Mineworkers' Pension Scheme

2016

Report & Accounts

Contents

Membership of Committees as at 30 September 2016

Trustees of the Mineworkers' Pension Scheme Limited (the Trustee)

Committee of Management (the Committee)

The appointed and elected Trustee Directors are shown below.

	Appointed Trustee Directors	Elected Pension Representative Trustee Directors	
Committee of Management	N Stapleton *(Chairman)*	J Bonser	- Derbyshire, Nottinghamshire & Lincolnshire
	C Cheetham	R Clelland	- Scotland, North West England & North Wales
	V Cockerill	AW Jones	- Central & Southern England & South Wales
	I Maybury	J Stones	- Yorkshire & North Lincolnshire [1]
	S O'Connor	A Young	- North East England & Overseas
Investment Sub-committee (ISC)	C Cheetham *(Chairman)*	J Betteridge [2]	
	I Maybury	I Harwood [2]	
	J Stones [3]		
	A Young		
Risk and Operations Sub-committee (ROSC)	V Cockerill *(Chairman)*	R Clelland [3]	
	S O'Connor	AW Jones	
Discretions and Appeals Sub-committee (DASC)	V Cockerill *(Chairman)*	R Clelland [3]	
	S O'Connor	AW Jones	

[1] Mr WK Capstick was elected as Pensioner Representative Trustee Director for Yorkshire & North Lincolnshire from 1 October 2016 following the retirement of Mr J Stones.

[2] Mr Harwood and Mr Betteridge are advisers to the Investment Sub-committee.

[3] Mr Clelland replaced Mr Stones as a member of ISC and Mr Bonser replaced Mr Clelland as a member of ROSC and DASC with effect from 1 October 2016.

Appointments as at 30 September 2016

Trustee Company	Trustees of the Mineworkers' Pension Scheme Limited
Executive	**Coal Pension Trustees Services Limited (CPT)** G Mellor, Chief Executive S Dunatov, Chief Investment Officer G Lane, Chief Operating Officer D Whincup, Head of Pension Strategy & Scheme Secretary
Principal Investment Adviser	Coal Pension Trustees Investment Limited (CPTI)
Principal Investment Managers [1]	Insight Investment Management (Global) Limited (Insight) LaSalle Investment Management (LaSalle) Legal and General Investment Management (Legal & General) AQR Capital Management (AQR)
Actuary	M Clarke, Government Actuary
Principal Legal Adviser	Linklaters LLP
Pension Administrator	Paymaster (1836) Limited
Auditor	Ernst & Young LLP
Bankers	JP Morgan Chase Bank, N.A. Lloyds Bank plc
Custodian	JP Morgan Investor Services
Medical Adviser	Dr RM Quinlan RPS Business Healthcare

The Scheme's registration number with the Pensions Regulator is 10058240.

[1] Principal Investment Managers are defined as those managing at least 5% of the Scheme's Net Assets at 30 September 2016.

The Trustee is pleased to present the Annual Report and Accounts of the Mineworkers' Pension Scheme (the Scheme) for the year ended 30 September 2016.

The Investment Report on pages 11 to 15 and the Compliance Statement on page 36 form part of this Annual Report.

Management of the Scheme

The Trustee has ten directors who form the Scheme's Committee of Management (the Committee). Of the ten members of the Committee, five are appointed, and may be removed, by the Committee. When there is an appointed Trustee Director vacancy the Nomination Group recommends a suitable candidate to the Committee. The term of office for an appointed Trustee Director is three years. The maximum number of terms served is three although this can be extended with the agreement of the Guarantor, the Secretary of State for Business, Energy and Industrial Strategy (BEIS).

The remaining five members of the Committee are Pensioner Representatives elected by Scheme members from five geographical constituencies. The term of office for an elected Pensioner Representative Trustee Director is five years after which the Pensioner Representative will be eligible for re-election.

John Stones' term of office as an elected Pensioner Representative Trustee Director for the Yorkshire & North Lincolnshire constituency ended on 30 September 2016. Mr Stones did not stand for re-election. Following the election in that constituency in summer 2016 W Kenneth Capstick was elected for a five-year term of office from 1 October 2016.

The Committee wishes to put on record its sincere appreciation for the significant contribution made by Mr Stones during his tenure of almost twenty seven years as a Trustee of the Scheme.

Attendance at Meetings

During the year there were five meetings of the Committee. Trustee Directors are notified of all meetings in advance. For decisions to be valid a minimum of four Trustee Directors must be present (of whom two must be appointed directors and two Pensioner Representatives). In the case of an equality of votes, the Chairman of the meeting has a second or casting vote.

Sub-committees

To help perform its duties and to streamline decision making the Committee has established, and delegated some of its powers, to three Sub-committees. Each Sub-committee has its own written Terms of Reference agreed by the Committee. The membership of each Sub-committee is shown on page 3. Sub-committee meetings are open to all members of the Committee to attend.

During the year, ISC, ROSC and DASC each met on five occasions.

Remuneration

Members of the Committee are entitled to remuneration for the work they undertake for the Scheme. The rates of remuneration are set by the Secretary of State for Business, Energy and Industrial Strategy for Committee posts other than the Chairman, the Chairman of ISC and the Chairman of ROSC which are set by the Committee after showing that the pay rates have been benchmarked to the satisfaction of the Secretary of State.

Trustee remuneration rates are reviewed annually with effect from 1 April to reflect any increase in the Retail Prices Index (RPI). From 1 April 2016, the rates of remuneration for all Members of the Committee increased in line with the 1.6% rise in RPI, to £68,150 a year for the post of Chairman, to £54,050 a year for the post of Chairman of ISC, to £37,200 a year for the post of Chairman of ROSC and to £17,750 a year for other members of the Committee.

The total remuneration paid in the year to the members of the Committee was £224,300.

Appointments

A list of the key appointments made by the Committee is on page 4. All of these appointments are periodically reviewed by the Committee. The principal investment managers and custodian are also listed on page 4 and a full list of the investment managers is included in the investment report on page 12.

Pension Administrator

Day to day administration of the Scheme pension benefits is carried out by Paymaster (1836) Limited (trading as Equiniti Paymaster). In November 2016 the Committee concluded a comprehensive review of the provision of pension administration services to the Scheme. As a result the Committee have decided to appoint Capita Employee Benefits Limited to replace Equiniti Paymaster as the Scheme's pension administrator. The project to transition to the new administrator is in progress and is not expected to be completed until mid-January 2018. In the meantime pensions will continue to be administered by Equiniti Paymaster.

Coal Pension Trustees Services Limited

Coal Pension Trustees Services Limited (CPT), a company owned jointly by the Scheme and the British Coal Staff Superannuation Scheme (BCSSS), acts as the Scheme's Executive. Four members of the Committee sit on the Board of Directors of CPT. At the year-end these were Mr Stapleton, Mrs O'Connor, Mr Jones and Mr Young. The Board met twice during the year.

A subsidiary company of CPT, Coal Pension Trustees Investment Ltd (CPTI) provides investment advice to the Trustee. CPTI is authorised by the Financial Conduct Authority (FCA).

Further Information

Enquiries about the Scheme should be sent to the Scheme Secretary at the address shown below.

Internal Dispute Resolution Procedure

It is expected that most queries about pension benefits can be resolved by the Scheme's pension administrator. In the event that a complaint cannot be resolved, Scheme members can lodge a formal complaint using the Scheme's Internal Dispute Resolution Procedure (IDRP).

The Scheme's IDRP complies with the requirements of Section 50 of the Pensions Act 1995 and The Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008. The IDRP is the route under which any disputes between the Committee and Scheme beneficiaries may be resolved.

Details of the IDRP can be obtained from the Scheme Secretary at:

Coal Pension Trustees Services Limited
Ventana House, 2 Concourse Way, Sheaf Street, Sheffield S1 2BJ.

IDRP forms can also be downloaded from the 'forms' section of the Scheme's website.

Complainants have recourse to The Pensions Advisory Service (TPAS) to assist them in taking their complaint through the IDRP. TPAS gives free and independent advice to members of the public to help them deal with pension problems.

TPAS can be contacted at:

11 Belgrave Road, London SW1V 1RB
www.pensionsadvisoryservice.org.uk

Transfers out of the Scheme

Transfer values paid during the year in respect of transfers to other pension schemes have been calculated on a basis decided by the Committee following advice from the Actuary. The Committee has directed the Actuary not to take discretionary pension increases into account in the calculation of transfer payments.

Statement of Investment Principles

The Scheme is exempt from producing a Statement of Investment Principles (SIP) under the Occupational Pension Schemes (Investment) Regulations 2005. However, under Clause 9A of the Scheme and Rules the Trustee is required to prepare and maintain a written statement of the principles governing decisions about investments for the purposes of the Scheme. The Statement is reviewed at least every three years and immediately after any significant change in investment policy.

Discretionary Benefits

The Trustee may, in certain circumstances, pay discretionary benefits where Scheme benefits are not yet in payment. The Trustee currently has a discretionary power to grant early payment of unreduced Scheme benefits in extreme and exceptional circumstances, whatever a member's age. For example, discretionary benefits may be paid where a deferred member provides medical evidence to show that life expectancy is limited to eighteen months or less as a result of terminal illness.

