Consolidated Fund Account 2012-13

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

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Foreword

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 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 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.

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 judiciary, expenses of holding general elections, United Kingdom contributions to the budget of the European Union and financial assistance payments (see below);
- 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 £520.2 billion (2011-12: £514.2 billion), including £87.5 billion (2011-12: £109.0 billion) from the NLF to cover what would have been the deficit for the year.

Advances to HMRC to cover daily revenue shortfalls as described in note 2 to the accounts, and transactions with the Contingencies Fund, artificially inflate both receipts and payments. After adjusting for these, and for the deficit funding from the NLF, total underlying receipts increased from £390.8 billion to £413.1 billion and underlying payments increased from £499.8 billion to £500.6 billion. As a result, the net deficit on the CF, which was financed by transfers from the NLF, decreased from £109.0 billion to £87.5 billion.

Receipts

In July 2010 Clear Line of Sight (CLOS) alignment reforms were passed in the House of Commons. CLOS simplified the government's spending controls and financial reporting to Parliament. The aims of the changes were to increase the transparency of public spending information, to improve accountability and to provide a more efficient control framework that builds in the right incentives to deliver better value for money.

2012-13 is the second full year of reporting under CLOS for government departments. The impact of these reforms included changes to the treatment of income so that departments are able to retain income in budgets provided it is of a type reported to Parliament in their Estimate. Consolidated Fund Extra Receipts (CFERs) now 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, fines, levies and penalties considered too immaterial to be reported in a Trust Statement, and late surrenders of excess appropriation in aid collected prior to the implementation of Clear Line of Sight reforms. Trust Statement Revenue is comprised of fines, levies and penalties considered sufficiently material to be reported in a Trust Statement. Further information on the Clear Line of Sight project can be found at www.hm-treasury.gov.uk/psr_clear_line_of_sight_intro.htm.

In 2012-13, miscellaneous receipts increased by £20.9 billion from £23.1 billion to £44.0 billion. This is mainly due to a large CFER received from HM Treasury relating to the Bank of England Asset Purchase Facility Fund (£11.3 billion) and a large CFER received from the Department for Business, Innovation and Skills due to the sale of Royal Mail Pension Plan assets (£14.3 billion). Excluding these two exceptional receipts, miscellanous receipts have fallen as departments are able to retain more of their income under the CLOS reforms.

Payments

Supply payments to government departments increased by £2.2 billion in 2012-13 from £449.3 billion to £451.5 billion. Around half of departments drew less Supply in 2012-13 as a result of fiscal consolidation and the Clear Line of Sight reforms, where they are allowed to retain more of their income, and subsequently need to draw less Supply. However, Supply increased to the Department for Health which received an additional £2.2 billion and the Department for Work and Pensions which received an additional £2.6 billion. Note 4c sets out the cash supplied to the ten highest drawing departments during 2012-13. Further details of how Supply has been spent can be found in each of the departmental Annual Reports and Accounts.

Payments to the NLF for net interest payments were £33.8 billion in 2012-13 compared with £37.9 billion in 2011-12.

International Support

The UK is a member of the European Financial Stabilisation Mechanism (EFSM), which provides support to all EU Member States. The Consolidated Fund is responsible for the United Kingdom's contribution to the EFSM. Details can be found in note 11 to the accounts. The UK has also continued to support the International Monetary Fund (IMF) through the NLF in 2012-13, in line with our commitments as an IMF member. Through the NLF, the UK has provided support through both quota shareholding and a bilateral loan to the IMF. The UK's £3.2 billion bilateral loan facility to Ireland is being funded by HM Treasury's Vote through the normal Supply procedures. Details can be found in HM Treasury's Annual Report and Accounts 2012-13.

Preparation of the Account

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 7-14 to the CF Account to assist preparation of Whole of Government Accounts.

There is no direct read-across between the accruals-based notes 7-14 and the cash-based CF receipts and payments account.

Audit

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 Consolidated Fund's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the Consolidated Fund'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 Consolidated Fund.

Nick Macpherson 8 July 2013
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 an account relating to the Consolidated Fund for each financial year in such form and containing such information as the Treasury considers appropriate.

The Consolidated Fund Account is prepared on a cash basis and must properly present the receipts and payments for the financial year. As explained in paragraph 16 of the Foreword, notes 7–14 accompanying the Account disclose certain information relating to the Consolidated Fund on an accruals basis, to assist preparation of Whole of Government Accounts.

The Treasury has appointed Nick Macpherson, its Permanent Secretary, as Accounting Officer for the Fund, with overall responsibility for its operation, for preparing the annual account and for submitting it to the Comptroller and Auditor General for audit.

In preparing the Account the Accounting Officer is required to observe the accounting and disclosure requirements in so far as they are relevant to the Account, and apply suitable accounting policies on a consistent basis. The Accounting Officer is also required to make judgements and estimates on a reasonable basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which he is answerable, and for the keeping of proper records, are set out in Chapter 3 of *Managing Public Money*, published by the Treasury.

Governance Statement

Governance Framework

The Consolidated Fund is managed within the Treasury's governance framework as set out in the Treasury's Annual Report and Accounts 2012-13. This includes the Treasury Board's assessment of its compliance with the *Corporate Governance Code*.

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 Consolidated Fund.

