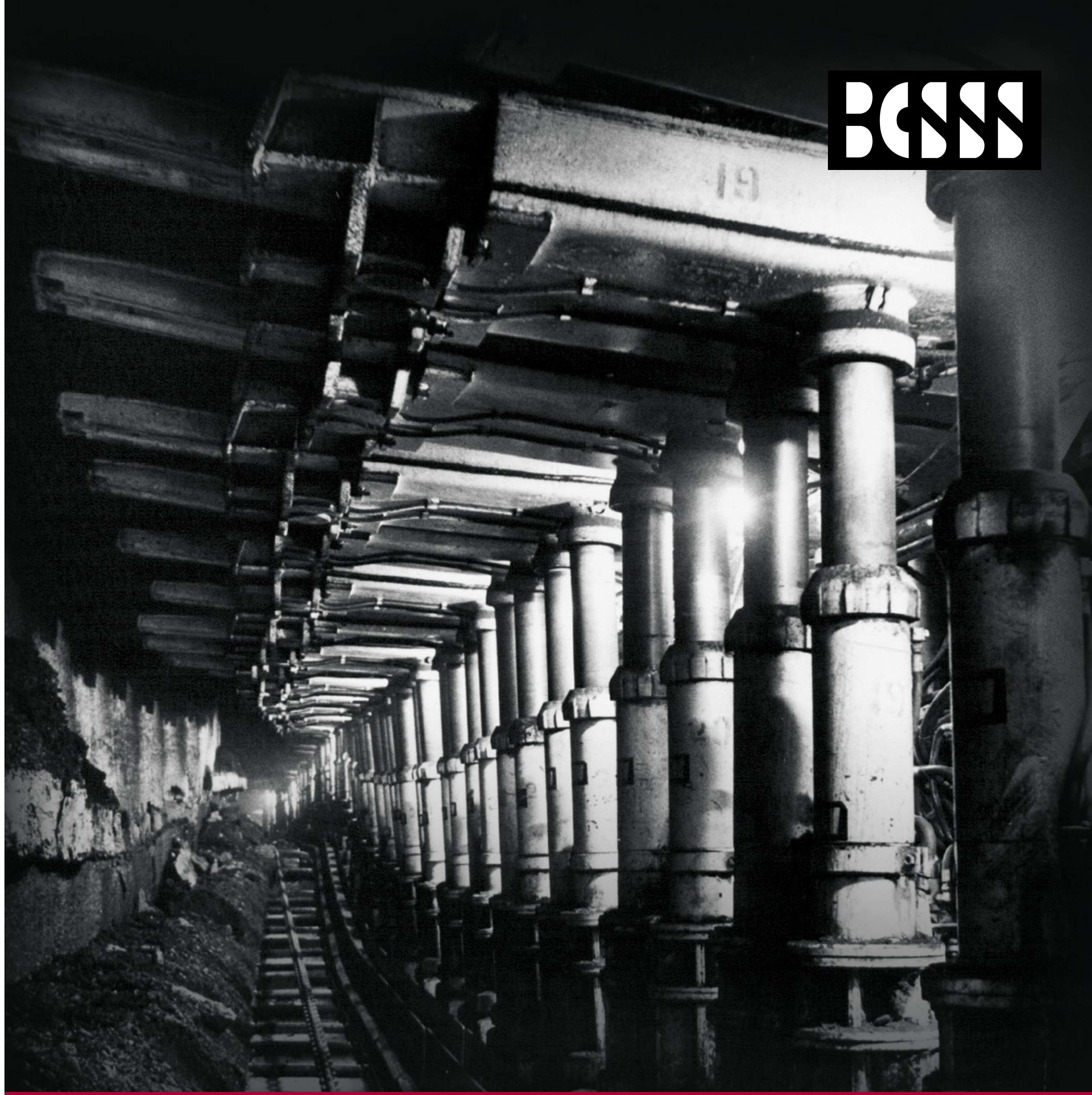
British Coal Staff
Superannuation Scheme



British Coal Staff Superannuation Scheme

Report & Accounts

2015/2016

Notice of meeting

Notice is hereby given that the
Sixty-Ninth Annual General Meeting
of the Scheme will be held in
the Holiday Inn Royal Victoria, Victoria Station Road, Sheffield, S1 2AU
on Thursday 6 October 2016 at 2.00pm.

Business

To receive the Report and Accounts for the year to 31 March 2016 and to debate and vote on any Member Resolutions. Resolutions to be received no later than 22 September 2016. The meeting is open to pensioners and deferred pensioners.

By order of the Committee of Management
Jon Heathfield, Secretary
British Coal Staff Superannuation Scheme

Ventana House
2 Concourse Way
Sheaf Street
Sheffield S1 2BJ
Telephone (0114) 253 6444

July 2016

Membership of Committees

At 31 March 2016
Coal Staff Superannuation Scheme Trustees Limited (the Trustee)

Committee of Management (the Committee)

Appointed Members
Dame Kate Barker (Chairman)
Alan Whalley[1]
Ray Proctor CBE[2]
Richard A Barfield

Elected Pensioner Representative Members
W John Sheldon – East Midlands, Southern England & Overseas
D Allen Clark – Scotland and North East England
Bleddyn W Hancock – North West England, West Midlands, Wales & Northern Ireland
Stuart Jukes[3] – Yorkshire and North Lincolnshire

Investment Sub-committee (ISC)[4]
Richard A Barfield (Chairman)
Kate Barker
Roger Bartley
W John Sheldon
Bleddyn W Hancock
Alan Rubenstein

Administration and Benefits Sub-committee (ABSC)
Alan Whalley (Chairman)[1]
Ray Proctor CBE[2]
D Allen Clark
Stuart Jukes

Discretions and Appeals Sub-committee (DASC)
Ray Proctor CBE (Chairman)[2]
Alan Whalley[1]
D Allen Clark
Stuart Jukes

Risk and Assurance Sub-committee (RASC)
Ray Proctor CBE (Chairman)[2]
Alan Whalley[1]
Stuart Jukes
W John Sheldon

[1] Alan Whalley replaced Heather McGuire as a Trustee Director, Chair of the Administration & Benefits Sub-committee and member of the Discretions & Appeals Sub-committee and Risk & Assurance Sub-committee from 1 May 2015.
[2] Ray Proctor retired as a Trustee Director and Chair of the Discretions & Appeals Sub-committee (DASC) and Risk & Assurance Sub-committee (RASC) and member of the Administration & Benefits Sub-committee on 30 April 2016. He was replaced as a Trustee Director by G James Shearer with effect from 1 May 2016. Following recent Trustee Director changes, the terms of reference of the DASC and RASC are being refreshed and COM will appoint the Chairs in due course.
[3] Stuart Jukes was re-elected as Pensioner Representative for Yorkshire and North Lincolnshire with effect from 1 October 2015.
[4] Roger Bartley and Alan Rubenstein are non-voting members of the Investment Sub-committee.