Conflicts of Interest Policy

The Committee has a conflicts of interest policy which sets out its principles for identifying, managing and monitoring any Trustee Director, Scheme Executive or Scheme adviser's actual or potential conflicts of interest which may arise in the conduct of Trustee business and decision making. The policy is reviewed regularly.

Evaluation of Trustee Performance

The Committee formally evaluates its performance and the performance of its Sub-committees on a periodic basis.

Membership of the Scheme

Details of changes in the numbers of pensioners and deferred pensioners during the year are shown below.

Deferred members at 30 September 2015	**37,807**
Additions:	
Reinstatements	11
Pension sharing credits	16
Reductions:	
Retirements	2,941
Deaths	192
Transfers	32
Commutations paid	4
Adjustments*	16
Deferred members at 30 September 2016	**34,649**
Pensioners in payment at 30 September 2015	**162,684**
Additions:	
Retirements	2,978
Dependants' Pensions	1,786
Adjustments*	16
Children's pensions	62
Reductions:	
Deaths	7,490
Commutations paid	17,281
Children's benefits	54
Adjustments*	62
Pensioners in payment at 30 September 2016	**142,639**

* 'Adjustments' consist of records where members moved between the various categories shown above during the year, and late notifications.

During the year, 20 pension sharing orders relating to divorce petitions were received from the courts. In four cases, the Scheme member's former spouse became entitled to an immediate pension. In 14 cases the member's former spouse became entitled to a deferred pension from the Scheme in their own right (although three of these have since taken their pensions). An external transfer was subsequently taken in the remaining two cases.

Changes to pensions legislation effective from March 2014 increased the limit for trivial commutation of benefits into a one-off cash payment. During the year over 17,000 qualifying members elected to commute their benefits in this way.

Actuarial Valuation and Report on Actuarial Liabilities

The Scheme is exempt from the statutory scheme funding requirements for occupational pension schemes (Part 3 of the Pensions Act 2004). The funding requirements for the Scheme are instead set out in the Mineworkers' Pension Scheme (Modification) Regulations 1994 and the Guarantee Deed relating to the Mineworkers' Pension Scheme under paragraph 2(9) at schedule 5 to the Coal Industry Act 1994.

Clauses 17, 18A and 18B of the Modification regulations require that the Government Actuary carries out an Actuarial Valuation of the assets and liabilities of the Scheme at least every three years.

The Scheme is split into four notional sub-funds known as the Guaranteed Fund, the Bonus Augmentation Fund, the Guarantor's Fund and the Investment Reserve. More details on the operation of these sub-funds is set out in notes 1 and 15 of these accounts.

The last Actuarial Valuation was carried out as at 30 September 2014. A summary of the Actuary's report is on page 35. Details of the outcome of the valuation of each of the notional sub-funds, reflecting the Guarantee arrangements in the Scheme and Rules, are included in the Actuary's report.

A summary of the valuation results is given below:

- the surplus of £309m in the Guaranteed Fund (plus a further £3m to cover the projected future expenses which are associated with this portion of the Fund) was divided equally between the Bonus Augmentation Fund and the Guarantor's Fund;
- the surplus in the Bonus Augmentation Fund was £251m following the transfer of £156m surplus from the Guaranteed Fund. With the agreement of the Guarantor, £230m of this surplus was allocated to pay three bonuses in 2015, 2016 and 2017;
- the surplus in the Guarantor's Fund was £157m following the transfer of £156m surplus from the Guaranteed Fund;
- the Investment Reserve has no quantifiable liabilities, is not subject to a valuation and had a market value at 30 September 2014 of £1,066m.

Pensions paid from the Guaranteed Fund will continue to be increased in line with inflation measured by the RPI, although bonuses earned before 2012 will be reduced each year by the same amount. However, the new bonuses granted in 2015, 2016 and 2017 will replace the effect of these reductions. The net effect of this is that total benefits will increase in 2015, 2016 and 2017 by the amount of the RPI increase on benefits paid from the Guaranteed Fund.

The Actuary recommended that the existing stream of outstanding payments to the Guarantor from the Guarantor's Fund as at 1 October 2015 be increased slightly. He also recommended that the surplus of £156m transferred from the Guaranteed Fund to the Guarantor's Fund be allocated to a new stream of ten annual payments of £20.7m each, which takes account of expected future investment returns on this amount. The payment to the Guarantor during the year of £113.4m from the Guarantor's Fund is explained in note 12 to the accounts.

In accordance with the provisions of the Scheme, the Actuary considered whether, taking into account the outcome of the 2014 valuation, monies should be released to the Guarantor from the Investment Reserve. He concluded that no payments should be made to the Guarantor in the period up to the Scheme's next Actuarial Valuation.

Method and Significant Assumptions Adopted at the 2014 Actuarial Valuation

The Scheme's financial position is measured by comparing the current value of its assets with the Actuary's estimate of the current value of the Scheme's liabilities. The current value of the Scheme's assets can be determined at the valuation date. There are uncertainties inherent in estimating the current value of the liabilities, for example, the length of time for which a future pension might be paid, the possibility that a survivor's benefit might be paid, and the future rate of return on assets. Estimates of all these factors are used to determine the amount of assets that would be required today in order to meet, in full, the benefits members have already earned up to the date of the valuation.

The regulations require the assumptions for the Actuarial Valuation to be decided by the Actuary. The key assumptions used for the 30 September 2014 Actuarial Valuation were as follows:

Discount rate:	
1 October 2014 to 30 September 2030	3.00% pa real (above RPI)
1 October 2030 onwards	1.50% pa real (above RPI)
RPI inflation	
2015	1.00%
2016	2.15%
2017 onwards	3.15% pa
CPI inflation	
2015	0.00%
2016	1.00%
2017 onwards	2.00% pa
Pension increases	These are derived from the inflation assumptions above in line with the Scheme rules
Mortality rates	Baseline mortality rates are assumed to be in line with standard tables, adjusted to reflect recent Scheme membership experience, with future improvements projected to be in line with those underlying the Office of National Statistics 2012-based principal UK population projections.

The next Actuarial Valuation will be prepared as at 30 September 2017.

Risk Management

The Committee is responsible for the Scheme's Risk Management Framework, which includes the system of internal control, and for reviewing its effectiveness.

The Risk Management Framework is designed to manage the risk of failure to achieve the Committee's objectives and can provide reasonable, but not absolute, assurance against material misstatement or loss.

The ROSC has the remit to review and monitor the Risk Management Framework and make recommendations to the Committee, where appropriate, for improvement. It assists the Committee and other Sub-committees in discharging their responsibilities in relation to financial reporting, risk management and internal controls.

A risk register is maintained by the Committee which records the assessment of applicable risks facing the Scheme together with the effectiveness of controls in place to mitigate each risk. Each Sub-committee has responsibility for ensuring that the specific risks that fall within its remit are being adequately managed. The risk register is reviewed and updated regularly.

Key risks are prioritised to enable attention to be focussed appropriately. Risk appetite measures have been established and compliance with these is monitored by the Committee.

Controls are designed to provide reasonable assurance that the assets are safeguarded against loss from unauthorised use and that benefits are paid in accordance with the Scheme and Rules.

The Committee receives assurance over the operation of the system of internal controls from internal audit and other assurance reviews, according to a programme of reviews approved and overseen by the ROSC.

Basis of preparation of the accounts

Financial Reporting Standard (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, was issued in March 2013. The Statement of Recommended Practice - Financial Reports of Pension Schemes (SORP) was issued in November 2014. FRS 102 and the revised SORP apply to accounting periods beginning on or after 1 January 2015.

As a result the accounts for the year ending 30 September 2016 have been prepared in accordance with FRS 102 and the revised SORP. These require the Committee to make disclosures in relation to fair value hierarchy of investments, credit and market risks arising from financial instruments. Disclosure around the types of risk arising from the Scheme's financial instruments and the Committee's policies and processes for managing these risks are included in note 15 to the accounts.

Statement of Trustee's Responsibilities in Respect of the Accounts

The Mineworkers' Pension Scheme is governed by the Scheme and Rules set out in the Schedule to the Mineworkers' Pension Scheme (Modification) Regulations 1994 and as subsequently amended. Under the Definitive Scheme and Rules, the Committee is required to obtain audited accounts. On 21 September 2016 the Committee resolved to apply the accounting principles in accordance with applicable law and United Kingdom Accounting Standards including FRS 102 and for making available certain other information about the Scheme in the form of an Annual Report.

The Trustee's Report and the Audited Accounts are the responsibility of the Committee. The Scheme and Rules require the Committee to prepare accounts and have them audited. The accounts will:

- Show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of that year of the assets and liabilities other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- Include a statement that the accounts have been prepared in accordance with UK Generally Accepted Accounting Practice, and as required by the Scheme and Rules include specific disclosures in respect of the sub-funds.

