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**Judicial Pensions Scheme  
Annual Report and Accounts  
2012-13**

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# **Judicial Pensions Scheme Annual Report and Accounts 2012 - 13**

**(For the year ended 31 March 2013)**

Presented to the House of Commons pursuant to Section 6(4) of the Government Resources and Accounts Act 2000

**Ordered by the House of Commons to be printed on 11 July 2013**

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ISBN: 9780102983562

Printed in the UK by The Stationery Office Limited  
on behalf of the Controller of Her Majesty's Stationery Office

ID 2560461 07/13 31737 19585

Printed on paper containing 75% recycled fibre content minimum.

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## **REPORT OF THE MANAGERS**

### **Background to the Judicial Pensions Scheme**

These Accounts relate to the financial year ending 31 March 2013. The following paragraphs summarise the arrangements operating in 2012-13.

There are currently various judicial pension arrangements, all contracted out of the State Second Pension, that are known collectively as the Judicial Pension Scheme (JPS). The JPS comprises unfunded, salary-related, occupational pension schemes open to most members of the salaried Judiciary under the provisions of two Acts: the Judicial Pensions Act 1981 and the Judicial Pensions & Retirement Act 1993 (JUPRA). In addition, these Accounts include pensions paid to former Lord Chancellors under the Lord Chancellor's Pension Act 1832, as amended.

The JPS is a defined benefit scheme. Salaried Judges appointed for the first time on or after 31 March 1995 belong to the JPS under the 1993 Act. Those appointed prior to that date generally belong to a scheme under the 1981 Act. There is a right of election to transfer from the 1981 Act to the 1993 Act at any time up to a date 6 months after retirement.

The 1993 Act provides a lump sum of 2.25 times the member's annual pension. The annual pension is calculated at 1/40th of the highest of the last three years pensionable pay, up to a level reflecting the former HMRC earnings cap, multiplied by the number of years of reckonable service, up to a maximum of 20. Pension benefits are payable from age 65 subject to 5 years service.

A top up scheme operates to provide pension benefits for 1993 Act members in respect of salaries above the HMRC earnings cap. The 2012-13 earnings cap was £137,400 (2011-12: £129,600).

There are different arrangements for different Judicial Offices under the 1981 Act; in some cases maximum benefits accrue over 15 years, in others the period is 20 years. The qualifying conditions for pension benefits vary according to age and length of service requirements. Here, the lump sum is twice the annual pension.

The Judicial Pensions Scheme is not a registered scheme for the purposes of the Finance Act 2004. As a result, lump sum benefits payable from, and members' contributions payable to, the schemes do not attract income tax relief. Judges receive a service award which becomes payable when they near retirement. The level of the award, which is a proportion of the lump sum, reflects their years of service and their judicial grade and ensures their net position is maintained. The service awards are accounted for in the Ministry of Justice's Accounts.

Spouses' pension benefits, payable on the death of a member, are paid at the rate of half that of the member's annual pension entitlements under both the 1993 and 1981 Acts. Provision is also made for surviving civil partner benefits.

The JPS provides death benefits on death in service and death in early retirement, the level of benefits depending on the appropriate Act (1993 or 1981 Acts), as well as early payment of pension benefits in the event of retirement on the grounds of ill health. There is also provision for leaving members who have completed 2 years service to preserve their accrued JPS benefits for payment when they reach normal pension age.

Judicial pension benefits are paid from two sources. Under statute, certain judicial post-holders' basic pension benefits (but not the annual pension increase) can only be paid out of the Consolidated Fund (CF). For the rest, the pension benefits are paid from Judicial Pensions Scheme Estimates voted by Parliament.

The boundary of these JPS Accounts is inclusive of all relevant expenditure and income relating to the payment of judicial pension benefits irrespective of the source of the funds. As salaried judges automatically become members of the JPS on appointment it is not necessary to provide a separate stakeholder pension scheme.

The Scheme Administrator is Mrs Shirley Hales, Head of the Judicial Pay and Pensions Team, formerly within the Human Resources Directorate of the Corporate Performance Group of the Ministry of Justice, and since 3 June 2013 with the Law and Access to Justice Group who administer the JPS.

The JPS Board oversees the financial, accounting and administrative functions of the JPS.

### **Contributions into the JPS**

The cost of benefits accruing for each year of service is shared between the Appointing Bodies and the judicial office-holders. For the Appointing Bodies their contributions rate was 32.15% of pensionable pay for 2012-13 and 2011-12. For judicial office-holders contributions were either 2.4 or 1.8 per cent of pensionable pay for the pension due to their spouse after death for both 2012-13 and 2011-12. Additionally from 1<sup>st</sup> April 2012 employee's contributions included personal pension contributions of 1.28%.

Judicial office-holders in the 1981 scheme pay contributions of 2.4% for a maximum of 15 years or 1.8% for 20 years and those in the 1993 scheme pay contributions of 1.8% for a maximum of 20 years (subject to the earnings cap).

The Pensions Act 2011 amended the judicial pension legislation to allow the taking of contributions towards the cost of the personal pension for those judicial office holders who have not yet accrued full service. The Judicial Pensions (Contributions) Regulations 2012 determined the rate of the personal pension contribution (PPC), which is 1.28% of gross salary (the pension cap does not apply to the PPC). The contributions commenced from 1 April 2012 in line with other public service pension schemes. Those members who had accrued full service prior to 1 April 2012 did not have to pay PPC.

The PPC increased to 2.56% from 1 April 2013 in accordance with Statutory Instrument 2013 no.484 The Judicial Pensions (Contributions) (Amendment) Regulations 2013.

### **Members' Additional Voluntary Contributions (AVCs)**

Serving members are able to increase their personal pension benefits and/or dependants' entitlements by making additional voluntary contributions to one of three AVC facilities within the JPS and also externally, to the AVC suppliers – The Equitable Life Assurance Society and Prudential plc. The three "in-house" AVC facilities were closed to new subscribers with effect from 6 April 2006. Making additional contributions to the external AVC scheme does not increase a member's pension benefits under the JPS. It is also possible for members to contribute to a freestanding AVC scheme (FSAVCs).

### **Pension Increases**

Annual increases are applied to pension payments from the first Monday on or before 6 April, in line with the CPI index, as at the previous 30 September, in accordance with the Pensions (Increase) Act 1971. The annual pension increase in April 2012 was 5.2% (2011: 3.1%).

### **Review of the Year**

#### **Key Developments in the year**

#### **Provision for pension entitlements to fee-paid judiciary**

The provision for fee paid pension entitlements disclosed in note 16a of the accounts represents a liability relating to fee paid judicial office holders who have claimed retrospective pension rights. On 6 February 2013 the UK Supreme Court ruled that a fee paid recorder is entitled to a pension on terms equivalent to those applicable to a salaried circuit judge. The matter has been referred back to the Employment Tribunal to determine the quantum of the pension entitlement. On the basis that JPS will be required to pay pension entitlements to fee paid judiciary the provision has been calculated based upon the most recent legal counsel advice and Government Actuary's Department (GAD) calculations relating to historical contributions.

#### **Pension reform**

During 2010-11 the independent Public Service Pensions Commission, chaired by Lord Hutton, undertook a fundamental structural review of public service pension provision. The JPS was included in this review.

Following Written Ministerial Statements in June 2012 and February 2013 proposals were made for a new "stand alone" judicial pension scheme based upon the new 2015 Civil Service pension scheme. Provision for the new judicial pension scheme is contained in the Public Service Pensions Act 2013.

The new scheme will come into effect from 1 April 2015 and will apply to all new members appointed from that date and also to those members who are currently in service who do not have protection to allow them to continue as a member in their current scheme.

### **Discount Rate**

Since 2006 the discount rate for pensions has been reviewed annually, using market conditions. On 30 November 2012 in PES (2012) Her Majesty's Treasury announced that the discount rate for pension liabilities would change from 2.8% in real terms to 2.35% in real terms with effect from 31 March 2013.

### **Administrative arrangements**

The Pension and Judicial Reward team became part of Corporate HR within the MoJ on 3 September 2012. Mrs Pat Lloyd was appointed the Director of Judicial Reward and Pension Reform in January 2013 to take forward pension reform, the issues arising from the fee paid pensions litigation and all other related matters. As part of her remit the Director is reviewing the administrative arrangements for the JPS and from 6 June 2013 the team became part of the Law and Access to Justice Group.

Xafinity Paymaster, who provide payroll services for the Judicial Pension Scheme, have changed their name to Equinity Paymaster.

### **2012-13 Audit**

During 2012-13 the JPS was audited by the National Audit Office and by the MoJ's Internal Audit Division (IAD).

