Consolidated Fund Account 2014-15

HC 55

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Presented to Parliament pursuant to Section 21(1) of the National Loans Act 1968

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The National Audit Office scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Sir Amyas Morse KCB, is an Officer of the House of Commons and leads the NAO, which employs some 810 people. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund have used their resources efficiently, effectively, and with economy. Our studies evaluate the value for money of public spending, nationally and locally. Our recommendations and reports on good practice help government improve public services, and our work led to audited savings of £1.15 billion in 2014

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Contents

Strategic report

Introduction

The Consolidated Fund (CF) was first set up in 1787 as 'one fund into which shall flow every stream of public revenue and from which shall come the supply for every service'. The basis of the financial mechanism by which the CF is operated is governed by the Exchequer and Audit Departments Act 1866.

In order to separate government revenue and expenditure on the one hand and government borrowing and lending on the other, the National Loans Fund (NLF) was established on 1 April 1968 by the National Loans Act 1968 to account for government borrowing and lending which were until then accounted for within the CF. The accounts for the CF and NLF are now published separately.

Both the CF and NLF are administered by HM Treasury (the Treasury), with the bank accounts maintained at the Bank of England. The CF can therefore be regarded as central government's current account, whereas the NLF can be regarded as central government's main borrowing and lending account. By virtue of section 19(1) of the National Loans Act 1968, the net liabilities of the NLF are a liability of the CF.

Scope of the Consolidated Fund Account

The CF receives the proceeds of taxation and certain other government receipts, makes issues to finance Supply Services, meets the Standing Services directly charged by statute and reimburses the NLF for net interest costs. The CF finishes every day with a nil balance on its bank account because any surpluses or deficits are offset by transfers to or from the NLF.

The receipts of the CF mainly consist of:

- tax revenues such as those collected by Her Majesty's Revenue and Customs (HMRC);
- other receipts paid over by departments known as Consolidated Fund Extra Receipts (CFERs);
- tax-type revenues such as fines, penalties and certain licence fees paid over by departments and known as Trust Statement income;
- repayments from the Contingencies Fund; and
- balancing payments from the NLF when daily payments by the CF exceed its receipts.

Some changes will take effect in 2015-16 in relation to tax revenues in Scotland. From 1 April 2015, Land & Buildings Transaction Tax (which replaces UK stamp duty land tax in Scotland) and Scottish Landfill Tax will be collected by Revenue Scotland and paid directly into the Scottish Consolidated Fund.

The payments from the CF are mainly for:

- Supply Services, which are payments issued to government departments to finance their net expenditure. These are approved annually by Parliament in a vote on the spending Estimates submitted to it by the government. The departments then use the cash for the purposes approved by Parliament;
- Standing Services, which are charges exempt from any need to be voted annually by Parliament because it has, by statute, permanently authorised the payments. These include for example the salaries of members of the higher judiciary, expenses of holding general elections, United Kingdom contributions to the budget of the European Union and financial assistance payments made under the Banking Act 2009;
- Standing Service payments for Political and Public salaries and pensions include Speakers, Opposition Leaders, Opposition Whips and the offices of high ranking officials which include the Comptroller and Auditor General, Parliamentary and Health Service Ombudsman and Information Commissioner;
- issues to the Contingencies Fund; and
- balancing payments to the NLF when daily receipts into the CF exceed its payments.

Outturn

The outturn for the year shows payments and receipts of £539.8 billion (2013-14: £516.5 billion), including £95.2 billion (2013-14: £70.0 billion) from the NLF to cover what would have been the deficit for the year.

Transactions with the Contingencies Fund artificially inflate both receipts and payments as do advances to HMRC to cover daily revenue shortfalls as described in note 2 to the accounts (the latter have the effect of increasing tax receipts to the Consolidated Fund by funding payments that would otherwise have been funded by HMRC from tax receipts). After adjusting for these, and for the deficit funding from the NLF, total underlying receipts decreased from £432.0 billion to £425.1 billion and underlying payments increased from £502.0 billion to £520.3 billion:

	Receipts		Payments	
	2014-15 £m	2013-14 £m	**2014-15 £m**	2013-14 £m
Total receipts/payments	**539,798**	516,532	**539,798**	516,532
Less Advances to HMRC	**(14,974)**	(11,067)	**(14,974)**	(11,067)
Less Transactions with the Contingencies Fund	**(4,535)**	(3,504)	**(4,535)**	(3,500)
Less Deficit funding from the NLF	**(95,232)**	(69,983)	**–**	–
	425,057	431,978	**520,289**	501,965

The accounts of the Contingencies Fund are published seperately.

Receipts

In 2014-15 tax receipts increased by £24.0 billion from £365.0 billion to £389.0 billion. More information is set out in the Annual Report and Accounts and Trust Statement prepared by HM Revenue & Customs.

Miscellaneous receipts decreased by £27.0 billion from £59.4 billion to £32.4 billion. This was mainly due to lower receipts relating to the Bank of England Asset Purchase Facility Fund (£20.4 billion lower than last year which had included accumulation of cash over several years) and £5.9 billion lower receipts from disposals of the Government's shareholding in Lloyds Banking Group. Receipts from the Department for Business, Innovation and Skills were lower by £2.9 billion, last year's receipts having been increased by the sale of shares in Royal Mail and further disposal of ex-Royal Mail Pension Plan assets (the majority of these assets were disposed of in 2012-13). These reductions were partly offset by £0.8 billion higher receipts from penalties imposed by the Financial Conduct Authority and £1.4 billion from the Landsbanki estate in Iceland.

Payments

Supply payments to government departments increased by £20.2 billion in 2014-15 from £445.8 billion to £466.0 billion. Note 4c sets out the cash supplied to the ten highest drawing departments during 2014-15. Further details on how Supply has been spent can be found in individual departmental Annual Reports & Accounts.

Payments to the budget of the European Union (EU) decreased by £2.3 billion, from £14.1 billion in 2013-14 to £11.8 billion in 2014-15. An exceptionally large upwards adjustment in 2014-15 was originally due for payment by the UK in December 2014 but, following an amendment to EU legislation, payment will now be made in 2015-16. Further details can be found in Note 5.

International support

The EU Budget is used to back various mechanisms that provide financial assistance to EU Member States and Third Countries including loans from the European Financial Stabilisation Mechanism, European Balance of Payments Facility, Macro Financial Assistance and the European Investment Bank. The CF would be responsible for any payments arising from the UK's contingent liability relating to lending under these mechanisms as described in note 11. The UK has continued to support the International Monetary Fund (IMF) through the NLF in 2014-15 in line with our commitments as an IMF member. Through the NLF, the UK has provided support through the quota subscription and lending to the IMF. The UK's bilateral loan facility to Ireland has been funded by HM Treasury's Vote which is funded through the normal Supply procedures. Details can be found on the GOV.UK website.[1]

Nick Macpherson
Accounting Officer
HM Treasury

13 July 2015

1 https://www.gov.uk/government/publications/bilateral-loan-to-ireland

Directors' report

The Consolidated Fund (CF) makes funding available for certain salaries and pensions but is not an employer.

Pension liabilities

The CF makes funding available for pensions relating to the Royal Household Pension Scheme, Judicial Services, MEPs' pensions, Political and Public Service pensions and Civil List pensions. The various pension arrangements and pension liabilities are described in Notes 6, 7 and 8.

Personal data related incidents

The CF had no protected personal data related incidents during 2014-15, nor during any previous period.

Disclosure to auditors

The Account is prepared under section 21(1) of the National Loans Act 1968. The Act requires the Treasury to prepare an account for the CF for each financial year in such form and containing such information as the Treasury considers appropriate.