As Accounting Officer for the Consolidated Fund, I am personally responsible and accountable to Parliament for the organisation and quality of management of the Consolidated Fund, 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 Audit Committee is a committee of the Treasury Board (sub-committee), and is tasked with supporting me, as Principal Accounting Officer, and the Treasury's Additional and other Accounting Officers in their responsibilities for managing risk, internal control and governance related to the:

- Treasury Group's Annual Report and Accounts;
- Consolidated Fund;
- Contingencies Fund;
- National Loans Fund; and,
- Exchange Equalisation Account.

Details on the overall risk and governance structure of HM Treasury can be found in the Governance Statement in the Treasury's Annual Report and Accounts.

I appoint members of the Committee for periods up to three years, extendable by no more than two additional three-year periods. The Chair of the Committee reports directly to me and is a Non-Executive Member of the Treasury Board. The membership of the Audit Committee at the close of 2012-13 was:

- Michael O'Higgins (Chair) – Chairman, the Pensions Regulator; Chairman, NHS Confederation; Chairman, Investec Structured Products Calculus VCT plc; Non-Executive Director, Network Rail;
- Mike Ashley – Head of Quality and Risk Management, KPMG Europe LLP; Board Member, KPMG Europe LLP;
- Janet Baker – Crown Commercial Lead, Better Business Models, Cabinet Office; Board Member and Audit Committee Member, Audit Commission; Non-Executive Director, Remuneration Committee Chair and Audit Committee Member, Defence Support Group, MoD; Non-Executive Board Member and Audit Committee Member, Rural Payments Agency;
- Mary Hardy (from 1 December 2012) – Audit Committee Member, Institute of Chartered Accountants in England and Wales; Member of the Audit and Risk Committee for Glasgow 2014, working for the London Legacy Development Corporation (LLDC). Until March 2013, Head of Risk Assurance at the London Organising Committee of the Olympic and Paralympic Games (LOCOG); and
- Abhai Rajguru (from 1 March 2013) – Non-Executive Director, Leeds Building Society; Chairman at Alexander Rosse; Managing Partner at Pravara Capital LLP; Non-Executive Director, Tollers LLP; Governor, Northampton College.

During 2012-13, Bradley Fried stepped down from the Audit Committee.

The Treasury 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, the Chief Executives of the Debt Management Office and the Asset Protection Agency (until it was disbanded in October 2012), and the Treasury Accountant also attend Committee meetings as required. 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 Internal Audit for the Exchequer Funds.

The Treasury Audit Committee met five times during 2012-13.

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

The Treasury Audit Committee receives all NAO and Exchequer Funds Internal Audit Reports relating to the Consolidated Fund.

b Exchequer Funds Internal Audit

Internal Audit for the Consolidated Fund is provided by Exchequer Funds Internal Audit (EFIA). EFIA reports directly to the Accounting Officer and the Audit Committee on audit reporting matters.

For the Consolidated Fund, 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 Fund. The Audit Committee reviews the work programme and is kept informed of progress and amendments.

c Management of the Consolidated Fund

The Consolidated Fund 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 Consolidated Fund 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 (EMB), meet every six weeks. The Risk Groups give evidence to the Ministerial Board and its sub-committee. EFA's risks are regularly reported to the Operational Risk Group.

As mentioned previously, the Chair of the Audit Committee is invited to report concerns or issues to the Treasury Board (sub-committee), and is a member of the Ministerial Board.

2 Risk management

EFA is managed within HMT's risk management framework which is set out in HMT'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 Consolidated Fund 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 regularly reviewed by EFA management, and is circulated to me alongside the quarterly risks and controls report.

EFA management ensures that staff members working on the Consolidated Fund 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.

During the year, there were no significant changes to the control environment.

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 Fund'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 Consolidated Fund'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 2013 and up to the date of approval of the financial statements, and accords with Treasury guidance.

Risk profile

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

The key risks in managing the Consolidated Fund 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 National Audit Office Exchequer Section approves Conosolidated Fund payments in advance and reconciles Fund transactions on a daily basis. There is also a clear and comprehensive audit trail in the IT system, to which the National Audit Office 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 Head of Cash Management 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 Fujitsu data centre offers the highest level of resilience available as prescribed by Telecommunications Industry Standard TIA-942 with availability set to 99.995 per cent. A disaster recovery site is also provided by our outsourced information technology provider. 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 National Audit Office 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. Quarterly 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 HMT's policies, which involve a range of controls to prevent unauthorised disclosures. These include encryption and physical and IT security. HMT 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 HMT staff on the intranet. EFA's own Data Handling Policy identifies risks specific to EFA. This policy is reviewed on a six-monthly basis or 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 Exchequer Funds Internal Audit who provided positive assurance as to the management and control of the Consolidated Fund in 2012-13 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 Audit Committee, and risk owners in addressing weaknesses and ensuring continuous improvement of the system is in place. The Treasury Audit Committee considered the 2012-13 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 2012-13, and no significant new risks have been identified in the year. No ministerial directions have been given in 2012-13.