### **Disclosure of audit information to the auditors**

As far as the Accounting Officer is aware, there is no relevant audit information of which the JPS's auditors are unaware. The Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the JPS's auditors are aware of that information.

### **Membership Statistics**

- A. Active members: office-holders who are in service.
- B. Deferred members: former office-holders who are not currently in pensionable service but who are entitled to JPS benefits as a result of previous service, at some future date.
- C. Pensioners in payment: former office-holders who are currently receiving JPS benefits, plus other JPS beneficiaries such as widow(er)s and other dependants of former office-holders.

Details of the current membership of the JPS is as follows:

A. Active members	2012-13	2011-12
Active members B/F	2,240	2,213
Add: New entrants in the year	111	151
Less: Retirements in the year	-143	-115
Deferred members	0	-3
Deaths	-8	-6
Active members at 31 March	2,200	2,240

B. Deferred members	2012-13	2011-12
Deferred members B/F	10	8
Add: Members leaving who have deferred pension rights	0	3
Less: Members who are re-appointed to Judicial posts	0	-1
Deferred members at 31 March	10	10

C. Pensioners in payment	2012-13 Members	2012-13 Dependants	2012-13 Total	2011-12 Total
Pensioners in payment B/F	1,225	500	1,725	1,645
Members retiring in year at normal retirement age (1)	142	0	142	115
New pensioners under a pension sharing on divorce order (2)	4	0	4	3
Members retiring in year, previously in receipt of Guaranteed Minimum Pension (GMP)	-23	0	-23	-16
New Members in receipt of GMP only	15	0	15	10
New dependants	0	37	37	41
Deaths in year	-44	-22	-66	-70
Cessation of full time education	0	-3	-3	-4
Suspension of pension (3)	0	-2	-2	-3
Reinstatement of pension (3)	0	0	0	4
Pensioners in payment at 31 March	1,319	510	1,829	1,725

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- (1) The difference between the number of retirements (143) and the number of new pensioners (142) is because one pensioner retired in the prior year but did not become a pensioner until 2012-13 year while two pensioners retired at the end of the prior year.
  - (2) Members under a pension sharing on divorce order are not part of the retirements in the active membership table.
  - (3) Pensions in suspension as at 31/3/13.
  - (4) Where contact has been lost/re-established with the pensioner.

## **Financial position**

The key figures of interest costs and current service costs (CSC) are supplied by the Government Actuary's Department (GAD). In the case of both these costs a more prudent approach is adopted for estimates since the accounts would normally be qualified if the estimate is breached. However the significance of these costs in regard to causing such a breach has been superseded in 2012-13 by the inclusion of £2bn for the fee paid judges provision in the supplementary estimate. Discount rates, the major determinant of both CSC and interest costs, are unchanged between the 2012-13 supplementary estimate and outturn.

Interest costs of £106m show a significant decrease from the prior year (2011-12: £123m) but were only slightly below the 2012-13 Supplementary Estimate of £108m owing to the more prudent approach. The interest cost is calculated by applying the gross discount rate to the liability. The gross discount rate has fallen from 5.6% at 31 March 2011 to 4.85% at 31 March 2012.

The Current Service Cost (CSC) is primarily driven by applying the net discount rate to the annual payroll figure. CSC increased to £123m from £113m in 2011-12 although this was only slightly below the supplementary estimate figure of £126m, again because of the more prudent approach. The 2011-12 CSC was calculated using the net discount rate of 2.9% at 31 March 2011 while the 2012-13 CSC is calculated using the net discount rate at 31 March 2012, which was 2.8%. Since the rate has decreased, the cost of service accruing over the next year, as a percentage of pay, has increased. The increase is also generated by a change in the proportion of members active under the rules of the Judicial Pensions Act 1981 and those under the Judicial Pensions and Retirement Act 1993 and subsequent amendments. The proportion of active members under the 1981 Act has fallen in 2012-13.

The difference between the net and gross discount rates is the CPI inflation figure, the assumed percentage increase in pensions.

The provision for the fee paid judges provision was calculated as £1,020m (supplementary estimate £2,000m) and is shown as a separate item in both the Statement of Financial Position and as a charge in the Statement of Comprehensive Net Expenditure.

## **Information for Members**

The JPS Board, Managers, Advisers and Appointing Bodies for the JPS are as listed below:

## **JPS Board**

Chairman	- Steve Gillespie
Director of Judicial Pensions and Reward	- Pat Lloyd
Deputy Director Pensions & Judicial Reward	- Ian Gray
Scheme Administrator	- Shirley Hales
Corporate Finance	- Christine Purvis
Internal Audit	- Michael McAllister
JPS Accountant	- Adrian Matthews
Board Secretary	- Jane Storrar

## **Managers**

### *JPS Manager and Accounting Officer:*

Ursula Brennan, Permanent Secretary, Ministry of Justice, 102 Petty France, London, SW1H 9AJ

### *Scheme Administrator:*

Mrs Shirley Hales, Head of Branch, Pensions and Judicial Reward, Ministry of Justice, 102 Petty France, London SW1H 9AJ.

## **Advisers**

### *Scheme Actuary:*

Government Actuary's Department, Finlaison House, 15-17 Furnival Street, London EC4A 1AB.

### *Auditors:*

Comptroller and Auditor General, National Audit Office, 157-197 Buckingham Palace Road, London SW1W 9SP.

### *Bankers:*

The Government Banking Service, Southern House, 7th Floor, Wellesley Grove, Croydon, CR9 1WW.

### *Providers of external Additional Voluntary Contributions:*

The Equitable Life Assurance Company - Walton Street, Aylesbury, Bucks HP21 7QW.

Prudential Plc - Laurence Pountney Hill, London EC4R 0HH.

### *Pension Payment Contractors:*

Equinity Paymaster – Sutherland House, Russell Way, Crawley, West Sussex RH10 1UH.

## **Appointing or Administering Bodies**

As at 31 March 2013 the following bodies participated in the JPS:

- Her Majesty's Courts and Tribunals Service

- Competition Commission
- Northern Ireland Courts and Tribunals Service
- Scottish Government
- Corporation of London
- Department for Communities and Local Government
- Welsh Government

### **Further Information**

Any enquiries about the JPS should be addressed to:

Judicial Pensions Scheme,  
Judicial Reward and Pension Reform  
102 Petty France  
London SW1H 9AJ.

Resource Accounts from 2004-05 onwards can be found within the House of Commons Papers sections, or via the search function, at:  
[www.official-documents.gov.uk/menu/browseDocuments.htm](http://www.official-documents.gov.uk/menu/browseDocuments.htm)

*Ursula Brennan*  
Accounting Officer

Date: July 2013

## REPORT OF THE ACTUARY

This statement has been prepared by the Government Actuary's Department at the request of the Ministry of Justice ('the Department'). It summarises the pensions disclosures required for the 2012-13 Resource Accounts of the Judicial Pension Scheme ('the scheme').

The JPS is a final salary defined benefit scheme, the rules of which are set out in the Judicial Pensions Act 1981 (the 1981 Scheme) and the Judicial Pensions and Retirement Act 1993 (the 1993 Scheme) and subsequent amendments. The scheme is wholly unfunded. I am not aware of any informal practices operated within the scheme which lead to a constructive obligation (under IAS 19 constructive obligations should be included in the measurement of the actuarial liability).

The statement is based on an assessment of the liabilities as at 31 March 2011, with an approximate updating to 31 March 2013 to reflect known changes.

### Membership data

Tables A to C summarise the principal membership data as at 31 March 2011 and 31 March 2013 used to prepare this statement.

**Table A – Active members**

Number	31 March 2011		2012-13
	Total salaries in membership data (pa) (£ million)	Total accrued pensions (£ million)	Total salaries (£ million)
2,238	273.0	61.4	264.1

**Table B – Deferred members**

31 March 2011	
Number	Total deferred pension (pa) (£ million)
6	0.2

**Table C – Pensions in payment**

	31 March 2011	31 March 2013
Number	Total pension (pa) (£ million)	Total pension (pa) (£ million)
1,646	70.1	83.3

**Methodology**

The present value of the liabilities has been determined using the Projected Unit Credit Method, with allowance for expected future pay increases in respect of active members, and the principal financial assumptions applying to the 2012-13 Resource Accounts. The contribution rate for accruing costs in the year ended 31 March 2013 was determined using the Projected Unit Credit Method and the principal financial assumptions applying to the 2011-12 Resource Accounts.

