Consolidated Fund Account 2013-14

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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 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 £516.5 billion (2012-13: £520.2 billion), including £70.0 billion (2012-13: £87.5 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 increased from £413.1 billion to £432.0 billion and underlying payments increased from £500.6 billion to £502.0 billion:

	Receipts		Payments	
	2013-14 £m	2012-13 £m	**2013-14 £m**	2012-13 £m
Total receipts / payments	**516,532**	520,194	**516,532**	520,194
Less Advances to HMRC	**(11,067)**	(15,570)	**(11,067)**	(15,570)
Less Transactions with the Contingencies Fund	**(3,504)**	(3,995)	**(3,500)**	(4,000)
Less Deficit funding from the NLF	**(69,983)**	(87,475)	**–**	–
	431,978	413,154	**501,965**	500,624

Receipts

In 2013-14 tax receipts increased by £9.5 billion from £355.5 billion to £365.0 billion. Business Rates Retention/National Non-Domestic Rates decreased by £10.7 billion from £23.2 billion to £12.5 billion; this is explained further in note 2. More information is set out in the Annual Reports and Accounts and Trust Statements prepared by HM Revenue & Customs and the Department for Communities and Local Government.

Miscellaneous receipts increased by £15.4 billion from £44.0 billion to £59.4 billion. This is mainly due to large receipts from HM Treasury relating to the Bank of England Asset Purchase Facility Fund (£19.8 billion higher than last year) and from the sale of part of the Government's shareholding in Lloyds Banking Group this year (£7.4 billion). These receipts have been partly offset by a reduction in receipts from the Department for Business, Innovation and Skills which surrendered £13.1 billion less from the disposal of ex-Royal Mail Pension Plan assets, having disposed of the majority of the assets in 2012-13. Other large receipts are listed in note 3.

Payments

Supply payments to government departments decreased by £5.7 billion in 2013-14 from £451.5 billion to £445.8 billion. Note 4c sets out the cash supplied to the ten highest drawing departments during 2013-14. Further details on how Supply has been spent can be found in individual departmental Annual Reports & Accounts.

Funding to the NLF for net interest payments was £41.8 billion in 2013-14 compared with £33.8 billion in 2012-13. The NLF financing requirement in 2012-13 was reduced because £11 billion of profit from cancellation of gilts paid to the NLF by the Debt Management Account was used to fund part of the NLF's interest expense.

International support

The Budget of the European Union (EU) 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 is responsible for the United Kingdom'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 2013-14 in line with our commitments as an IMF member. Through the NLF, the UK has provided support through the quota shareholding and lending to the Fund. The UK's £3.2 billion 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]

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

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 7-11 to the CF Account to assist preparation of Whole of Government Accounts.

There is no direct read-across between the accruals-based notes 7-11 and the cash-based CF receipts and payments account.

External 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 7 July 2014
Accounting Officer
HM Treasury

Statement of Accounting Officer's responsibilities

Under section 21(1) of the National Loans Act 1968, HM 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 Foreword, 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.

HM 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 is managed within the Treasury's overall risk and governance framework as set out in the Treasury's Annual Report and Accounts 2013-14.

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 Group Audit Committee supports 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 (Michael O'Higgins) reports directly to me and is a Non Executive Member of the Treasury Board. The membership of the Audit Committee during 2013-14 was:

- Michael O'Higgins – Chairman, Pensions Regulator (until 31 March 2014); Chairman, NHS Confederation; Non Executive Board Member, Network Rail; Chairman, Investec Structured Products Calculus VCT plc.
- Mike Ashley – Non Executive Director, and Audit Committee Chairman, Barclays Plc. 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; Audit and Risk Committee Member, Glasgow 2014; 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.
- Janet Baker (until 31 July 2013) - 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 and Defence Support Group, MoD.

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.

The Audit Committee met five times during 2013-14.

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

The Audit Committee receives all NAO reports and a summary of Exchequer Funds Internal Audit reports relating to the Consolidated Fund plus underlying reports on internal audits where issues are identified leading to Red or Amber/Red assessments (one such report in 2013-14 and none in 2012-13).

b Exchequer Funds Internal Audit (EFIA)

Internal Audit for the Consolidated Fund is provided by EFIA which reports directly to both me 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, 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.