Appointments as at 31 March 2016

Trustee Company:
Coal Staff Superannuation Scheme Trustees Limited

Executive:
Coal Pension Trustees Services Limited (CPT)
Chief Executive: Geoffrey Mellor
Chief Investment Officer: Stefan Dunatov
Chief Operating Officer: Gerard Lane
Scheme Secretary: Jon Heathfield

Investment Adviser:
Coal Pension Trustees Investment Limited (CPTI)

Actuarial Adviser:
PricewaterhouseCoopers LLP

Principal Investment Managers[1]:
- **BlackRock Investment Management (UK)**
- **Wellington Management International Limited**
- **LaSalle Investment Management**
- **Insight Investment Management**

Consulting Actuary:	**Martin Clarke, Government Actuary**
Principal Legal Advisers:	**Linklaters LLP**
Pensions Administrator:	**Aon Hewitt Limited**
Auditor:	**Ernst & Young LLP**
Bankers:	**Lloyds Bank plc**
	JP Morgan Chase Bank N.A.
	National Westminster Bank plc (a member of the Royal Bank of Scotland Group)
Custodian:	**JP Morgan Investor Services**
Medical Adviser:	**Dr Raymond Quinlan, RPS Business Healthcare Limited**

The Scheme's registration number with the Pension Schemes Regulator is 10151637.

[1] Principal Investment Managers are defined as those managing at least 5% of the Scheme's Net Assets by market value as at 31 March 2016.

Membership of the Committee of Management

The Scheme's Committee of Management (the Committee) has eight members. Four are appointed, and may be removed, by the Committee itself. This is subject to the rules set out in the Articles of Association of the trustee company. Should there be an appointed Trustee Director vacancy, a Nomination Group of two appointed and two elected Trustee Directors is established to recommend a suitable candidate to the Committee.

The remaining four members of the Committee are Pensioner Representatives elected by Scheme members from four geographical constituencies.

Ray Proctor, who had served as an appointed Trustee Director since 1 May 2002, retired as a member of the Committee of Management with effect from 30 April 2016. G James Shearer was appointed as a Trustee Director with effect from 1 May 2016.

The Committee wishes to put on record its great appreciation for the significant contribution made by Mr Proctor during his period of office as a Trustee Director of the Scheme.

Attendance at Meetings

During the year there were six meetings of the Committee. Two members were each unable to attend one meeting. All other members attended all of the meetings. For decisions to be valid a minimum of four members of the Committee must be present (of whom two must be appointed directors and two must be 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, four Sub-committees. Each Sub-committee has its own written Terms of Reference agreed by the Committee. Papers for Sub-committee meetings and the minutes of those meetings are circulated to all members of 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.

There were 21 Sub-committee meetings during the year; with the exception of one member unable to attend one meeting, every Sub-committee meeting was fully attended by all members of that Sub-committee.

Remuneration

Members of the Committee are entitled to remuneration for the work they undertake for the Scheme.

For all the Committee members other than the Chairman and the Chairmen of the Investment Sub-committee (ISC) and the Risk and Assurance Sub-committee (RASC), the rates of remuneration are set by the Secretary of State for Energy and Climate Change.

The Committee determines the remuneration of the Chairman of the Committee and the Chairmen of the ISC and RASC, subject to the Committee providing the Secretary of State with suitable reassurance that the rate of remuneration granted is appropriate relative to the wider market and that the individual's competence for the role has been measured.

During the Scheme year to 31 March 2016 the rates paid were:

Chairman of the Committee	£66,700 pa
Chairman of ISC	£52,900 pa
Chairman of RASC	£36,450 pa
Chairman of ABSC	£20,150 pa
Other Committee Members	£17,350 pa

The total remuneration paid in the year to the members of the Committee was £245,600 (2015: £242,950).

With effect from 1 April 2016 the rates of remuneration were increased in line with the increase in the Retail Prices Index. The rates of remuneration from 1 April 2016 are:

Chairman of the Committee	£67,800 pa
Chairman of ISC	£53,750 pa
Chairman of RASC	£37,050 pa
Chairman of ABSC	£20,500 pa
Other Committee Members	£17,650 pa

Conflicts of Interest

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

Evaluation of Trustee Performance

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

Appointments

A list of the key appointments made by the Committee is on page 3. All of these appointments are periodically reviewed by the Committee.

Coal Pension Trustees Services Limited

Coal Pension Trustees Services Limited (CPT), a company owned jointly by the Scheme and the Mineworkers' Pension Scheme (MPS), acts as the Scheme's Executive.

CPT is responsible for dealing with questions concerning the provisions of the Scheme and any correspondence addressed to the members of the Committee. The company also provides other services to the Trustee, including secretariat, financial management, actuarial support and investment monitoring.

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

Four members of the Committee sit on the Board of CPT. As at 31 March 2016 these were Dame Kate Barker, Richard A Barfield, D Allen Clark and Stuart Jukes. The Board met twice during the year.

Internal Dispute Resolution Procedure

In accordance 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 Scheme operates an Internal Dispute Resolution Procedure. This legislation provides members with the right to ask for any complaint which the Scheme's administrators have been unable to resolve to be referred to the Committee or to a person appointed by them.

The Committee has appointed the Scheme Secretary to consider complaints made by members. Any members not satisfied with a decision can appeal to the Discretions and Appeals Sub-committee (DASC).

During the year, nine complaints were made using the procedure and four appeal cases were considered by DASC. No complaints were taken to the Pensions Ombudsman.

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 10A 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.