This statement takes into account the benefits normally provided under the scheme, including age retirement benefits and benefits applicable following the death of the member. It does not include the cost of injury benefits (in excess of ill-health benefits). It does not include premature retirement and redundancy benefits in respect of current active members, although the assessment of liabilities includes pensions already in payment in respect of such cases.

**Principal financial assumptions**

The principal financial assumptions adopted to prepare this statement are shown in Table D. With effect from 31 March 2013, the assumed rate of return in excess of pension increases was reduced from 2.8% a year to 2.35% a year, and the assumed rate of return in excess of earnings was reduced from 0.6% a year to 0.15% a year. In addition, with effect from 31 March 2013, the assumed rate of future pension increases is 1.7% a year and the assumed nominal rate of salary growth is 3.95% a year (changed from 2.0% and 4.25% respectively as at 31 March 2012).

**Table D – Principal financial assumptions**

Assumption	31 March 2013	31 March 2012
Rate of return (discount rate)	4.1%	4.85%
Rate of return in excess of:		
Earnings increases	0.15%	0.6%
Pension increases	2.35%	2.8%
Expected return on assets:	n/a	n/a

## Demographic assumptions

The demographic assumptions adopted for the assessment of the liabilities as at 31 March 2013 are based on those adopted for the 2009 funding valuation of the JPS.

The standard mortality tables known as PNXA00 are used. Mortality improvements are in accordance with those incorporated in the 2010-based principal population projections for the United Kingdom.

The contribution rate used to determine the accruing cost in 2012-13 was based on the demographic and financial assumptions applicable at the start of the year: that is, those adopted for the 2011-12 Resource Accounts.

## Liabilities

Table E summarises the assessed value as at 31 March 2013 of benefits accrued under the scheme prior to 31 March 2013 based on the data, methodology and assumptions described in paragraphs 3 to 11. The corresponding figures for the previous four year ends are also included in the table.

**Table E – Statement of Financial Position**

£ million

	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
<b>Total market value of assets</b>	nil	nil	nil	nil	nil
<b>Value of liabilities</b>	2,497	2,192	2,183	2,392	1,774
<b>Surplus/(Deficit)</b>	(2,497)	(2,192)	(2,183)	(2,392)	(1,774)
<b>of which recoverable by employers</b>	n/a	n/a	n/a	n/a	n/a

## Pension cost

The cost of benefits accruing in the year ended 31 March 2013 (the Current Service Cost) is based on a standard contribution rate of 46.7%, as determined at the start of the year. From 1 April 2012 members contributed either 3.08% or 3.68% of pensionable pay, depending on which scheme they are in. Prior to 31 March 2012, member contributed 1.8% or 2.4%. Table F shows the employers' share of the contribution rate used to determine the Current Service Cost taking into account an estimated average rate of contributions paid by members of 3.1%. The corresponding figures for 2011-12 are also included in the table.

**Table F – Contribution rate**

	<b>Percentage of pensionable pay</b>	
	<b>2012-13</b>	<b>2011-12</b>
<b>Standard contribution rate</b>	46.7%	42.9%
<b>Members' estimated average contribution rate</b>	3.1%	1.8%
<b>Employers' estimated share of standard contribution rate</b>	43.6%	41.1%

For the avoidance of doubt the employers' share of the standard contribution rate determined for the purposes of the Resource Accounts is not the same as the actual rate of contributions payable by employers, currently 32.15%, which was determined based on the methodology and the financial and demographic assumptions adopted for the funding of the scheme. The most significant difference between the actuarial assessments for Resource Accounts and for scheme funding purposes is the discount rate net of pension increases, which was 2.8% pa for the 2011-12 Current Service Cost (2.9% pa for 2011-12) compared with 3.5% pa for scheme funding. The higher discount rate for scheme funding purposes results in a lower assessed cost of benefit accrual. The discount rate for scheme funding is set by HM Treasury, and is expected to stay the same for an extended period so as to provide a stable budgeting mechanism for pension accrual within government. The discount rate for Resource Accounts is set each year by HM Treasury to reflect the requirements of IAS19.

The pensionable payroll for the financial year 2012-13 was £264.1 million. Based on this information, the accruing cost of pensions in 2012-13 (at 46.7% of pay) is assessed to be £123.3 million. There is no past service cost and so this is the total pension cost for 2012-13.

**Government Actuary's Department**

**16 May 2013**

## **STATEMENT OF THE ACCOUNTING OFFICER'S RESPONSIBILITIES**

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the Judicial Pensions Scheme (JPS) to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction.

The combined financial statements must give a true and fair view of the state of affairs of the JPS 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 JPS during the year have been paid in accordance with the JPS 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 (FReM) and, in particular, to:

- observe the accounts direction issued by HM Treasury, 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 (FReM), have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

HM Treasury has appointed the Permanent Secretary of the Ministry of Justice as Accounting Officer for the JPS. 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 Chapter Three of Managing Public Money, published by HM Treasury.

## **Governance Statement**

### **Scope of Responsibility**

I am Permanent Secretary of the Ministry of Justice (MoJ). I was appointed on 2 July 2012. As the Permanent Secretary of the MoJ, I am the Accounting Officer for the Judicial Pensions Scheme (JPS) and have responsibility for maintaining a sound system of internal control that supports the achievement of the Ministry of Justice's (MoJ) policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

MoJ, as lead department for judicial pensions within the UK, has full responsibility for the central administration of the JPS. The JPS Estimate covers the payment of pensions and other related benefits normally paid out of funds voted by Parliament. It also includes pension contributions from bodies with judicial appointments, in the form of accrued superannuation liability charges, and members' contributions.

The JPS Estimate excludes the payment of pension benefits met directly from the Consolidated Fund (CF), which are authorised by the Exchequer Fund Account Team (EFA) of HM Treasury.

As Accounting Officer, I work with Ministers and senior MoJ Management through the Departmental Board and other meetings and correspondence to implement the MoJ's plans, allocate resources and delegate financial authority to senior staff. Since January 2013 I have delegated responsibility for the administrative and operational activities of the JPS to Pat Lloyd, Director of Judicial Reward and Pension Reform who manages the Judicial Pay and Pensions (JP & P) Team, which is part of the Corporate Performance Group within the MoJ until 3 June 2013, when the team became part of the Law and Access to Justice Group. Prior to this the role was covered by Ian Gray, Deputy Director, although from October 2012 Mr Gray was absent. The Scheme Administrator and the Chairman of the JPS Board ensured that governance was in place during this period. I therefore place reliance upon the annual assurance from the Director of Judicial Reward and Pension Reform, as evidenced by her endorsement of this governance statement.

### **The purpose of the Governance Arrangements**

The governance arrangements are designed to ensure that scheme outcomes are delivered and associated risk is managed to a reasonable level within the money provided and in line with the rules of the scheme. Overall the governance is intended to ensure agreed policies and processes are compliant. The governance in place is designed to provide reasonable and not absolute assurance of effectiveness. The governance draws on an ongoing process designed to identify and prioritise the risks to the achievement of JPS policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. In particular, governance is designed to safeguard against fraud and minimise omissions and material errors in the payment of pensions and receipt of contributions from Appointing Bodies and JPS members.

The governance arrangements were in place in the MoJ for the year ended 31 March 2013 and up to the date of approval of the annual accounts and accord with Treasury guidance.

## **Governance Framework**

The JPS Board oversees the financial, accounting and administrative functions of the Scheme. It is a requirement that the Board is chaired by an independent chairperson, outside of the JPS's administration structure. The Chair of the JPS Board since 1 April 2011 is Steve Gillespie, Finance Director, Her Majesty's Courts and Tribunals Service. The Board's members include the Director of Judicial Reward and Pension Reform (JR & PR) and Deputy Director JR & PR, a representative from Internal Audit Division, the Scheme Administrator, the JPS Accountant and representative from Corporate Finance (a full list of the current Board members is included in the Report of the Managers). The JPS is operated and administered by MoJ but is outside the departmental boundary for accounting and budgetary purposes. Due to its size and status within the department it is not cost effective to have its own Governance or Audit Committees. These functions are provided by the MoJ corporate arrangements.

The full range of duties and responsibilities are set out in the Board's Terms of Reference. Standing agenda items for every meeting include;

- The report of the Scheme Administrator
- The Risk Register and Issues Log
- The key issues for the JPS (currently pension reform and the on-going litigation around claiming retrospective pension rights by fee paid judicial office holders – the O'Brien judgment).

The Board manages risks actively using a risk register approach, challenging at each meeting the reported impact and likelihood of each risk. The Board also maintains an issues log which is reviewed at each meeting. Beyond that the Board endorsed the response to the risk that was identified that payments may be continuing to deceased pensioners by adopting an industry accepted practice of "Proof of Life" to mitigate this.