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 8 July 2013
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 2013 under the National Loans Act 1968. These comprise: the Receipts and Payments Account and supporting notes 1 to 6, and the accruals based disclosures in notes 7 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 and the Treasury are 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 Foreword and Governance Statement 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 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, in accordance with the National Loans Act 1968 and the form prescribed by HM Treasury, the Receipts and Payments Account and supporting Notes 1 to 6 of the Consolidated Fund for the year ended 31 March 2013;
- the information contained within Notes 7 to 14, in relation to certain statutory pension arrangements, coinage issued and redeemed, non-current investments and contingent liabilities as at 31 March 2013, 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 Foreword, 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.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

9 July 2013

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

Receipts and Payments Account for the year ended 31 March 2013

Receipts	Notes	2012-13 £m	2011-12 £m
Tax Revenue			
HMRC	2	**355,540**	351,583
Vehicle Excise Duty	2	**5,988**	5,967
National Non-Domestic Rates	2	**23,155**	21,528
		384,683	379,078
Other Receipts			
Repayments from the Contingencies Fund		**3,995**	3,000
Miscellaneous receipts	3	**44,041**	23,126
Deficit funded from the National Loans Fund		**87,475**	108,993
Total receipts		**520,194**	514,197
Payments			
Supply Services	4	**451,477**	449,344
Standing Services			
Advances to HMRC in support of revenue	2	**15,570**	11,444
Payments to the National Loans Fund for net interest payments		**33,826**	37,904
Payments to the budget of the European Union	5	**13,699**	12,183
Other Standing Services	6	**1,622**	322
		516,194	511,197
Issues to the Contingencies Fund		**4,000**	3,000
Total Payments		**520,194**	514,197

The notes on pages 13 to 28 form part of this Account.

Nick Macpherson 8 July 2013
Accounting Officer
HM Treasury

Notes

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, with the bank account 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 7-14 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 no direct read-across between notes 7-14 and the Consolidated Fund receipts and payments account.

All notes are stated in millions of pounds sterling (£ million) 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 exchange rates prevailing at the year end date.

2 Tax Revenue

Detailed breakdowns of tax revenues paid into the Consolidated Fund 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 differentiate between taxation receipts and national insurance contributions, which are collected by HMRC. Any cash paid over to the CF by HMRC in any reporting period, may include amounts later identified as national insurance contributions which, when identified, are subsequently 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 £15.6 billion was advanced from the CF for this purpose in 2012-13 (£11.4 billion in 2011-12). Advances are higher in 2012-13 as HMRC have introduced new payment methods for receiving receipts from customers which clear the funds on the same day. HMRC therefore have no advance notice of receiving the receipt which has had an adverse affect on their ability to forecast their receipts profile and therefore their additional cash requirement. Advances have therefore increased as HMRC take precautionary measures to ensure they have sufficient cash to cover the outflows.

3 Miscellaneous receipts

	2012-13 £m	2011-12 £m Restated
Consolidated Fund Extra Receipts (CFERs)	**38,027**	17,844
Trust Statement revenue[1]	**5,331**	4,475
United Kingdom coinage issued (note 9)	**216**	118
Crown Estate surplus revenue	**261**	241
Prior year over-issues of Supply repaid (note 4)	**31**	351
Current year over-issues of Supply repaid (note 4)	**95**	14
Miscellaneous	**80**	83
Total	**44,041**	23,126

[1] This figure excludes Trust Statement revenue shown on the face of the Receipts and Payments account and already reported within note 2 to this set of Accounts.

The 2011-12 figures have been re-stated so as to separate out Trust Statement Revenue from Consolidated Fund Extra Receipts.

CFERs is comprised of:

- 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;
- fines, levies and penalties considered too immaterial to be reported in a Trust Statement; and
- late surrenders of excess appropriation in aid collected prior to the implementation of Clear Line of Sight reforms.

Trust Statement Revenue is comprised of fines, levies and penalties considered sufficiently material to be reported in a Trust Statement.

CFERs are higher this year due to a £11.3 billion CFER received from HM Treasury relating to the Bank of England Asset Purchase Facility Fund and a £14.3 billion CFER received from Department for Business, Innovation and Skills from the sale of Royal Mail Pension Plan assets that were transferred to the Government under the Postal Services Act 2011 (Transfer of Assets) Order 2012.

Prior year over-issues of supply repaid have returned to a historically normal level in 2012-13, after a large increase in 2011-12 due to £334 million of Supply paid to the Department for Transport which was subsequently surrendered as a Consolidated Fund receipt.

Receipts surrendered to the Consolidated Fund

	Remitter	CFERs	Trust Statement	2012-13 Total	2011-12 Total
		£m	**£m**	**£m**	£m
1.	HM Treasury	**18,372**	**–**	**18,372**	5,891
2.	Department for Business, Innovation and Skills	**14,378**	**–**	**14,378**	146
3.	BBC Licence Fee Revenue	**–**	**3,122**	**3,122**	3,145
4.	Department for Culture, Media and Sport	**2,863**	**–**	**2,863**	467
5.	Department of Energy and Climate Change	**849**	**982**	**1,831**	1,621
		36,462	**4,104**	**40,566**	11,270
	Other	**1,565**	**1,227**	**2,792**	11,049
	Total	**38,027**	**5,331**	**43,358**	22,319

The increase in the CFER received from HM Treasury is largely due to a payment from the Bank of England Asset Purchase Facility Fund of £11.3 billion. The remaining £7.1 billion is Negative Supply as HM Treasury has a negative Net Cash Requirement. The increase in the CFER from the Department for Business, Innovation and Skills is largely due to receipts totalling £14.3 billion from the sale of the Royal Mail Pension Plan assets. The increase in the CFER from the Department for Culture, Media and Sport is due to the £2.4 billion raised in the 4G spectrum auctions.

