statement assumes that the Accounting Officer for the Pension Scheme is the same person as for the Compensation Scheme. If this is not the case, appropriate responsibilities will need to be clarified in the Statement. See also Annex 1 of the FReM.

Under the [name of the relevant Act], the [name of relevant authority]/[Secretary of State with the consent of the relevant authority] has directed the [name of the pension scheme] to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

In the following paragraph Schemes will need to insert the terms of the Accounts Direction they are subject to. The text provided below is based on a Scheme funded by the UK Parliament.

The combined financial statements must give a true and fair view of the state of affairs of the [combined] scheme at the year end and of the net resource outturn and cash flows for the year then ended. The financial statements are required to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities that govern them. In addition , the financial statements must be prepared so as to ensure that the contributions payable to the Scheme during the year have been paid in accordance with the Scheme rules and the recommendations of the Actuary.

In preparing the financial statements, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the accounts direction issued by [the name of the relevant authority as above] including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The [relevant authority] has appointed the [Permanent Head of the Department] as Accounting Officer for the [name of the pension scheme]. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the Pension Scheme are set out in [name of guidance] published by the [relevant authority].

Statement on Internal Control

See Annex 2 of the FReM.

Certificate and Report of the Auditor

Statement of Assembly Supply

Summary of Resource Outturn 201X–1Y

								201X-1Y £000	200W-1X £000
				Estimate				**Outturn**	**Outturn**
Request for Resources	**Note**	**Gross Expenditure**	**A in A**	**Net Total**	**Gross Expenditure**	**A in A**	**Net Total**	**Net Total outturn compared with Estimate: saving/(excess)**	**Net Total**
(eg) Pensions and associated payments						*A-in-A cannot be higher than A-in-A Estimate or gross expend. outturn.*			
Total resources	3								

Summary of net cash requirement 201X-1Y

				201X-1Y £000	200W-1X £000
	Note	**Estimate**	**Outturn**	**Net Total outturn compared with Estimate: saving/(excess)**	**Outturn**
Net cash requirement	4		***Outturn must be zero or positive. There cannot be a negative NCR***		

Summary of income payable to the Consolidated Fund.

(In addition to appropriations in aid, the following income relates to the Pension Scheme and is payable to the Consolidated Fund (cash receipts being shown in italics)

		Forecast 201X-1Y £000		Outturn 201X-1Y £000	
	Note	**Income**	**Receipts**	**Income**	**Receipts**
Total	5				

Where the Scheme has an Excess Vote for one of the reasons given in Managing Public Money Northern Ireland or equivalent guidance issued by the relevant authority*, the Scheme should insert this note here:*

The Scheme has incurred an Excess Vote of £x000 because [*insert the reason using the phraseology in* Managing Public Money Northern Ireland *or* equivalent guidance issued by the relevant authority]. The Scheme will seek Assembly approval for the Excess Vote in the next Appropriation Act [Budget Act].

Explanations of variances between Estimate and outturn should be given here.

[Combined] Statement of Comprehensive Net Expenditure

for the year ended 31 March 201Y

Drafting note: This example is based on the premise that the Violet Compensation Scheme operates on an agency basis. Chapter 12 of the FReM gives further information and also provides guidance on the accounting treatment to be followed in cases where the compensation scheme acts as a principal.

	Note	201X-1Y £000	200W-1X £000
Principal Arrangements – Magenta Pension Scheme			
Income			
Contributions receivable	8		
Transfers in	9		
Other pension income	10		
Expenditure			
Pension Cost	11		
Enhancements	12		
Transfers in	13		
Injury Benefits	14		
Interest on Scheme liabilities	15		
Other interest payable [included for completeness]			
Administration expenses [included for completeness]			
Net expenditure			
Agency Arrangements – Violet Compensation Scheme			
Benefits payable	16		
Net expenditure			
Combined net expenditure	3		
Other Comprehensive Net Expenditure			
Recognised gains and losses for the financial year:			
- Actuarial (gain) loss			
Total Comprehensive Net Expenditure for the year ended 31 March 200Y			