The CF Account remains on a cash basis as an account of payments and receipts. Notes to the Account provide detail on receipts and Standing Service payments. Certain transactions, balances and contingent liabilities, borne directly by the CF, cannot be brought to account in other statutory accounts and are disclosed more appropriately in notes accompanying the CF Account. These items include liabilities in respect of pensions paid directly from the CF, coinage issued and redeemed, the UK's capital subscription to the European Investment Bank, the Public Dividend Capital (PDC) of the Land Registry and some contingent liabilities. This additional information is disclosed on an accruals basis in notes 7-11 to the CF Account to assist preparation of Whole of Government Accounts.

There is limited direct read-across between the accruals-based notes 7-11 and the cash-based CF receipts and payments account. References are given where there is a direct read-across to notes 3 and 6a.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the CF's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the CF's auditors are unaware.

The Account is audited by the Comptroller and Auditor General under the requirements of the National Loans Act 1968.

The National Audit Office (NAO) bears the cost of all external audit work performed on the CF. During the financial year, no non-audit work was undertaken by the NAO in relation to the CF.

Nick Macpherson 13 July 2015
Accounting Officer
HM Treasury

Statement of Accounting Officer's responsibilities

Under section 21(1) of the National Loans Act 1968, the Treasury is required to prepare a statement of Account relating to the Consolidated Fund for each financial year in the form and on the basis considered appropriate by HM Treasury. The Account is prepared on a cash basis and must give a true and fair view of the state of affairs of the Consolidated Fund and of its receipts and payments for the financial year. As explained in the Directors' report, notes 7-11 accompanying the Account disclose certain information relating to the Consolidated Fund on an accruals basis to assist preparation of Whole of Government Accounts.

In preparing the Account the Accounting Officer is required to:

- observe the relevant accounting and disclosure requirements of the Government Financial Reporting Manual in so far as they are relevant to the Account and apply suitable accounting policies on a consistent basis; and
- make judgements and estimates on a reasonable basis.

The Treasury has designated the Permanent Secretary, Nick Macpherson, as Accounting Officer of the Consolidated Fund.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable and for keeping proper records, are set out in *Managing Public Money*, published by HM Treasury.

Governance Statement

Governance Framework

The Consolidated Fund (CF) is managed within the Treasury's overall risk and governance framework as set out in the Treasury's Annual Report and Accounts 2014-15.

The Chancellor of the Exchequer, as Minister in charge of the Treasury, is responsible and answerable to Parliament on all the policies, decisions and actions of the Treasury, and ultimately of the CF.

As Accounting Officer for the CF, I am personally responsible and accountable to Parliament for the organisation and quality of management of the CF, including its use of public money and the stewardship of its assets, in line with those responsibilities assigned to me in *Managing Public Money*.

a Audit Committee

The Treasury Group Audit Committee is a subcommittee of the Treasury Board, and is tasked with supporting me in my role as Principal Accounting Officer, and the Treasury's Additional Accounting Officers in their responsibilities for managing risk, internal control and governance related to the Treasury Group's Annual Report and Accounts, the Central Funds (Consolidated Fund, National Loans Fund, Contingencies Fund and Exchange Equalisation Account) and the Whole of Government Accounts.

I appoint members of the Committee for periods up to three years, extendable by one additional three-year period. The Chair of the Committee (Richard Meddings) reports directly to me and is also a Non-Executive Member of the Treasury Board. The membership of the Audit Committee at the close of 2014-15 was:

- Richard Meddings (from 1 September 2014) – Non-Executive Director, Legal & General PLC (December 2014 to current); Main Board Director (2002-2014) and Group Finance Director (2006-2014) Standard Chartered PLC; Non-Executive Director of 3i Group PLC (2008-2014); Financial Reporting Review Panel in FRC and Board member of International Chambers of Commerce UK (2007 to current).
- Mike Ashley – Non-Executive Director and Audit Committee Chairman, Barclays PLC; Board membership (and Chair of Audit and Risk Committee) of the Charity Commission; and Chair of the Government Internal Audit Agency (GIAA) Board. Previously Head of Quality and Risk Management and Board Member, KPMG Europe LLP.
- Mary Hardy – Audit Committee Member, Institute of Chartered Accountants in England and Wales; Non-Executive Member, Defence Audit Committee; Non-Executive Member of the Board of the Royal Navy and Chair of its Audit Committee.
- Abhai Rajguru – Non-Executive Director, Leeds Building Society; Chairman, Alexander Rosse; Managing Partner, Pravara Capital LLP; Non-Executive Director, Tollers LLP; Governor, Northampton College.

The Audit Committee has a robust Conflicts of Interest Policy, which requires members to excuse themselves from discussions where potential conflicts may occur. Members are required to inform me about any potential conflicts and highlight these at the start of each meeting as appropriate.

In addition to the independent members, the appropriate Accounting Officers, HM Treasury's Group Director of Finance and the Treasury Accountant also attend Committee meetings. Members have the opportunity for a pre -committee discussion with the National Audit Office, Group Head of Internal Audit for HM Treasury and Head of Exchequer Funds Internal Audit (EFIA).

The Audit Committee met five times during 2014-15, taking the opportunity for pre-committee discussions with the National Audit Office (NAO) on each occasion. The Chair of the Committee changed during the reporting period. Richard Meddings took over as Chair from Michael O'Higgins before his departure at the end of his second term in September 2014.

Apologies were received from: Mary Hardy for the May 2014 meeting and Mike Ashley for March 2015.

Over the course of the year, as well as scrutinising the Treasury's financial management and balance sheet risks, the Audit Committee considered a wide range of issues relating to the department's framework of governance, risk management and control, including: Internal Audit planning and outcomes; analytical models; corporate memory; arm's length bodies; the move to a new IT contract; the delivery of the Whole of Government Accounts; and additional work undertaken by Internal Audit on Purchase to Pay, Data Mining and Correspondence.

Outside of the planned committee meetings individual members have shared their commercial and professional expertise with key officials across the Treasury.

The external auditor is the Comptroller and Auditor General and the NAO attend all Audit Committee meetings on his behalf.

The Audit Committee receives all NAO reports and a summary of EFIA reports relating to the CF plus underlying reports on internal audits where issues are identified leading to Red or Amber/Red assessments (no such report in 2014-15 and one such report in 2013-14).

b Exchequer Funds Internal Audit (EFIA)

Internal Audit for the CF is provided by EFIA which reports directly to both me and the Audit Committee on audit reporting matters.

For the CF, an annual risk-based internal audit programme is agreed with the Treasury Accountant in advance of the Audit Committee's approval. The work programme always includes a review of the receipts and payments process, due to the very high value of payments made by the CF. The Audit Committee reviews the work programme and is kept informed of progress and amendments.

c Management of the Consolidated Fund

The CF is managed by the Treasury Accountant and her managers within the Exchequer Funds and Accounts (EFA) Team of HM Treasury. The EFA team reports any matters concerning the CF directly to me.

d Reporting to the Treasury's Boards

The Economic, Fiscal and Operational Risk Groups, each chaired by a member of the Executive Management Board, give evidence to the Treasury Board and its Sub-committee. EFA's risks are regularly reported to the Operational Risk Group.

The Chair of the Audit Committee is invited to report concerns or issues to the Treasury Board (Sub-committee), and is a Non-Executive member of the Treasury Board.

Risk management

EFA is managed within the Treasury's risk management framework, as set out in the Treasury's Annual Report and Accounts. The Treasury Accountant has overall responsibility on a day-to-day basis for risk management of those Funds managed by EFA, and for ensuring that my financial, regularity and propriety responsibilities as Accounting Officer of the CF are discharged appropriately. She is supported by members of EFA management who are responsible for ensuring that the tasks in their area are compliant with operational policies and procedures, and legislation. EFA management provide me with a quarterly update report on changes to the control environment and changes in risk exposure.