A copy of the current statement of the principles governing decisions about investments for the purposes of the Scheme is available on application to the Scheme Secretary.

Membership

The changes in membership for deferred pensioners and pensioners are detailed on pages 9 to 10. The Scheme has no active members and is fully closed with no provision for new entrants.

Annual General Meeting

The 2015 Annual General Meeting (AGM) was held in Edinburgh. The AGM included presentations by the Scheme Chairman, the Chairman of ISC and the Chief Executive of CPT, which covered specific topics of interest to Scheme members including the Annual Report and Accounts and Scheme investments. In addition, representatives of the Scheme administrator were present to answer members' questions. 40 Scheme members attended the meeting.

Arrangements for the 2016 AGM in Sheffield are shown at the front of this Annual Report and Accounts.

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 Trustee's objectives and can provide reasonable, but not absolute, assurance against material misstatement or loss.

The RASC reviews and monitors the Risk Management Framework and makes 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 audit and assurance work approved and overseen by the RASC.

Transfers out of the Scheme

Transfer values paid during the Scheme year in respect of transfers to other pension schemes have been calculated on a basis provided and verified by the Consulting Actuary in accordance with the Pension Schemes Act 1993. The Trustee has directed the Consulting Actuary not to take discretionary pension increases into account in the calculation of transfer payments.

Sustainability Review

In April 2013, the Trustee and the Secretary of State for Energy and Climate Change ("the Guarantor") commenced the "Sustainability Review" to consider options that provided a more sustainable model for the Scheme and were in the interests of both the members and the Guarantor. This resulted in an agreement, hereafter referred to as "the Agreement", which changed the structure and certain provisions of the Scheme from 13 February 2015.

The details of the Sustainability Review and subsequent Agreement were included in full in the 2015 Report and Accounts. A Sustainability Review report has been prepared and is available to members on request to the Scheme Secretary. One of the key points of the Agreement was that the Scheme is no longer split into four Sub-funds. In addition the Trustee made a £500 million part repayment of the former Investment Reserve balance to the Guarantor on 1 April 2015. This payment and the consolidation of the Sub-funds are reflected in the current period financial statements. As at 31 March 2016 the remaining balance of the Investment Reserve (now known as the Adjusted Reserve) was £1.7 billion, further details of which can be found in note 11 to the accounts on page 28.

Basis of Preparation of the Financial Statements

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 financial statements for the year ending 31 March 2016 have been prepared in accordance with FRS 102 and the revised SORP. These require the Trustee 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 Trustee's policies and processes for managing these risks are included in note 14 to the accounts.

Statement of Trustee's Responsibilities in Respect of the Accounts

The British Coal Staff Superannuation Scheme is governed by the Scheme and Rules set out in the Schedule to the British Coal Staff Superannuation Scheme (Modification) Regulations 1994 and as subsequently amended. Under the Definitive Scheme and Rules, the Committee is required to obtain audited financial statements. On 16 March 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 Report of the Committee of Management and the Audited Financial Statements are the responsibility of the Committee. The Scheme and Rules require the Committee to prepare financial statements and have them audited. The financial statements 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 financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice.

The Committee has supervised the preparation of the financial statements, 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.

The Scheme is exempt from the statutory scheme funding requirements (Part 3 of the Pensions Act 2004). Instead the funding requirements of the Scheme are set out in the Agreement signed on 13 February 2015 between the Trustee and the Guarantor.

Schedule 2 of the Agreement states that the Government Actuary is required to perform an Actuarial Valuation and produce a report every three years to advise the Guarantor and the Trustee of the following percentages:

1. The annual compound real return on the Scheme's total assets that would be needed over the lifetime of the Scheme to expect to be able to meet the Scheme's future benefits payments and the Scheme's expenses (the 'Obligations Percentage'); and

2. The annual compound real return on the Scheme's total assets that would be needed over the lifetime of the Scheme to expect to be able to meet the Scheme's future benefit payments, the Scheme's expenses and a payment to the Guarantor on 31 March 2033 equal to the Investment Reserve at 31 March 2015 increased in line with cumulative changes in the Consumer Prices Index (the 'Buffer Percentage').

The last Actuarial Valuation was conducted as at 31 March 2015 and concluded on 18 March 2016. A summary of the valuation results is given in the table below:

	Result at 31 March 2015
Value of the Scheme assets	£9,571 million
Obligations percentage	1.8% pa
Buffer percentage	2.8% pa

Method and Significant Assumptions Adopted at the 2015 Actuarial Valuation

The valuation methodology is to project the expected cash flows of the Scheme (and target payment to the Guarantor, as appropriate) and then to calculate, at the valuation date, the annual real rates of return required on the Scheme's assets over the Scheme's lifetime, in order to meet the Scheme's expected cash flow requirements.

The following significant assumptions were adopted for this valuation:

- Assumed future annualised inflation is shown in the table below

Scheme year	Retail Price Index	Consumer Price Index
2015	1.10% per annum	0.0% per annum
2016	2.15% per annum	1.0% per annum
2017 onwards	3.15% per annum	2.0% per annum

- Pension increases are derived from the assumed future inflation assumptions (as shown above) according to the provisions of the Scheme Rules.

- 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.

Further details about the Actuarial Valuation are included in the Actuary's report on page 35.

Analysis of Changes in the Number of Deferred Pensioners and Equivalent Pension Benefits (EPB)

During the year ended 31 March 2016

	Deferred pensioners	EPB only*
At the beginning of year	4,184	479
Additions during year:	**-**	**2**
Pension credit members **	5	-
Total additions	**5**	**2**
Reductions during year:		
Retirements:		
- normal retirement age	109	6
- commuted trivial pension	-	10
- early retirement with no actuarial reduction	86	-
- early retirement with actuarial reduction	176	-
- ill-health	5	-
- after further deferment	119	-
Deaths notified to the Scheme	5	2
Transfers out	7	-
Closed records ***	-	1
Total reductions	**507**	**19**
Net reduction	502	17
Total at end of year	3,682	462

* Equivalent Pension Benefit (EPB)

Members who left service early with a refund of contributions and who were contributors between April 1961 and April 1975 generally had an Equivalent Pension Benefit (EPB) preserved in the Scheme. This is broadly equivalent to the pension to which they would have been entitled from the State Graduated Pension Scheme, had the BCSSS not been contracted out of that scheme. The BCSSS pays this from age 60 rather than from State Pension Age.