[Combined] Statement of Financial Position

as at 31 March 201Y

	Note	31 March 200Y £000	31 March 201X £000
Principal arrangements – Magenta Pension Scheme			
Current assets:			
Receivables	18		
Cash and cash equivalents	19		
Total Current Assets			
Current liabilities:			
Payables (within 12 months)	20		
Total Current Liabilities			
Net current [assets] [liabilities], excluding pension liability			
Pension liability	21		
Net liabilities, including pension liabilities			
Agency arrangements – Violet Compensation Scheme			
Receivables	22		
Payables (within 12 months)	23		
Net current [assets] [liabilities]			
Payables (after 12 months)	23		
Provisions for liabilities and charges	24		
Net liabilities			
Combined schemes – Total net liabilities			
Taxpayers' equity:			
General fund			

(Signed) .... (Accounting Officer)
[*date*]

[Combined] Statement of Changes in Taxpayers' Equity

for the year ended 31 March 201Y

	Note	General Fund 201X-1Y £000	200W-1Y £000
Balance at 31 March			
Changes in accounting policy			
Restated balance at 1 April			
Net Assembly Funding – drawn down			
Net Assembly Funding – deemed			
Consolidated Fund Standing Services			
Supply payable/(receivable) adjustment			
Excess Vote – Prior Year			
Excess Vote – Appropriations-in-Aid			
CFERS payable to the Consolidated Fund			
Combined Net Expenditure for the Year			
Actuarial (gain) / loss			
Net change in Taxpayers' Equity			
Note: the lines provided above represent those items most likely to be required. Refer to IAS 1 (implementation guidance) for other entries that might be required.		Insert additional line entries as necessary to capture all transactions passing through reserves	
Balance at 31 March			

[Combined] Statement of Cash Flows

for the year ended 31 March 201Y

	Note	201X-1Y £000	200W-1X £000
Cash flows from operating activities			
[Combined] net expenditure for the year			
Adjustments for non-cash transactions			
(Increase)/Decrease in receivables – principal arrangements			
less movements in receivables relating to items not disclosed in the Combined Statement of Comprehensive Net Expenditure			
(Increase)/Decrease in receivables – agency arrangements			
Increase (Decrease) in payables: pensions			
Short-term payables			
less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure			
Increase in pension provision	21.4		
Increase in pension provision – enhancements and transfers in	21.4		
Use of provisions – pension liability	21.5		
Use of provisions – refunds and transfers	21.6		
Use of provisions – death in service	21.6		
Use of provisions – central funding arrangements	24		
Net cash Outflow from Operating Activities			
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year			
From the Consolidated Fund (Supply) – prior year			
From the Consolidated Fund (non-Supply) (if relevant)			
Net Assembly financing			
Adjustments for payments and receipts not related to Supply			
Compensation agency payments made on behalf of employers			
Reimbursement of compensation payments made by employers			
Injury benefit payments made on behalf of employers			
Reimbursement of injury benefit payments made by employers			
Lump sum payments made on behalf of employers			
Reimbursement of lump sum made by employers			
Net Financing			
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund			
Receipts due to the Consolidated Fund which are outside the scope of the Scheme's activities		*Cash received during the year in relation to CFER income that does not pass through the Statement of Comprehensive Net Expenditure.*	
Payments of amounts due to the Consolidated Fund		*Cash paid over to the Consolidated Fund under any category.*	

Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		
Cash and cash equivalents at the beginning of the period	19	*Opening cash and cash equivalents as per note ref*
Cash and cash equivalents at the end of the period	19	*Closing cash and cash equivalents as per note ref*

Magenta Pension Scheme – Financial Statements 201X-1Y

Notes to the Financial Statements

1. Basis of preparation of the Scheme financial statements

The financial statements of the [combined] Scheme have been prepared in accordance with the relevant provisions of the 200X-0Y *Government Financial Reporting Manual* (*FReM*) issued by [*insert name of issuing authority*]. The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector. IAS 19 *Employee Benefits* and IAS 26 *Accounting and Reporting by Retirement Benefit Plans* are of particular relevance to these statements.