Risk management is key to all processes within EFA, including business continuity resilience planning for those public funds for which EFA is responsible. Business continuity resilience is regularly tested locally and with business partners, and lessons learned feed into improved business continuity processes. The risk management strategy includes periodic horizon scanning to identify any changes in risk exposure, to evaluate the change and to identify appropriate mitigating actions. Significant risk issues are recorded in a risk register and are assessed by likelihood and impact. A risk owner, who is responsible for managing the risk, is assigned to each risk. The risk register is reviewed quarterly by EFA management and is circulated to me alongside the quarterly risks and controls report.

EFA management ensures that staff members working on the CF are trained and equipped to manage risk in a way appropriate to their authority and duties. Training on risk awareness and management is provided as required, either by management or by attending appropriate courses. Training is also provided to staff to build the team's capability and to increase its resilience. EFA team members are encouraged to obtain professional qualifications in areas that are relevant to their roles.

The system of internal control

As Accounting Officer, I am responsible for maintaining a sound system of internal control that supports the achievement of the CF's policies, aims and objectives, whilst safeguarding the public funds and assets, for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.

The system of internal control is designed to manage risk to an acceptable level, balancing the impact of potential risks with the resources required to manage them, rather than eliminate all risk. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the CF's 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.

The system of internal control has been in place throughout the year ended 31 March 2015 and up to the date of approval of the financial statements and accords with Treasury guidance. There were no significant changes to the control environment during the year.

Risk profile

The CF is managed generally within the framework of the Treasury's system of internal control. This framework includes resourcing the administration of the CF, security and the management of risks across the Treasury's business.

The key risks in managing the CF and their associated controls are:

- **Irregularity of transactions, including fraudulent or erroneous payments:** Clear separation of duties is enforced by appropriate user permissions within the accounting system and payment approval panels. Up-to-date policy and procedures manuals including job instructions are readily accessible to all operational staff. Payment instructions are computer-generated and are derived from underlying transaction records. This minimises the risk of keying errors. Net Supply issued to departments to finance expenditure is approved annually by Parliament through the annual Appropriation Acts. EFA inputs these limits onto the accounting system, which ensures that these limits are adhered to. Separately, the Comptroller and Auditor General, through the NAO Exchequer Section, approves CF payments in advance and reconciles CF transactions on a daily basis. There is also a clear and comprehensive audit trail in the IT system, to which the NAO Exchequer Section has real-time access.

- **Incorrect accounting:** Application controls exist within the IT system used to manage financial transactions and account for receipts and payments on the Fund. Cash-based accounting entries are generated from pre-defined templates. New general ledger accounts are authorised by the Deputy Treasury Accountant in EFA before being set up. Monthly management accounts for the Fund are also produced and reviewed by the Treasury Accountant or her deputy and are provided to me. The accounting for any unusual transactions is suitably considered.

- **Failure of IT systems:** The Nippon Telegraph and Telephone Corporation (NTT) data centre offers high levels of resilience with the data centre platform availability set to 99.9% and the network connectivity availability set to 99.99%. NTT has dual centres which provide a high level of resilience. As part of disaster recovery measures, there is an Active/Active configuration across the two data centres, which ensures a superior level of availability across both sites with near instant failover. EFA also has its own contingency plans in place.
- **Failure to provide an effective service in adverse circumstances, including disaster situations:** To ensure operational resilience in key areas in the event of a threat to business continuity, staff within EFA are trained to provide cover for times when other staff members are absent. Measures are in place to facilitate the NAO Exchequer Section's normal payments approval process in the event of disruption to enable the essential payments business to continue. The risks that impact upon EFA's key stakeholders are managed by their involvement in business continuity planning and testing. Business continuity arrangements are regularly reviewed and tested within the framework of the Treasury's corporate Business Continuity Plan facilities.
- **Failure of principal counterparties to provide agreed services:** Well-developed Service Level Agreements (SLAs) for the provision of services from all principal counterparties are in place. They cover details of the monitoring and control arrangements that both parties are expected to observe. Bi-annual meetings are held with managers at the Bank of England where service levels are discussed. A monthly report of any failure to meet the service requirements is also sent to the Bank of England by EFA. A monthly meeting is held with Government Banking Service management where service levels are discussed.
- **Information risk:** Data and information risks are managed in accordance with the Treasury's policies, which involve a range of controls to prevent unauthorised disclosures. These include encryption and physical and IT security. HM Treasury adheres to Cabinet Office guidelines available at https://www.gov.uk/government/publications/security-policy-framework. Further guidance on information security and assurance is available to all Treasury staff on the intranet. EFA's own Data Handling Policy identifies risks specific to EFA. This policy is reviewed as required.

Review of effectiveness

In line with HM Government guidance, set out within the Corporate Governance Code of Good Practice for central government departments, I have reviewed the effectiveness of the system of internal control. My review is informed by the work of EFIA who provided positive assurance as to the management and control of the CF in 2014-15 and the executive managers within EFA who have responsibility for the development and maintenance of the internal control framework, as well as comments made by external auditors in their management letter and other reports. I have been supported by the Treasury Group Audit Committee and risk owners in addressing weaknesses and ensuring continuous improvement of the system is in place. Information about the effectiveness of the Treasury's overall system of governance including board effectiveness, attendance, compliance with the Corporate Governance Code and quality of management information reviewed, is reported in the Treasury's Annual Report and Accounts.

The Audit Committee considered the 2014-15 accounts in draft and provided me with its views before I formally signed the accounts.

No significant internal control issues, including data related incidents, have been identified in 2014-15, and no significant new risks have been identified in the year. No ministerial directions have been given in 2014-15.

In my opinion, the system of internal control was effective throughout the financial year and remains so on the date I sign this statement.

Nick Macpherson 13 July 2015
Accounting Officer
HM Treasury

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Consolidated Fund for the year ended 31 March 2015 under the National Loans Act 1968. The financial statements comprise: the Receipts and Payments Account and the related notes 1 to 6, the accruals based disclosures in notes 7 to 11, and notes 12 to 14. 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 in accordance with the National Loans Act 1968 and in the form prescribed by HM Treasury. My responsibility is to audit, certify and report on the financial statements in accordance with the National Loans Act 1968. 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 circumstances of the Consolidated Fund and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by HM Treasury; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Strategic report, Directors' report and the Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. 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 receipts and payments 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 receipts and payments 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 properly present the receipts and payments of the Consolidated Fund for the year ended 31 March 2015;
- the information contained within Notes 7 to 11, in relation to certain statutory pension arrangements, coinage issued and redeemed, non-current investments and contingent liabilities as at 31 March 2015, is not materially misstated and has been set out in accordance with the accounting policies set out in the Notes; and
- the financial statements have been properly prepared in accordance with the National Loans Act 1968 and in the form prescribed by HM Treasury.

Opinion on other matters

In my opinion: the information given in the Strategic report and Directors' report 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 to be audited 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.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

14 July 2015

National Audit Office
157-197 Buckingham Palace Road
Victoria
London, SW1W 9SP

Receipts and Payments Account for the year ended 31 March 2015

Receipts	Notes	**2014-15 £m**	2013-14 £m
Tax Revenue			
HMRC	2	**389,015**	365,024
Vehicle Excise Duty	2	**5,934**	6,118
Business Rates Retention/National Non-Domestic Rates	2	**12,726**	12,483
		407,675	383,625
Other Receipts			
Repayments from the Contingencies Fund		**4,535**	3,504
Miscellaneous receipts	3	**32,356**	59,420
Deficit funded from the National Loans Fund		**95,232**	69,983
Total receipts		**539,798**	516,532
Payments			
Supply Services	4	**466,024**	445,785
Standing Services			
Advances to HMRC in support of revenue	2	**14,974**	11,067
Payments to the National Loans Fund for net interest payments		**42,068**	41,773
Payments to the budget of the European Union	5	**11,779**	14,079
Other Standing Services	6a	**418**	328
		535,263	513,032
Issues to the Contingencies Fund		**4,535**	3,500
Total Payments		**539,798**	516,532

The notes on pages 14 to 30 form part of this Account.