** Pension credit members

For divorce petitions initiated from 1 December 2000, courts have the power to give a former spouse of a pension scheme member the right to a transfer of part of the member's pension rights. The Committee agreed that where benefits were to be divided in accordance with a court order, the former spouse of the Scheme member should have the option to use the transfer payment to secure a pension entitlement in the BCSSS in his/her own right.

*** Closed records

Following a tracing exercise during the year of unclaimed EPB records for members aged over 70 years, one unclaimed record was closed.

Analysis of Changes in the Number of Pensioners and Pensions in Payment including Bonuses

During the year ended 31 March 2016

	Former contributors		Widow(er)s and dependants		Children	
	Number	Annual rate £,000	Number	Annual rate £,000	Number	Annual rate £,000
Guaranteed						
At the beginning of year	**39,321**	**409,360**	**15,608**	**108,371**	**169**	**514**
Adjustments	-1	-	-2	-	-	-
Additions during year:						
Awards on retirement	511	3,526	-	-	-	-
Awards on death of pensioners	-	–	726	5,104	1	1
Pension increases	-	3,655	-	1,012	-	6
Total additions	**510**	**7,181**	**724**	**6,116**	**1**	**7**
Deductions during year:						
Death of pensioners	1,531	15,611	1,218	8,231	-	-
Children attaining age 18 or ceasing full-time education	-	-	-	-	16	58
Total reductions	**1,531**	**15,611**	**1,218**	**8,231**	**16**	**58**
Total guaranteed pensions at end of year	**38,300**	**400,930**	**15,114**	**106,256**	**154**	**463**
Payments arising from surplus*:						
Reducing bonus	-	75,714	-	18,819	-	67
Level bonus	-	23,621	-	6,044	-	26
Total payments arising from surplus	-	99,335	-	24,863	-	93
Total	**38,300**	**500,265**	**15,114**	**131,119**	**154**	**556**

* Payments arising from surplus are bonuses paid to pensioners, as described on page 37.

Policy

The responsibility for setting the investment policy of the Scheme lies with the Committee. Decisions concerning establishment of investment objectives and formulation of an investment strategy which seeks to achieve the objectives are made by the Committee. The ISC is responsible for overseeing the efficient implementation of the investment strategy and deciding on the most appropriate investment structure within delegated parameters. Decisions are made after consideration of advice from CPTI, the Scheme's investment adviser.

Day-to-day investment decisions are delegated to the Scheme's investment managers who are required to follow specific guidelines.

The Committee takes professional advice to ensure that risk in the long-term strategy is appropriate both to the profile of expected benefit payments, and payments due to the Guarantor.

Investment Review and Performance

The year to March 2016 had one important similarity to the previous year in that the world's major central banks maintained various forms of unconventional monetary policy. The central banks of Switzerland, Japan and the Euro area all used negative interest rates as a new policy tool in an effort to support their economies and avert deflation. The UK and US central banks avoided negative interest rates but maintained them at low levels (the Bank of England has had its Base Rate at 0.5% since May 2009).

Despite these monetary policies growth remained weak and inflation remained low across the developed world.

The move to negative interest rates in large parts of Europe and in Japan meant bond yields declined across the world. The FTSE All Gilt index returned 3.2% on the year.

The global equity market fell -0.5% over the period. After a big rise in the equity market in the previous year investors took a more cautious approach this year and without a strong rally in the last six weeks of the period under review the equity fall would have been much greater.

Commercial property prices rose further as the continued low interest rates meant the yields on UK commercial property remained attractive to investors here and across the world. This was to the benefit of the Scheme over the year.

Sterling fell -5.2% over the year on a trade weighted basis. This was to the benefit of the Scheme as it has the majority of its assets invested outside the UK. Some of the weakness in the latter part of the year reflected concern about the referendum on the UK's membership of the European Union. Following the result of the referendum there has been some increased volatility in financial markets that may persist for some time. The Committee have taken a number of steps to manage and mitigate the impact of this volatility.

The Scheme has continued its strategy of seeking to increase its exposure to illiquid assets such as private debt, special situations debt, shipping and property. These investments have been funded primarily from cash and equity sales.

During the year the Scheme maintained some positions in derivative markets which provided some downside protection for its holdings in European equities. This was to the benefit of the Scheme, given the fall in European equities of -5%.

The additional exposure to Japanese equities which the Scheme purchased in 2013 were sold at a profit in September 2015.

The Scheme also sold some equities and purchased government bonds issued by the largest developed world countries and held them through the year. This too was to the benefit of the Scheme, given the decline in interest rates over the year.

Investment Report

The Scheme's investment managers are shown below:-

	Total Net Asset Value £m
Cash and Fixed Income	
Cash	
Insight & other cash	528.5
Developed Global Government Bonds	
BlackRock	509.0
Wellington	511.2
Emerging Market Global Government Bonds	
Legal & General	203.9
Bluebay	167.0
Stone Harbor	160.7
Private Debt	
Goldman Sachs	190.3
Sankaty	345.0
Apollo	228.6
Ares	47.6
Special Situations Debt	
Apollo	70.5
H.I.G	6.2
M&G	115.1
Varde	31.8
Oak Hill	39.1
Castlelake	10.8
Atalaya	19.8
AnaCap	9.5
	3,194.6
Equities	
Public Equity	
BlackRock	1,314.8
Schroders	94.1
Lazard	96.6
Genesis	144.2
Edinburgh Partners	114.7
AQR	330.3
Baillie Gifford	117.0
Lansdowne	193.9
JO Hambro	135.5
Cantillon	197.4
Private Equity	1,218.6
	3,957.1

Property and Infrastructure	
Property	
LaSalle - UK Property	1,094.6
Infrastructure	
Alinda	97.5
Goldman Sachs	90.2
	1,282.3
Global Macro	
Bridgewater	190.7
	190.7
Shipping	
Tufton Oceanic	34.4
	34.4
Residual cash, assets and liabilities	**(11.9)**
Net Assets as at 31 March 2016	**8,647.2**

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

At the end of the year to 31 March 2016, 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	0.9	0
Developed global government bonds & investment grade credit	11.8	17.5
Emerging market global government bonds & credit	6.2	0.0
Private debt	9.2	13.5
Special situations debt	3.5	7.5
Equities		
Public equity*	36.7	30.0
Private equity	14.2	12.5
Property		
UK property	12.7	13.0
Infrastructure	2.2	2.0
Global macro	2.2	2.5
Shipping	0.4	1.5
Total Assets	**100.0**	**100.0**

*The actual allocation to Public Equity includes the market exposure achieved through European Options with a corresponding adjustment in the actual allocation to cash.