The Committee has supervised the preparation of the accounts, and has agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

The Committee has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Investment Review and Performance

The year to 30 September 2016 saw one major central bank, the US Federal Reserve, raise interest rates for the first time since 2006. However, the rest of the developed world continued to engage in unconventional monetary policy as global inflationary pressures remained low and economic growth rates were modest. The major political event of the year was the UK's decision to leave the EU in June's referendum and it had an immediate negative impact on asset prices, with sterling in particular weakening significantly. Whilst sterling has declined further, markets generally recovered but the longer term impact of the decision is still not clear.

Global equity markets as measured by the FTSE All World Index rose by 9.7% over the year whilst the FTSE All Gilt Total Return index returned 12.6%.

UK commercial property as measured by the IPD All Property index had a total return of 3.2%.

Sterling fell by 15.2% over the year on a trade weighted basis as uncertainty surrounding 'Brexit' caused the pound to fall against every major currency. Sterling fell by 14.6% against the euro, its most important trading partner.

Over the year to September 2016 the Committee has continued to increase its exposure to private debt, special situations debt and shipping. Most of these moves were funded from equity sales. The levels of exposure to these assets are expected to increase further over the next year.

During the year the Committee held some positions in derivative markets which provided some downside protection for its holdings in European equities. These expired prior to the UK EU referendum, with the Committee deciding not to continue this positioning. The Committee also increased its exposure to Emerging Market equities during the year.

Following the EU referendum outcome and subsequent sterling weakness the Committee decided to partially hedge its total equity exposure to the euro and US dollar. The private debt, special situations debt and shipping mandates are 100% currency hedged in relation to euro and US dollar exposures.

The Committee uses JP Morgan Investor Services (JP Morgan) as its independent investment performance measurer. Annualised returns over one, three and five year periods are shown below.

	Scheme Return %	Benchmark %
1 Year	19.29	23.45
3 Years	10.86	11.19
5 Years	11.35	11.76

The benchmark shown is the strategic benchmark of the Scheme, and is the composite of benchmarks applied to individual asset classes. The main contributors to the Scheme's return on investments in the year came from Emerging Market Debt (34.9%) and Equities (28.5%).

The Scheme's investment managers and the nature of each mandate are shown below:-

	£m
Cash and Fixed Income	
Cash	
Insight & Other Cash	782
Global Investment Grade Credit	
Wellington	222
Emerging Market Debt	
Legal & General Passive	126
BlueBay	173
Stone Harbor	165
Private Debt	
Bain Capital	467
Goldman Sachs MBD	263
Goldman Sachs Mezzanine	7
Ares	103
Special Situations Debt	
M&G	134
Apollo	126
Varde	78
Oak Hill	73
Atalaya	23
HIG Bayside	6
AnaCap	14
Castlelake	21
Siguler Guff	3
	2,786
Equities	
Public Equity	
Legal & General	2,395
AQR	611
Lazard	441
Cantillon	473
Edinburgh Partners	425
Baillie Gifford	464
Schroder	207
Genesis	226
JO Hambro	231
Private Equity	1,243
	6,716
Property	
LaSalle	1,639
	1,639
Global Macro	
Bridgewater	175
	175
Shipping	
Tufton Oceanic	74
	74
Residual cash, assets and liabilities	**6**
Net Assets at 30 September 2016	**11,396**

The manager totals include investment debtors and creditors and investment cash.

At the end of the year, the actual proportion of investment assets held at market value in comparison to the target asset allocation was as follows:

	Actual %	Target asset allocation %
Cash & Fixed Income		
Cash	6.7	0.0
Global Credit	1.9	0.0
Emerging Market Debt	4.1	6.0
Private Debt	7.3	10.0
Special Situations Debt	4.1	6.0
Equities		
Public equity*	48.1	50.0
Private equity	11.0	10.0
Property	14.7	15.0
Global Macro	1.5	1.5
Shipping	0.6	1.5
	100.0	**100.0**

*The actual allocation to Public Equity includes the market exposure achieved through North American and Emerging Market futures with a corresponding adjustment in the actual allocation to cash.

The ISC has approved a 3% increase in the target allocation to private debt, primarily through the reduction of 1.2% in emerging market debt and 1.7% in public equity. In addition ISC approved a 1% increase to the special situations debt target asset allocation with a corresponding 1% reduction of the private equity target asset allocation. Further investments in special situations debt will be funded from existing cash balances.

Variations between actual and target allocations are monitored by ISC and are rebalanced as appropriate.

The above analysis is based on the underlying investments and differs from the classification used in note 7 to the accounts. The basis of analysis in the accounts is detailed in the accounting policy in note 1 to the accounts.

The ten largest public equity holdings at 30 September 2016 were:

	Market Value £m	Percentage of total Scheme net assets %
Alphabet	135.8	1.19
Amazon.com Inc.	110.6	0.97
Tencent Holdings Ltd.	107.9	0.94
Baidu Inc.	93.6	0.82
Illumina Inc.	82.7	0.72
Facebook	78.8	0.69
Alibaba	72.8	0.64
Tesla Motors	55.3	0.48
Fidelity National Information	48.7	0.43
Industria De Diseno Textil	48.7	0.43
	835.0	**7.31**

The basis of the valuation of investments is shown in note 1 of the accounts.

Custodial and Cash Arrangements

The Scheme's quoted securities are held by a custodian, JP Morgan, who also provides investment accounting, investment performance measurement, securities lending, derivatives valuation and other fund services.

Insight manages most sterling cash balances within their Liquidity funds. The remaining cash is either deposited with JP Morgan Chase Bank, N.A. or placed on deposit in the name of the Scheme.

The Committee's approval is required for any borrowings in excess of agreed short-term overdraft facilities with JP Morgan Chase Bank, N.A. and Lloyds Bank plc.

Most public equities and bonds are registered in the name of nominee companies controlled by the Scheme's custodian or sub-custodians. Bearer securities, where title is conferred by possession, are held through agent banks to the Scheme's order. Passively managed securities are mainly held in pooled funds, which appoint their own custodian.

Property investments are primarily registered in the name of Coal Pension Properties Ltd (CPPL) or Crucible Residential Properties Ltd (CRPL) which are nominee companies controlled jointly by the Scheme and BCSSS, together the Schemes, and incorporated for the purpose of holding title to the Schemes' properties. A further subsidiary company set up as a joint venture between the Scheme and BCSSS holds title to one property. Title deeds are held by firms of solicitors. Trust deeds between the nominee companies and the Schemes establish that the properties are held on behalf of the Schemes and which Scheme holds which property.

Private debt, special situations debt, private equity and shipping investments are held in the name of the Mineworkers' Private Equity Trust on behalf of the Scheme.

Regular reconciliations are carried out of evidence of title and value held by the custodian with records maintained by the Scheme's investment managers.

Corporate Governance

The Committee believes that widespread adoption of good corporate governance practice by investee companies will improve the quality of investee company management and, as a consequence, potentially increase the returns to long-term investors. The Trustee is a signatory to the Financial Reporting Council's (FRC) UK Stewardship Code, updated in 2016. This sets out a number of areas of good practice to which the FRC believes institutional investors should aspire. It also describes steps asset owners can take to protect and enhance the value that accrues to the ultimate beneficiary. Effective intervention, however, requires a deep knowledge of the underlying businesses in which the Trustee effectively invests, which the Committee does not have. For this reason engagement and voting activities for equity managers are delegated to Hermes Equity Ownership Services or in some cases the investment managers and their reports are published on the Scheme website. For other investment classes the Committee relies upon its investment adviser to undertake effective due diligence and ongoing monitoring to ensure that environmental, social and governance considerations are taken into account in the selection, retention and realisation of investments through its investment managers.

Securities Lending

The Scheme participates in securities lending through its custodian, JP Morgan. Approved borrowers are required to provide collateral valued in excess of securities on loan. Additional controls include limits on lending to borrowers and restrictions on acceptable collateral. The Trustee also benefits from an indemnity from JP Morgan against losses on borrower default.

Transaction costs

The management of transaction costs and the obligation to seek best execution is the responsibility of each investment manager, with whom there is a regular dialogue.

Derivatives

The Committee has authorised the use of equity, foreign exchange and bond index futures and options, credit default swaps, currency, interest rate, inflation and total return swaps. These are used by the Scheme's investment managers to contribute to the reduction of risk and to facilitate efficient portfolio management (including the reduction of cost or the generation of additional capital or income with an acceptable level of risk). Controls in place include authorisation of permitted instruments, limits on market exposures and on total tracking errors and collateral requirements.

Futures and options contracts were cleared through Goldman Sachs International and JP Morgan Chase Bank N.A. during the year. JP Morgan Chase Bank N.A. also provides an independent valuation for derivatives.

Currency Hedge

Exposure to euros, Swedish krona and US dollars in relation to the private debt, special situations debt and shipping mandates is 100% hedged.