In addition to the primary statements prepared under International Financial Reporting Standards, the FReM also requires the Scheme to prepare an additional statement – a Statement of Assembly Supply. This, and its supporting notes, show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

1.1 Magenta Pension Scheme

The Magenta Pension Scheme is a contracted out, unfunded, defined benefit pay-as-you-go occupational pension scheme operated by the [name of entity] on behalf of members of the [name of group] who satisfy the membership criteria.

Contributions to the Scheme by employers and employees are set at rates determined by the Scheme's Actuary and approved by [governing body]. The contributions partially fund payments made by the Scheme, the balance of funding being provided by [Assembly through the annual Supply Estimates process]. The administrative expenses associated with the operation of the Scheme are borne by [name of entity] and reported in [the entity's financial statements].

The financial statements of the Scheme show the financial position of the Magenta Pension Scheme at the year end and the income and expenditure during the year. The Statement of Financial Position shows the unfunded net liabilities of the Scheme; the Statement of Comprehensive Net Expenditure shows, amongst other things, factors contributing to the change in the net liability analysed between the pension cost, enhancements and transfers in, and the interest on the Scheme liability. Further information about the actuarial position of the Scheme is dealt with in the Report of the Actuary, and the Scheme financial statements should be read in conjunction with that Report.

The financial statements also have regard to [whatever other legislation governs the particular accounts under review].

1.2 Violet Compensation Scheme – agency arrangements

Drafting note: this note will need to be amended if the scheme acts as a principal in respect of early departure costs (or compensation payments) as the scheme statements will need to reflect the scheme's obligations to the former employees and amounts recoverable from employers.

The Violet Compensation Scheme acts as an agent for employers in the payment of compensation payments arising under the Scheme. Compensation payments are generally recovered from employers on a monthly basis. The financial flows associated with these transactions are not brought into account in the financial statements. However, the financial statements recognise the liabilities arising from the central funding of compensation payments which amount to some £000m (200W-0X: £000) (see note 22) and any amounts that have been pre-funded or prepaid by employers £000m (200W-0X: £000) (see note 21).

2. Statement of accounting policies

The accounting policies contained in the *FReM* follow International Financial Reporting Standards to the extent that they are meaningful and appropriate in the public sector context.

Where the *FReM* permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Scheme for the purpose of giving a true and fair view has been selected. The accounting policies adopted have been applied consistently in dealing with items considered material in relation to the Scheme financial statements.

2.1 Accounting convention

These financial statements have been prepared under the historical cost convention.

A description of the accounting policies for all material items should then follow. Headings might include:

- *Contributions receivable*
- *Transfers in and out*
- *Income received from departments in respect of enhancements*
- *Other income*
- *Current service cost*
- *Past service cost*
- *Interest on Scheme liabilities*
- *Other expenditure*
- *Scheme liability*
- *Pension benefits payable*
- *Pension payments to those retiring at their normal retirement age*
- *Pension payments to and on account of leavers before their normal retirement age*
- *Injury benefits*
- *Lump sums payable on death in service*
- *Actuarial gains and losses*
- *Additional voluntary contributions*
- *Compensation benefits payable*
- *Central funding of compensation payments [if relevant]*
- *Pre-funding arrangements for compensation payments*
- *Administration expenses*

Departments should also give any details of material changes in estimation techniques. These could be given as part of the relevant accounting policy note (but clearly flagged) or in a separate note.

2.2 Changes to International Financial Reporting Standards

Include details of any changes.

2.3 Changes to the FReM

Include details of any changes.