The Committee approved investment in developed global government bonds and investment grade credit during the year. Further investments in this asset class up to the target allocation along with those in private debt, special situations debt, UK property and shipping will be funded from cash and equity and emerging market bond sales.

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

The above analysis is based on the underlying investments and differs from the classification used in note 7 to the accounts.

The Committee uses JP Morgan Investor Services (JP Morgan) as its independent investment performance measurer. The annual returns achieved by the Scheme and the comparable Scheme benchmarks for each of the Scheme years from 31 March 2012 to 31 March 2016 are shown below.

	Scheme Return %	Benchmark %
2016	2.7	0.5
2015	14.5	15.9
2014	6.8	5.0
2013	12.9	12.5
2012	3.0	2.0

Annualised Return on Investment Assets to 31 March 2016

During the year ended 31 March 2016

The following table compares the annualised returns over the past one, three and five years.

	Trailing 1 Year		Trailing 3 Years		Trailing 5 Years	
	Scheme %	Benchmark %	Scheme %	Benchmark %	Scheme %	Benchmark %
Fixed income	-5.10	-4.10	-7.52	-6.13	-1.66	-0.73
Private debt	1.50	7.18	-	-	-	-
Special situations debt	5.42	10.03	-	-	-	-
Equities*	3.35	-0.50	10.61	8.13	9.64	8.05
Private equity	16.79	-0.50	19.05	8.53	15.65	8.78
Property	7.95	6.52	10.76	8.37	8.95	6.73
Infrastructure	10.49	1.56	19.50	1.64	15.73	2.35
Global macro	-12.77	-0.50	0.95	8.13	6.52	8.05
Total investments	**2.73**	**0.54**	**8.16**	**6.96**	**8.04**	**7.02**

* Equities includes the composite returns from both public and private equities.

The table highlights that the aggregate returns on the investment portfolio were ahead of the benchmark during the year to 31 March 2016 and over longer time periods.

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 and other fund services.

Insight Investment 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 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, who appoint their own custodian.

Private debt investments are held by BCSSS Investments Sárl and BCSSS Investments 2 Sárl and the shipping investments are held by Beeston Shipping Ltd. These companies are wholly owned subsidiaries.

Property investments are registered in the name of Coal Pension Properties Limited or Crucible Residential Properties Limited which are nominee companies controlled jointly by the Scheme and the MPS and incorporated for the purpose of holding title to the Scheme properties. A further subsidiary company set up as joint venture between the Scheme and MPS holds title to one property. Title deeds are held by firms of solicitors. Trust deeds between the nominee companies and the Schemes establishes that the properties are held on behalf of the Schemes and which Scheme holds which property.

Private equity and special situations debt investments are held in the name of the Coal Staff 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 Scheme is a signatory to the Financial Reporting Council's (FRC) UK Stewardship Code, updated in 2012. 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 Scheme 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 Scheme 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 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.

Appreciation

The Committee wishes to acknowledge the assistance it has received from all its appointees over the year and to record its thanks for the work carried out by them.

For and on behalf of the Committee of Management:

Dame Kate Barker Chairman

Alan Whalley Committee Member

Fund Account

Year ended 31 March 2016

	Note	2016 £m	2015 £m
Contributions and benefits			
Benefits	2	(646)	(656)
Payment to and on account of leavers	3	(2)	(3)
Payment due to Guarantor	4	(500)	(37)
Administrative expenses	5	(4)	(7)
Net withdrawals from dealings with members and Guarantor		**(1,152)**	**(703)**
Returns on investments			
Investment income	6	172	143
Change in market value of investments	7	92	1,183
Investment management expenses	8	(36)	(25)
Net returns on investments		**228**	**1,301**
Net increase/(decrease) in the Fund during the year		**(924)**	**598**
Net assets of the Scheme as at 1 April		**9,571**	**8,973**
Net assets of the Scheme as at 31 March		**8,647**	**9,571**

Statement of Net Assets

At 31 March 2016

	Note	2016 £m	2015 £m
Investment assets	7		
Fixed interest securities		**1,485**	501
Private debt		**767**	356
Special situations debt		**303**	75
Public equity		**1,282**	1,492
Pooled investment vehicles		**1,773**	3,339
Derivatives		**77**	89
Property		**1,006**	907
Other investments		-	38
Shipping		**30**	-
Private equity		**1,219**	1,150
Cash and cash equivalents		**661**	1,629
Other financial assets		**107**	26
		8,710	9,602
Investment liabilities			
Derivatives		**(57)**	(71)
Other financial liabilities		**(110)**	(31)
		(167)	(102)
Investment in joint ventures		**158**	**152**
Net investment assets		**8,701**	**9,652**
Minority interests		**(79)**	**(76)**
		8,622	**9,576**
Current assets	9	**34**	6
Current liabilities	10	**(9)**	(11)
Net assets of the Scheme at 31 March		**8,647**	**9,571**

The financial statements 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.

These financial statements were approved by the Committee on 12 July 2016.

For and on behalf of the Committee of Management

Dame Kate Barker Chairman **Alan Whalley** Committee Member

Scheme Registration Number: 10151637

Notes to the Accounts BCSSS

1. Accounting Policies

Basis of Preparation

The financial statements 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). The financial statements 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 financial statements. There was no effect on these financial statements other than additional disclosures. The principal accounting policies applied in the preparation of these financial statements 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.

Certain investments, including property investments, are held on behalf of the Scheme through interests in joint ventures with the MPS. On consolidation this also results in a minority interest. Where the Scheme has a significant influence or a direct or indirect interest in management of the business, then that interest is accounted for using the gross equity method in the case of joint ventures and is disclosed separately.