In 2011-12, the Department for Communities and Local Government was included in the above list as a result of the reforms to the Housing Revenue Account, with receipts surrendered of £6,668 million. The amount surrendered in 2012-13 was £119 million. The Department for Transport was also included in the above list in 2011-12, with receipts surrendered of £903 milion, the amount surrendered in 2012-13 was £136 million.

4 Analysis of Supply Services

4a Supply Services issues and repayments

		2012-13	2011-12
		£m	£m
Supply Issues			
For current year		**450,856**	448,394
For previous years		**621**	950
Supply Services issued		**451,477**	449,344
Current year over-issues surrendered in cash	(note 3)	**(95)**	(14)
Prior year over-issues surrendered in cash	(note 3)	**(31)**	(351)
Net Supply Services issued		**451,351**	448,979

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

4b Supply Services analysed by period

		2012-13 £m	2011-12 £m	2010-11 £ m
Year for which Supply granted:				
Positive Net Cash Requirement		**463,018**	462,781	488,866
Negative Net Cash Requirement		**(7,069)**	(5,467)	–
Excess Vote		**n.a**	–	347
Total Net Supply granted by Parliament		**455,949**	457,314	489,213
Surplus not required (as reported)		**n.a**	(8,401)	(30,868)
Revised Total Net Cash Requirement outturns reported by government departments		**n.a**	448,913	458,345
Year of Payment/(Receipt):				
2010-11	Issues made in year	**–**	–	458,524
	Prior year issues applied to a subsequent year	**–**	–	2,856
	Prior year over-issues surrendered in cash	**–**	–	–
2011-12	Issues made in year	**–**	448,394	603
	Current year over-issues surrendered in cash	–	(14)	–
	Prior year issues applied to a subsequent year	**–**	3,593	(3,593)
	Prior year over-issues surrendered in cash	**–**	(334)	(17)
2012-13	Issues made in year	**450,856**	621	–
	Current year over-issues surrendered in cash	**(95)**	–	–
	Prior year issues applied to a subsequent year	**3,344**	(3,344)	–
	Prior year over-issues surrendered in cash	**–**	(3)	(28)
Total		**n.a**	448,913	458,345

Note 4b analyses the receipts and payments of Supply according to the year for which the Supply was granted. The Net Cash Requirement for 2012-13 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 2013-14 Consolidated Fund 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. In 2012-13 there were no cash Excess Votes in respect of prior years.

4c Departmental Drawings

The following analysis sets out the cash supplied to the 10 highest drawing departments during 2012-13. 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

		2012-13 £m	2011-12 £m
Department			
1	Department of Health	**88,100**	85,885
2	Department for Work and Pensions	**85,456**	82,888
3	Department for Education	**56,007**	56,406
4	Ministry of Defence	**37,683**	37,589
5	Department for Communities and Local Government	**28,617**	31,824
6	Scotland Office	**26,120**	26,187
7	Department for Business, Innovation and Skills	**22,536**	22,177
8	HM Revenue and Customs	**15,676**	15,909
9	Northern Ireland Office	**13,738**	13,369
10	Wales Office	**12,793**	12,796
		386,726	385,030
	Other	**64,751**	64,314
	Total	**451,477**	449,344

In 2011-12, the Department for Transport was included in the 10 highest drawing departments with cash supplied of £13,587 million. In 2012-13 the cash supplied to Department for Transport was £12,690 million.

5 United Kingdom contributions to the Budget of the European Union

Member States' contributions to the Budget of the European Union are made on the basis of the financing system set out in the Own Resources Decision (ORD) which was agreed by all Member States 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 for several years. Payments are made based on the amount estimated to be payable for the financial year plus an adjustment for earlier years based on the latest estimate of the contribution for those years.

The Own Resources Decision provides for the Budget of the European Union to be financed by own resources consisting of:

i customs duties, including those on agricultural products;

ii sugar levies;

iii VAT, which is the product of the application of a uniform rate, not exceeding 1 per cent, to a harmonised expenditure base, which must not, for any Member State, exceed 0.5 per cent of its GNI; and,

iv a 'fourth' resource based on Member States' shares in Community 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 per cent of the difference in the previous year between what the UK would have paid if the Budget of the European Union had been financed entirely by VAT (but excluding the UK's contribution to expenditure outside the Community, mainly aid) and the UK's receipts from the Budget of the European Union.

	Contribution for year ended 31 March 2013	**Adjustment of prior years' contributions**	**2012-13 Total**	2011-12 Total
	£m	**£m**	**£m**	£m
Customs duties	**2,161**	**–**	**2,161**	2,196
Sugar levies	**9**	**–**	**9**	9
VAT contribution (before abatement)	**2,393**	**4**	**2,397**	2,276
Fourth resource contributions	**12,443**	**(140)**	**12,303**	11,219
	17,006	**(136)**	**16,870**	15,700
UK abatement	**(3,382)**	**211**	**(3,171)**	(3,517)
UK's total contribution to EU Budget	**13,624**	**75**	**13,699**	12,183

Contingent liabilities relating to the Budget of the European Union are described in note 11.

The UK's contribution as a Member State to the EU budget varies from year to year. In 2012-13, total UK contributions to the EU were £13.7 billion compared to a total contribution of £12.2 billion in 2011-12.