Nick Macpherson 13 July 2015
Accounting Officer
HM Treasury

Notes to the Account

1 Statement of Accounting Policies

The Consolidated Fund (CF) was first set up in 1787 as 'one fund into which shall flow every stream of public revenue and from which shall come the supply for every service'. The basis of the financial mechanism by which the CF is operated is governed by the Exchequer and Audit Departments Act 1866.

The CF is administered by the Treasury; its bank account is maintained at the Bank of England.

These accounts are prepared on a cash basis under section 21(1) of the National Loans Act 1968. In addition, accruals-based disclosures are made at notes 7-11 to assist preparation of Whole of Government Accounts. They are restricted to those items not disclosed in departmental Annual Reports and Accounts or elsewhere. These include pensions paid directly from the CF, coinage issued and redeemed, the UK's capital subscription to the European Investment Bank, the Public Dividend Capital (PDC) of the Land Registry and some contingent liabilities. These disclosures have been prepared on an accruals basis under the historical cost convention, modified to account for the revaluation of investments. There is limited direct read-across between notes 7-11 and the CF Receipts and Payments account.

All notes are stated in millions of pounds sterling (£m) with the exception of those notes including payroll or pensions information which are stated in thousands of pounds sterling (£000) or pounds sterling (£).

Foreign currency translation

Monetary assets and liabilities included in notes 10 and 11 to the accounts are reported at the exchange rate prevailing at the year end date of £/€ 1.3821 (2013-14: £/€ 1.2096).

2 Tax Revenue

Detailed breakdowns of tax revenues paid into the CF are set out in Trust Statements prepared by the receiving departments. These departments are Her Majesty's Revenue and Customs (HMRC), the Driver and Vehicle Licensing Agency (DVLA) and the Department for Communities and Local Government (DCLG). Tax receipts collected by HMRC are subject to an estimation process applied by HMRC to distinguish between tax receipts and national insurance contributions which are also collected by HMRC. Cash paid over to the CF by HMRC in any reporting period may include amounts later identified as national insurance contributions which are then repaid to the National Insurance Fund.

HMRC is empowered to receive funding from the CF to meet its cash needs on days when its revenue-related outflows exceed its receipts. Some £15.0 billion was advanced from the CF for this purpose in 2014-15 (£11.1 billion in 2013-14).

3 Miscellaneous receipts

	Notes	**2014-15**	2013-14
		£m	£m
			Re-presented[3]
Consolidated Fund Extra Receipts (CFERs)[1]		**24,878**	52,508
Trust Statement revenue[2]		**6,275**	6,107
United Kingdom coinage issued	9	**325**	245
Crown Estate surplus revenue		**283**	262
Current year over-issues of Supply repaid	4	**–**	40
Prior year over-issues of Supply repaid	4	**6**	2
Miscellaneous		**589**	256
Total		**32,356**	59,420

1 CFERs comprise:

- Negative Supply (for Departments that end the year with a negative net cash requirement outturn);
- departmental income that falls outside the ambit of the Estimates; and
- fines, levies and penalties considered insufficiently material to be reported in a Trust Statement.

2 Trust Statement Revenue comprises fines, levies and penalties considered sufficiently material to be reported in a Trust Statement. The figures above exclude Trust Statement revenue included within Tax Revenue on the face of the Receipts and Payments account and already reported in note 2.

3 2013-14 figures have been re-presented to assist comparability by reducing CFERs by £660 million and increasing Trust Statement revenue by £660 million following Treasury's removal of Financial Conduct Authority and Prudential Regulation Authority penalty receipts from Treasury's resource accounts into a separate Trust Statement in 2014-15.

Receipts surrendered to the Consolidated Fund

				2014-15	2013-14
Remitter		**CFERs £m**	**Trust Statement £m**	**Total £m**	Total £m
1	HM Treasury	**19,541**	**1,444**	**20,985**	44,683
2	BBC Licence Fee Revenue	**–**	**3,134**	**3,134**	3,119
3	Department of Energy and Climate Change	**1,001**	**1,224**	**2,225**	2,269
4	Department for Business, Innovation and Skills	**1,580**	**–**	**1,580**	4,483
5	NHS Pension Scheme	**1,196**	**–**	**1,196**	1,115
		23,318	**5,802**	**29,120**	55,669
Other		**1,560**	**473**	**2,033**	2,946
Total		**24,878**	**6,275**	**31,153**	58,615

Note that receipts are recorded against the remitting entity even where that entity is part of a wider group which may also generate remittances. Receipts from HM Treasury comprised £10.7 billion excess cash from the Bank of England Asset Purchase Facility Fund, £5.7 billion from Government financial sector interventions and £4.6 billion from other items.

The main items contributing to the reduction in CFER receipts in 2014-15 compared to 2013-14 were:

- Reductions in receipts from HM Treasury: receipts of excess cash from the Bank of England Asset Purchase Facility Fund were lower by £20.4 billion because receipts in 2013-14 included amounts accumulated from prior years; receipts from sale of the Government's Lloyds Bank shareholding were lower by £5.9 billion. These were partly balanced by £0.8 billion higher receipts from penalties imposed by the Financial Conduct Authority and £1.4 billion from the Landsbanki estate in Iceland.
- Reductions in receipts from the Department for Business, Innovation and Skills: 2013-14 receipts were higher by £2.9 billion in relation to the Royal Mail initial public offering and disposal of ex-Royal Mail Pension Plan assets.

4 Analysis of Supply Services

4a Supply Services issues and repayments

	Notes	**2014-15** £m	2013-14 £m
Supply Issues			
For current year		**465,879**	445,089
For previous years		**145**	696
Supply Services issued		**466,024**	445,785
Current year over-issues of Supply repaid	3	**–**	(40)
Prior year over-issues of Supply repaid	3	**(6)**	(2)
Net Supply Services issued		**466,018**	445,743

Note 4a shows receipts and payments of Supply in a financial year.

4b Supply Services analysed by period

Year for which Supply granted:		**2014-15** £m	2013-14 £m	2012-13 £m
Positive Net Cash Requirement		**482,645**	463,256	463,018
Negative Net Cash Requirement		**(1,463)**	(9,822)	(7,069)
Excess Vote		**n.a**	–	55
Total Net Supply granted by Parliament		**481,182**	453,434	456,004
Surplus not required (as reported)		**n.a**	(7,260)	(5,918)
Revised Total Net Cash Requirement outturns reported by government departments		**n.a**	446,174	450,086
Analysed by Year of Payment/(Receipt):				
2012-13	Issues made in year	**–**	–	450,856
	Current year over-issues surrendered in cash	**–**	–	(95)
	Prior year issues applied to a subsequent year	**–**	–	3,344
	Prior year over-issues surrendered in cash	**–**	–	–
2013-14	Issues made in year	**–**	445,089	696
	Current year over-issues surrendered in cash	**–**	(40)	–
	Prior year issues applied to a subsequent year	**–**	4,713	(4,713)
	Prior year over-issues surrendered in cash	**–**	–	(2)
2014-15	Issues made in year	**465,879**	145	–
	Current year over-issues surrendered in cash	**–**	–	–
	Prior year issues applied to a subsequent year	**3,727**	(3,727)	–
	Prior year over-issues surrendered in cash	**–**	(6)	–
Total		**n.a**	446,174	450,086

Note 4b analyses the receipts and payments of Supply according to the year for which the Supply was granted. The Net Cash Requirement for 2014-15 will not be finalised until all government departments have published their accounts. Therefore this figure and the subsequent analysis is noted as not yet available (n.a). This will be published in the 2015-16 CF Account. Excess Votes are always approved in March of the following year, therefore any adjustments to Supply in respect of Excess Votes will always be recorded as an adjustment to the previous year's figures.