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 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 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 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.

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 2014 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 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 Consolidated 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 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 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. The CF's operations were not affected by the incidents of severe weather during the year.

- **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 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 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 EFIA who provided positive assurance as to the management and control of the Consolidated Fund in 2013-14 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 2013-14 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 2013-14, and no significant new risks have been identified in the year. No ministerial directions have been given in 2013-14.

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 7 July 2014
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 2014 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 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 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, 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 and 12 to 14 of the Consolidated Fund for the year ended 31 March 2014;
- 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 2014, 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 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 KCB
Comptroller and Auditor General

9 July 2014

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

Receipts and Payments Account for the year ended 31 March 2014

Receipts	Notes	**2013-14 £m**	2012-13 £m
Tax Revenue			
HMRC	2	**365,024**	355,540
Vehicle Excise Duty	2	**6,118**	5,988
Business Rates Retention/National Non-Domestic Rates	2	**12,483**	23,155
		383,625	384,683
Other Receipts			
Repayments from the Contingencies Fund		**3,504**	3,995
Miscellaneous receipts	3	**59,420**	44,041
Deficit funded from the National Loans Fund		**69,983**	87,475
Total receipts		**516,532**	520,194
Payments			
Supply Services	4	**445,785**	451,477
Standing Services			
Advances to HMRC in support of revenue	2	**11,067**	15,570
Payments to the National Loans Fund for net interest payments		**41,773**	33,826
Payments to the budget of the European Union	5	**14,079**	13,699
Other Standing Services	6a	**328**	1,622
		513,032	516,194
Issues to the Contingencies Fund		**3,500**	4,000
Total Payments		**516,532**	520,194

The notes on pages 13 to 30 form part of this Account.

Nick Macpherson 7 July 2014
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, 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 7-11 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 no 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 £/€ 1.2096 (2012-13: £/€ 1.1823).

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 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 £11.1 billion was advanced from the CF for this purpose in 2013-14 (£15.6 billion in 2012-13).

From 1 April 2013 the redistribution by DCLG of National Non-Domestic Rates through formula grant was replaced by Business Rates Retention under which local authorities retain a proportion of monies collected from business rates instead of passing them to central government. This has resulted in a decrease in receipts from this source into the CF compared with 2012-13. The figure of £12.5 billion for Business Rates Retention/National Non-Domestic Rates in the Receipts and Payments Account comprises £10.9 billion for Business Rates Retention and £1.6 billion for prior year final outturn adjustments to National Non-Domestic Rates.

3 Miscellaneous receipts

	Notes	2013-14 £m	2012-13 £m
Consolidated Fund Extra Receipts (CFERs)[1]		**53,168**	38,027
Trust Statement revenue[2]		**5,447**	5,331
United Kingdom coinage issued	9	**245**	216
Crown Estate surplus revenue		**262**	261
Current year over-issues of Supply repaid	4	**40**	95
Prior year over-issues of Supply repaid	4	**2**	31
Miscellaneous		**256**	80
Total		**59,420**	44,041

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 too immaterial 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 within note 2 to this set of Accounts.

The main items contributing to this year's higher CFERs are large receipts from the Bank of England Asset Purchase Facility Fund (£19.8 billion higher than last year) and the sale of part of the Government's shareholding in Lloyds Banking Group this year (£7.4 billion). These were partly offset by a reduction in receipts from the sale of Royal Mail Pension Plan assets (£11.9 billion lower than last year).

Receipts surrendered to the Consolidated Fund

Remitter	CFERs £m	Trust Statement £m	2013-14 Total £m	2012-13 Total £m
1 HM Treasury	**44,683**	**–**	**44,683**	18,372
2 Department for Business, Innovation and Skills	**4,483**	**–**	**4,483**	14,378
3 BBC Licence Fee Revenue	**–**	**3,119**	**3,119**	3,122
4 Department of Energy and Climate Change	**1,131**	**1,138**	**2,269**	1,831
5 NHS Pension Scheme	**1,115**	**–**	**1,115**	779
	51,412	**4,257**	**55,669**	38,482
Other	**1,756**	**1,190**	**2,946**	4,876
Total	**53,168**	**5,447**	**58,615**	43,358

Note that receipts are recorded against the remitting entity even where that entity is part of a wider group which may also generate remittances. In 2012-13 the Department for Culture, Media and Sport was included in the above list with receipts surrendered of £2,863 million largely resulting from £2.4 billion raised in the 4G spectrum auctions; the amount surrendered in 2013-14 was £510 million.