3. Reconciliation of Estimates, accounts and budgets

3(a) Reconciliation of net resource outturn to [combined] net outgoings

				201X-1Y	200W-1X
				£000	£000
	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource Outturn					
Prior Period Adjustments [if relevant]					
Non-supply income (CFERs)	5				
Non-supply Expenditure [if relevant]		.			
[Combined] Net Outgoings					

3(b) Outturn against final Administration Budget

		201X-1Y	200W-1X
		£000	£000
	Budget	Outturn	Outturn
Voted in Estimates			
Non-voted			
Total outturn against final Administration Budget			

4. Reconciliation of resources to net cash requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with estimate: saving/(excess) £000
Net Resource Outturn	3(a)			
Accruals adjustments				
Non-cash items		*Excludes non-cash items that do not pass through Statement of Assembly Supply.*		
Changes in working capital other than cash		*See example. This might differ from the cash flow statement.*		
Changes in creditors falling due after more than one year				
Use of provision:				
Pension				
Central funding				
Excess cash receipts surrenderable to the Consolidated Fund	5	*See Consolidated Fund example 10. Net cash requirement outturn cannot be negative. Excess cash should be surrendered within this category.*		
Net cash requirement				

5. Analysis of income payable to the Consolidated Fund

In addition to appropriations in aid, the following income relates to the Scheme and is payable to the Consolidated Fund (cash receipts being shown in italics)

	Note	Forecast 201X-1Y £000 Income	Forecast 201X-1Y £000 Receipts	Outturn 201X-1Y £000 Income	Outturn 201X-1Y £000 Receipts
Operating income and receipts – excess A in A		*See Consolidated Fund example 5*			
Other operating income and receipts not classified as A in A		*See Consolidated Fund example 6*			
		Sub-totals of operating income and receipt surrenderable to the Consolidated Funds			
Non-operating income and receipts – excess A in A		*See Consolidated Fund example 7*			
Other non-operating income and receipts not classified as A in A		*See Consolidated Fund example 8*			
Other amounts collectable on behalf of the Consolidated Fund		*See Consolidated Fund example 9*			
Excess cash surrenderable to the Consolidated Fund		*See Consolidated Fund example 10*			
Total income payable to the Consolidated Fund					

6. Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

		Note	201X-1Y £000	200W-1X £000
Operating income	*Total income in the revenue account*			
Adjustments for transactions between RfRs	*Reverse eliminations of inter-RfR transactions.*			
Gross income				
Income authorised to be appropriated-in-aid	*Deduct the lower of A-in-A income and Estimate*			
Operating income payable to the Consolidated Fund	*Sub-total equals outturn less authorised to be appropriated-in-aid and should agree with subtotal in Note 5.*	5		

7. Non-operating income not classified as A in A (if relevant)

	Income £000	Receipts £000
(Details)		

Statement of Comprehensive Net Expenditure – principal arrangements: Magenta Pension Scheme

8. Contributions receivable

	201X-1Y £000	200W-1X £000
Employers		
Employees:		
Normal		
Purchase of added years		

£x million contributions are expected to be payable to the Scheme in 200Y-0Z

9. Transfers-in (see also Note 13)

	201X-1Y £000	200W-1X £000
Group transfers in from other schemes		
Individual transfers in from other schemes		

10. Other pension income

	201X-1Y £000	200W-1X £000
Refunds of gratuities received		
Amounts receivable in respect of:		
Bringing forward the payment of accrued superannuation lump sums		
Capitalised cost of enhancement to pensions payable on departure		
Capitalised cost of enhancement to pensions payable at normal retirement age		

11. Pension Cost

	201X-1Y £000	200W-1X £000
Current service cost (see note 21.4)		
Past service costs [if relevant]		

12. Enhancements (*see also* Note 21.4)

	201X-1Y £000	200W-1X £000
Employees:		
Purchase of added years		
Refunds of gratuities		
Employers:		

Bringing forward the payment of accrued lump sums		
Enhancements to pensions on departure		
Enhancements to pensions on retirement		

13. Transfers in – additional liability (see also Note 9)

	201X-1Y £000	200W-1X £000
Group transfers in from other schemes		
Individual transfers in from other schemes		

Amounts receivable in respect of inward transfers increase the pension liability to the same extent. This increase is reflected in the Statement of Comprehensive Net Expenditure as expenditure as part of the movements in the provision during the year.