On behalf of the Trustee:

Nigel Stapleton Chairman

Anthony W Jones Committee Member 8 March 2017

Fund Account
Year ended 30 September 2016

Contributions and Benefits	Note	2016 £m	2015 £m
Benefits	2	(880)	(720)
Payments to and on account of leavers	3	(2)	(1)
Payments due to the Guarantor	4	(113)	(92)
Administrative expenses	5	(7)	(9)
Net Withdrawals from Dealings With Members and the Guarantor		**(1,002)**	**(822)**
Returns on Investments			
Investment income	6	277	237
Change in market value of investments	7	1,680	97
Investment management expenses	8	(50)	(43)
Net Returns on Investments		**1,907**	**291**
Net Increase/(Decrease) in the Fund During the Year		**905**	(531)
Net Assets of the Scheme as at 1 October 2015		**10,491**	11,022
Net Assets of the Scheme as at 30 September 2016		**11,396**	**10,491**

Statement of Net Assets at 30 September 2016

Mineworkers' Pension Scheme

	Note	2016 £m	2015 £m
Investment assets:	7		
Fixed income securities		614	909
Private debt		802	549
Special situations debt		478	247
Public equity		3,206	2,888
Private equity		1,250	1,202
Pooled investment vehicles		2,348	2,104
Derivatives		26	60
Property		1,565	1,494
Shipping		60	44
Other investments		-	12
Joint ventures		71	76
Cash and cash equivalents		1,063	960
Other financial assets		48	49
		11,531	**10,594**
Investment Liabilities:			
Derivatives		(68)	(52)
Other financial liabilities		(72)	(57)
Net Investment Assets		**11,391**	**10,485**
Current Assets	9	**11**	**12**
Current Liabilities	10	**(6)**	**(6)**
Net Assets of the Scheme at 30 September		**11,396**	**10,491**

The accounts summarise the transactions of the Scheme and deal with the net assets at the disposition of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take into account such obligations, is dealt with in the Report on Actuarial Liabilities included on page 8 and these accounts should be read in conjunction with that Report.

These accounts were approved by the Trustee on 8 March 2017.

Signed on behalf of the Trustee:

Nigel Stapleton Chairman

Anthony W Jones Committee Member

Scheme Registration Number: 10058240

1. Accounting policies

Basis of preparation

The accounts have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) - the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with the guidelines set out in the Statement of Recommended Practice – Financial Reports of Pension Schemes (revised November 2014) (SORP), and, as required by the Scheme and Rules include specific disclosure in respect of the sub-funds. The accounts also provide disclosure in accordance with the amendment to FRS 102: Fair value hierarchy disclosures which was approved on 8 March 2016 with an effective date of 1 January 2017. Pension funds are able to early adopt the revised fair value hierarchy from the date of approval and the Committee has chosen to do so. This is the first year that FRS 102 and the revised SORP have applied to the Scheme's accounts. There was no effect on these accounts other than additional disclosures and the change in accounting for joint ventures from the gross equity method to fair value measurement. The principal accounting policies applied in the preparation of these accounts are set out below. The policies have been applied to all the years presented.

Basis of accounting

The accounts include the assets and liabilities, excluding obligations to pay pensions and benefits after the end of the Scheme year, together with the net income arising during the year. The majority of assets and liabilities are held through nominee, trustee or subsidiary companies, limited partnerships and other pooling arrangements.

Basis of consolidation

The results of subsidiary undertakings are included from the date of acquisition and up to the date of disposal using the acquisition method of accounting.

Investment income

Revenue is recognised when the Scheme's right to receive payment is established as follows:

Income from fixed income securities, private debt, private equity, property, shipping and cash is taken into account on an accruals basis. Income from property is stated net of any expenses which relate directly to the income against which it has been incurred.

Income from public equity investments is included in the accounts on the date when the securities are quoted ex-dividend, or where no ex-dividend date is quoted, when the Scheme's right to receive payment is established.

Income arising from the underlying investments of the pooled investment vehicles that is reinvested within the pooled investment vehicles is reflected in the unit price and is reported within the change in market value. Where income is distributed it is included in investment income when the Scheme's right to receive payment is established.

Income from joint ventures is shown separately.

Income arising from special situations debt is included in change in market value.

Individual transfers

Individual transfers from the Scheme during the year are included in the accounts on the basis of when the member liability is accepted or discharged by a registered pension arrangement.

Benefits

Benefits payable are included in the accounts on an accruals basis when the member notifies the Trustee as to the type or amount of benefit to be taken, or where there is no choice, on the date of retirement or leaving.

Administrative expenses and investment management expenses

Administrative expenses and investment management expenses, where they are invoiced directly, are accounted for on an accruals basis. Some investment managers deduct their fees directly from the fund and these are reflected within the change in market value. Irrecoverable VAT is reflected within the appropriate expense heading.

Foreign currencies

Transactions in foreign currencies during the period, including purchases and sales of securities, investment income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. Amounts denominated in foreign currencies at the year-end are translated into sterling, the Scheme's functional currency, at the rate of exchange ruling at the year-end date. Gains and losses on foreign currency denominated investments are shown in aggregate within the change in market value of investments to which they relate in the Fund Account. Gains and losses relating to cash are included in investment income.

Change in market value

The change in market value of investments during the year comprises all increases and decreases in market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Investment assets

The statement of net assets includes investments at fair value and details of the valuation techniques involved in estimating fair values of certain investments are included in notes 1 and 7.

Fair value measurement

The Trustee measures all of its investments at fair value at each reporting date.

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. FRS 102 and the revised SORP requires the use of a three-level hierarchy to estimate the fair value of investments as shown in note 7.

The methods of determining fair value for the principal classes of investments are detailed below.

- Equities and bonds which are traded in an active market are included at the quoted price, which is normally the bid price. Transaction costs arising on all investment purchases and sales are charged to the Fund Account within change in market value by adding to purchase costs and netting against sale proceeds, as appropriate for all investment types.
- Unitised pooled investment vehicles are not traded on an active market. Where the manager is able to demonstrate that they are priced daily, weekly or at each month end, and are actually traded on substantially all pricing days, they are included at the last price provided by the manager at or before year-end.
- The value of private equity, bonds, private debt, special situations debt, shipping and pooled investment vehicles which are unquoted or not actively traded on a quoted market are estimated by the Committee based on advice from the respective investment manager. Where the value of a pooled investment vehicle is primarily driven by the fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value. Where the last valuation provided by the investment manager is prior to the year-end, the valuation is adjusted for cash flows in the intervening period.
- Property is valued at open market value as at 30 September 2016, determined in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards and the Practice Statement contained therein. The properties have been valued by Cushman and Wakefield (C&W), Chartered Surveyors, an external independent valuer with recognised and relevant professional qualifications who has recent experience of the locations and types of properties held by the Scheme, taking account of, amongst other things, the current estimate of rental values and market yield.
- Certain investments, including property investments, are held on behalf of the Scheme through investments in joint ventures with BCSSS and are valued in the same way as the property investments described above.
- Futures are contractual arrangements to buy or sell a specified financial instrument at a specific price at a predetermined future date, are traded in standardised amounts on regulated exchanges, and are subject to daily cash margin requirements. They are valued at the fair value as determined by the closing exchange price as at the year-end.
- Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, and normally transacted over the counter (OTC). They are valued at the current value of future expected cash flows arising from the swap, determined using a discounted cash flow model and market data at the reporting date.
- Options are contractual agreements that convey the right, but not the obligation, for the purchaser to either buy or sell a specified amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period. Exchange traded options are valued at the fair value as determined by the exchange price for closing out the option as at the year-end. OTC options are valued at the fair value using options pricing models.
- Forward foreign exchange contracts are customised contracts transacted in the OTC market. They are valued by determining the gain or loss that would arise from closing out the contract at the year-end by entering into an equal or opposite contract at that date.

Other investment arrangements

The Trustee continues to recognise assets it has lent under securities lending arrangements to reflect its ongoing interest in those securities. Collateral received in respect of these arrangements is disclosed but not recognised as a Scheme asset.

Collateral payments and receipts in respect of OTC derivative contracts and initial margin deposits in respect of futures contracts are reported within cash.

Sub funds

The Scheme is notionally split into four Sub-funds; Guaranteed Fund, Bonus Augmentation Fund, Guarantor's Fund and Investment Reserve, in accordance with the Scheme and Rules as set out in the Mineworkers' Pension Scheme (Modification) Regulations 1994. Movements between the Sub-funds, as calculated by the Actuary, are recognised following completion of the latest Actuarial Valuation as required by the Scheme and Rules dated October 1994. Bonus Pensions payable are charged to the Bonus Augmentation Fund on an accruals basis. Each of the Sub-funds is allocated annually a proportional share of income, expenses and movements in asset values as shown in note 12.

2. Benefits

	2016 £m	2015 £m
Pensions	574	524
Dependant benefits	259	143
Lump sum retirement benefits	47	53
	880	**720**

As explained in the Trustee's Report, changes to pension legislation effective March 2014 increased the limit for trivial commutation of benefits into a one-off cash payment. An exercise to offer qualifying members the opportunity to commute their benefits in this way was carried out during 2016 and over 17,000 members elected to commute their benefits. These one-off cash payments amounted to £184 million during the year and are included in the above figures for pensions (£52 million) and dependant benefits (£132 million).

3. Payments to and on account of leavers

	2016 £m	2015 £m
Individual transfers to other schemes	**2**	**1**

4. Payments due to the Guarantor

	2016 £m	2015 £m
Payments from the Guarantor's Fund	**113**	**92**

Details of the above payments and future payments to be made to the Guarantor are shown in notes 11, 12 and 13.