A breakdown by larger CFER receipts is given below:

Remitter	CFERs	2013-14 £m	2012-13 £m
HM Treasury (HMT)			
	Bank of England Asset Purchase Facility Fund	**31,102**	11,272
	Sale of part of the Government's shareholding in Lloyds Banking Group	**7,406**	0
	Other Government financial sector interventions	**5,838**	4,605
	Profit from the Special Liquidity Scheme	**0**	2,279
	Other HMT	**337**	216
	Total HMT	**44,683**	18,372
Department for Business, Innovation & Skills (BIS)			
	Disposal of ex-Royal Mail Pension Plan assets	**1,271**	14,323
	Transfer from Postal Services Holding Company Ltd	**1,248**	0
	Royal Mail initial public offering	**1,958**	0
	Other BIS	**6**	55
	Total BIS	**4,483**	14,378
Department for Culture, Media & Sport (DCMS)			
	4G spectrum auction	**0**	2,370
	Other DCMS	**510**	493
	Total DCMS	**510**	2,863
Other remitters		**3,492**	2,414
Total		**53,168**	38,027

4 Analysis of Supply Services

4a Supply Services issues and repayments

	Notes	2013-14 £m	2012-13 £m
Supply Issues			
For current year		**445,089**	450,856
For previous years		**696**	621
Supply Services issued		**445,785**	451,477
Current year over-issues of Supply repaid	3	**(40)**	(95)
Prior year over-issues of Supply repaid	3	**(2)**	(31)
Net Supply Services issued		**445,743**	451,351

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

4b Supply Services analysed by period

Year for which Supply granted:	**2013-14**	2012-13	2011-12
	£m	£m	£m
Positive Net Cash Requirement	**463,256**	463,018	462,781
Negative Net Cash Requirement	**(9,822)**	(7,069)	(5,467)
Excess Vote	**n.a**	55	–
Total Net Supply granted by Parliament	**453,434**	456,004	457,314
Surplus not required (as reported)	**n.a**	(5,918)	(8,401)
Revised Total Net Cash Requirement outturns reported by government departments	**n.a**	450,086	448,913

Year of Payment/(Receipt):

		2013-14	2012-13	2011-12
2011-12	Issues made in year	**–**	–	448,394
	Current year over-issues surrendered in cash	**–**	–	(14)
	Prior year issues applied to a subsequent year	**–**	–	3,593
	Prior year over-issues surrendered in cash	**–**	–	(334)
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)
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)	–
Total		**n.a**	450,086	448,913

Note 4b analyses the receipts and payments of Supply according to the year for which the Supply was granted. The Net Cash Requirement for 2013-14 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 2014-15 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 2013-14. 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

		2013-14	2012-13
Department		**£m**	£m
1	Department of Health	**89,353**	88,100
2	Department for Work and Pensions	**81,077**	85,456
3	Department for Education	**55,808**	56,007
4	Ministry of Defence	**35,374**	37,683
5	Scotland Office	**27,183**	26,120
6	Department for Communities and Local Government	**23,789**	28,617
7	Department for Business, Innovation and Skills	**23,571**	22,536
8	HM Revenue and Customs	**14,850**	15,676
9	Northern Ireland Office	**13,790**	13,738
10	Wales Office	**13,487**	12,793
		378,282	386,726
Other		**67,503**	64,751
Total		**445,785**	451,477

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 2014 £m	Adjustment of prior years' contributions £m	2013-14 Total £m	2012-13 Total £m
Customs duties	**2,191**	**–**	**2,191**	2,161
Sugar levies	**9**	**–**	**9**	9
VAT contribution (before abatement)	**2,354**	**(191)**	**2,163**	2,397
Fourth resource contribution	**13,576**	**270**	**13,846**	12,303
	18,130	**79**	**18,209**	16,870
UK abatement	**(4,235)**	**105**	**(4,130)**	(3,171)
UK's total contribution to EU Budget	**13,895**	**184**	**14,079**	13,699