6a Other Consolidated Fund Standing Services payments

	Notes	**2012-13 £000**	2011-12 £000
Civil List, Annuities and Pensions			
Civil List payments[1]		**359**	9,513
Royal Household Pension Scheme	(7d)	**4,242**	3,635
Pensions for Judicial Services	(8)	**60,018**	52,374
MEPs' pensions	(7d)	**1,394**	1,393
Political and Public Service pensions	(8)	**502**	575
Civil List pensions	(8)	**126**	130
Salaries and Allowances			
Courts of Justice		**155,564**	151,761
Members of the European Parliament		**437**	456
Political and Public	(6b)	**1,357**	1,335
Miscellaneous Services			
Election and referendum expenses		**145**	86,054
Royal Mint	(9)	**24,485**	11,762
Miscellaneous refunds		**80**	3,462
European Investment Bank[2]	(10)	**1,372,924**	–
TOTAL		**1,621,633**	322,450

[1] The Sovereign Grant Act 2011 came into effect from 1 April 2012. The Act provides for a new consolidated Sovereign Grant payment to support Her Majesty the Queen in her official duties. As a result, the Civil List, which was the former funding provided by Parliament and paid out of the Consolidated Fund to meet the official expenses of the Queen's Household, no longer exists. The Sovereign Grant will be paid each year through the Treasury Estimate. The Consolidated Fund will continue to provide a Parliamentary annuity for the Duke of Edinburgh.

[2] This is the sterling equivalent of the UK's contribution of €1.6 billion to the EIB. See note 10 for further detail.

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 for which specific statutory powers exist enabling the CF to make such payments, and the associated employers' national insurance contributions.

The payments to office holders are shown below and do not include employers' national insurance contributions. In line with the rest of the CF accounts, 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

	2012-13 Salary and full year equivalent (FYE) £	2011-12 Salary and full year equivalent (FYE) £
The Rt Hon Edward Miliband MP[1] *Leader of the Opposition – HOC*	**63,098**	63,098
The Rt Hon Baroness Royall of Blaisdon[2] *Leader of the Opposition – HOL*	**105,076**	105,076
The Rt Hon Rosie Winterton MP[1] *Opposition Chief Whip – HOC*	**33,002**	33,002
The Rt Hon Alan Campbell MP[1] *Deputy Opposition Chief Whip – HOC*	**19,239**	19,239
Lord Bassam of Brighton[2] *Opposition Chief Whip – HOL*	**99,903**	99,903
Tony Cunningham MP [3] *Assistant Opposition Chief Whip – HOC (from 12 May 2010 to 9 Oct 2011)*	**–**	14,895 *(FYE 19,239)*
Mark Tami MP[4] *Assistant Opposition Chief Whip – HOC (from 10 Oct 2011)*	**19,239**	9,154 *(FYE 19,239)*
The Rt Hon John Bercow MP[5] *Speaker – HOC*	**75,766**	75,766
The Rt Hon Kenneth Clarke[1] *Lord Chancellor (from 14 May 2010 to 9 Sept 2012)*	**30,399** ***(FYE 68,827)***	68,827
The Rt Hon Christopher Grayling *Lord Chancellor (from 10 Sept 2012)*	**38,428** ***(FYE 68,827)***	–

1 The above political office holders agreed to take an overall 5 per cent pay cut in their claimed annual salaries in 2011-12 and 2012-13, where they were entitled to a salary in that year.

2 The above office holders were appointed in May 2010 at the full rate due to their appropriate office. However in November 2010 they agreed to take a 5 per cent pay cut and this is reflected in the figures for 2011-12 and 2012-13 above. The figures also include the Lords night-time allowance at a rate of £36,366 p.a. which is a 5 per cent reduction of the entitled night-time allowance of £38,280.

3 T Cunningham was appointed in May 2010 at the full rate due to his appropriate office. However in November 2010 he agreed to take a 5 per cent pay cut in claimed salary and this is reflected in the FYE figures above for 2011-12 and 2012-13. In 2011-12 T Cunningham also received a severance payment equal to one quarter of the annual office holder's salary under the Ministerial and Other Pensions and Salaries Act 1991 of £4,810. This payment is included in the above figures.

4 M Tami was appointed in October 2011 at the reduced rate of £19,239.

5 In 2009-10 John Bercow waived a portion of his entitled salary (at ministerial rate) to take an annual salary (FYE) of £78,356. In February 2011 he agreed to take the 5 per cent pay cut (on his claimed salary) in line with government. This reduced his annual salary (FYE) to £75,766 with effect from 1 March 2011.

Pensions are paid from the CF to former Prime Ministers, Speakers and Lord Chancellors in accordance with legislation (note 8).

The Consolidated Fund does not pay any other expenses or allowances or make any other payments to MPs.