14. Injury benefits

	201X-1Y £000	200W-1X £000
Injury benefits payable		
Less: recoverable from employers		

Injury benefits payable to former employees but which are not recoverable from employers (ie those in respect of injuries sustained on or before 1 March 1998) are transactions of the Magenta Pension Scheme and are brought to account through the Statement of Comprehensive Net Expenditure. During 201X–1Y these amounted to some £000 (200W–1X: £000).

15. Interest on Scheme liabilities (*see also* Note 21.4)

	201X-1Y £000	200W-1X £000
Interest charge for the year		

Statement of Comprehensive Net Expenditure – agency arrangements with the Violet Compensation Scheme

16. Compensation benefits payable

16.1 The following amounts represent annual compensation payments payable to former employees, but which are not recoverable from employers. They are brought to account in the Statement of Comprehensive Net Expenditure.

	201X-1Y £000	200W-1X £000
Discounts allowed in pre-funded annual compensation payments (note 16.2)		
End-year revaluation of central funding provision		
Central funding – difference between provision for current year and outturn expenditure (note 16.2)		

16.2 The following represent the total annual compensation payments and compensation lump sums payable.

	201X-1Y £000	200W-1X £000
Recoverable from employers [cash flow statement]		
Pre-funded by employers (note 23)		
Discounts allowed on pre-funding (note 16.1)		
Amounts met from central funding:		
Use of provision (note 24)		
Borne by Compensation Scheme (note 16.1)		
Total annual compensation payable		
Lump sums payable recoverable from employers		
Total lump sums payable		

17. Additional Voluntary Contributions

NB: This note should make no reference to free standing additional voluntary contributions (FSAVCs) as these are private arrangements between employees and the relevant institutions. Reference to FSAVCs and stakeholder pensions are made in the Report of the Managers.

17.1 The note should explain the arrangements whereby employees may make AVCs. It should clarify that AVCs are not brought to account in the Scheme statements and the responsibilities of the Managers of the Scheme extend only to ensuring that members' contributions are paid to the approved providers. It should note that members making contributions will receive annual statements from the providers confirming amounts held on their account and the movements in the year.

17.2 The aggregate amounts of AVC investments are as follows:

	201X-1Y £000	200W-1X £000
Movements in the year		
Balance at 1 April		
New Investments		
Sales of investments to provide pension benefits		
Changes in market value of investments		
Balance at 31 March		
Contributions received to provide life cover		
Benefits paid on death		

Statement of Financial Position: Principal arrangements – Magenta Pension Scheme

18. Receivables – contributions due in respect of pensions

18(a) Analysis by type

	201X-1Y £000	200W-1X £000
Amounts falling due within one year:		
Pension contributions due from employers		
Employees' normal contributions		
Bringing forward the payment of accrued superannuation lump sums		
Capitalised cost of enhancement to pensions payable on departure		
Group transfers		
Overpaid pensions		
Other receivables *Other receivables should be analysed and any significant items disclosed separately*		
Amounts due from the Consolidated Fund in respect of supply *See Consolidated Fund example 2 and 4*		
Sub-total		
Non-supply receivables:		
Injury benefits		

	201X-1Y £000	200W-1X £000
Amounts falling due after more than one year:		
Any amounts falling due after more than one year should be analysed as appropriate		

Included within these figures is £q,000 (200W–1X: £r,000) that will be due to the Consolidated Fund once the debts are collected.