5. Administrative Expenses

	2016 £m	2015 £m
Pension administration	6	8
Legal, actuarial and other fees	1	1
	7	**9**

Advisory costs of £2.1 million in 2016 relating to CPTI, the Trustee's investment advisor, have been included within investment management expenses as other advisory fees in note 8, as this is considered to be a more appropriate classification. These costs, which were £1.8 million in 2015, are still included within the 'Pension administration' costs for the prior year.

6. Investment income

	2016 £m	2015 £m
Income from fixed interest securities	49	57
Income from private debt	50	33
Dividends from public equities	63	54
Income from private equity	9	-
Property rents	78	73
Income from shipping	16	4
Interest on cash deposits and margin accounts	2	4
Income from joint ventures	3	3
Other	7	9
	277	**237**

Overseas investment income is stated net of withholding taxes. The above table excludes reinvested income arising from pooled investment vehicles.

Income from private equity investments has been included within investment income above as this is considered to be a more appropriate classification. This income was £15 million in 2015 and is still included within change in market value.

Property expenses of £17 million (2015: £18 million) were deducted from property income.

7. Investments

	Value brought forward £m	Purchases at cost and derivative payments £m	Sale proceeds and derivative receipts £m	Change in market value £m	Value carried forward £m
Fixed income securities	909	784	(1,257)	178	614
Private debt	549	365	(166)	54	802
Special situations debt	247	248	(93)	76	478
Public equity	2,888	1,120	(1,545)	743	3,206
Private equity	1,202	165	(312)	195	1,250
Pooled investment vehicles	2,104	1	(318)	561	2,348
Derivative contracts	8	419	(348)	(121)	(42)
Property	1,494	110	(5)	(34)	1,565
Shipping	44	18	-	(2)	60
Other investments	12	-	(12)	-	-
Joint ventures	76	-	-	(5)	71
Cash and cash equivalents	960	71	-	32	1,063
Other financial assets and liabilities	(8)	-	(19)	3	(24)
	10,485	**3,301**	**(4,075)**	**1,680**	**11,391**

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including all profits and losses realised on sales of investments during the year.

	2016 £m	2015 £m
Fixed income securities	**614**	**909**

	2016 £m	2015 £m
Private debt	**802**	**549**

Private debt (continued)

The Scheme's private debt investments are owned through a wholly owned subsidiary undertaking. The private debt investments are secured loans made direct to entities through three investment managers and are principally made to businesses based in the UK, Continental Europe and the US. These investments are not traded on an active market which may restrict the ability of the Trustee to realise them at short notice. Details of private debt forward commitments are shown in note 13.

	2016 £m	2015 £m
Special situations debt	**478**	**247**

The majority of the Scheme's special situations debt investments are held through limited partnerships via pooled funds. The underlying investments are principally loans made to large, mid-size and small companies in Europe and the US. These investments are not traded on an active market which may restrict the ability of the Trustee to realise them at short notice. Details of special situations debt commitments are shown in note 13.

	2016 £m	2015 £m
Public equity	**3,206**	**2,888**

	2016 £m	2015 £m
Private equity	**1,250**	**1,202**

All the Scheme's private equity investments are held through limited partnerships via pooled funds. Within the partnerships the underlying investments are principally management buyouts and institutional purchases of businesses based in the UK, Continental Europe, the US and Asia. Private equity investments are not traded on an active market which may restrict the ability of the Trustee to realise them at short notice. Details of private equity commitments are shown in note 13.

	2016 £m	2015 £m
Pooled investment vehicles	**2,348**	**2,104**

Pooled investment vehicles include holdings in UK and overseas equities, bonds and derivatives. The change in market value also includes expenses to the Scheme and any reinvested income, where the income is not distributed.

The majority of the Scheme's pooled funds represent unitised insurance policies, 2016: 92.5% (2015: 91.0%), with the balance being other managed funds.

	2016 £m	2015 £m
Derivative contracts		
Assets		
Forward foreign exchange contracts	2	33
Future contracts	12	-
Swaps	12	8
Options	-	19
Liabilities		
Forward foreign exchange contracts	(62)	(47)
Future contracts	(6)	(4)
Swaps	-	(1)
Net derivative contracts	**(42)**	**8**

Objectives and policies for holding derivatives

The Trustee has authorised the use of derivative financial instruments by its investment managers as follows:

- Forward foreign exchange contracts are used to provide the Scheme with protection against changes in exchange rates which may adversely affect the value of overseas investments in foreign currencies.
- Futures are used to provide the Scheme with exposure to the equity and bond markets.
- Total return swaps provide the Scheme with exposure to the returns and price movements on emerging market debt bonds.

Forward foreign exchange contracts	Bought £m	Sold £m	Asset £m	Liability £m
US dollar	419	(1,201)	1	(51)
Euro	90	(310)	-	(9)
Yen	1	(3)	-	-
Other	85	(93)	1	(2)
Sterling	1,041	(421)	-	-
Total	**1,636**	**(2,028)**	**2**	**(62)**

Futures

The Scheme holds long and short index future contracts with economic exposure of £373 million and (£437 million) respectively. The majority expire in 3 months' time and are held in baht, Australian dollar, Canadian dollar, euro, sterling, Hong Kong dollar, Mexican peso, rand, ringgit, won, lira, US dollar and yen. The market values of these positions are an asset of £12 million and a liability of £6 million giving a net asset position of £6 million.

Swaps

Contract	Expiration	Nature of Swap	Notional principal £m	Asset £m	Liability £m
Total return swaps	2 to 13 years	Purchase of underlying bond security and receipt of coupon rate and market price movement.	11	12	-

	2016 £m	2015 £m
UK Property	**1,565**	**1,494**

Details of property commitments are shown in note 13.

Other investments	2016 £m	2015 £m
Indirect property holdings	-	12

These represent investments in property funds which are not wholly owned by the Scheme.

	2016 £m	2015 £m
Shipping	**60**	**44**

The Scheme's shipping investments are held through wholly owned subsidiary undertakings. Details of shipping commitments are shown in note 13.

Joint ventures	2016 £m	2015 £m
Investment in joint ventures	101	106
Investment liabilities in joint ventures	(30)	(30)
Net investment in joint ventures	71	76

The amounts above include £71 million (2015: £75 million) of property investments held through interests in joint ventures with BCSSS.

Cash and cash equivalents	2016 £m	2015 £m
Sterling	207	826
Foreign currency	856	134
	1,063	960

Other financial assets and liabilities	2016 £m	2015 £m
Amounts due from broker	14	14
Other debtors	6	-
Outstanding income and withholding tax	28	35
Amounts due to brokers	(32)	(22)
Other creditors	(40)	(35)
	(24)	(8)

AVC investments

Members' additional voluntary contributions (AVCs) are invested separately from the Scheme in investments administered by the Prudential Assurance Company Limited. The value of the AVC fund is included in other financial assets, and movements in the AVC fund value are included in the Fund Account. The AVC fund value at 30 September 2016 was £0.2 million (2015: £0.3 million).

Securities Lending

The Trustee participates in public equity and fixed income securities lending through its custodian, JP Morgan. Approved borrowers are required to provide collateral valued in excess of securities on loan. The value of securities on loan and the collateral provided is shown in the table below.

	Securities on loan 2016 £m	Collateral provided 2016 £m	Securities on loan 2015 £m	Collateral provided 2015 £m
Fixed income securities	48	50	66	69
Public equity	244	259	264	276
	292	309	330	345

Concentration of investments

Investments in the following funds account for more than 5% of the Scheme's net assets.

	2016 Market Value £m		2015 Market Value £m	
L&G North America Equity Index Fund	1,148	10.1%	1,012	9.6%

Fair value hierarchy of assets and liabilities

An amendment to FRS 102: Fair value hierarchy disclosures, was approved on 8 March 2016 with an effective date of 1 January 2017. This made changes to the fair value hierarchy definitions to make them consistent with those required by International Financial Reporting Standard 13 'Fair Value Measurement'. Pension funds are able to early adopt the revised fair value hierarchy from the date of approval and the Committee has chosen to do so. These accounts provide disclosures under the amended framework.

FRS 102 requires the disclosure of financial instruments held at fair value by class under the following hierarchy:

- Level 1 - the unadjusted quoted price in an active market for an identical asset or liability that the entity can access at the measurement date;
- Level 2 - inputs other than quoted prices included within level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly;
- Level 3 - inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Fair value hierarchy of investment assets and liabilities 2016

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Fixed income securities		614		614
Private debt			802	802
Special situations debt			478	478
Public equity	3,206			3,206
Private equity			1,250	1,250
Pooled investment vehicles		2,173	175	2,348
Derivative contracts	6	12	(60)	(42)
Property			1,565	1,565
Shipping			60	60
Joint ventures			71	71
Cash and cash equivalents	222	841		1,063
Other financial assets and liabilities	(24)			(24)
Total investments	**3,410**	**3,640**	**4,341**	**11,391**

Fair value hierarchy of investment assets and liabilities 2015

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Fixed income securities	2	907		909
Private debt			549	549
Special situations debt			247	247
Public equity	2,888			2,888
Private equity			1,202	1,202
Pooled investment vehicles		1,914	190	2,104
Derivative contracts	15	7	(14)	8
Property			1,494	1,494
Shipping			44	44
Other investments			12	12
Joint ventures			76	76
Cash and cash equivalents	166	794		960
Other financial assets and liabilities	(8)			(8)
Total investments	**3,063**	**3,622**	**3,800**	**10,485**

Valuation techniques

Fixed income securities

The Trustee invests in developed corporate bonds and emerging market government bonds. In the absence of a quoted price in an active market they are valued on a 'clean' basis which excludes accrued interest using observable market data such as recently executed transaction prices of securities of the issuer or comparable issuers.