6bii Payments to Public Office holders

	2012-13 Salary and full year equivalent (FYE) £	2011-12 Salary and full year equivalent (FYE) £
Amyas Morse[1] *Comptroller and Auditor General*	**210,000**	210,000
Ann Abraham[2] *Parliamentary and Health Service Ombudsman (to 2 Jan 2012)*	**–**	130,494 *(FYE 172,753)*
Dame Julie Mellor[2] *Parliamentary and Health Service Ombudsman (from 3 Jan 2012)*	**152,000**	37,183 *(FYE 152,000)*
Graham Shields[3] *Northern Ireland Chief Electoral Officer*	**63,360**	58,200,
Christopher Graham[4] *Information Commissioner*	**140,000**	140,000
Andrew Likierman[1 5] *Chair of the National Audit Office (from 1 April 2012)*	**50,000**	–
Jenny Watson[6] *Senior Electoral Commissioner*	**101,500**	101,500
Ian Kelsall[6] *Electoral Commissioner (fee based)*	**10,959**	16,348
Max Caller[6] *Electoral Commissioner (fee based)*	**11,679**	22,453
Henrietta Campbell [6] *Electoral Commissioner (fee based) (to 31 Dec 2011)*	**-**	9,525
Anna Carragher[6] *Electoral Commissioner (fee based) (from 1 Jan 2012)*	**12,398**	3,595
John McCormick[6] *Electoral Commissioner (fee based)*	**22,449**	22,985
Baroness Angela Browning[6] *Electoral Commissioner (fee based) (to 29 February 2012)*	**–**	719
The Rt Hon Sir George Reid [6] *Electoral Commissioner (fee based)*	**8,082**	9,518
Lord Roy Kennedy of Southwark [6] *Electoral Commissioner (fee based)*	**6,831**	6,650
David Howarth [6] *Electoral Commissioner (fee based)*	**7,008**	9,344

	2012-13 Salary and full year equivalent (FYE) £	2011-12 Salary and full year equivalent (FYE) £
Anthony Hobman[6, 7] *Electoral Commissioner (fee based)*	**1,079**	–
John Horam[6] *Electoral Commissioner (fee based)(from 1 March 2012)*	**8,990**	–

1 Details of the Comptroller and Auditor General and Chair of the NAO's salary are also disclosed in the National Audit Office Annual Report and Accounts.

2 Details of the Parliamentary and Health Service Ombudsman salary are also disclosed in the Parliamentary and Health Service Ombudsman Annual Report and Accounts.

3 Details of the Northern Ireland Chief Electoral Officer salary are also disclosed in the Northern Ireland Chief Electoral Officers Report. G Shields received a pay increase in November 2012, backdated to April 2012.

4 Details of the Information Commissioner's salary are also disclosed in the Information Commissioner's Annual Report and Accounts.

5 The office of the Chair of the NAO is an addition to the offices paid out of the Consolidated Fund, the role was added under the Budget Responsibility and National Audit Act 2011 with effect from 1 April 2012.

6 Details of the Senior Electoral Commissioner and Electoral Commissioners salaries are also disclosed in the Electoral Commissions Annual Report and Accounts.

7 A Hobman waived his fees when appointed in January 2010. He started claiming his fees from 1 January 2013.

Pensions are payable from the CF to former Comptroller and Auditor Generals, Parliamentary Commissioners, Information Commissioners, Northern Ireland Chief Electoral Officers and Senior Electoral Commissioners. 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.

7 Unfunded pension arrangements

The Consolidated Fund 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 Members of the European Parliament (MEPs) under the European Parliament (UK Representatives) Pension Scheme. 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 yield available on AA corporate bonds. The rate to use is advised by HM Treasury each year in accordance with chapter 12 of the Government's Financial Reporting Manual. Actuarial gains and losses are recognised in full as they occur.

7a Actuarial assessment assumptions

Roll-forward actuarial assessments were carried out for the Royal Household Pension Scheme and MEPs under the European Parliament (UK Representatives) Pension Scheme, as at 31 March 2013. Both actuarial assessments were performed by the Government Actuary's Department. The major assumptions used by the actuary for both schemes were:

	At 31 March 2013 % per annum	At 31 March 2012 % per annum
Rate of increase in salaries	**3.95**	4.25
Discount rate	**4.10**	4.85

Life Expectancy

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

	At 31 March 2013		At 31 March 2012	
	Men (years)	**Women (years)**	Men (years)	Women (years)
Current pensioners	**25.1**	**26.2**	24.9	26.1
Future pensioners	**25.7**	**26.9**	25.7	26.9

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

	At 31 March 2013		At 31 March 2012	
	Men (years)	**Women (years)**	Men (years)	Women (years)
Current pensioners	**28.6**	**30.7**	29.0	32.4
Future pensioners	**31.1**	**33.0**	31.5	35.0

In addition, two further assumptions were used by the actuary for the Royal Household Pension Scheme:

	At 31 March 2013 % per annum	At 31 March 2012 % per annum
Rate of increase in pension payments	**1.70**	2.00
Inflation assumption	**1.70**	2.00

7b 2012-13 Expenditure and income

	RH £ 000	**MEPs £ 000**	**2012-13 Total £ 000**	2011-12 Total £ 000
Expenditure				
Current service costs (including employee contributions)	**1,169**	**101**	**1,270**	1,299
Interest on scheme liability	**4,373**	**1,485**	**5,858**	6,395
Total expenditure	**5,542**	**1,586**	**7,128**	7,694
Income				
Pension contributions receivable:				
Employers' contributions	**835**	**–**	**835**	869
Employees' contributions	**85**	**39**	**124**	130
Total income	**920**	**39**	**959**	999
Net (income)/expenditure	**4,622**	**1,547**	**6,169**	6,695

7c Movement in liabilities during the year

			2012-13	2011-12 (Restated)
	RH £000	**MEPs £000**	**Total £000**	Total £000
Scheme Liability at beginning of the year	**(91,691)**	**(31,256)**	**(122,947)**	(116,466)
Current service costs	**(1,084)**	**(62)**	**(1,146)**	(1,169)
Employee contributions	**(85)**	**(39)**	**(124)**	(130)
Benefit payments (note 6a, 7d)	**4,242**	**1,394**	**5,636**	5,028
Other finance charges – interest	**(4,373)**	**(1,485)**	**(5,858)**	(6,395)
Total	**(92,991)**	**(31,448)**	**(124,439)**	(119,132)
Actuarial gain /(loss) (note 7e)	**2,257**	**(3,105)**	**(848)**	(3,815)
Liability at end of year	**(90,734)**	**(34,553)**	**(125,287)**	(122,947)

The liability at the end of the year is based on the actuarial assessments at 31 March 2013. The change in liabilites 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 the cash payments paid by the Consolidated Fund 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.