Equity accounting is based upon the latest available accounts for those undertakings with a year end up to three months prior to that of the Scheme. In the case where a joint venture has a year-end more than three months prior to that of the Scheme, unaudited management information is used. Adjustments are made to align the accounting policies of the relevant undertaking with those of the Scheme where appropriate.

Investment Income

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

Income from fixed interest securities, private debt, 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 the 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 arising from realised gains on private equity and special situations debt is included in change in market value.

Individual Transfers

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

Benefits

Benefits payable are included in the financial statements 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 valuation and details of the valuation techniques involved in estimating fair values of certain investments are included in note 1 and note 7.

Fair Value Measurement

The Scheme measures all of its investments, except those specifically referred to below, 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 31 March 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) (previously known as DTZ Debenham Tie Lung), 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.
- 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 mainly 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 Investments Arrangements

The Scheme continues to recognise assets delivered out 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.

2. Benefits

	2016 £m	2015 £m
Pensions	499	507
Dependant benefits	130	132
Commutations and lump sum retirement benefits	17	17
Total	**646**	**656**

3. Payments to and on Account of Leavers

	2016 £m	2015 £m
Individual transfers to other schemes	2	3

4. Payments due to Guarantor

	2016 £m	2015 £m
Payments from the Guarantor's fund	500	37

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

5. Administrative Expenses

	2016 £m	2015 £m
Pension administration	3	6
Legal, actuarial and other fees	1	1
Total	**4**	**7**

Advisory costs of £2.1 million in 2016 relating to CPTI, the Schemes 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 were £1.9 million in 2015 and are still included within the Pension Administration costs for the prior year.

6. Investment Income

	2016 £m	2015 £m
Income from fixed interest securities	39	34
Income from private debt	32	18
Dividends from public equities	34	40
Property rents (net of expenses)	48	42
Income from shipping	6	-
Interest on cash deposits and margin accounts	3	2
Income from joint ventures	3	3
Other	7	4
Total	**172**	**143**

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

Property expenses of £8 million (2015: £6 million) were deducted from property income.

Notes to the Accounts

7. Net Investments Assets

Investment reconciliation table

	Value at 1 April 2015 £m	Purchases at cost and derivative payments £m	Sale proceeds and derivative receipts £m	Change in market value £m	Value at 31 March 2016 £m
Fixed interest securities	501	1,630	(714)	68	1,485
Private debt	356	503	(85)	(7)	767
Special situations debt	75	287	(71)	12	303
Public equity	1,492	931	(1,067)	(74)	1,282
Pooled investment vehicles	3,339	5	(1,519)	(52)	1,773
Derivatives	18	445	(369)	(74)	20
Property	907	132	(63)	30	1,006
Other investments	38	-	(38)	-	-
Shipping	-	29	-	1	30
Private equity	1,150	181	(296)	184	1,219
Joint ventures	76	-	(1)	4	79
Cash and cash equivalents	1,629	-	(971)	3	661
Other financial assets and liabilities	(5)	5	-	(3)	(3)
Total investments	**9,576**	**4,148**	**(5,194)**	**92**	**8,622**

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.

Notes to the Accounts

	2016 £m	2015 £m
Fixed interest securities	**1,485**	501

	2016 £m	2015 £m
Private debt	**767**	356

The Scheme's private debt investments are held through two wholly owned subsidiary undertakings. The private debt investments are secured loans made direct to entities through four 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 Scheme to realise them at short notice. Details of private debt commitments are shown in note 12.

	2016 £m	2015 £m
Special situations debt	**303**	75

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 Scheme to realise them at short notice. Details of special situations debt commitments are shown in note 12.

	2016 £m	2015 £m
Public equity	**1,282**	1,492

	2016 £m	2015 £m
Pooled investment vehicles	**1,773**	3,339

Pooled investment vehicles include holdings in UK and overseas equities, bonds and derivatives. The change in market value also includes expenses both implicit and explicit 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: 67.7%,** 2015: 76.1%) with the balance being other managed funds.

	2016 £m	2015 £m
Derivative contracts		
Assets		
Futures contracts	**1**	-
Forward foreign exchange contracts	**66**	14
Swaps	**8**	8
Options	**2**	67
Liabilities		
Futures contracts	**(1)**	-
Forward foreign exchange contracts	**(56)**	(71)
Net derivative contracts	**20**	18

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 markets.
- Total return swaps provide the Scheme with exposure to the returns and price movements on emerging market debt bonds.
- Equity option contracts have been entered into in order to provide some downside protection for the Scheme's exposure to European equities should adverse market movements arise.

Forward Foreign Exchange

	Bought £m	Sold £m	Asset £m	Liability £m
US dollar	861	(1,466)	23	(36)
Euro	995	(754)	35	(7)
Yen	6	(95)	3	-
Other	196	(752)	5	(13)
Sterling	1,896	(1,129)	-	-
Total	**3,954**	**(4,196)**	**66**	**(56)**

Futures

The Scheme holds long and short index future contracts with economic exposure of £76 million and (£66 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, Singapore dollar, won, lira, US dollar and yen. The market values of these positions are an asset of £1 million and a liability of £1 million giving a net liability position of nil.

Swaps

Contract	Expiration	Nature of swap	Principal £m	Asset £m	Liability £m
Total return swaps	3-13 years	Purchase of underlying bond security and receipt of coupon rate and market price movement	8	8	-

Options

Type of option	Expiration	Underlying investment	Notional principal £m	Asset £m	Liability £m
Overseas equities - call	3 months	European equity options	458	2	-

Notes to the Accounts

	2016 £m	2015 £m
UK property	1,006	982

Details of property commitments are shown in note 12.

	2016 £m	2015 £m
Other investments		
Indirect property holdings	-	38

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

	2016 £m	2015 £m
Shipping	30	-

The Scheme's shipping investments are held through wholly owned subsidiary undertakings.

Details of shipping commitments are shown in note 12.

	2016 £m	2015 £m
Private equity	1,219	1,150

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 Scheme to realise them at short notice. Details of private equity commitments are shown in note 12.