Private debt

The private debt mandates are valued using models developed by the investment managers. A typical model includes discounted cash flow techniques for which significant inputs are the amount and timing of future expected cash flows, market yields, current performance and recovery assumptions and applicable publicly available comparable company valuations. These are included at level 3 within the fair value hierarchy.

Special situations debt and private equity

The Trustee invests in special situations debt and private equity funds. These funds are not quoted in an active market. Where the value of the fund is primarily driven by the fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value. These are included at level 3 within the fair value hierarchy.

Public equity

Public equities are normally quoted at bid prices which are readily available and regularly occurring in active markets from relevant securities exchanges. These are included at level 1 in the fair value hierarchy.

Pooled investment vehicles

Pooled investment vehicles which are traded regularly are included at level 2 of the fair value hierarchy. The prices are published by the pooled investment vehicle manager at bid price on a daily or weekly basis.

Unquoted pooled investment vehicles are reported using the net asset value (NAV) of the fund. The NAV is determined by the pooled investment vehicle manager using fair value principles to value the underlying investments of the pooled arrangement. These investments which are subject to redemption notice periods and are not traded regularly are included at level 3 of the fair value hierarchy.

Derivatives

The investment managers use valuation models which incorporate foreign exchange spot and forward rates and interest rate curves for determining fair values of OTC forward foreign exchange contracts. The valuation techniques include forward pricing using present value calculations and significant inputs into these models are market observable. These investments are included at level 3 in the fair value hierarchy.

Exchange traded future contracts are stated at fair value using market quoted prices. These are included at level 1 in the fair value hierarchy.

Total return swaps are valued based on the cash flows and market prices of the underlying asset. These are included at level 2 in the fair value hierarchy.

Property

The valuation of investment property is performed by C&W at December each year with a further valuation at the Scheme's year-end. C&W are an external, independent valuer with current knowledge of the relevant markets and the skills and understanding to undertake the valuations competently.

For properties in the course of development, construction and associated costs in respect of both the work completed and the work necessary for completion together with a completion date have been considered. Valuations of completed buildings have been based on an assumption that all works of construction have been carried out in accordance with the building contract and specifications, current British standards and any relevant codes of practice.

The properties have been valued at market value which is primarily derived using comparable recent market transactions on arm's length terms and has taken account of current and estimated annual rents receivable and market yields such as net initial yield, nominal equivalent yield and true equivalent yield.

Property investments are included at level 3 in the fair value hierarchy.

Shipping

The fair value of shipping investments is derived by obtaining a broker valuation for the vessels. The broker valuation uses the sales comparison approach which is then adjusted by the investment manager for differences in key attributes such as vessel type, features, age, cargo, capacity and potential freight earnings. Shipping investments are included at level 3 in the fair value hierarchy.

Joint ventures

Property held through joint ventures with BCSSS are valued by C&W at the Scheme year-end and are valued in the same way as the property investments described above. These are included at level 3 in the fair value hierarchy.

Cash and cash equivalents

The Trustee invests some Scheme cash in sterling liquidity funds. These funds are pooled investment vehicles which are traded regularly and are included at level 2 in the fair value hierarchy.

Investment transaction costs	Commisions £m	Taxes £m	2016 £m	2015 £m
Public equities	3	-	3	3
Property	1	1	2	7
	4	1	5	10

Included within the purchases and sales figures in the investment reconciliation table are direct transaction costs comprising fees, commissions and taxes. The Scheme also incurs indirect transaction costs on private debt, special situations debt, private equity and pooled investment vehicles. Such costs are taken into account in calculating the bid-offer spread of these investments and are not separately reported.

8. Investment management expenses

	2016 £m	2015 £m
Administration, management and custody	46	42
Other advisory fees	4	1
	50	**43**

Other advisory fees include £2.1 million of costs relating to CPTI. These costs were £1.8million in 2015 and are still reflected within 'Pensions Administration' costs under note 5 above for the prior year.

9. Current assets

	2016 £m	2015 £m
Prepaid benefits	-	3
Cash at bank	11	9
	11	**12**

10. Current liabilities

	2016 £m	2015 £m
Tax and VAT	**6**	**6**

11. Related party transactions

The Secretary of State for Business, Energy and Industrial Strategy acts as Guarantor to the Scheme. A payment was made to the Guarantor during the year of £113.4 million in respect of surpluses in earlier years.

Four members of the Committee of Management were in receipt of a pension from the Scheme. The aggregate amount paid was £49,016 (2015: four members, £48,675).

Members of the Committee of Management are entitled to receive remuneration from the Scheme. The total remuneration paid to the Trustee Directors in the year was £224,300 (2015: £221,469) and is detailed in the Trustee's Report.

CPT is jointly owned by the Scheme and BCSSS with each appointing four members of their Committees of Management as directors. CPT costs which are in respect of support services are included within pensions administration costs in note 5 and were £1.6 million (2015: £1.5 million). CPTI costs which are in respect of investment advisory services are included within other advisory fees in note 8 and were £2.1 million (2015: £1.8 million).

The Scheme and BCSSS jointly invest in properties and partnerships with a value to the Scheme of £156 million (2015: £126 million). Included in this balance is £71m (2015: £75 million) of joint venture interest which is shown in note 7.

During the year Globe Investments UK Ltd, a subsidiary company owned jointly by the Scheme and BCSSS, carried out a capital reduction exercise and made a dividend payment to its shareholders. As a result a payment of £914,451 was paid to the Scheme on 31 March 2016.

12. Market value of Sub-funds

The movements on the Sub-funds during the year, as confirmed by the Actuary, are set out below:

	Guaranteed Fund £m	Bonus Augmentation Fund £m	Investment Reserve £m	Guarantor's Fund £m	Total Assets £m
Market values at 30 September 2015	**7,703**	**1,257**	**1,092**	**439**	**10,491**
Transfers in respect of lump sums paid	(4)	4	-	-	-
Payments due to Guarantor	-	-	-	(113)	**(113)**
Benefits paid	(691)	(191)	-	-	**(882)**
Allocation of income, expenses and movement in net asset values	1,406	222	210	62	1,900
Market values at 30 September 2016	**8,414**	**1,292**	**1,302**	**388**	**11,396**

As explained in note 1, the Scheme is notionally split into four sub-funds in accordance with the Scheme and Rules as set out in the Mineworkers' Pension Scheme (Modification) Regulations 1994. The basis of each sub-fund is as set out below:

Guaranteed Fund - this is used to fund the pensions which accrued before the Scheme was restructured in October 1994, including the benefit improvements which were made immediately prior to restructuring. Such pensions are guaranteed to increase in line with RPI. A deficit in the Guaranteed Fund is met first by a call on the Investment Reserve, then by equal calls on the Bonus Augmentation Fund and the Guarantor's Fund. Any surplus in the Guaranteed Fund is first used to repay any previous transfers from the Investment Reserve, with any remaining surplus thereafter being split equally between the Bonus Augmentation Fund and the Guarantor's Fund.

Bonus Augmentation Fund - this represents the members' share of surpluses arising from Actuarial Valuations since 1994 and is used to fund bonus pensions, and discretionary benefits in extreme and exceptional circumstances. A deficit in this Bonus Augmentation Fund would lead to bonuses being restructured and becoming reducing amounts over time.

Investment Reserve - this originally represented the Guarantor's share of surpluses present in the Scheme at the time of restructuring in 1994. Ultimately it is all due be paid to the Guarantor, but whilst it remains in the Scheme can be used to support the Guaranteed Fund as described above.

Guarantor's Fund - this represents the Guarantor's share of surpluses arising from Actuarial Valuations since 1994, which is paid out to the Guarantor over ten years. Following the September 2014 valuation, the Actuary recommended that the final payment in the existing series arising from the September 2005 surpluses should be increased to £62.4 million with effect from 1 October 2015 and the nine outstanding payments to the Guarantor arising from the March 2013 interim valuation should be increased to £30.3 million. A new series of ten annual payments of £20.7 million, arising from the September 2014 valuation also commenced from 1 October 2015. A payment of £113.4 million (being £62.4 million, £30.3 million and £20.7 million) made on 1 October 2015 is shown in the table above.

The transfer of £4m from the Guaranteed Fund to the Bonus Augmentation Fund is a reallocation of cash lump sums paid to members in earlier years. The transfer includes an allowance for investment returns in the relevant period as advised by GAD.