In addition to the risk register and issues log, pension reform and the fee-paid litigation are included as specific agenda items and the Board receive a comprehensive update on the current position on both issues from the Deputy Director or the Scheme Administrator at every meeting.

The MoJ has established a board chaired by Catherine Lee, Director General, Law and Access to Justice Business Group, which oversees both the work on the O'Brien judgment, judicial pension reform and general judicial matters. There is cross-membership with the JPS Board. This enables the JPS Board to identify any areas of concern for the scheme in particular.

The Corporate Finance JPS Representative and the Scheme Accountant meet regularly with members of the O'Brien working group and have liaised with the JPS Board to establish the provision for fee paid pension entitlements set out on page 39.

The Board met four times in the financial year 2012-13. The table below shows the attendance at each meeting.

<b>Date of Meeting/Board Member</b>	<b>15.6.12</b>	<b>14.11.12</b>	<b>13.12.12</b>	<b>25.2.13</b>
Chairman	Attended	Attended	Attended	Attended
Director of Judicial Reward & Pension Reform (appointed January 2013)	N/A	N/A	N/A	Attended
Corporate Finance Representative	Attended	Attended	Attended	Attended
Deputy Director, Pension & Judicial Reward	Attended	Absent	Absent	Absent
Scheme Administrator	Attended	Attended	Attended	Attended
Scheme Accountant	Attended	Attended	Attended	Attended
Internal Audit Representative	Absent	Attended	Attended	Attended

In line with good practice, Terms of Reference for the Board are reviewed annually and arrangements are in place for the Board to review its own effectiveness. It has ensured that all action points have been followed up and that the key risks are reviewed at every meeting.

I have structures in place which support the assurance process. These are there to be utilised if and when required. These bodies are

- The Departmental Board (DB) and Executive Management Committee of the Board (EMCB)
- MoJ Audit Committee (AC)

No issues were referred to them via the Senior Management Team (SMT).

- **Internal Audit Division (IAD)**

The MoJ's IAD operates to the Government Internal Audit Standards. It submits reports on the adequacy and effectiveness of the JPS's administrative processes and makes recommendations for improvement. The internal audit for 2012-13 focused solely upon the governance and oversight arrangements for the scheme. Their report made two recommendations:

1. That the Deputy Director Pensions and Judicial Reward ensures that the Terms of Reference for the JPS Board is expanded to clarify its role, representation and responsibilities and is agreed with senior management in the MoJ.
2. That the Deputy Director Pensions and Judicial Reward keep JP & P Branch staffing levels under review to confirm whether they are commensurate to current and projected processing demands.

Recommendation 1 will be actioned during 2013-14 and Recommendation 2 is on the scheme risk register will be monitored throughout the year.

The Director is responsible for the administrative and operational activities of the JPS. She is supported by the Deputy Director and the Judicial Pay and Pensions (JP & P) team which includes the Scheme Administrator. Since 3 June 2013 the JP & P team has been part of Law and Access to Justice Group that sits within the authority of Catherine Lee, the Acting Director General.

Financial reporting for the JPS is carried out by the Financial Reporting and Control Section of MoJ Corporate Finance in accordance with a Service Level Agreement.

Equinity Paymaster Limited (Paymaster) is contracted to provide payroll services for the payment of lump sums, base pensions and pension increases which are paid from the Consolidated Fund and the JPS Estimate. They were formerly known as Xafinity Paymaster. Paymaster operates appropriate governance and internal control arrangements and these services are audited. The JP & P team actively manages and monitors the performance of Paymaster under the contract and Paymaster provides an assurance to support their governance and control arrangements.

Liberata UK Limited (Liberata) maintains and manages the JPS accounts at the Government Banking Service. Liberata also provides and maintains the accounting system that supports the JPS accounts. These services are provided under the terms of the company's contract with the MoJ. Liberata provides an assurance that the services provided by them have been delivered in compliance with the assurance and control requirements of that contract.

The JPS is a small public service pension scheme with 2,200 active members and 1,829 pensioners as at 31 March 2013. In line with the guidance of the Corporate Governance Code the Board has reviewed and concluded there are areas within the Code which are not felt to be appropriate. These include the membership and composition of the Board where Ministerial or non-executive director involvement is not needed. I am satisfied that non-compliance is appropriate on the grounds of proportionality and I am also satisfied that adequate oversight and control of the JPS has been maintained throughout the period covered by these accounts.

## **Risk Assessment and Management**

The Department's Risk Management Strategy, Policy and Framework document, approved and endorsed by the Corporate Management Board (now the Departmental Board) was initially published in July 2008, with an updated version published in April 2010. The document is available to all staff on the MoJ's intranet. This, in conjunction with the guidance on the Quarterly Risk Reporting process sets out the department's attitude to risk in the achievement of its policies and objectives, and provides guidance on the process of identifying, assessing and managing risk.

Risks that threaten the JPS's objectives are identified and analysed in terms of impact, materiality and probability, assigned to an individual owner and reported regularly at JPS Board level.

The JP & P team is represented on the Knowledge and Information Liaison Officers network which provides a structured and co-ordinated approach throughout the department for Freedom of Information and Data Protection/Handling matters.

The Director and all members of the JP & P team have either attended the “Protecting Information” workshop or successfully completed the computer base training programme required annually of all MoJ staff. The JP & P Team’s procedures and processes comply with MoJ policies, for example the “clear desk” policy. Hard copy records are securely held with access restricted to team members and authorised personnel. Access to the electronic records is also restricted and access to the pension data base must be authorised by the Scheme Administrator.

The other key elements in the JPS’s control system are regular financial and management information. This includes management reports by the Scheme Administrator to the JPS Board, together with financial reports, on an exception basis, and the position on any business risk – financial, accounting and operational. The JPS Board also regularly reviews the JPS Risk Register and Issues Log.

There were no new risks identified and no ministerial directions were given. There were no lapses of data security.

### **Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the governance arrangements. My review of these arrangements is informed by the work of the internal auditors, the Director, Deputy Director and administrators of the JPS, who have responsibility for the development and maintenance of the governance framework, and comments made by the external auditors in their management letter and other reports. The key elements of the governance arrangements are set out above and contribute to my review of its effectiveness.

### **Significant Compliance Issues**

In accordance with the Risk and Control framework, the JPS’s administrative processes are reviewed by Internal Audit Division (IAD) annually.

Management have not identified or reported any compliance issues, data security incidents or breaches of control during the year.

This statement applies to the JPS. The Governance Statement for the Ministry of Justice as a whole will be available as part of the Department’s Annual Report and Accounts for 2012-13, which are published on its website.

Ursula Brennan  
Accounting Officer

Dated:

Pat Lloyd  
Director of Judicial Reward and  
Pensions Reform

Dated:

## **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS**

I certify that I have audited the financial statements of the Judicial Pensions Scheme for the year ended 31 March 2013 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them.

### **Respective responsibilities of the Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff 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 Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Report of the Managers and the Report of the Actuary to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## **Opinion on regularity**

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2013 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the Judicial Pension Scheme's affairs as at 31 March 2013 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resource and Accounts Act 2000 and HM Treasury directions issued thereunder.

## **Opinion on other matters**

In my opinion:

- the information given in the Report of the Managers and the Report of the Actuary for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

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**Report**

I have no observations to make on these financial statements.