18(b) Analysis by organisation

	Amounts falling due within one year £000		Amounts falling due after more than one year £000	
	201X-1Y	200W-1X	201X-1Y	200W-1X
Balances with other central government bodies	*This table should analyse the receivables shown in the statement of financial position between the categories shown.*			
Balances with local authorities				
Balances with NHS Bodies				
Balances with public corporations and trading funds				
Balances with public sector organisations				
Balances with bodies external to government				
Total receivables				

19. Cash and cash equivalents

	201X-1Y £000	200W-1X £000
Balance at 1 April		
Net change in cash balances		
Balance at 31 March		
The following balances at 31 March were held at:		
Office of HM Paymaster General		
Commercial banks and cash in hand		
Short term investments		
Balance at 31 March		

20. Payables – in respect of pensions

20(a) Analysis by type

	201X-1Y £000	200W-1X £000
Amounts falling due within one year		
Pensions		
Injury benefits		
Group transfer pre-payment		
Inland Revenue and voluntary contributions		
Overpaid contributions: employers		
Overpaid contributions: employees		
Overpaid contributions: employees added years		
Other creditors *Other creditors should be analysed and any significant items disclosed separately*		
Amounts issued from the Consolidated Fund for supply but not spent at year end *See Consolidated Fund example 1*		
Consolidated Fund extra receipts due to be paid to the Consolidated Fund *See Consolidated Fund examples 5, 6, 7, 8, 9 and 10*		
Received		
Receivable		
Amounts falling due after more than one year:		
Any amounts falling due after more than one year should be analysed as appropriate		

20(b) Analysis by organisation

	Amounts falling due within one year £000		Amounts falling due after more than one year £000	
	201X-1Y	200W-1X	201X-1Y	200W-1X
Balances with other central government bodies	*This table should analyse the creditors shown in the statement of financial position between the categories shown.*			
Balances with local authorities				
Balances with NHS Bodies				
Balances with public corporations and trading funds				
Balances with public sector organisations				
Balances with bodies external to government				
Total payables				

21. Provisions for pension liabilities

21.1 Provision for pension liability

Assumptions underpinning the provision for pension liability

The [name of scheme] is an unfunded defined benefit scheme. [Name of actuary] carried out an assessment of the Scheme liabilities as at 31 March 200Y. The Report of the Actuary on pages x and y sets out the scope, methodology and results of the work the actuary has carried out.

The [Scheme managers/trustees] together with the actuary and the auditor have signed a Memorandum of Understanding that identifies, as far as practicable, the range of information that the [Scheme managers/trustees] should make available to the actuary in order the meet the expected requirements of the Scheme auditor. This information includes, but is not limited to, details of:

- Scheme membership, including age and gender profiles, active membership, deferred pensioners and pensioners;
- benefit structure, including details of any discretionary benefits and any proposals to amend the Scheme;
- income and expenditure, including details of expected bulk transfers into or out of the Scheme; and
- following consultation with the actuary, the key assumptions that should be used to value the Scheme liabilities, ensuring that the assumptions are mutually compatible and reflect a best estimate of future experience.

The major assumptions used by the actuary were:

	At 31 March 201Y	At 31 March 201X	At 31 March 200W	At 31 March 200V	At 31 March 200U
Rate of increase in salaries					
Rate of increase in pensions in payment and deferred pensions					
Inflation assumption					
Nominal discount rate					
Discount rate net of price inflation					
Mortality rates at age 60					

Current retirements: Females

Males

Retirements in 20 years time: Females

Males

These key assumptions are inherently uncertain, since it is impossible to predict with any accuracy future changes in the rate of salary increases, inflation, longevity or the return on corporate bonds. The actuary uses professional expertise in arriving at a view of the most appropriate rates to use in the annual valuation of the Scheme liabilities. However, the [Scheme managers/trustees] acknowledge that the valuation reported in these accounts is not certain, since a change in any one of these assumptions will either increase or reduce the liability. For example, on its own, even a small rise in the assumed rate of inflation will result in an increase in the pension liability.