13. Forward Commitments and Contingent Liabilities not provided for in the Accounts

Forward commitments comprises expenditure on investments authorised and contractually committed before the year-end which is not provided for in the accounts as it is not yet due. This includes investments in private debt of £53 million, special situations debt of £299 million, private equity of £684 million, property and development costs of £138 million and shipping of £19 million.

The timing of private equity investment funding is uncertain and has been estimated. It is assumed £171 million (25%) will fall due in the next twelve months and the remaining £513 million in later years. Forward commitments in relation to private debt investments will be paid within approximately three months of the year-end while the special situations debt commitments are due to be paid within two years. Forward commitments relating to property purchases and development costs will be paid within two years. Shipping commitments were paid within one month of year-end.

As at 30 September 2016 the sale of £157 million of private equity investments had been agreed, and took place within four months of the year end. The value of the private equity portfolio at year-end was adjusted to reflect the selling price of the investments.

The Guarantor's share of any actuarial surplus is distributed in ten annual payments, the size of which are subject to review at successive actuarial valuations. During the year the Guarantor received payments of £113.4 million (being £62.4 million, £30.3 million and £20.7 million as described in note 12) and £51.0 million (being £30.3 million and £20.7 million) was paid on 1 October 2016. £51 million is payable in each of the eight years from 2017 to 2023 and a final payment of £20.7 million is payable in 2024.

The balance of the Investment Reserve is due to be repaid to the Guarantor by 2029 unless the Guarantor, after consultation with the Trustee, resolves to bring the repayment forward to 2024.

14. Contingent Assets not provided for in the Accounts

Claims for the recovery of UK and overseas tax credits valued at approximately £85 million are being processed through the Courts as part of a Group Order with other UK pension funds. Receipts are recognised on a cash received basis.

An investment in the Dakota, Minnesota and Eastern Railroad Corporation held through a joint venture was sold for initial consideration of £33 million on 10 October 2007. Dependant on rail track expansion into the Powder River Basin in North America, further contingent proceeds of up to £48 million (at year-end exchange rates) may be payable in the period to 2025 which would give rise to an additional tax liability of approximately £10 million.

15. Investment risk and management objectives and policies

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

- **Other price risk:** this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Scheme has exposure to these risks because of the investments the Trustee makes to implement its investment strategy. The objective of the Committee is to maintain a portfolio of suitable assets of appropriate liquidity which will maximise total pensions for all members over the full life of the Scheme and as such the Trustee's primary investment objective is to maximise expected returns subject to risks remaining within tolerances that the Trustee establishes from time to time.

The Committee bases its investment views on an assessment of the economic situation, economic scenarios, and the valuation of assets through time. As a result, the actual asset allocation will change through time as a result of changes to the underlying valuation of different assets and the economic situation. There are no minimum or maximum levels for any asset category or region. However, the total portfolio will remain within the parameters set out below.

Asset liability modelling and other forms of risk analysis are used to estimate the return expectations of the portfolio and the risks that the Committee is taking in seeking to achieve the investment objectives.

Consistent with the objectives and investment views, the Committee's investment strategy is defined below.

1. Time horizon: 3 to 5 years.

2. Return objective: Maximise expected return over the time horizon, subject to risks remaining within the limits set out below.

3. Risk measure:

(i) Probability of the Guaranteed Fund deficit exceeding £500 million over a rolling three year period, after taking account of all available sub-fund transfers.

(ii) Probability of an Investment Reserve debt of greater than £1 billion over a rolling three year period.

4. Liquidity target: Liquid traded assets to account for no less than 30% of the Scheme.

Details of the target asset allocation are set out in the Investment Report on page 13.

These investment objectives and risk tolerances are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Committee by regular reviews of the investment portfolios. Further information on the Committee's approach to risk management and the Scheme's exposures to credit and market risks are set out below.

Credit risk

The Scheme is subject to credit risk because the Trustee directly invests in bonds, private debt and special situations debt, holds cash balances and undertakes securities lending activities.

The Trustee also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled fund. This is a result of the Trustee being dependent on the pooled investment vehicle manager for delivery of the cash flows and for buying and selling of the shares within the pooled arrangement. The Scheme is also indirectly exposed to credit risks arising on the financial instruments held within the pooled investment vehicles.

A summary of exposures to credit risk is given in the following table, and the notes below, which explain how this risk is managed and mitigated for the different classes:

2016 Credit risk	Investment grade £m	Non-investment grade £m	Unrated £m	Total £m
Fixed income securities	475	139		614
Private debt			802	802
Special situations debt			478	478
Pooled investment vehicles			2,348	2,348
Derivatives		12		12
Securities lending - collateral cash	131			131
Cash and cash equivalents	1,063			1,063
Total	**1,669**	**151**	**3,628**	**5,448**

2015 Credit risk	Investment grade £m	Non-investment grade £m	Unrated £m	Total £m
Fixed income securities	793	116		909
Private debt			549	549
Special situations debt			247	247
Pooled investment vehicles			2,104	2,104
Derivatives		7		7
Securities lending - collateral cash	119			119
Cash and cash equivalents	960			960
Total	**1,872**	**123**	**2,900**	**4,895**

Credit risk arising on fixed income securities is mitigated by investing in developed market corporate bonds which are rated at least investment grade in accordance with those deemed so by the major ratings agencies. The Trustee also invests in emerging market government bonds some of which are non-investment grade. The Committee manages the associated credit risk by requesting the investment manager to diversify the portfolio by country, currency and sector and limits the investments to a single issuer to a specified percentage of the investment mandate.

Investments in private debt and special situations debt are not rated by recognised ratings agencies. Credit risk on these investments is mitigated by the credit analysis and due diligence undertaken by the respective investment managers, ensuring adequate security covenant against the loans and guidelines within the mandate that require diversification within the portfolio by region, sector and issuer. In the event that a loan becomes impaired and a credit event occurs the investment managers undertake any restructuring processes necessary to protect the interests of the Scheme.

The Scheme is directly exposed to credit risk in relation to the units it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held within the vehicles. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangement being ring-fenced from the pooled manager. The Committee ensures that due diligence checks are undertaken on the appointment of any new pooled investment vehicle managers and any changes to the regulatory and operating environment of the manager is monitored on an ongoing basis. The indirect risk is mitigated by the Trustee investing in regulated markets and pooled arrangements where the portfolio of investments is diversified.

A summary of pooled investment vehicles by type of arrangement is as follows:

	2016 £m	2015 £m
Unit-linked insurance contracts	**2,173**	1,914
Global macro fund	**175**	190
	2,348	**2,104**

Credit risk arising on derivatives depends on whether the derivative is exchange traded or OTC. OTC contracts do not occur via any regulated exchange and therefore the Scheme is subject to the risk of failure of the counterparty. The credit risk for OTC swaps and forward foreign currency contracts is reduced through collateral arrangements and ensuring all transactions in financial instruments are with reputable counterparties.

As explained in the Investment Report the Scheme participates in securities lending to approved borrowers who are required to provide collateral valued in excess of securities on loan. The Committee re-invests cash collateral received. Credit risk arising is managed by re-investing in permissible securities only, limiting the amount that can re-invested with a given issuer, re-investing in securities that mature within agreed time limits and have a minimum rating as provided by the major ratings agencies.

Cash is held with financial institutions which are at least investment grade credit rated.

Currency risk

The Scheme is subject to currency risk because some of the Trustee's investments are held in overseas markets, either as segregated investments (direct exposure) or via pooled investment vehicles (indirect exposure).

The table below summarises the Scheme's net unhedged exposure by major currency at the year-end.

	2016 £m	2015 £m
Direct currency risk		
Brazilian real	99	90
Euro	401	1,023
Hong Kong dollar	252	201
Indonesian rupiah	91	87
Indian rupee	91	129
Japanese yen	182	211
Mexican peso	79	95
US dollar	2,115	2,083
South African rand	98	123
Other currencies	688	684
Indirect currency risk		
Pooled investment vehicles	2,338	2,092
	6,434	6,818

The Committee receives advice from CPTI regarding the management of currency risk which assists it in agreeing a currency hedging policy for the respective currency and asset class.

The Committee typically limits overseas currency exposure by hedging a proportion of the overseas investments' currency risk within agreed limits using forward foreign exchange contracts. The currency exposures within the private debt, special situations debt and shipping mandates are fully hedged at the reporting date.

Interest rate risk

The Scheme is subject to interest rate risk because some of the Trustee's investments are held in fixed income securities, private debt, special situations debt and total return swaps. The value of these investments is impacted by changes in interest rates which use valuation techniques where interest rates are an input. The private debt loans and most of the special situations debt funds are all based on floating interest rates and therefore carry negligible interest rate risk. They have a duration close to zero and their prices show very little sensitivity to changes in market rates as they are subject to the interest fixing period.

The table below summarises the Scheme's exposure to interest rate risk at the year-end.

	2016 £m	2015 £m
Interest rate risk		
Fixed income securities	**614**	909
Private debt	**802**	549
Special situations debt	**478**	247
Swaps	**12**	7
	1,906	**1,712**

Other price risk

Other price risk arises principally in relation to directly-held public equities, property and shipping. Indirect price risk arises in relation to public equities held in pooled investment vehicles, private equity and public equities and commodities held within global macro funds.