**Amyas C E Morse**  
**Comptroller and Auditor General**  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

**9 July 2013**

**Statement of Parliamentary Supply  
for the Year ended 31 March 2013**

**Summary of Resource Outturn 2012-13**

Note	2012-13 Estimate			2012-13 Outturn			2012-13 Difference	2011-12 Outturn
	Voted £'000	Non- Voted £'000	TOTAL £'000	Voted £'000	Non-Voted £'000	TOTAL £'000	Voted outturn compared with Estimate saving/ (excess) £'000	NET TOTAL £'000
DEL - Resource	-	-	-	-	-	-	-	-
DEL - Capital	-	-	-	-	-	-	-	-
AME - Resource 4	<b>2,069,688</b>	77,749	2,147,437	<b>1,082,882</b>	73,800	1,156,682	<b>986,806</b>	151,468
AME - Capital	-	-	-	-	-	-	-	-
Total Budget	<b>2,069,688</b>	77,749	2,147,437	<b>1,082,882</b>	73,800	1,156,682	<b>986,806</b>	151,468
Non-Budget - Resource								-
<b>Total</b>	<b>2,069,688</b>	77,749	2,147,437	<b>1,082,882</b>	73,800	1,156,682	<b>986,806</b>	<b>151,468</b>
Total - Resource	<b>2,069,688</b>	77,749	2,147,437	<b>1,082,882</b>	73,800	1,156,682	<b>986,806</b>	151,468
Total - Capital	-	-	-	-	-	-	-	-
Total	<b>2,069,688</b>	77,749	2,147,437	<b>1,082,882</b>	73,800	1,156,682	<b>986,806</b>	<b>151,468</b>

**Net cash requirement 2012-13**

Note	2012-13 Estimate	2012-13 Outturn	2012-13 Difference	2011-12 Outturn
	£'000	£'000	Outturn compared with Estimates saving/ (excess) £'000	£'000
Net cash requirement 5	<b>(46,535)</b>	<b>(52,551)</b>	<b>6,016</b>	<b>(47,027)</b>

**Administration costs 2012-13**

Note	2012-13 Estimate	2012-13 Outturn	2011-12 Outturn
	£'000	£'000	£'000
Administration costs 11	<b>-</b>	<b>-</b>	<b>-</b>

Figures in the areas outlined in bold are voted totals or other totals subject to Parliamentary control. Estimate figures are from the Supplementary Estimate. Explanations of variances between Estimate and outturn are given in the Report of the Managers and note 3.

The notes on pages 28 to 44 form part of these accounts.

## Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2013

	Note	2012-13		2011-12	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Contributions receivable	7	(92,131)		(89,142)	
Other pension income	8	<u>(660)</u>		<u>(660)</u>	
			(92,791)		(89,802)
<b>Expenditure</b>					
Pension cost – current service cost	9	123,000		113,000	
Interest on JPS liabilities	10	106,000		123,000	
Fee paid judges provision	16a	1,020,073		-	
Administration expenses	11	<u>400</u>		<u>400</u>	
			1,249,473		236,400
<b>Net Expenditure</b>			<u><b>1,156,682</b></u>		<u><b>146,598</b></u>
<b>Other Comprehensive Net Expenditure</b>					
Recognised gains and losses for the financial year:					
Actuarial (gain) / loss	16g		178,000		(137,000)
<b>Total Comprehensive Net Expenditure for the year ended 31 March 2013</b>			<u><b>1,334,682</b></u>		<u><b>9,598</b></u>

The notes on pages 28 to 44 form part of these accounts

**Statement of Financial Position  
as at 31 March 2013**

		31 March 2013		31 March 2012	
Note	£'000	£'000	£'000	£'000	
<b>Current assets:</b>					
Receivables	13	7,693		7,544	
Cash and cash equivalents	14	<u>11,383</u>		<u>9,586</u>	
<b>Total current Assets</b>			19,076		17,130
<b>Current Liabilities:</b>					
Payables (within 12 months)	15	<u>(11,231)</u>		<u>(9,315)</u>	
<b>Total current liabilities</b>			<u>(11,231)</u>		<u>(9,315)</u>
<b>Net current assets, excluding pension liability</b>			7,845		7,815
Pension liability	16c		(2,496,692)		(2,191,917)
Provisions	16a		(1,020,073)		<u>-</u>
<b>Net liabilities, including pension liability</b>			<u><b>(3,508,920)</b></u>		<u><b>(2,184,102)</b></u>
<b>Taxpayers' equity:</b>					
General fund			(3,508,920)		(2,184,102)
			<u><b>(3,508,920)</b></u>		<u><b>(2,184,102)</b></u>

Ursula Brennan  
Accounting Officer

Date: 8 July 2013

The notes on pages 28 to 44 form part of these accounts

## Statement of Changes in Taxpayers Equity for the Year Ended 31 March 2013

		2012-13	2011-12
	Note	<u>£'000</u>	<u>£'000</u>
<b>Balance at 31 March</b>		(2,184,102)	(2,174,753)
Consolidated Fund Standing Services:			
Pension payable by the Consolidated Fund	16(e)	59,901	52,998
Accruals adjustment for pension payable by the Consolidated Fund regarding other years		628	(424)
Contributions receivable directly by the Consolidated Fund		(98)	(326)
Income attributable to the Judiciary at the Corporation of London		(103)	(102)
Extra receipts payable to the Consolidated Fund	6	(50,464)	(51,897)
Comprehensive Net Expenditure for the year	4	(1,156,682)	(146,598)
Actuarial gains	16(g)	(178,000)	137,000
<b>Balance at 31 March</b>		<u><b>(3,508,920)</b></u>	<u><b>(2,184,102)</b></u>

The notes on pages 28 to 44 form part of these accounts

## Statement of Cash Flows for the Year Ended 31 March 2013

	Note	2012-13 £'000	2011-12 £'000
<b>Cash flows from operating activities:</b>			
Net expenditure for the year	4	(1,156,682)	(146,598)
Adjustments for non-cash transactions:			
Contributions receivable directly by the Consolidated Fund		(98)	(325)
Income attributable to Judiciary at the Corporation of London		(103)	(102)
Fee paid judges provision	16a	1,020,073	-
Adjustment in respect of working capital		2,129	(1,788)
Increase in pension provision	9 & 10	229,000	236,000
Use of provisions	16(f)	(41,768)	(36,695)
<b>Net increase in cash and cash equivalents in the year before adjustment for receipts and payments to the Consolidated Fund</b>		<b>52,551</b>	<b>50,492</b>
Payment of amounts to the Consolidated Fund – current year		(42,311)	(43,453)
Payment of amounts to the Consolidated Fund – prior year	14 & 15	(8,443)	(9,191)
<b>Net decrease in cash and cash equivalents in the year after adjustment for receipts and payments to the Consolidated Fund</b>		<b>1,797</b>	<b>(2,152)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	14	9,586	11,738
<b>Cash and cash equivalents at the end of the year</b>	14	<b>11,383</b>	<b>9,586</b>

The notes on pages 28 to 44 form part of these accounts.

## Notes to the Judicial Pensions Scheme Statements for the year ended 31 March 2013

### 1. Basis of preparation of the JPS Statements

The financial statements of the Judicial Pensions Scheme (JPS) have been prepared in accordance with the relevant provisions of the 2012-13 Government Financial Reporting Manual (FReM), issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) 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 IFRS, the FReM also requires the JPS to prepare an additional statement – a *Statement of Parliamentary Supply*. This and its supporting notes, show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

#### 1.1 Judicial Pensions Scheme (JPS)

The Judicial Pensions Scheme is a contracted out, unfunded, defined benefit pay-as-you-go occupational pension scheme administered by the Ministry of Justice's Judicial Pay and Pensions Team (JPP) open to members of the Judiciary who satisfy the membership criteria.

Contributions to the JPS by employers and members are set at rates determined by the Government Actuary's Department (GAD) and approved by the JPS Board. The contributions partially fund payments made to members' dependants by the JPS, the balance of funding being provided by Parliamentary Vote, through the annual Supply Estimates process, and directly from the Consolidated Fund. The administrative expenses associated with the operation of the JPS are borne by the Ministry of Justice and reported in that entity's financial statements (note 2.13 refers).

The financial statements of the JPS show the financial position of the JPS at the year end and the income and expenditure during the year. The Statement of Financial Position shows the unfunded net liabilities of the JPS; the Statement of Comprehensive Net Expenditure shows, amongst other things, factors contributing to the change in the net liability analysed between the current service costs (which are actuarially assessed), transfers in and out, and the interest on the scheme liability. Further information about the actuarial position of the JPS is dealt with in the Report of the actuary, and the JPS financial statements should be read in conjunction with that Report.

The financial statements also have regard to the Statement of Recommended Practice (SORP) entitled *Financial Reports of Pension Schemes* as adapted by the Treasury for public sector pension schemes. They have been laid in accordance with the Government Resources and Accounts Act 2000, chapter 20, Section 6 (4).

## **1.2 Going Concern**

The Statement of Financial Position as at 31 March 2013 shows a net pension liability of £2,496,692,000 and a provision of £1,020,073,000 for fee paid judges (2011-12: £2,191,917,000). This reflects the inclusion of liabilities falling due in the long-term, which are to be financed mainly by drawings from the Consolidated Fund. Such drawings will be grants of Supply approved annually by Parliament to meet the JPS's pension benefits, which come into payment each year.

Under the Government Resources and Accounts Act 2000, no money may be drawn from the Fund other than as required for the service of the specified year or retained in excess of that need. All monies, including those derived from pension contributions in excess of pensions benefits paid, are surrenderable to the Fund.