	2016 £m	2015 £m
Joint ventures		
Investments in joint ventures	216	211
Investment liabilities in joint ventures	(58)	(59)
Net investment in joint ventures	158	152
Minority interests	(79)	(76)
Scheme interest in joint ventures	79	76

The amounts above include £79 million of property investments held through interests in joint ventures with MPS.

	2016 £m	2015 £m
Cash and cash equivalents		
Sterling	538	1,579
Foreign currency	123	50
Total	661	1,629

	2016 £m	2015 £m
Other financial assets and liabilities		
Amounts due from broker	84	12
Other debtors	21	12
Outstanding income and withholding tax	2	2
Amounts due to brokers	(90)	(13)
Other creditors	(22)	(19)
Total	(5)	(6)

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 31 March 2016 was £0.5 million (2015: £0.5 million).

Securities Lending

The Scheme participates in public equity and fixed interest 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 interest securities	164	169	36	38
Public equity	162	168	36	38
	326	337	72	76

Concentration of Investments

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

	Market Value 2016 £m		Market Value 2015 £m	
BlackRock Aquila Life US Equity Fund	691	8.0%	1,014	10.6%

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 financial statements 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 interest securities	84	1,401	-	1,485
Private debt	-	-	767	767
Special situations debt	-	-	303	303
Public equity	1,282	-	-	1,282
Pooled investment vehicles	-	1,201	572	1,773
Derivatives	2	8	10	20
Property	-	-	1,006	1,006
Shipping	-	-	30	30
Private equity	-	-	1,219	1,219
Joint ventures	-	-	79	79
Cash and cash equivalents	148	513	-	661
Other financial assets and liabilities	(3)	-	-	(3)
Total investments	**1,513**	**3,123**	**3,986**	**8,622**

Fair value hierarchy of investment assets and liabilities 2015

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Fixed interest securities	-	501	-	501
Private debt	-	-	356	356
Special situations debt	-	-	75	75
Public equity	1,492	-	-	1,492
Pooled investment vehicles	-	2,541	798	3,339
Derivatives	67	8	(57)	18
Property	-	-	907	907
Other investments	-	-	38	38
Private equity	-	-	1,150	1,150
Joint ventures	-	-	76	76
Cash and cash equivalents	185	1,444	-	1,629
Other financial assets and liabilities	(5)	-	-	(5)
Total investments	**1,739**	**4,494**	**3,343**	**9,576**

Fixed Interest Securities

The Scheme invests in developed 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. UK Gilts are included at level 1 in the fair value hierarchy whilst other developed government and emerging market bonds are included at level 2.

Private Debt

The private debt mandates are valued using models developed by the investment managers such as 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 Scheme 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 using net asset values are valued 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

Exchange traded options where official prices are readily available from the relevant securities exchange are included at level 1 of 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.

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

Property

The valuation of investment property is performed at December each year with a further valuation at the Scheme's year-end by C&W. 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.

Investment Transaction Costs

	Commissions £m	Taxes £m	2016 £m	2015 £m
Public equities	1	-	1	1
Property	1	2	3	11
Total	**2**	**2**	**4**	**12**

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	31	25
Other advisory fees	5	-
Total	36	25

Other advisory fees include £2.1million of costs relating to CPTI, the Schemes investment advisor. These costs were £1.9 million in 2015 and are still reflected within pensions administration costs under note 5 above for the prior year. Also included in other advisory fees in 2016 are £2.9 million of legal and other third party adviser costs. These costs were £1.5 million in 2015 and are included within the administration, management and custody fees prior year figure of £25 million.

9. Current Assets

	2016 £m	2015 £m
Cash at bank	34	6

10. Current Liabilities

	2016 £m	2015 £m
Tax and VAT	(9)	(10)
Other creditors and unpaid benefits	-	(1)
Total	**(9)**	**(11)**

11. Related Party Transactions

In accordance with the Agreement dated 13 February 2015 and as explained in the Report of the Committee of Management, the Trustee paid £500 million to the Guarantor on 1 April 2015, being a part repayment of the former Investment Reserve which existed prior to the consolidation of the Sub-funds. The remaining balance of the Investment Reserve, now known as the Adjusted Reserve (adjusted for increases in CPI between March 2015 and March 2033) is due to be paid to the Guarantor within twelve months of 31 March 2033. As at 31 March 2016 the balance of the Adjusted Reserve was £1.7 billion.

The Scheme owns UK Government bonds which at the year-end had a market value of £84 million (2015: nil).

Five members of the Committee were in receipt of a pension from the Scheme. The aggregate amount paid was £287,000 (2015: £274,000).

Members of the Committee are entitled to receive remuneration from the Scheme. The total remuneration paid in the year was £245,600 (2015: £242,950) and is detailed in the Report of the Committee of Management.

CPT is jointly owned by the Scheme and MPS 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: £1.9 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: £1.9 million).

The Scheme and the MPS jointly invest in properties and partnerships with a value to the Scheme of £119 million (2015: £147 million). Included in this balance is £79 million (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 MPS, 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. 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 infrastructure and private equity investments of £533 million, private debt investments of £46 million, special situations debt investments of £261 million, property purchases and development costs of £71 million and shipping investments of £9 million.

The timing of infrastructure and private equity investment funding is uncertain and has been estimated. It is assumed £186 million (35%) will fall due in the next twelve months and the remaining £347 million in later years. Forward commitments in relation to private debt investments will be paid within approximately twelve months of the year-end whilst the special situations debt commitments are due to be paid within eighteen months. Property purchases of £16 million were paid within one month of the year-end and it is expected that the balance which represents property development costs will be paid within fifteen months. Shipping commitments were paid within two months of the year-end.

As explained in note 11 the Adjusted Reserve is due to be paid to the Guarantor within twelve months of 31 March 2033. As at 31 March 2016, the balance of the Adjusted Reserve was £1.7 billion.

13. Contingent Assets Not Provided for in the Accounts

Claims for the recovery of UK and overseas tax credits valued at approximately £76 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. Further contingent proceeds of up to £43 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 £9 million.

14. 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 it makes to implement its investment strategy. The objective of the Committee is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet the Scheme's future benefit payments, the Scheme's expenses and the lump sum payment due to the Guarantor on 31 March 2033, as they fall due.

The Committee sets the investment strategy for the Scheme taking into account considerations such as the Government Guarantee, the Scheme's future payments and the funding requirements of the Scheme as set out in the Agreement.