4c Departmental Drawings

The following analysis sets out the cash supplied to the ten highest drawing departments during 2014-15. Details of how Supply has been spent can be found in each of the departmental Annual Report and Accounts.

Cash Supplied by the Consolidated Fund

		2014-15	2013-14
Department		**£m**	£m
1	Department of Health	**93,100**	89,353
2	Department for Work and Pensions	**81,410**	81,077
3	Department for Education	**57,278**	55,808
4	Ministry of Defence	**36,011**	35,374
5	Scotland Office	**28,157**	27,183
6	Department for Business, Innovation and Skills	**26,987**	23,571
7	Department for Communities and Local Government	**21,051**	23,789
8	HM Revenue and Customs	**19,720**	14,850
9	Department for Transport	**18,923**	12,107
10	Northern Ireland Office	**13,864**	13,790
		396,501	376,902
Other		**69,523**	68,883
Total		**466,024**	445,785

In 2013-14 Wales Office was included in the 10 highest drawing departments with cash supplied of £13,487 million. In 2014-15 the cash supplied to the department was £13,552 million.

5 United Kingdom contributions to the Budget of the European Union (EU)

Member States' contributions to the EU Budget are made on the basis of the financing system set out in the Own Resources Decision which was agreed by all Member States in 2005 and incorporated into UK law by virtue of the European Communities (Finance) Act 2008.

Contributions relate to calendar years and are formula based, using factors that are in many cases subject to periodic revision over a number of years as better information becomes available, for example Gross National Income (GNI). Revisions to a Member State's contributions for a given year may therefore be made over several years. The Own Resources Decision provides for the EU Budget to be financed by own resources consisting of:

i customs duties, including those on agricultural products;

ii sugar levies;

iii VAT-based resource, which is the product of the application of a uniform rate, not exceeding 0.3%, to a hypothetical, harmonised expenditure base which must not for any Member State exceed 50% of its GNI base; and,

iv a "fourth" resource based on Member States' shares in EU GNI. The rate of this GNI-based resource is whatever is required, given all other revenue, to balance the Budget.

The UK's abatement is calculated in accordance with the formula set out in the Own Resources Decision. It is equal to approximately 66% of the difference in the previous year between the UK's contribution to the EU's abatable budget expenditure and the UK's receipts from the EU Budget. Abatable budget expenditure is all expenditure in the 15 countries that were Member States prior to 2004 plus agricultural expenditure in those Member States that acceded since 2004.

	Contribution for year ended 31 March 2015 £m	Adjustment of prior years' contributions £m	2014-15 Total £m	2013-14 Total £m
Customs duties	**2,263**	**–**	**2,263**	2,191
Sugar levies	**1**	**–**	**1**	9
VAT-based contribution	**2,366**	**–**	**2,366**	2,163
Fourth resource contribution	**12,000**	**(39)**	**11,961**	13,846
	16,630	**(39)**	**16,591**	18,209
UK abatement	**(4,340)**	**(472)**	**(4,812)**	(4,130)
UK's total contribution to EU Budget	**12,290**	**(511)**	**11,779**	14,079

In any year, there are revisions to the data used in calculations of Member State contributions to the EU. This year, as a result of revisions to Member States' GNI data over a long historical period (as far back as 2002 for most Member States, including the UK, and back to 1995 for 1 Member State), the adjustments to Member States' GNI-based contributions (the so called "Fourth resource") were exceptionally high. In October 2014 the UK was presented with a bill for an additional adjustment payment of £1.7 billion. The UK secured an agreement to amend the relevant EU legislation, which allowed for this payment, originally due in December 2014, to be phased and delayed. As a result, the UK paid nothing on 1 December 2014. Payment will be made in two tranches in July and September 2015 and will be reported in the 2015-16 CF account. No fines or interest will be applied. Separately, the downward adjustment of £39 million relates to the UK's opt-out from certain areas of Freedom, Justice and Security expenditure in 2013.

The UK's contribution to the EU budget varies from year to year as a result of various factors, for example variations in payments made due to the nature of the Own Resources system and variations in UK receipts from the EU budget and consequent fluctuations in the UK abatement. The Government presents an annual statement to Parliament about the EU Budget (available at https://www.gov.uk/government/collections/eu-annual-statement). Contingent liabilities relating to the EU Budget are described in note 11.

6a Other Consolidated Fund Standing Services payments

	Notes	2014-15 £000	20132-14 £000
Annuities and Pensions			
Annuity to the Duke of Edinburgh		**359**	359
Royal Household Pension Scheme	7d	**4,152**	4,398
Pensions for Judicial Services[1]	8	**64,996**	61,452
Members of the European Parliament[2]	7d	**2,171**	1,385
Political and Public Service pensions	8	**468**	468
Civil List pensions	8	**135**	134
Salaries and Allowances			
Courts of Justice[3]		**151,161**	151,221
Members of the European Parliament		**382**	441
Political & Public	6b	**1,382**	1,362
Miscellaneous Services			
Election and referendum expenses[4]		**111,006**	12
Royal Mint (redeemed coinage)	9	**61,387**	62,506
Miscellaneous refunds		**19,942**	43,784
Total		**417,541**	327,522

1 Pensions for Judicial Services includes pensions of previous Lord Chancellors.

2 The following disclosure is in line with the requirements of *Managing Public Money* to report fraud. Management were made aware in June 2015 of the fradulent payment of an MEP's widow pension dating back to 2001, arising from the actions of a dependant of the widow after her death. The total value of the potential loss to the CF is £71,000.

3 Courts of Justice salaries includes the salary of the Lord Chancellor.

4 Election and referendum expenses are significantly higher in 2014-15 compared to 2013-14 because of costs associated with elections to the European Parliament in May 2014.

6b Political and Public Service Payments

Political and Public Service Payments reported in note 6a comprise payments to the holders of political posts or public offices and associated employers' national insurance contributions for which specific statutory powers exist enabling the CF to make such payments:

	2014-15	2013-14
Holders of Political Posts – payments	**404,874**	412,691
Holders of Political Posts – employers' national insurance	**41,832**	43,063
Public Office holders – payments	**838,957**	813,937
Public Office holders – employers' national insurance	**95,846**	92,054
	1,381,509	1,361,745

The figures above exclude payments and associated employers' national insurance for the Lord Chancellor which are shown in table 6bi below but are included with Courts of Justice salaries rather than Political and Public in note 6a.

The payments to office holders are shown below and do not include employers' national insurance contributions. In line with the rest of the CF account, these are reported on a payments basis. Any backdated payments are reported in the year they are paid. Full Year Equivalents are also reported for information where the office holder only served for part of the year.