In common with other public sector pension schemes, the future financing of the JPS's liabilities is to be met by future grants of Supply and the application of future pension contributions, both to be approved annually by Parliament. Such approval for amounts required for 2012-13 has already been given. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

## **2. Statement of accounting policies**

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

Where the FReM permits a choice of accounting policy, the accounting policy that has been judged to be most appropriate to the particular circumstances of the JPS 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 JPS financial statements.

### **2.1 Accounting convention**

These accounts have been prepared under the historical cost convention.

#### **2.1.1 Pension contributions receivable**

Appointing Bodies' normal pension contributions are accounted for on an accruals basis.

WPS contributions under the 1993 Act are accounted for on an accruals basis. Under the 1981 Act, members could elect to pay WPS contributions either throughout their service or through a reduction in their lump sum upon retirement. Where members have elected to pay these contributions throughout their service, they are accounted for on an accruals basis.

If a member has no dependants at retirement then they will receive a refund of all WPS contributions made throughout their service. These refunds are paid with the lump sum on retirement and are accounted for on a cash basis.

Personal pension contributions (PPCs) from members were introduced from 1 April 2012. They are accounted for on an accruals basis.

Members' contributions paid in respect of the purchase of added years, or any other benefits to be gained from the JPS, are also recognised on an accruals basis. Any associated increase in the Scheme liability is recognised as expenditure.

### **2.1.2 Other pension income**

The Ministry of Justice (MoJ) is the manager of the JPS. Within the 32.15% Accruing Superannuation Liability Charges (ASLCs) received from Appointing Bodies is a 0.25% administration fee recognised as other pension income in these accounts.

### **2.1.3 Transfers in and out**

Transfers in or out of the JPS in respect of individual members are accounted for on a cash basis. Transfer values are those sums paid to or received from other pension schemes and relate to previous periods of pensionable employment. The values have been included in the financial statements in the period in which the sums were paid to or received from another pension scheme.

### **2.1.4 Current service cost**

The current service cost is the increase in the present value of the scheme liabilities arising from current members' service in the current period and is recognised in the Statement of Comprehensive Net Expenditure. The cost is based on the assumptions used by the actuary.

### **2.1.5 Interest on scheme liabilities**

The interest cost is the increase during the period in the present value of the scheme liabilities because accrued members' benefits are one year closer to settlement and this is recognised in the Statement of Comprehensive Net Expenditure. The gross discount rate of 4.85 per cent (2011-12: 5.6 per cent) is consistent with the assumptions used for current service costs (2.1.4 above).

### **2.1.6 Scheme liability**

Provision is made for liabilities to pay pensions and other benefits in the future. The scheme liability is measured on an actuarial basis using the projected unit method and has been discounted at a real rate, as prescribed by HM Treasury, which for 2012-13 is 2.35 per cent per annum real (2011-12: 2.8 per cent). The valuation takes account of the overnight change in the Scheme's liabilities as a result of the change in the discount rate to 2.35 per cent real as at 31 March 2013. Such changes are recognised in the Statement of Comprehensive Net Expenditure for the year as advised by HM Treasury.

Full actuarial valuations by a professionally qualified actuary are obtained at intervals not exceeding four years with interim valuations every two years. The full valuation was carried out as at 31 March 2009. However GAD are currently working on a full valuation at 31 March 2012 in line with revised HM Treasury requirements and this should be completed later this year.

#### **2.1.7 Provision for fee paid judges pension entitlements**

Provisions represent liabilities of uncertain timing or amount and are recognised when the JPS has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and for which a reliable estimate can be made for the amount of the obligation.

Following a UK Supreme Court ruling on 6 February 2013, it has been determined that a fee paid judicial office holder is entitled to a pension on terms equivalent to those applicable to a salaried circuit judge. As such, the pension entitlements of fee paid judges are recorded as a provision on the Statement of Financial Position.

The provision for the fee paid judicial office holders pension entitlements is subject to a high degree of uncertainty as the determination of the amount remains subject to an Employment Tribunal hearing and there is an absence of legal precedent in the matter. In addition, a level of uncertainty also stems from the pension liability actuarial assumptions adopted by GAD. Further information about the provision is set out in Note 16.

#### **2.1.8 Pension benefits payable**

Pension benefits payable are accounted for as a decrease in the scheme liability on an accruals basis.

#### **2.1.9 Pension payments to those retiring at their normal retirement age**

Since a retiring member of the JPS has no choice over the allocation of benefits receivable between the value of the lump sum and the annual pension, the transaction is accounted for as a decrease in the scheme liability on an accruals basis.

#### **2.1.10 Pension payments to and on account of leavers before their normal retirement age**

Where a member of the JPS is entitled only to a refund of contributions, the transaction is accounted for as a decrease in the scheme liability on an accruals basis.

#### **2.1.11 Lump sums payable on death in service (or death early in retirement)**

Lump sum payments payable on death in service or in early retirement are accounted for on an accruals basis. They are a direct charge to the pension provision, as they are funded through the normal pension contributions.

### **2.1.12 Actuarial gains/losses**

Actuarial gains and losses arising from any new valuation and from updating the latest actuarial valuation to reflect conditions at the Statement of Financial Position date are recognised in the Statement of Comprehensive Net Expenditure for the year. These gains and losses are based on the figures provided by the actuary and the related assumptions, which have been deemed appropriate by GAD and JPS Managers.

### **2.1.13 Administration fees**

The JPS is authorised by HM Treasury to pay the Ministry up to £400,000 of the administration fees received, per annum. In 2012-13 the full £400,000 was passed over to the Ministry, deemed as the cost of administering the JPS. This payment is reported in MoJ's accounts.

The administration of the JPS is carried out by staff from the Judicial Pay and Pensions Team, part of the Human Resources Directorate of the Ministry of Justice. The costs of the JPP team are paid by the MoJ.

### **2.1.14 Other expenses**

Other pension related expenses to the Judiciary (such as payments for early retirement and ex-gratia payments) are borne by the relevant Appointing Body and reported in their Departmental Resource Accounts.

### **2.1.15 Consolidated Fund pension payments**

Pension payments met directly from the Consolidated Fund and not from the funds held by the JPS are reflected in these accounts as notional expenditure. The JPS has no control over the issue of these payments.

The ultimate control for pensions paid out of the Consolidated Fund remains with the National Audit Office's Exchequer Section.

### 3. Net resource outturn

2012-13											2011-12 Outturn
Outturn							Estimate			Net total compared to Estimate, adjust for virements	
Administration			Programme				Net Total	Net total compared to Estimate	Total		
Gross	Income	Net	Gross	Income	Net	Total					
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Judicial Pension Scheme AME:											
Voted	-	-	-	1,175,673	(92,791)	1,082,882	1,082,882	2,069,688	986,806	986,806	83,668
Non-voted	-	-	-	73,800	-	73,800	73,800	77,749	3,949	3,949	67,800
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,249,473</b>	<b>(92,791)</b>	<b>1,156,682</b>	<b>1,156,682</b>	<b>2,147,437</b>	<b>990,755</b>	<b>990,755</b>	<b>151,468</b>

The outturn is below estimate primarily because the fee paid judges provision has been calculated as £1,020,073k (Estimate : £2,000,000k). The estimate amount was to cover the worst case scenario. In the case of all costs a prudent approach is adopted for estimates. The non-voted expenditure is for the current service costs of higher judiciary judges paid from the Consolidated Fund.

### 4. Reconciliation of net resource outturn to net expenditure

		2012-13	2011-12
		Outturn	Outturn
	Note	£'000	£'000
Voted – net resource outturn in Statement of Parliamentary Supply	3	1,082,882	83,668
Non-voted - non-supply expenditure	9	73,800	67,800
Income payable to the Consolidated Fund		-	(4,870)
<b>Net expenditure for the year in SCNE</b>		<b>1,156,682</b>	<b>146,598</b>

## 5. Reconciliation of Net Resource Outturn to Net Cash Requirement

		2012-13	2012-13		2011-12
		Estimate	Outturn	Net Total Outturn compared with estimate: saving/ (excess)	
	Note	£'000	£'000	£'000	£'000
Net resource outturn	3	2,147,437	1,156,682	990,755	151,468
Accruals adjustments					
Non-cash items – Current Service and Interest costs		(239,582)	(229,000)	(10,582)	(236,000)
Non-cash items – Contributions receivable directly by the Consolidated Fund		-	98	(98)	-
Non cash items – Income attributable to Judiciary at the Corporation of London		-	103	(103)	-
Fee paid judges provision	16(a)	(2,000,000)	(1,020,073)	(979,927)	-
Use of pension provision	16(f)	45,610	41,768	3,842	36,695
Changes in working capital other than cash		-	(2,129)	2,129	810
<b>Net cash requirement</b>		<b>(46,535)</b>	<b>(52,551)</b>	<b>6,016</b>	<b>(47,027)</b>