			2012-13	2011-12
	RH £000	**MEPs £000**	**Total £000**	Total £000
Total pension paid	**3,527**	**1,675**	**5,202**	4,965
Commutation and lump sum benefits	**715**	**146**	**861**	414
Total pension benefits paid (note 7c)	**4,242**	**1,821**	**6,063**	5,379
Less: increase element of MEPs' pensions borne by the Civil Service Superannuation Annual Report and Account	**–**	**(427)**	**(427)**	(351)
Total borne by the Consolidated Fund	**4,242**	**1,394**	**5,636**	5,028

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

			2012-13	2011-12
	RH £000	**MEPs £000**	**Total £000**	Total £000
Gains arising on scheme liabilities	**(1,260)**	**(256)**	**(1,516)**	(429)
Changes in assumptions underlying the present value of liabilities	**(997)**	**3,361**	**2,364**	4,244
Total	**(2,257)**	**3,105**	**848**	3,815

8 Other pensions

In addition to the pensions described in note 7, the Consolidated Fund 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 Consolidated Fund in respect of this scheme in 2012-13 amounted to £60.0 million (£52.4 million in 2011-12).

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 £126,000 was paid from the Consolidated Fund in 2012-13 in respect of these pensions (£130,000 in 2011-12). This is not material to the Consolidated Fund.

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 Senior Electoral Commissioners. No other position in Parliament has entitlement to a pension from the CF. In total, a sum of £502,000 was paid from the Consolidated Fund in 2012-13 in respect of these pensions (£575,000 in 2011-12), and is not material to the CF.

The actuarial liability falling on the Consolidated Fund, across all these schemes, has been assessed at £8.4 million at 31 March 2013 (£7.5 million at 31 March 2012) which is also 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 from leaving office, for life. Two of the current post holders, David Cameron and Christopher Grayling, and the previous Lord Chancellor, Kenneth Clarke, have waived their legislative pension and have agreed instead to take a pension in line with 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 PCPF will be lower than the legislative pension that has been waived. This will be paid from the CF. No other position in Parliament is entitled to a pension 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 at the end of the financial year will become entitled to a pension payable from the CF. There is no cash equivalent transfer value for these pensions as they are not transferable from the CF.

	Total accrued pension at age 65 at 31 March 2013 Range £ 000	**Real increase in pension at age 65 Range £ 000**
David Cameron *Prime Minister*	**10 – 15**	**0 – 5**
Christopher Grayling *Lord Chancellor (from 10 September 2012)*	**30 – 35**	**n/a**

David Cameron's pension payable from the CF consists only of ministerial benefits earned from 13 April 2010 when he became Prime Minister. The pension he is entitled to as an MP is payable from the PCPF. Christopher Grayling's pension payable from the CF comprises all MP and ministerial benefits accrued since becoming an MP, as the legislation relating to the Lord Chancellor dictates that the whole pension is to be paid from the CF.

	Total accrued pension at age 65 at 31 March 2013[1] **Range £000**	Real increase in pension at age 65 Range £000
John Bercow *Speaker – House of Commons*	**35 – 40**	5 – 0
Amyas Morse [2] *Comptroller and Auditor General*	**–**	–
Julie Mellor *Parliamentary and Health Service Ombudsman*	**0 – 5**	0 – 5
Christopher Graham *Information Commissioner*	**10 – 15**	0 – 5
Graham Shields *Northern Ireland Chief Electoral Officer*	**0 – 5**	0 – 5
Jenny Watson *Senior Electoral Commissioner*	**10 – 15**	0 – 5

1 The value of the accrued pension has been disclosed at age 65 instead of age 60, which is required by the Government Financial Reporting Manual, because the above office holders are members of the Nuvos pension scheme which has a retirement age of 65.

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

9 Coinage issued and redeemed

The face value of coins issued by the Royal Mint is payable to the Consolidated Fund and the face value of coins redeemed by the Royal Mint is a charge on the Consolidated Fund. The cost of minting the coinage is charged to the Treasury's Annual Report and Accounts (£32.9 million in 2012-13 and £34.3 million in 2011-12).

Sums due to the Consolidated Fund:

	2012-13 £m	2011-12 £m
Balance at 1 April	**3**	2
Coins issued	**219**	123
Cash received by Consolidated Fund (note 3)	**(216)**	(118)
Coins redeemed	**(20)**	(16)
Cash paid by Consolidated Fund (note 6a)	**24**	12
Balance at 31 March	**10**	3

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 Consolidated Fund.

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.

In June 2012, the European Council endorsed a proposal to increase the paid in Capital of the European Investment Bank by €10 billion. This capital increase will support additional EIB lending of up to €60 billion over the next three years. The UK's contribution to the capital increase of €1.6 billion (£1.4 billion, as in note 6a) was in line with its 16.17 per cent shareholding.