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

6a Other Consolidated Fund Standing Services payments

	Notes	2013-14 £000	2012-13 £000
Annuities and Pensions			
Annuity to the Duke of Edinburgh		**359**	359
Royal Household Pension Scheme	7d	**4,398**	4,242
Pensions for Judicial Services	8	**61,452**	60,018
MEPs' pensions	7d	**1,385**	1,394
Political and Public Service pensions	8	**468**	502
Civil List pensions	8	**134**	126
Salaries and Allowances			
Courts of Justice		**151,221**	155,564
Members of the European Parliament		**441**	437
Political & Public	6b	**1,362**	1,357
Miscellaneous Services			
Election and referendum expenses		**12**	145
Royal Mint[1]	9	**62,506**	24,485
Miscellaneous refunds[2]		**43,784**	80
European Investment Bank[3]	10	**–**	1,372,924
Total		**327,522**	1,621,633

3 The increase in expenditure to the Royal Mint for redeemed coinage was due to replacement by the Mint of cupro-nickel 5p & 10p coins by steel ones.

4 The increase in Miscellaneous refunds was due to a repayment of £43.5 million to HM Courts & Tribunals Service of tax-type revenue surrendered to the CF in error between April and December 2013.

5 The 2012-13 payment to the European Investment Bank was the sterling equivalent of the UK's €1.6 billion contribution to the increase in called-up capital of the Bank as reported in note 10 of the 2012-13 CF account.

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:

	2013-14	2012-13
	£000	£000
Holders of Political Posts – payments	**412,691**	415,323
Holders of Political Posts – employers' national insurance	**43,063**	43,530
Public Office holders – payments	**813,937**	806,335
Public Office holders – employers' national insurance	**92,054**	92,183
	1,361,745	1,357,371

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 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

	2013-14 Salary and full year equivalent (FYE) £	2012-13 Salary and full year equivalent (FYE) £
The Rt Hon Edward Miliband MP[1]	**62,440**	63,098
Leader of the Opposition – HOC		
The Rt Hon Baroness Royall of Blaisdon[2]	**105,076**	105,076
Leader of the Opposition – HOL		
The Rt Hon Rosie Winterton MP[1]	**32,344**	33,002
Opposition Chief Whip – HOC		
The Rt Hon Alan Campbell MP[1]	**18,581**	19,239
Deputy Opposition Chief Whip – HOC		
Lord Bassam of Brighton[2]	**99,903**	99,903
Opposition Chief Whip – HOL		
Mark Tami MP[1]	**18,581**	19,239
Assistant Opposition Chief Whip – HOC		
The Rt Hon John Bercow MP	**75,766**	75,766
Speaker – HOC		
	412,691	415,323
The Rt Hon Kenneth Clarke MP	**–**	30,399
Lord Chancellor (to 9 Sept 2012)		*(FYE 68,827)*
The Rt Hon Christopher Grayling MP[1]	**68,169**	38,428
Lord Chancellor (from 10 Sept 2012)		*(FYE 68,827)*

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.

2 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

	2013-14 Salary and full year equivalent (FYE) £	2012-13 Salary and full year equivalent (FYE) £
Sir Amyas Morse[1] *Comptroller and Auditor General*	**210,000**	210,000
Dame Julie Mellor[2] *Parliamentary and Health Service Ombudsman*	**155,055**	152,000
Graham Shields[3] *Northern Ireland Chief Electoral Officer*	**64,735**	63,360
Christopher Graham[4] *Information Commissioner*	**140,000**	140,000
Andrew Likierman[1] *Chair of the National Audit Office*	**50,000**	50,000
Jenny Watson[5 7] *Senior Electoral Commissioner*	**95,037** ***(102,515)***	101,500
Ian Kelsall[5] *Electoral Commissioner (fee based) (to December 2012)*	**–**	10,959
Max Caller[5] *Electoral Commissioner (fee based)*	**9,044**	11,679
Anna Carragher[5] *Electoral Commissioner (fee based)*	**13,385**	12,398
John McCormick[5] *Electoral Commissioner (fee based)*	**20,972**	22,449
The Rt Hon Sir George Reid[5] *Electoral Commissioner (fee based) (to September 2013)*	**5,243**	8,082
Lord Roy Kennedy of Southwark[5] *Electoral Commissioner (fee based) (to December 2013)*	**4,521**	6,831
David Howarth[5] *Electoral Commissioner (fee based)*	**7,595**	7,008
Anthony Hobman[5 6] *Electoral Commissioner (fee based)*	**8,684**	1,079
John Horam[5] *Electoral Commissioner (fee based)*	**7,235**	8,990
Gareth Halliwell[5] *Electoral Commissioner (fee based)(from 13 March 2013)*	**22,431**	–
	813,937	806,335