The assumption that has the biggest impact on the amount of the reported liability is the discount rate net of price inflation. As set out in the FReM, and as required by IAS 19, the discount rate net of price inflation is based on yields on high quality corporate bonds. The rates are set out in the above table. Any decrease in the discount rate net of price inflation leads to a significant increase in the reported liability.

In reality, the complexity and range of assumptions underlying the calculation of the pension liability are such that a change in one financial assumption is likely to have a knock-on effect on other financial assumptions. The [Scheme managers/trustees] do not consider it useful to attempt to reflect the impact of any changes in the range of assumptions, since this would result in giving a range of inherently uncertain figures. In the opinion of the [Scheme managers/trustees], the actuary has used key assumptions that are the most appropriate for the Scheme in the light of current knowledge.

Analysis of the provision for pension liability

[Insert here a table analysing the liability between active, deferred and pensioners – as currently provided in the Report of the Actuary – but expanded to provide comparative figures. Comparatives should ideally be for the number of years for which major assumptions are provided in the table earlier in this note.]

NB: this wording is illustrative. The note should reflect the actual circumstances of the Scheme itself.

21.2 Pension Scheme liabilities accrue over employee's periods of service and are discharged over the period of retirement and, where applicable, the period for which a spouse or eligible partner survives the pensioner. In valuing the Scheme liability, the Actuary must estimate the impact of several inherently uncertain variables into the future. The variables include not only the key financial assumptions noted in the table above, but also assumptions about the changes that will occur in the future in the mortality rate, the age of retirement and the age from which a pension becomes payable.

21.3 The value of the liability on the statement of financial position may be significantly affected by even small changes in assumptions. For example, if at a subsequent valuation, it is considered appropriate to increase or decrease the assumed rates of inflation or increases in salaries, the value of the pension liability will increase or decrease. The managers [trustees] of the Scheme accept that, as a consequence, the valuation provided by the Actuary is inherently uncertain. The increase or decrease in future liability charged or credited for the year resulting from changes in assumptions is disclosed in note 21.4. The note also discloses "experience" gains or losses for the year, showing the amount charged or credited for the year because events have not coincided with assumptions made for the last valuation.

21.4 Analysis of movements in the Scheme liability

	201X-1Y	200W-1X
	£000	£000
Scheme liability at 1 April		
Current service cost (note 11)		

Past service cost [if relevant] (note 11)	
Interest on Scheme liability (note 15)	
Enhancements (note 12)	
Pension transfers in (note 13)	
Benefits payable (note 21.5)	
Pension payments to and on account of leavers (note 21.6)	
Actuarial gain/(loss) (note 21.7)	
Scheme liability at 31 March	

During the year ended 31 March 200Y, contributions represented an average of 0.0 percent of pensionable pay. *Indicate proposals for future years, ie remain at this level or proposed increases/decreases]*

21.5 Analysis of benefits paid

	201X-1Y £000	200W-1X £000
Pensions or annuities to retired employees and dependants (net of recoveries or overpayments)		
Commutations and lump sum benefits on retirement		
Per Statement of Cash Flows		

21.6 Analysis of payments to and on account of leavers

	201X-1Y £000	200W-1X £000
Refunds to members leaving service		
Group transfers to other schemes		
Individual transfers to other schemes		
Per Statement of Cash Flows		

21.7 Analysis of actuarial gain/(loss)

	201X-1Y £000	200W-1X £000
Experience gains/(losses) arising on the Scheme liabilities		
Changes in assumptions underlying the present value of Scheme liabilities		
Per Statement of Changes in Taxpayers Equity		

21.8 History of experience (gains)/losses

	201X-1Y	200W-1X	200V-0W	200U-V	200T-U
Experience (gains)/losses on the Scheme liabilities					
Amount (£000)					
Percentage of the present value of the Scheme liabilities					
Total amount recognised in statement of Changes in Taxpayers Equity					