The UK's investment in the EIB, based on its 16.17 per cent share of subscribed capital, reported in the EIB's latest financial statements as at 31 December 2012, was worth €8,928,734,000 as at 31 March 2013 (16.17 per cent worth €6,868,627,000 at 31 March 2012).

	2012-13 **£m**	2011-12 £m
European Investment Bank		
At 1 April	**5,724**	5,752
Change due to exchange rate movements	**86**	(337)
Change due to increase in EIB net assets	**1,742**	309
At 31 March	**7,552**	5,724

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 Consolidated Fund.

	2012-13 **£m**	2011-12 £m
Land Registry Public Dividend Capital		
At 31 March	**62**	62
Total non-current investments at end of year	**7,614**	5,786

11 Contingent liabilities

The normal convention is for contingent liabilities that would fall on the Consolidated Fund to be reported in the appropriate departmental Annual Report and Accounts. However, some contingent liabilities have been identified that fall outside these arrangements, so they are reported here instead. The following contingent liability is reportable under IAS 37:

	At 31 March 2013 £m	At 31 March 2012 £m
European Investment Bank: Callable capital subscription	**30,195**	29,749

The latest EIB financial statements at 31 December 2012, show the UK is liable for €35,699 million of callable capital to the EIB (£30,195 million) (31 December 2011: €35,699 million, or £29,749 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 the subscribed capital should the Bank have to meet its obligations. The likelihood that Member States will be called upon to pay the remaining capital remains possible.

All the following contingent liabilities fall outside the scope of IAS 37 as the possibility of an outflow of resources is remote. However, disclosure of these liabilities is necessary under Parliamentary accountability requirements. These are as follows:

	At 31 March 2013 £m	At 31 March 2012 £m
EU Budget: Guarantees on borrowing and lending operations	**9,642**	6,291
Of which European Financial Stabilisation Mechanism	***4,954***	*2,066*
Of which Balance of Payments Facility	***1,469***	*1,547*
Value of UK coins in circulation	**4,177**	4,052

Loans Guaranteed by the EU Budget

The first item above represents the UK's maximum liability from current outstanding loans to EU Member States and Third Countries. This comprises guaranteed loans to EU Member States, including outstanding support from the EU's Balance of Payments Facility and the European Financial Stabilisation Mechanism; and guarantees to Third Countries, including via Macro Financial Assistance.

The EU's Balance of Payments Facility offers up to €50 billion in medium-term financial assistance for EU countries outside the euro area. Outstanding support from the Balance of Payments Facility is currently in respect of Hungary, Latvia and Romania.

The European Financial Stabilisation Mechanism (EFSM) allows the Union to grant up to €60 billion in financial assistance to any EU Member State. The mechansim has been drawn upon twice: First, by Ireland in December 2010, as part of a three year international financial assistance programme, of which €22.5 billion is being provided by the EFSM; and second, by Portugal in May 2011, as part of a three year international financial assistance programme, of which €26 billion was to be provided through the EFSM.

Guarantees to Third Countries include support to Bosnia-Herzegovina, Georgia, Serbia and Montenegro for Macro Financial assistance purposes and other specific projects. Also included are loans made by the EIB to Third Countries and some EU Member States prior to their accession to the EU. For loans provided to Third Countries, there is a Guarantee Fund (which targets 9 per cent of outstanding loans) to provide for the event of default. In order for the Guarantee Fund to maintain its 9 per cent target size, it is funded from the general budget of the EU. The UK's estimated share of this is included in the figures above (£252 million in 2012-13 and £205 million in 2011-12).

All loans are guaranteed by the EU Budget and the liability will only crystallise if the loans are defaulted on. The European Commission periodically prepares reports showing the total capital outstanding. The latest report is at June 2012, which shows total capital outstanding at €75,795 million (June 2011: €54,503 million). In the event of default, the precise UK share of this liability is determined by the Own Resources Decision on financing the EU budget (note 5). As an illustration of the potential share arising to the UK, however, it is estimated the UK's share would be around 15.04 per cent (£9,642 million) of the total (2011-12: 13.85 per cent, £6,291 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 2011. However, we have provided below more recent figures for the capital outstanding under the European Financial Stabilisation Mechanism, up to 31 March 2013.

As at 31 March 2013, the total drawdown from funds committed by the EFSM is €43,800 million. The total drawdown is in respect of Ireland (€21,700 million) and Portugal (€22,100 million). At 31 March 2013, therefore, the UK's estimated current liability would be around 15.04 per cent of the total drawdown of €43,800 million i.e. €6,588 million (£5,572 million).

A further €800 million in undisbursed funds is available to Ireland and a further €3,900 million in undisbursed funds is available to Portugal. If the total amount available for both programmes (€48,500 million) were to be drawn, the UK's estimated liability would be around 15.04 per cent or €7,294 million (£6,170 million).

UK Coins in Circulation

As at 31 March 2012, the estimated value of coins in circulation was £4,052 million. This increased by £125 million to £4,177 million at 31 March 2013. The contingent liability of £4,177 million represents the CF's potential obligation in respect of returned coins. During 2012-13, £24.5 million was redeemed from the Consolidated Fund as a standing service payment (note 6a). (2011-12: £11.8 million).

12 Events after the reporting period

There are no events after the reporting period to report.

13 Related parties

The CF has transactions with most government departments and central government bodies. The Treasury has a custodian role with the Consolidated Fund, 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 9 July 2013.

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