6bi Payments to holders of Political Posts

	2014-15 Salary	2013-14 Salary
The Rt Hon Edward Miliband MP[1,2] *Leader of the Opposition – HOC*	**58,079**	62,440
The Rt Hon Baroness Royall of Blaisdon[3] *Leader of the Opposition – HOL*	**104,511**	105,076
The Rt Hon Rosie Winterton MP[1] *Opposition Chief Whip – HOC*	**31,510**	32,344
The Rt Hon Alan Campbell MP[1] *Deputy Opposition Chief Whip – HOC*	**17,821**	18,581
Lord Bassam of Brighton[3] *Opposition Chief Whip – HOL*	**99,366**	99,903
Mark Tami MP[1] *Assistant Opposition Chief Whip – HOC*	**17,821**	18,581
The Rt Hon John Bercow MP *Speaker – HOC*	**75,766**	75,766
	404,874	412,691
The Rt Hon Christopher Grayling MP[1] *Lord Chancellor*	**67,505**	68,169

1 The above political office holders agreed to take a cut of £658 in their claimed annual salaries in 2013-14 to neutralise the overall impact of an equivalent £658 increase in their MP salaries and an additional cut of £664 for the same reason in 2014-15 bringing the total reduction to £1,322.

2 Mr Miliband's salary was reduced by £6,442 from September 2014 at his request.

3 The figures include the Lords Office-holder's Allowance of £36,366 per annum.

Pensions are paid from the CF to former Prime Ministers, Speakers and Lord Chancellors in accordance with legislation (note 8). The CF does not pay any other expenses or allowances or make any other payments to MPs.

6bii Payments to Public Office holders

	2014-15 Salary and full year equivalent (FYE) £	2013-14 Salary and full year equivalent (FYE) £
Sir Amyas Morse[12] *Comptroller and Auditor General*	**215,601**	210,000
Dame Julie Mellor[3] *Parliamentary and Health Service Ombudsman*	**158,172**	155,055
Graham Shields[4] *Northern Ireland Chief Electoral Officer*	**66,374**	64,735
Christopher Graham[5] *Information Commissioner*	**140,000**	140,000
Sir Andrew Likierman[1] *Chair of the National Audit Office (to 9 January 2015)*	**38,710** ***(50,000)***	50,000
Lord Michael Bichard [1] *Chair of the National Audit Office (from 10 January 2015)*	**9,032** ***(40,000)***	–
Jenny Watson[6 7] *Electoral Commission Chair*	**102,771**	95,037 *(102,515)*
Max Caller[6] *Electoral Commissioner (fee based) (to December 2014)*	**13,345**	9,044
Anna Carragher[6] *Electoral Commissioner (fee based)*	**14,622**	13,385
John McCormick[6] *Electoral Commissioner (fee based)*	**23,211**	20,972
The Rt Hon Sir George Reid[6] *Electoral Commissioner (fee based) (to September 2013)*	**–**	5,243
Lord Roy Kennedy of Southwark[6] *Electoral Commissioner (fee based) (to December 2013)*	**–**	4,521
David Howarth[6] *Electoral Commissioner (fee based)*	**9,309**	7,595
Anthony Hobman[6] *Electoral Commissioner (fee based)*	**9,876**	8,684
Lord John Horam of Grimsargh[6] *Electoral Commissioner (fee based)*	**7,578**	7,235
Gareth Halliwell[6] *Electoral Commissioner (fee based)*	**19,742**	22,431
Alasdair Morgan[6] *Electoral Commissioner (fee based) (from 12 May 2014)*	**6,588**	–
Bridget Prentice[6] *Electoral Commissioner (fee based) (from 12 May 2014)*	**4,026**	–
	838,957	813,937

1 Salary details for the Comptroller and Auditor General and Chair of the NAO are also disclosed in the National Audit Office Annual Report and Accounts.

2 The Comptroller and Auditor General's 2014-15 salary incorporates increases for 2013-14 (backdated to June 2013) and for 2014-15 from June 2014.

3 Salary details for the Parliamentary and Health Service Ombudsman are also disclosed in the Parliamentary and Health Service Ombudsman Annual Report and Accounts. The salary for the Ombudsman was increased from April 2014.

4 The salary for the Northern Ireland Chief Electoral Officer was increased from August 2014.

5 Salary details for the Information Commissioner are also disclosed in the Information Commissioner's Annual Report and Financial Statements.

6 Details of the salary of the Electoral Commission Chair and Electoral Commissioners' fees are also disclosed in the Electoral Commission Annual Report and Accounts.

7 The salary for the Electoral Commission Chair was increased from January 2014 and from January 2015. Ms Watson was on unpaid leave for part of 2013-14.

Pensions are payable from the CF to former Comptroller and Auditor Generals, Parliamentary Commissioners, Information Commissioners, Northern Ireland Chief Electoral Officers and Chairs of the Electoral Commission. The pension entitlement at retirement is calculated in accordance with the Principal Civil Service Pension Scheme. Subsequent increases in pensions are paid by the Civil Service Superannuation Vote, not by the CF.

Notes 7 to 11 below are prepared on an accruals basis; references are given to notes 3 and 6a where there is a direct read across to them.

7 Unfunded pension arrangements

The CF pays as a Standing Service the pension benefits of those Royal Household (RH) employees who entered employment before 31 March 2001 under the Royal Household Pension Scheme (RHPS) and the pension benefits of those Members of the European Parliament (MEPs) who had accrued benefits before 2009 or who elected to continue to participate in the European Parliament (UK Representatives) Pension Scheme when EU-wide pension arrangements were set up in 2009. Both schemes are now closed to new members. Pension benefits are based on final pensionable salary. The following data for pension liabilities, which are accounted for as unfunded defined benefit arrangements, is in accordance with IAS 19 Employee Benefits. The liabilities are measured on an actuarial basis using the Projected Unit Credit Method and discounted using the rate advised by HM Treasury. Actuarial gains and losses are recognised in full as they occur.

7a Actuarial assessment assumptions

Full actuarial assessments were performed by the Government Actuary's Department for the Royal Household Pension Scheme as at 31 March 2014 and European Parliament (UK Representatives) Pension Scheme as at 30 September 2014. The actuary rolled forward the results to determine the approximate positions as at 31 March 2015. The major assumptions used by the actuary for both schemes were:

	At 31 March 2015	At 31 March 2014
	% per annum	% per annum
Rate of increase in salaries	**4.20**	4.50
Discount rate	**3.55**	4.35

Life Expectancy

The assumed life expectancy at age 65 of MEP pensioners retiring in normal health was as follows:

	At 31 March 2015		At 31 March 2014	
	Men (years)	**Women (years)**	Men (years)	Women (years)
Current pensioners	**25.5**	**27.5**	25.0	26.2
Future pensioners	**26.1**	**28.0**	25.5	26.8

The assumed life expectancy at age 60 of Royal Household pensioners retiring in normal health was as follows:

	At 31 March 2015		At 31 March 2014	
	Men (years)	**Women (years)**	Men (years)	Women (years)
Current pensioners	**29.1**	**31.3**	29.0	31.2
Future pensioners	**31.4**	**33.6**	31.3	33.5

Two further assumptions were used by the actuary for the Royal Household Pension Scheme:

	At 31 March 2015	At 31 March 2014
	% per annum	% per annum
Rate of increase in pension payments	**2.20**	2.50
Inflation assumption	**2.20**	2.50

Similar assumptions were not necessary for the MEPs' scheme as increases to pension benefits arising from inflation for deferred members and pensioners are borne on the Civil Service Superannuation Annual Report & Account rather than the Consolidated Fund.