The table below summarises the Scheme's exposure to other price risk at the year-end.

	2016 £m	2015 £m
Direct price risk		
Public equities	**3,206**	2,888
Property	**1,565**	1,494
Shipping	**60**	44
Joint ventures	**71**	75
Indirect price risk		
Equity pooled investment vehicles	**2,173**	1,914
Private equity	**1,250**	1,202
	8,325	**7,617**

The Committee manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

Report of the Independent Auditor to the Trustee of the Mineworkers' Pension Scheme

MPS Mineworkers' Pension Scheme

We have audited the accounts of the Mineworkers' Pension Scheme for the year ended 30 September 2016 which comprise the Fund Account, the Net Assets Statement and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Trustee, as a body, in accordance with the Scheme and Rules set out in the Schedule to the Mineworkers' Pension Scheme (Modification) Regulations 1994 and as subsequently amended. Our audit work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body, for our audit work, for this report, or the opinions we have formed.

Respective responsibilities of Trustee and Auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 10, the Scheme's Trustee is responsible for the preparation of accounts which show a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustee; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the report and accounts to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the accounts

In our opinion the accounts:

- show a true and fair view of the financial transactions of the Scheme during the year ended 30 September 2016, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and,
- contain the information specified in Clause 14 of the Scheme and Rules in respect of specific disclosure in relation to the sub-funds.

Ernst & Young LLP
Statutory Auditor, Leeds

10 March 2017

Summary of the Actuarial Review as at 30 September 2014

MPS Mineworkers' Pension Scheme

An actuarial review of the Scheme is carried out by the Government Actuary usually once every three years. The latest review has been carried out as at 30 September 2014, and is described in my report dated 30 July 2015. The valuation date is 18 months after the additional review in 2013 following agreement between the Trustee and the Government that the actuarial review of the Scheme should revert to the normal triennial cycle.

The main purpose of a review is to determine whether there is a surplus or a deficiency in each of the Scheme's sub-funds by comparing the assets to the liabilities. Under the terms of an agreement reached in 1994, any surplus arising in the Guaranteed Fund (which pays the guaranteed pensions) is shared equally between the members and the Government (by means of transfers to the Bonus Augmentation Fund to finance the award of new bonus pensions and to the Guarantor's Fund to finance phased payments to Government).

The actuarial methodology adopted for the 2014 review reflects the market value of the assets at the valuation date. The liabilities are valued consistently, by choosing assumptions which have regard to current market values. This ensures a fair comparison between assets and liabilities in the valuation balance sheets.

The most important assumptions required to carry out the review are in respect of investment returns, pension increases (in line with prices in the Guaranteed Fund) and mortality.

In the Guaranteed Fund (which contains the members' guaranteed benefits, which accrued up to 1994) the value of the benefits was assessed to be £8,050 million (including an allowance for future expenses) and the market value of the assets was £8,359 million. The 2014 review therefore revealed a surplus in the Guaranteed Fund of £309 million. This surplus (after allowing for the effect of asset transfers on expenses) was transferred in equal shares of £156 million to the Bonus Augmentation Fund and the Guarantor's Fund.

In the Bonus Augmentation Fund (which contains new pensions awarded to members since 1994, from their share of emerging surpluses) the value of the benefits was assessed to be £1,138 million (including an allowance for future expenses). The market value of the assets was £1,389 million following the transfer of £156 million from the Guaranteed Fund. The surplus of £251 million allowed the Trustee to award new Bonus Augmentations which will maintain pensions payable from the Bonus Augmentation Fund at their current level until September 2018 (offsetting the effect of reductions that would otherwise occur). Additionally, an allocation of £2 million was made to support the award of discretionary benefits.

In the Guarantor's Fund (which contains the Government's share of surpluses emerging since 1994) the review revealed a surplus of £157 million on assets of £520 million (following the transfer of £156 million from the Guaranteed Fund). Consequently, the outstanding payments to Government from 2015 were increased slightly and a new series of ten annual payments to the Government of £20.7 million was established.

The Investment Reserve contains the share of the unapplied surplus which was allocated to British Coal at the 1993 review. The market value of the assets in the Investment Reserve as at 30 September 2014 was £1,066 million. The Investment Reserve acts as a buffer against adverse experience in the Guaranteed Fund. Considering the relative size of the Investment Reserve I recommended, after consultation with the Trustee and the Government, that no payments should be made to the Government from the Investment Reserve in the period up to the next valuation.

Martin Clarke
Fellow of the Institute and Faculty of Actuaries
Government Actuary

9 November 2015

Compliance Statement

This statement is included to comply with recommendations contained in the Statement of Recommended Practice 'Financial Reports of Pension Schemes' (revised November 2014), issued by the Pensions Research Accountants Group.

A printable version of the Pensions Regulator's (TPR) Guidance for Trustees is available from the Pensions Regulator's website: www.thepensionsregulator.gov.uk or a copy is available for inspection at the address of the Scheme Secretary, Ventana House, 2 Concourse Way, Sheaf Street, Sheffield S1 2BJ.

Trustees of the Mineworkers' Pension Scheme Limited is registered with the Information Commissioner's Office under the terms of the Data Protection Act 1998.

The registration number of the Scheme with the Pensions Regulator is 10058240.

The Scheme is a registered pension scheme under the provisions of Schedule 36 of the Finance Act 2004. Accordingly under the provisions of sections 186 and 187 of the Finance Act 2004 its income and investment gains are free of taxation. However, income from a trading activity is not investment income and so will be assessed to tax in the normal way.

The investments of the Scheme are made in compliance with the Occupational Pension Schemes (Investment) Regulations 2005.

Cash equivalent transfer values paid during the year were calculated in accordance with the requirements of the Pension Schemes Act 1993.

The Trustee has written agreements in the form of contracts with all major service providers.

Changes to the Scheme Constitution, Rules or Basic Information

Constitution of the Scheme

The Mineworkers' Pension Scheme is governed by the Scheme and Rules set out in the Schedule to the Mineworkers' Pension Scheme (Modification) Regulations 1994 dated October 1994 with subsequent amendments.

Amendments to the Scheme and Rules

The Rules were amended during the year to give effect to the changes arising out of the 2014 Actuarial valuation.

Increases to Pensions in Payment

Guaranteed pensions (in excess of any Guaranteed Minimum Pension (GMP) element) are reviewed annually in line with the percentage change in the Retail Prices Index (RPI) in June. The 2016 increase to guaranteed pensions as above, effective from 3 October 2016, was 1.6% although due to standstill, any previously awarded bonuses were therefore reduced by the same amount.

However, the surplus in the Bonus Augmentation Fund, following completion of the Actuarial Valuation as at 30 September 2014, allowed the Committee to award a new replacement bonus of 1.6% of guaranteed pensions (excluding any GMP entitlement) which had the effect of offsetting the effect of standstill. The increase was effective from 3 October 2016. The Committee also agreed that the surplus in the Bonus Augmentation Fund should be utilised to pay a further replacement bonus to offset the effects of standstill in 2017.

Changes to the Guaranteed pension do not apply to the element of the pension in payment representing any GMP which the Scheme is required to provide as a consequence of contracting out of the State pension arrangements as these increases are provided by the State.

The State will pay any increase to the GMP for Scheme membership before 5 April 1988.

The Scheme will pay the first 3% of any annual cost of living increase due on the GMP for Scheme membership after 5 April 1988. In any year that the increase is more than 3% the State will make up the increase to the cost of living level.

Increases to Benefits in Deferment

Pensions in deferment are generally increased annually in line with price inflation either under statutory revaluation or the Guarantee arrangements. Deferred pensioners have also been awarded bonus increases following distributions of members' share of surplus declared at previous Actuarial Valuations.

All increases were in accordance with the Scheme and Rules or legislative requirements.

A range of publications is available to members.

Requests for copies should be addressed to the Scheme Secretary at:

The Scheme Secretary
Mineworkers' Pension Scheme
Coal Pension Trustees Services Limited
Ventana House, 2 Concourse Way, Sheaf Street, Sheffield S1 2BJ.

This is also the registered office of Trustees of the Mineworkers' Pension Scheme Limited.

The Scheme's website, **www.mps-pension.org.uk**, gives members access to information about the Scheme, on-line copies of Scheme publications, and forms which can be printed off and used to notify the Trustee of changes in circumstances.

The Trustee can be contacted by email using the facility on the website.

Other useful addresses and contact details:

The Pensions Advisory Service (TPAS)
11 Belgrave Road
London SW1V 1RB

www.pensionsadvisoryservice.org.uk

The Pensions Ombudsman
11 Belgrave Road
London SW1V 1RB

www.pensions-ombudsman.org.uk

Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton WV98 1LU

https://www.gov.uk/find-pension-contact-details

The Pensions Regulator
Napier House
Trafalgar Place
Brighton BN1 4DW

www.thepensionsregulator.gov.uk

Notes

Mineworkers' Pension Scheme

Published by:

COAL PENSION TRUSTEES SERVICES LIMITED
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