1 Details of the Comptroller and Auditor General's and Chair of the NAO's salaries 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. The salary was increased from April 2013.

3 The salary for the Northern Ireland Chief Electoral Officer was increased from August 2013.

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

5 Details of the Senior Electoral Commissioner's and Electoral Commissioners' salaries are also disclosed in the Electoral Commission Annual Report and Accounts.

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

7 The salary for the Senior Electoral Commissioner was increased from 1 January 2014. J Watson was on unpaid leave for part of the year.

Pensions are payable from the CF to former Comptroller and Auditor Generals, Parliamentary Commissioners, Information Commissioners, Northern Ireland Chief Electoral Officers and Senior Electoral Commissioner. 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 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 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 2014. 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 2014	At 31 March 2013
	% per annum	% per annum
Rate of increase in salaries	**4.50**	3.95
Discount rate	**4.35**	4.10

Life Expectancy

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

	At 31 March 2014		At 31 March 2013	
	Men (years)	**Women (years)**	Men (years)	Women (years)
Current pensioners	**25.0**	**26.2**	25.1	26.2
Future pensioners	**25.5**	**26.8**	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 2014		At 31 March 2013	
	Men (years)	**Women (years)**	Men (years)	Women (years)
Current pensioners	**29.0**	**31.2**	28.6	30.7
Future pensioners	**31.3**	**33.5**	31.1	33.0

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

	At 31 March 2014	At 31 March 2013
	% per annum	% per annum
Rate of increase in pension payments	**2.50**	1.70
Inflation assumption	**2.50**	1.70

7b 2013-14 Expenditure and income

			2013-14	2012-13
	RH £000	**MEPs £000**	**Total £000**	Total £000
Expenditure				
Current service costs (including employee contributions)	**1,087**	**118**	**1,205**	1,270
Interest on scheme liability	**3,653**	**1,391**	**5,044**	5,858
Total expenditure	**4,740**	**1,509**	**6,249**	7,128
Income				
Pension contributions receivable:				
Employers' contributions	**763**	**–**	**763**	835
Employees' contributions	**262**	**46**	**308**	124
Total income	**1,025**	**46**	**1,071**	959
Net (income) / expenditure	**3,715**	**1,463**	**5,178**	6,169

7c Movement in liabilities during the year

	RH £000	MEPs £000	**2013-14** Total £000	2012-13 Total £000
Scheme Liability at beginning of the year	**(90,734)**	**(34,553)**	**(125,287)**	(122,947)
Current service costs	**(825)**	**(72)**	**(897)**	(1,146)
Employee contributions	**(262)**	**(46)**	**(308)**	(124)
Net individual pension transfers-out	**55**	**–**	**55**	–
Benefit payments	**4,343**	**1,385**	**5,728**	5,636
Other finance charges – interest	**(3,653)**	**(1,391)**	**(5,044)**	(5,858)
Total	**(91,076)**	**(34,677)**	**(125,753)**	(124,439)
Actuarial gain / (loss) (note 7e)	**(7,666)**	**1,209**	**(6,457)**	(848)
Liability at end of year	**(98,742)**	**(33,468)**	**(132,210)**	(125,287)

The liability at the end of the year is based on the actuarial assessments at 31 March 2014. 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 the cash payments paid 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 & Account.