7b 2014-15 Expenditure and income

			2014-15	2013-14
	RH £000	**MEPs £000**	**Total £000**	Total £000
Expenditure				
Current service costs (including member contributions)	**1,036**	**81**	**1,117**	1,205
Interest on scheme liability	**4,228**	**1,410**	**5,638**	5,044
Total expenditure	**5,264**	**1,491**	**6,755**	6,249
Income				
Pension contributions receivable:				
Employers' contributions	**709**	**–**	**709**	763
Employees' contributions	**189**	**39**	**228**	308
Total income	**898**	**39**	**937**	1,071
Net expenditure	**4,366**	**1,452**	**5,818**	5,178

7c Movement in liabilities during the year

	RH £000	MEPs £000	2014-15 Total £000	2013-14 Total £000
Scheme Liability at beginning of the year	**(98,742)**	**(33,468)**	**(132,210)**	(125,287)
Current service costs	**(847)**	**(42)**	**(889)**	(897)
Employee contributions	**(189)**	**(39)**	**(228)**	(308)
Net individual pension transfers-out	**–**	**191**	**191**	55
Benefit payments	**4,152**	**1,980**	**6,132**	5,728
Other finance charges – interest	**(4,228)**	**(1,410)**	**(5,638)**	(5,044)
Total	**(99,854)**	**(32,788)**	**(132,642)**	(125,753)
Actuarial gain/(loss) (note 7e)	**(6,883)**	**(4,161)**	**(11,044)**	(6,457)
Liability at end of year	**(106,737)**	**(36,949)**	**(143,686)**	(132,210)

The liability at the end of the year is based on actuarial assessments as at 31 March 2015. The change in liabilities is mainly due to the change in the financial assumptions used.

7d Analysis of pension benefits paid by the Consolidated Fund

This table provides details of cash payments made by the CF in relation to Royal Household and MEPs' pensions as disclosed above. The pension increase element of MEPs' pensions is borne on the Civil Service Superannuation Annual Report and Account.

	RH £000	MEPs £000	2014-15 Total £000	2013-14 Total £000
Total pension paid	**3,782**	**1,893**	**5,675**	5,489
Commutation and lump sum benefits	**370**	**566**	**936**	713
Net individual pension transfers-out	**-**	**191**	**191**	55
Total pension benefits paid	**4,152**	**2,650**	**6,802**	6,257
Less: increase element of MEPs' pensions borne by the Civil Service Superannuation Annual Report & Account	**–**	**(479)**	**(479)**	(474)
Total borne by the Consolidated Fund (note 6a)	**4,152**	**2,171**	**6,323**	5,783

7e Analysis of actuarial gains/(losses) on unfunded pension schemes

	2014-15			2013-14
	RH £000	**MEPs £000**	**Total £000**	Total £000
Gain / (loss) arising on scheme liabilities	**1,893**	**(714)**	**1,179**	(648)
Changes in assumptions underlying the present value of liabilities	**(8,776)**	**(3,447)**	**(12,223)**	(5,809)
Total	**(6,883)**	**(4,161)**	**(11,044)**	(6,457)

8 Other pensions

In addition to the pensions described in note 7, the CF also makes payments in relation to (i) pensions in respect of judicial services; (ii) Civil List pensions; and (iii) pensions for Parliamentary Officers for political and civil services provided. IAS 19 disclosures have not been provided for these payments for the reasons given below.

Pensions for judicial services – Liabilities in respect of this scheme are included in the Judicial Pension Scheme Annual Report and Account. Payments from the CF in respect of this scheme in 2014-15 amounted to £65.0 million (£61.5 million in 2013-14). These include pension payments made in respect of former Lord Chancellors.

Civil List 'pensions' – These are not pensions in the accepted sense. They represent awards for distinguished service to the arts and science and are payable for the life of the recipient. In total, a sum of £135,000 was paid from the CF in 2014-15 in respect of these pensions (£134,000 in 2013-14). This is not material to the CF.

Pensions for Parliamentary Officers for political and civil services provided – Relate to pensions for former Prime Ministers, Speakers, Comptroller and Auditor Generals, Parliamentary Commissioners, Information Commissioners, Northern Ireland Chief Electoral Officers and Chairs of the Electoral Commission. In total a sum of £468,000 was paid from the CF in 2014-15 in respect of these pensions (£468,000 in 2013-14) and is not material to the CF.

	2014-15			2013-14		
	Former political office holders or surviving dependents	**Other former office holders or surviving dependents**	**Total**	Former political office holders or surviving dependents	Other former office holders or surviving dependents	Total
Number of pensioners	**6**	**11**	**17**	6	12	18
Pension paid from CF (£000)	**230**	**238**	**468**	229	239	468

The actuarial liability falling on the CF across all these schemes has been assessed at £9.0 million at 31 March 2015-£2.0 million attributable to holders of offices as at 31 March 2015 and £7.0 million attributable to former holders of offices or the surviving widows of former office holders (£7.9 million at 31 March 2014-£1.5 million to office holders at 31 March 2014, £6.4 million to former holders of offices or the surviving widows of former office holders). This also is not material to the CF.

Former Prime Ministers, Speakers and Lord Chancellors are entitled to a pension from the CF in accordance with legislation. The entitled pension is half of the entitled salary per year irrespective of length of service, payable for life after leaving office. Two of the current post holders, David Cameron and Chris Grayling, and the previous Lord Chancellor, Kenneth Clarke, have waived their legislative pension and agreed instead to take a pension in line with the terms of the Parliamentary Contributory Pension Fund (PCPF) as did their immediate predecessors. With the exception of the pension commencement lump sum, any severance payment on leaving office and any death in service benefits, the pension payments received under the terms of the PCPF will be lower than the legislative pension that has been waived. The payments will be made from the CF.

The pension entitlement at retirement for other public office holders is calculated in accordance with the Principal Civil Service Pension Scheme rules and will be paid by the CF. Subsequent increases in pensions are paid by the Civil Service Superannuation vote, not by the CF.

The following public office holders who held posts during the year will become entitled to a pension payable from the CF.

	Total accrued pension at age 65 at 31 March 2015	Real increase in pension at age 65	CETV at 31 March 2015 or end date	CETV at 1 April 2014 or start date	Real increase in CETV
	£000	£000	£000	£000	£000
The Rt Hon David Cameron MP[1] *Prime Minister*	10 – 15	0 – 2.5	178	149	9
The Rt Hon Chris Grayling MP[1] *Lord Chancellor*	40 – 45	2.5 – 5.0	551	486	24
The Rt Hon John Bercow MP *Speaker – House of Commons*	35 – 40	(2.5) – 0	903	912	(11)
Sir Amyas Morse[2] *Comptroller and Auditor General*	–	–	–	–	–
Dame Julie Mellor *Parliamentary and Health Service Ombudsman*	10 – 15	2.5 – 5.0	175	115	41
Christopher Graham *Information Commissioner*	15 – 20	2.5 – 5.0	343	272	47
Graham Shields *Northern Ireland Chief Electoral Officer*	5 – 10	0 – 2.5	88	65	15
Jenny Watson *Senior Electoral Commissioner*	15 – 20	2.5 – 5.0	188	152	22

1 The pension paid from the CF to the Prime Minister and the Lord Chancellor will be paid in accordance with legislation and will be paid at the same rate as Ministers who are members of the PCPF Ministerial Pension Scheme.

2 Amyas Morse has waived the pension due to him as Comptroller and Auditor General.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are a member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV payment is made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. This disclosure is provided for completeness purposes only as the pensions payable from the CF are not transferable. The real increase in CETV excludes the effects of inflation and contributions paid by the member and uses common market valuation factors for the start and end of the period.

9 Coinage issued and redeemed

Amounts received by the Royal Mint from banks and other financial institutions for the face value of coins issued is payable to the CF and the face value of coins redeemed by the Royal Mint is a charge on the CF. The cost of minting the coinage is reported in the Treasury's Annual Report & Accounts.