## 6. Analysis of Income payable to the Consolidated Fund

In addition to income retained by the Consolidated Fund, the following income relates to the JPS and is also payable to the Consolidated Fund (cash receipts shown in italics)

	2012-13 Forecast		2012-13 Outturn	
	Income £'000	<i>Receipts</i> £'000	Income £'000	<i>Receipts</i> £'000
Excess cash receipts surrenderable to the Consolidated Fund	-	46,535	50,464	50,464
Total income payable to the Consolidated Fund	-	46,535	<b>50,464</b>	50,464

## 7. Pension contributions receivable

	2012-13 £'000	2011-12 £'000
Employers; appointing bodies:		
Accruing Superannuation Liability Charges (ASLCs)	84,250	84,177
Employees; Judicial Office-holders:		
Normal contributions: Widow(er)s' Pension Scheme (WPS)	4,376	4,518
Normal contributions: Personal Pension Contributions (PPCs)	3,124	-
Purchase of Added Years: internal JPS AVC's only	381	447
	<b>92,131</b>	<b>89,142</b>

Judicial Office-holders' contributions may fluctuate from year to year as members can elect to change their rates of contributions and elect to defer their contribution payments until they receive their lump sums.

## 8. Other pension income

	2012-13 £'000	2011-12 £'000
Administration fees receivable from appointing bodies	660	660
	<b>660</b>	<b>660</b>

## 9. Pension Cost

	2012-13 £'000	2011-12 £'000
Current service cost: (see note 16d)		
Judiciary paid from the JPS Estimate and pension increases for all Judiciary	49,200	45,200
Judiciary paid from the Consolidated Fund (notional expenditure)	73,800	67,800
	<b>123,000</b>	<b>113,000</b>

The pension cost is apportioned between Vote and non-Vote expenditure based on a percentage split provided by the Government Actuary's Department. The 2012-13 pension cost has been allocated at 40% Vote and 60% non-Vote (2011-12: 40% Vote and 60% non-Vote).

## 10. Interest on scheme liabilities

	2012-13 £'000	2011-12 £'000
Interest charge for the year (see note 16d)	106,000	123,000
	<b>106,000</b>	<b>123,000</b>

## 11. Administration Expenses

	2012-13 £'000	2011-12 £'000
Administration expenses paid to the Ministry	400	400
	<b>400</b>	<b>400</b>

### 12.1 Additional Voluntary Contributions to External Approved Providers

The JPS provides for members to make additional voluntary contributions (AVCs) to increase their pension entitlements. Members may arrange to have agreed sums deducted from their salaries for onward payment to the approved providers, the Equitable Life Assurance Company and Prudential plc. The managers of the JPS have

responsibility only for the onward payment, by Appointing Bodies, of members' contributions to the provider. These AVCs are not reflected in the primary financial statements. Members of the JPS participating in this arrangement receive an annual statement from the provider confirming the amounts held to their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

	Equitable Life		Prudential	
	2012-13	2011-12	2012-13	2011-12
	£'000	£'000	£'000	£'000
<b>Movements in the year</b>				
Balance at 1 March / 1 April	495	463	2,023	1,443
New investments	29	26	517	517
Leavers, transfers and withdrawals	(24)	-	12	-
Sales of investments to provide pension benefits	-	(12)	(113)	(30)
Changes in market value of investments	46	18	201	93
<b>Balance at 28 February / 31 March</b>	<b>546</b>	<b>495</b>	<b>2,640</b>	<b>2,023</b>
Contributions received to provide life cover	1	2	1	1

Note that the figures for Equitable Life cover the period 1 March 2012 to 28 February 2013 while the Prudential figures are for the period 1 April 2012 to 31 March 2013. Equitable Life only provide a valuation at their anniversary date which is 28 February.

## 12.2 Additional Voluntary Contributions – historic internal arrangements

Historically there have been three AVC arrangements within the JPS provided for under the Judicial Pensions and Retirement Act 1993 (“the 1993 Act”) and the Judicial Pensions Act 1981 (“the 1981 Act”) as amended by the 1993 Act. The arrangements are as follows:

- The Judicial Added Benefit Scheme (JABS) (for 1981 Act members only). JABS enables members to increase the level of benefits payable from their main Judicial Pensions Scheme.
- The Judicial Added Years Scheme (JAYS) (for 1993 Act members only). JAYS enables members of the 1993 Scheme to increase the length of service and the benefits at retirement.
- The Judicial Added Surviving Spouse’s Pension Scheme (JASSPS) (for 1993 Act members only). JASSPS enables members to make contributions that will increase only the level of the contingent surviving spouse’s or civil partner’s pension.

All three of these AVC facilities were closed to new subscribers with effect from 6 April 2006.

## 13. Receivables – contributions due in respect of pensions

### 13 (a) Analysis by type

#### Amounts falling due within one year

	2012-13 £'000	2011-12 £'000
Pension contributions due from appointing bodies:		
Accruing Superannuation Liability Charges (ASLCs), including administration fees	7,046	7,151
Pension contributions due from Judicial Office-holders:		
Normal contributions - Widow(er)s' Pension Scheme (WPS)	358	355
Normal contributions -Personal Pension Contributions (PPCs)	261	-
Purchase of Added Years: internal JPS AVC's only	28	36
Overpaid pensions to be returned	-	1
Lump sums paid early	-	1
	<b>7,693</b>	<b>7,544</b>

### 13 (b) Analysis by organisation

	2012-13 £'000	2011-12 £'000
Balances with other central government bodies	7,046	7,151
Balances with bodies external to government	647	393
	<b>7,693</b>	<b>7,544</b>

## 14. Cash and cash equivalents

	2012-13 £'000	2011-12 £'000
Balances as at 1 April	9,586	11,738
Net change in cash balances	1,797	(2,152)
<b>Balance at 31 March</b>	<b>11,383</b>	<b>9,586</b>
The following balances at 31 March were held at:		
Government Banking Service	8,154	8,443
Equity Paymaster	3,229	1,143
<b>Balance at 31 March</b>	<b>11,383</b>	<b>9,586</b>

In 2012-13 cash held by Equity Paymaster (formerly Xfinity Paymaster) is due to pensioners and other counterparties and will be paid in 2013-14. It is mainly tax due to HMRC and lump sums to be paid to beneficiaries. In 2011-12 it was mainly lump sums paid to beneficiaries.

## 15. Payables

### 15 (a) Analysis by type

	2012-13 £'000	2011-12 £'000
<b>Amounts falling due within one year</b>		
Pension benefits payable – lump sums due on retirement	-	117
Death in service and early retirement payments	643	681
Tax due to HM Revenue and Customs	2,343	10
Contributions received in advance	58	31
Administration charges due to Ministry of Justice	33	33
Total payables excluding CF creditor	3,077	872
Extra receipts due to the Consolidated Fund	8,154	8,443
<b>Total Creditors</b>	<b>11,231</b>	<b>9,315</b>

### 15 (b) Analysis by organisation

	2012-13 £'000	2011-12 £'000
Balances with other central government bodies	10,588	8,517
Balances with bodies external to government	643	798
<b>Total Creditors</b>	<b>11,231</b>	<b>9,315</b>

## 16. Provisions for pension liability

### 16 (a) Provision for fee paid judges pension entitlements

The provision for fee paid pension entitlements represents a liability relating to fee paid judicial office holders who have claimed retrospective pension rights. On 6 February 2013 the UK Supreme Court ruled that a fee paid judicial office holder is entitled to a pension on terms equivalent to those applicable to a salaried circuit judge. The matter has been referred back to the Employment Tribunal to determine the value of the pension entitlement. JPS will be required to pay pension entitlements to fee paid judicial officials and this provision has been based on the most recent legal counsel advice and GAD calculations relating to historical contributions.

A separate element of the pension liability relating to fee paid judges has also been estimated for those already retired. While pension payments will be made through the JPS, the JPS does not have the authority to make payments in respect of this separate element. Therefore, the responsibility to make these payments falls to MoJ and accordingly the separate element has been recorded in the MoJ accounts.