	RH £000	MEPs £000	**2013-14** Total £000	2012-13 Total £000
Total pension paid	**3,715**	**1,774**	**5,489**	5,202
Commutation and lump sum benefits	**628**	**85**	**713**	861
Net individual pension transfers-out	**55**	**–**	**55**	–
Total pension benefits paid	**4,398**	**1,859**	**6,257**	6,063
Less: increase element of MEPs' pensions borne by the Civil Service Superannuation Annual Report & Account	**–**	**(474)**	**(474)**	(427)
Total borne by the Consolidated Fund (note 6a)	**4,398**	**1,385**	**5,783**	5,636

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

			2013-14	2012-13
	RH £000	**MEPs £000**	**Total £000**	Total £000
Gain / (loss) arising on scheme liabilities	**(863)**	**215**	**(648)**	1,516
Changes in assumptions underlying the present value of liabilities	**(6,803)**	**994**	**(5,809)**	(2,364)
Total	**(7,666)**	**1,209**	**(6,457)**	(848)

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 2013-14 amounted to £61.5 million (£60.0 million in 2012-13). 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 £134,000 was paid from the CF in 2013-14 in respect of these pensions (£126,000 in 2012-13). 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 Senior Electoral Commissioners. In total, a sum of £468,000 was paid from the CF in 2013-14 in respect of these pensions (£502,000 in 2012-13), and is not material to the CF.

			2013-14			2012-13
	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	12	18	7	12	19
Pension paid from CF (£000)	229	239	468	255	247	502

The actuarial liability falling on the CF across all these schemes has been assessed at £7.9 million at 31 March 2014– £1.5 million attributable to holders of offices as at 31 March 2014 and £6.4 million attributable to former holders of offices or to the surviving widows of former office holders (£8.4 million at 31 March 2013 - £1.4 million to office holders at 31 March 2013, £7.0 million to former holders of offices, or to the surviving widows of former office holders). This 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 for life after leaving office. Two of the current post holders, David Cameron and Christopher 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 2014	Real increase in pension at age 65	CETV at 31 March 2014 or end date	CETV at 1 April 2013 or start date	Real increase in CETV
	£000	£000	£000	£000	£000
David Cameron *Prime Minister*	10 – 15	0 – 5	145 – 150	120 – 125	10 – 15
Christopher Grayling *Lord Chancellor*	35 – 40	0 - 5	485 – 490	425 – 430	20 - 25
John Bercow *Speaker – House of Commons*	35 – 40	(5) – 0	910 – 915	920 – 925	(25) – (20)
Sir Amyas Morse[1] *Comptroller and Auditor General*	–	–	–	–	–
Julie Mellor *Parliamentary and Health Service Ombudsman*	5 – 10	0 – 5	110 – 115	60 – 65	35 - 40
Christopher Graham *Information Commissioner*	15 – 20	0 – 5	270 – 275	205 – 210	40 – 45
Graham Shields *Northern Ireland Chief Electoral Officer*	5 – 10	0 – 5	60 – 65	40 – 45	10 – 15
Jenny Watson *Senior Electoral Commissioner*	10 – 15	0 - 5	150 – 155	115 – 120	15 - 20

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.

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.

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

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 charged to the Treasury's Annual Report & Accounts (£32.9 million in 2013-14 and £32.9 million in 2012-13).

Sums due to the Consolidated Fund:

	Notes	**2013-14**	2012-13
		£m	£m
Balance at 1 April		**10**	3
Coins issued		**245**	219
Cash received by Consolidated Fund	3	**(245)**	(216)
Coins redeemed		**(65)**	(20)
Cash paid by Consolidated Fund	6a	**62**	24
Balance at 31 March		**7**	10

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 per cent share of subscribed capital, reported in the EIB's latest financial statements as at 31 December 2013, was worth €9,334,225,000 as at 31 March 2014 (16.17 per cent worth €8,928,734,000 at 31 March 2013). The UK percentage share decreased from 16.17 per cent to 16.11 per cent because of the addition of Croatia as a shareholder.