Sums due to the Consolidated Fund:

	Notes	2014-15 £m	2013-14 £m
Balance at 1 April		**7**	10
Coins issued		**329**	245
Cash received by Consolidated Fund	3	**(325)**	(245)
Coins redeemed		**(59)**	(65)
Cash paid by Consolidated Fund	6a	**61**	62
Balance at 31 March		**13**	7

10 Investments

10a European Investment Bank

Section 2 paragraph 3 of the European Communities Act 1972 provides for payments in respect of the capital or reserves of the European Investment Bank (the 'EIB'), or in respect of loans to the European Investment Bank, to be made from the CF.

The UK's interest in the EIB is a non-current investment. The EIB's capital has been provided through subscriptions by EU Member States broadly in proportion to the Gross National Product of the individual countries. The aim of the EIB is to further the objectives of the European Union by making long-term finance available for investment projects.

The UK's investment in the EIB, based on its 16.11% share of subscribed capital, was worth €9,757,250,000 as at 31 March 2015 as reported in the EIB's latest (31 December 2014) financial statements (16.11% worth €9,334,225,000 at 31 March 2014). The sterling equivalent is £7,060 million at an exchange rate of £/€ 1.3821 (£7,717 million at £/€1.2096 at 31 March 2014).

	2014-15 £m	2013-14 £m
European Investment Bank		
At 1 April	**7,717**	7,552
Change due to exchange rate movements	**(963)**	(170)
Change due to increase in EIB net assets	**306**	335
At 31 March	**7,060**	7,717

10b Land Registry Public Dividend Capital

When the Land Registry was established as a trading fund it was deemed to have received Public Dividend Capital from the CF.

	2014-15	2013-14
	£m	£m
Land Registry Public Dividend Capital		
At 31 March	**62**	62
Total non-current investments at end of year	**7,122**	7,779

11 Contingent liabilities

The normal convention is for contingent liabilities that would fall on the CF to be reported in the appropriate departmental Annual Report & Accounts. However some contingent liabilities have been identified that fall outside these arrangements and are reported here instead.

The contingent liabilities below fall outside the scope of IAS 37 as the possibility of an outflow of resources is remote. However, their disclosure is necessary under Parliamentary accountability requirements.

	At 31 March 2015	At 31 March 2014
	£m	£m
EIB: Callable capital subscription	**25,830**	29,513
Loans Guaranteed by the EU Budget		
European Financial Stabilisation Mechanism	**5,035**	5,486
Balance of Payments Facility	**1,316**	1,434
Third countries	**2,439**	2,593
Other (macro-financial assistance, EIB lending, Euratom)	**344**	379
	9,134	9,892
Value of UK coins in circulation	**4,468**	4,277

European Investment Bank: Callable capital subscription

The latest EIB financial statements at 31 December 2014 show the UK is liable for €35,699 million of callable capital to the EIB (£25,830 million) (31 December 2013: €35,699 million, £29,513 million). Under Article 5 of the EIB's Statute, the Board of Directors may call upon each Member State to pay its share of the balance of subscribed capital to such extent as may be required for the Bank to meet its obligations.

Loans Guaranteed by the EU Budget

The EU Budget covers two types of lending operations: a) to Member States under the Balance of Payments Facility and European Financial Stabilisation Mechanism and b) loans and guarantees to Third Countries under Macro Financial Assistance, Euratom and European Investment Bank operations. These loans are guaranteed by the EU Budget and the contingent liabilities above would crystallise in the event of borrower default. The probability of this remains remote.

The European Commission periodically prepares reports showing the capital outstanding in respect of lending operations for which the risk is covered by the EU Budget. The information above is, for the most part, the latest available from the Commission and comes from the report of September 2014 which shows capital outstanding as at 31 December 2013. However, more up-to-date information relating to the European Financial Stabilisation Mechanism is available and is reported separately below.

The total of £9,134 million in the table above represents the UK's maximum liability from outstanding loans to EU Member States and Third Countries for which the risk is ultimately borne by the EU Budget. The estimated UK share of the total EU contingent liability is 15.65% (2013-14: 14.92%), determined by the Own Resources Decision on financing the EU budget (note 5). Total capital outstanding, excluding that part covered by the Third Countries Guarantee Fund (described below), stands at €80,667 million (2013-14: €80,198 million) so the UK's indicative share would be €12,624 million or £9,134 million (2013-14: €11,966 million or £9,892 million).

The European Financial Stabilisation Mechanism (EFSM) allows the Union to grant up to €60 billion in financial assistance to any EU Member State. The mechanism has been drawn upon twice: by Ireland in December 2010 as part of a three year international financial assistance programme of which a maximum of €22.5 billion was provided by the EFSM; and by Portugal in May 2011 as part of a three year international financial assistance programme of which a maximum of €26 billion was provided through the EFSM. The figure of £5,035 million above relates to the indicative UK share of the total drawdown as reported by the Commission as at 31 December 2013 of €44,469 million (2013-14: €44,477 million). An assessment using more recent figures is given below.

For clarity, the UK has no contingent liability through the EU budget or otherwise to the financial assistance programmes provided by euro area Member States and institutions to Greece or Cyprus. These programmes were provided by euro area-only financial assistance mechanisms which are not backed by the EU Budget and therefore involve no liability for the UK. The UK's exposure and commitment to the International Monetary Fund is described in the account for the National Loans Fund.

The EU's Balance of Payments Facility can offer up to €50 billion in medium-term financial assistance for EU countries outside the euro area. The Commission's latest report shows outstanding loans of €11,623 million in respect of loans disbursed to Hungary, Latvia and Romania (2013-14: €11,623 million). The UK share of this is £1,316 million (2013-14: £1,434 million).

The contingent liability includes EU guarantees to Third Countries, i.e. countries that are not members of the EU, including Macro Financial Assistance to Albania, Armenia, Bosnia-Herzegovina, the former Yugoslav Republic of Macedonia, the Krgyz Republic, Lebanon, Montenegro, Serbia, Tajikistan and Ukraine; and loans made by the European Investment Bank to Third Countries and some EU Member States prior to their accession to the EU. A Guarantee Fund is maintained to bear the first losses in the event of default on these loans. This is financed from the general budget of the EU with a target size of 9% of outstanding loans. The UK's estimated share of the residual contingent liability is £2,439 million (2013-14: £2,593 million).

Further information on the European Financial Stabilisation Mechanism

The Commission's most recent report on the total capital outstanding on loans guaranteed by the EU budget reflects the position as at 31 December 2013. However, more recent figures are available from the Commission's website for capital outstanding under the EFSM.

At 31 March 2015 the total drawdown of EFSM funds by Ireland and Portugal was €46,800 million (31 March 2014: €46,400 million). The estimated UK contingent liability is €7,324 million or £5,299 million (31 March 2014: €6,923 million or £5,723 million).

This represents the maximum contingent liability through the EFSM. Both Ireland and Portugal have completed drawdown of their financial assistance programmes.

UK Coins in Circulation

As at 31 March 2014 the estimated face value of coins in circulation was £4,277 million. This increased by £191 million to £4,468 million at 31 March 2015. The CF has potential liability in respect of returned and damaged coins and if coins are redeemed. It is considered that any obligation cannot be measured with sufficient reliability to be recognised and a material liability is not probable.

During 2014-15 £61.4 million was redeemed from the CF as a standing service payment (2013-14: £62.5 million) (note 6a and note 9).

12 Events after the Reporting Period

Management were made aware in June 2015 of fraudulent payment of an MEP's widow pension dating back to 2001, arising from the action of the individual's dependents after the death of the widow. The total value of the potential loss to the CF is £71,000.

13 Related Parties

The CF has transactions with most government departments and central government bodies. The Treasury has a custodian role with the CF which is outside the scope of IAS 24.

14 Date of Authorisation for Issue of Account

The Accounting Officer authorised these financial statements for issue on 13 July 2015.

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