Amount (£000)

Percentage of the present value of the Scheme liabilities

[NB: The actuary should provide the analysis necessary for this analysis]

Statement of Financial Position - Agency arrangements: Violet Compensation Scheme

22. Receivables – Non-supply

	201X-1Y	200W-1X
	£000	£000
Recoverable annual compensation payments		
Recoverable lump sums		

23. Annual compensation payments pre-funded by employers

This analysis will only be required where there are (or have been) arrangements whereby employers could pre-fund some or all of their liabilities in respect of compensation payments and are showing amounts as liabilities on the Statement of Financial Position.

	201X-1Y	200W-1X
Balance at 1 April		
Amount used to offset liabilities (note 16.2)		
Balance at 31 March		
To be used in the next 12 months		
To be used after more than 12 months		

24. Provisions for liabilities and charges – central funding of early retirement benefits

This note will affect only the PCSPS. It should also explain the background to the central funding arrangements (now discontinued) and the method for determining the residual liability remaining with the Scheme.

	201X-1Y	200W-1X
Balance at 1 April		
Use of provision in-year (note 16.2)		
Revaluation at year end		
Balance at 31 March		

25. Financial Instruments

As the cash requirements of the Scheme are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector scheme of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Scheme's expected purchase and usage requirements and the Scheme is therefore exposed to little credit, liquidity or market risk.

ONLY where the scheme is exposed to risk should the appropriate IFRS 7 disclosures be made. Disclosures should be given only where they are necessary because the scheme holds financial instruments that are complex or play a significant medium to long-term role in the financial risk profile of the scheme. The headings in IFRS 7 should be used to the extent that they are relevant. Where the scheme does not face significant medium to long-

term financial risks, then it is sufficient to make a statement to that effect – similar to that above. (Given that all schemes have financial instruments within the scope of IAS 32, silence is not an option.)

26. Contingent liabilities disclosed under IAS 37

The Scheme should give here information about contingent liabilities disclosed under the requirements of IAS 37. This will probably need to mention guarantees to make pension payments in the event of a default by an approved AVC provider.

27. Losses and special payments

27(a) Losses Statement *(Drafting note: if any)*

		201X-1Y £000	200W-1X £000
Total [Insert total number of cases and total amount]	*Details of the individual cases should include the name of the entity where the loss (27(a)) or special payment (27 (b)) arose.*		
Details of cases over £250,000			
Cash losses			
[List cases]	*Comparatives need be given for category totals. The list of cases need only be provided for the current year.*		
Claims abandoned			
[List cases]			
Administrative write-offs	*Where the headings are not appropriate they do not need to be disclosed.*		
[List cases)			
Fruitless payments			
[List cases]			
Store Losses			
[List payments]			

27(b) Special Payments *(Drafting note: if any)*

		201X-1Y £000	200W-1X £000
Total [Insert total number of cases and total amount]	*Comparatives need be given for category totals. The list of cases need only be provided for the current year.*		
Details of cases over £250,000			
[List cases]			

27(c) Other payments *(Drafting note: if any)*

The Department should insert relevant text.

28. Related-party transactions

The Scheme should disclose the name of the Department within whose ambit it falls which is regarded as a related party with which the Scheme has had various material transactions during the year.

In addition, the Schemes have had material transactions with other government departments, and other central government bodies whose employees are members of the Schemes.

None of the Managers of the Schemes, key managerial staff or other related parties has undertaken any material transactions with the Scheme during the year. *[Drafting note: if there have been material transactions, they should be disclosed.*

29. Events after the Reporting Period

The Scheme should disclose details of any events between the end of the reporting period and the date the financial statements are authorised for issue distinguishing between adjusting and non-adjusting events as defined in IAS10.

Date of authorisation for issue

The [Accounting Officer/Board] authorised the issue of these financial statements on XX Month 2011.