	2013-14	2012-13
	£m	£m
European Investment Bank		
At 1 April	**7,552**	5,724
Change due to exchange rate movements	**(170)**	86
Change due to increase in EIB net assets	**335**	1,742
At 31 March	**7,717**	7,552

The larger increase in EIB net assets in 2012-13 arose mainly from the UK contribution of €1.6 billion (£1.4 billion) to an increase in EIB called-up capital.

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.

	2013-14	2012-13
	£m	£m
Land Registry Public Dividend Capital		
At 31 March	**62**	62
Total non-current investments at end of year	**7,779**	7,614

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 liability in the first table below was reported under IAS 37 last year but falls outside the scope of IAS 37 this year as the likelihood that Member States will be called upon to pay the remaining capital is now judged to be remote. This reflects improvements to both the euroarea's macroeconomic prospects and assessment of the European Investment Bank (EIB) by the credit rating agencies. The contingent liability as at 31 March 2014 is reported in the second table below.

	At 31 March 2014	At 31 March 2013
	£m	£m
EIB: Callable capital subscription	**–**	30,195

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 2014	At 31 March 2013
	£m	£m *Restated*
EIB: Callable capital subscription	**29,513**	–
Loans Guaranteed by the EU Budget		
European Financial Stabilisation Mechanism	**5,486**	5,106
Balance of Payments Facility	**1,434**	1,514
Third countries	**2,593**	2,627
Other (macro-financial assistance, EIB lending, Euratom)	**379**	430
	9,892	9,677

The total for Loans Guaranteed by the EU Budget as at 31 March 2013 has been restated from £9,642 million to £9,677 million to take account of two corrections to last year's accounts: a) erroneous inclusion last year of potential losses from Third Country loans and guarantees which would instead be funded by the EU Budget through the Guarantee Fund and b) a correction of the Own Resources Decision percentage used last year to estimate the UK share of the contingent liability.

Value of UK coins in circulation	**4,277**	4,177

European Investment Bank: Callable capital subscription

The latest EIB financial statements at 31 December 2013 show the UK is liable for €35,699 million of callable capital to the EIB (£29,513 million) (31 December 2012: €35,699 million, or £30,195 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 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: to Member States under the Balance of Payments Facility and European Financial Stabilisation Mechanism; and 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 is 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 the latest available from the Commission and comes from the report of December 2013 which shows capital outstanding as at 31 December 2012.

The total of £9,892 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 this contingent liability is 14.92 per cent (2012-13: 15.50 per cent), 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 €80,198 million (2012-13: €73,813 million) so the UK's indicative share would be €11,966 million or £9,892 million (2012-13: €11,441 million or £9,677 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 €22.5 billion is being provided by the EFSM; and 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. The figure of £5,486 million above relates to the indicative UK share of the total drawdown as at 31 December 2012 of €44,477 million (2012-13: €38,944 million). An assessment using more recent figures is given below.

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 (2012-13: €11,545 million). The UK share of this is £1,434 million (2012-13: £1,514 million).

The contingent liability includes guarantees to Third Countries, including Macro Financial Assistance to Albania, Armenia, Bosnia-Herzegovina, the former Yugoslav Republic of Macedonia, Serbia, Montenegro, Lebanon and Tajikistan; 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 per cent of outstanding loans. The UK's estimated share of the residual contingent liability is £2,593 million (2012-13: £2,627 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 2012. However, we have provided more recent figures for capital outstanding under the EFSM.

At 31 March 2014 the total drawdown of EFSM funds by Ireland and Portugal was €46,400 million (31 March 2013: €43,800 million). The estimated UK contingent liability is €6,923 million or £5,723 million (31 March 2013: €6,588 million or £5,572 million).

A further €2,100 million in undisbursed funds is available to Ireland and Portugal. If the total amount available for both programmes of €48,500 million were to be drawn, the UK's estimated contingent liability would be around €7,236 million or £5,982 million.

UK Coins in Circulation

As at 31 March 2013, the estimated value of coins in circulation was £4,177 million. This increased by £100 million to £4,277 million at 31 March 2014. The contingent liability of £4,277 million represents the CF's potential obligation in respect of returned coins. During 2013-14, £62.5 million was redeemed from the CF as a standing service payment (note 6a). (2012-13: £24.5 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 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 9 July 2014.

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