	2012-13	2011-12
	£'000	£'000
Balances at 1 April	-	-
Provided in the year – fee paid judges pension liability	1,020,073	-
Use of provisions	-	-
<b>Balance at 31 March</b>	<b>1,020,073</b>	<b>-</b>

## 16 (b) Assumptions underpinning the provision for pension liability

The Judicial Pensions Scheme is an unfunded defined benefit scheme. The Government Actuary's Department carried out a full actuarial valuation as at 31 March 2009. Full membership data was subsequently supplied to GAD as at 31 March 2011, and this data has been used to form the basis of this assessment. The meets the FReM requirement that "the period between formal actuarial valuations shall be four years, with approximate assessments in intervening years." A full actuarial valuation of the Judicial Pension Scheme as at 31 March 2012 is currently being undertaken. The Report of the Actuary, on pages 10 to 13, sets out the scope, methodology and results of the work the actuary has carried out.

The Scheme Manager 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 Manager should make available to the actuary in order to meet reporting requirements. This information includes, but is not limited to, details of:

- JPS 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 JPS;
- income and expenditure, including details of expected bulk transfers into or out of the JPS; and
- following consultation with the actuary, the key assumptions that should be used to value the JPS liabilities, ensuring that the assumptions are mutually compatible and – with the exception of the discount rate (see note 2.1.6) - reflect a best estimate of future experience.

The major assumptions used by the actuary were:

	At 31 March 2013	At 31 March 2012	At 31 March 2011	At 31 March 2010	At 31 March 2009
Rate of increase in salaries	3.9%	4.25%	4.9%	4.3%	4.3%
Rate of increase in pensions in payment and deferred pensions	1.7%	2.0%	2.65%	2.75%	2.75%
Inflation assumption	1.7%	2.0%	2.65%	2.75%	2.75%
Nominal discount rate	4.1%	4.85%	5.6%	4.6%	6.04%
Discount rate net of price inflation	2.35%	2.8%	2.9%	1.8%	3.2%
Mortality rates at aged 60 (life expectancy in years)					
Current retirements					
Females	30.4	30.2	30.3	30.2	29.6
Males	28.5	28.4	28.5	28.4	26.9
Retirements in 20 years time					
Females	33.1	33.0	32.7	32.6	32.4
Males	31.2	31.1	30.8	30.7	29.3

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 Manager acknowledges 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 a significant 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 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 Manager does 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 Manager, the actuary has used key assumptions that are the most appropriate for the JPS in the light of current knowledge.

## 16 (c) Analysis of the provision for pension liability

	March 2013	March 2012	March 2011
	£m	£m	£m
Liability relating to active members	1,306	1,205	1,278
Liability relating to deferred pensioners	4	3	3
Liability relating to pensioners in payment	1,187	984	902
<b>Scheme liability at 31 March</b>	<b>2,497</b>	<b>2,192</b>	<b>2,183</b>

The scheme liability as assessed by the actuary is based on a roll forward of using full membership data as at 31 March 2011. This is the professional judgement of the actuary based on the information provided by the Scheme Administrator (see the Report of the Actuary pages 10-13).

Pension scheme liabilities accrue over employees' periods of service and are discharged over the period of retirement and, where applicable, the period for which a spouse, civil partner or dependants survive the pensioner. In valuing the scheme liability, the actuary must estimate the impact of several inherently uncertain variables far into the future. The variables include not only the key 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. Membership numbers in the years between full actuarial valuations are assumed to be stable.

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 Scheme Manager accepts 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 16(g). 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.

## 16 (d) Analysis of movement in scheme liability

	Note	2012-13	2011-12
		£'000	£'000
Scheme liability at 1 April		2,191,917	2,182,610
Current service cost	9	123,000	113,000
Interest on pension scheme liability	10	106,000	123,000
Pension benefits payable	16(e)	(102,225)	(89,693)
Actuarial (gains)/losses	16(g)	178,000	(137,000)
<b>Scheme liability at 31 March</b>		<b>2,496,692</b>	<b>2,191,917</b>

During the years ended 31 March 2013 and 31 March 2012, employer's contributions represented 32.15 per cent of pensionable pay. Employees' contributions were 2.4 or 1.8 per cent of earnings for the pension due to their spouse after death. For members in the 1993 Scheme, contributions are taken from salary up to a level reflecting the former Inland Revenue earnings cap, while members of the 1981 Scheme pay contributions based on the whole salary.

From 1<sup>st</sup> April 2012 employee's contributions included personal pension contributions of 1.28%.

### 16 (e) Analysis of benefits paid

	2012-13		2011-12	
	£'000	£'000	£'000	£'000
Members – Base pensions	16,761		14,777	
Members – Pensions increase	13,376		10,847	
Members – Lump sum on retirement	4,852		4,958	
Dependants – Base pensions	1,814		1,750	
Dependants – Pensions increase	4,468		3,901	
Dependants – Lump sum on death of members	1,053		462	
<b>Pension benefits from payable from Supply</b>		<b>42,324</b>		<b>36,695</b>
Members – Base pensions	41,019		37,933	
Members – Lump sum on retirement	11,799		8,170	
Dependants – Base pensions	5,925		5,548	
Dependants – Lump sum on death of member	1,158		1,347	
<b>Pension benefits payable from Consolidated Fund</b>		<b>59,901</b>		<b>52,998</b>
<b>Total pension benefits payable charged against provision</b>		<b>102,225</b>		<b>89,693</b>

### 16 (f) Reconciliation of benefits payable to benefits paid per Statement of Cash Flows

	Note	2012-13	
		£'000	£'000
Total pension benefits payable	16(e)		102,225
Pension benefits payable via the Consolidated Fund	16(e)		(59,901)
Adjustments for in year cash outflows relating to opening lump sum creditors			
Opening balance per payables note	15(a)	681	
Less amounts passing through SCNE already in the SoCF working capital entries		(52)	
Less amounts not passing through SCNE to be settled by the Consolidated Fund		(629)	
Sub-total			-
Adjustments for cash flows deferred relating to closing lump sum creditors:			
Closing balance per payables note	15(a)	(643)	
Add amounts passing through SCNE already in the SoCF working capital entries		87	
Sub-total			(556)
<b>Use of pension provision per Statement of Cash Flows</b>			<b>41,768</b>

## 16 (g) Analysis of actuarial gains and losses

	2012-13	2011-12
	£'000	£'000
Experience gains arising on the scheme liabilities	(24,000)	167,000
Gains/(losses) resulting from changes in assumptions underlying the present value of scheme liabilities	(154,000)	(30,000)
<b>Per Statement of Changes in Taxpayers Equity</b>	<b>(178,000)</b>	<b>137,000</b>

## 16 (h) History of experience gains and losses

	2012-13	2011-12	2010-11	2009-10	2008-09
	£'000	£'000	£'000	£'000	£'000
<i>Experience gains/(losses) on scheme liabilities:</i>					
Amount	(24,000)	167,000	78,000	33,000	22,000
Percentage of the present value of the scheme liabilities at the balance sheet date	0.96%	(7.62%)	(3.57%)	(1.38%)	1.24%
<i>Total actuarial gains/(losses):</i>					
Amount	(178,000)	137,000	175,000	(479,000)	197,000
Percentage of the present value of the scheme liabilities at the balance sheet date	7.13%	(6.25%)	(8.02%)	20.03%	11.10%

## 17. Financial Instruments

As the cash requirements of the JPS 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 JPS's expected purchase and usage requirements and the JPS is therefore exposed to little credit, liquidity or market risk.

## 18. Contingent liabilities disclosed under IAS 37

The contingent liabilities disclosed in the previous year have now crystallised as a provision and as such JPS no longer has a contingent liability in respect of fee paid judicial office holder pension entitlements. There are a number of stayed cases which include claims for non-pension entitlements, however the UK Supreme Court ruling on 6 February 2013 did not deal with these claims and therefore liability for these claims has not been established. It is expected that any liability for these entitlements would fall to either HM Courts & Tribunals Service or the MoJ Core Department, as payments relating to non-pension entitlements are considered ultra vires for JPS.

## 19. Related-party transactions

The Judicial Pensions Scheme does not fall within the ambit of the Ministry of Justice, as it obtains Parliamentary approval for its resources under a separate Supply

Estimate. The Ministry of Justice is the Lead Appointing Body for most Judiciary within the JPS, and also the Scheme Manager. The Permanent Secretary to the Ministry of Justice has been appointed as Accounting Officer for the JPS. The Ministry of Justice is regarded as a related party.

The JPS has not had unusual material transactions with the Ministry of Justice and other participating Government Departments who appoint Judicial Office Holders that are members of the JPS.

The Scheme Manager, key managerial staff or other related parties have not undertaken any material transactions with the JPS during the year.

## **20. Events after the reporting period**

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date the Comptroller and Auditor General certifies the accounts.

Date of authorisation for issue:

The Accounting Officer authorised the issue of these financial statements on 9<sup>th</sup> July 2013.



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ISBN 978-0-10-298356-2



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