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 as follows.

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

Consistent with the objectives and investment views, the Committee's investment strategy is defined below. However, the strategic funding objectives are currently under review by the Committee and they will consider changes to the investment strategy following conclusion of this review.

1. **Time horizon:** 3 to 5 years
2. **Return objective:** Achieve the return required to 31 March 2033 to meet the Scheme's future benefit payments, the Scheme's expenses as well as to provide the lump sum payment to the Guarantor on 31 March 2033, and earn real returns of 0.5% per annum thereafter
3. **Risk measure:** The level of drawdown risk, defined as the fall in value of the investment portfolio following a significant market event, should be minimised consistent with return expectations being sufficient to meet the above objective
4. **Yield target:** 50% or more of the Scheme's outgoings – minimum requirement 25%

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 on the next page.

Credit Risk

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

The Scheme 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 Scheme being dependent on the pool 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

	Investment grade £m	Non-investment grade £m	Unrated £m	Total £m
Credit risk				
Fixed interest securities	1,384	101	-	1,485
Private debt	-	-	767	767
Special situations debt	-	-	303	303
Pooled investment vehicles	-	-	1,773	1,773
Derivatives	10	8	-	18
Securities lending	326	-	-	326
Cash and cash equivalents	661	-	-	661
	2,381	**109**	**2,843**	**5,333**

2015

	Investment grade £m	Non-investment grade £m	Unrated £m	Total £m
Credit risk				
Fixed interest securities	438	63	-	501
Private debt	-	-	356	356
Special situations debt	-	-	75	75
Pooled investment vehicles	-	-	3,339	3,339
Derivatives	(57)	8	-	(49)
Securities lending	72	-	-	72
Cash and cash equivalents	1,629	-	-	1,629
	2,082	**71**	**3,770**	**5,923**

Credit risk arising on fixed interest securities is mitigated by investing in developed market government bonds which are rated at least investment grade in accordance with those deemed so by the major ratings agencies. The Scheme 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 diversify the portfolio by country, currency, 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 Scheme 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	1,201	2,541
Global macro fund	191	218
Infrastructure funds	188	237
Public equities funds	193	343
	1,773	3,339

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.

The Committee manages the credit risk arising from securities lending by restricting the amount of overall stock that maybe lent, only lending to approved borrowers, limiting the amount that can be lent to any one borrower and putting in place collateral arrangements. At year–end collateral held was 103% of stock lent.

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 Scheme'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	91	91
Euro	205	733
Hong Kong dollar	111	152
Indonesian rupiah	72	84
Indian rupee	-	96
Japanese yen	70	-
Mexican peso	72	84
US dollar	1,641	1,670
South African rand	92	113
Other currencies	497	384
Indirect currency risk		
Pooled investment vehicles	1,491	2,576
	4,342	5,983

The Committee receives advice from its investment consultant 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 developed government bonds, 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 Scheme's investments are held in fixed interest 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 interest securities	1,485	501
Private debt	767	356
Special situations debt	303	75
Swaps	8	8
	2,563	940

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	1,282	1,492
Property	1,006	907
Shipping	30	-
Joint ventures	79	75
Indirect price risk		
Equity pooled investment vehicles	1,394	2,883
Private equity	1,219	1,150
	5,010	6,507

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 British Coal Staff Superannuation Scheme

We have audited the financial statements of the British Coal Staff Superannuation Scheme for the year ended 31 March 2016 which comprise the Fund Account, the Statement of Net Assets and the related notes 1 to 14. 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 British Coal Staff Superannuation 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 7 the Scheme's Trustee is responsible for the preparation of financial statements which show a true and fair view. Our responsibility is to audit and express an opinion on the financial statements 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 Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by 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 Financial Statements

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 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;

Ernst & Young LLP
Statutory Auditor
London
14 July 2016

Summary of the Actuarial Review as at 31 March 2015

An actuarial review of the Scheme is carried out by the Government Actuary every three years. The most recent review was as at 31 March 2015 and is described in my report dated 18 March 2016.

The results of the 31 March 2015 review are set out below. The results are based on a total Scheme asset value of £9,071 million, being the market value as at 31 March 2015 excluding the £500 million payment to the Guarantor on 1 April 2015. Both the percentage figures quoted below are annual real returns (above RPI) which must be earned over the Scheme's lifetime.

Obligations Percentage: 1.8% pa	The real return required on the Scheme's total assets to meet the Scheme's expected future member benefit payments and associated expenses.
Buffer Percentage: 2.8% pa	The real return required on the Scheme's total assets to meet the Scheme's expected future member benefit payments, associated expenses and a payment to the Guarantor in 2033, equal to the 2015 Reserve* indexed in line with CPI inflation.

*The '2015 Reserve' is the Guarantor's share of the Scheme surplus when the coal industry was privatised, less the parts of that surplus already released to the Guarantor, accumulated with investment returns to 31 March 2015. The 2015 Reserve is £1,707 million.

The actuary is also required to advise the Guarantor and the Trustee if, in his opinion, the total value of the Fund is less than will be needed to meet the Scheme's benefit payments and expenses over a period of three years. In my opinion, the Fund is sufficient to meet the Scheme's benefit payments and expenses for a period well in excess of three years.

The valuation results depend on the value of the Scheme assets at the valuation date as well as on the assumptions made; the most important being the assumed rates of inflation (both RPI and CPI) and the future mortality rates.

For more information, please refer to my report dated 18 March 2016. Copies are available from the Scheme Secretary.

Martin Clarke
Fellow of the Institute and Faculty of Actuaries
Government Actuary
27 May 2016

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.

1. A printable version of the Pensions Regulator's 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.

2. Coal Staff Superannuation Scheme Trustees Limited is registered with the Information Commissioner under the terms of the Data Protection Act 1998.

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

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

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

6. The Scheme's registration number with the Pensions Regulator is 10151637.

7. 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 trading activity is not investment income and will be assessed to tax in the normal way.

Constitution of the Scheme

The British Coal Staff Superannuation Scheme is governed by the Scheme and Rules dated October 1994, with subsequent amendments including the changes to the structure of the Scheme following the Sustainability Review and subsequent Agreement dated 13 February 2015.

Amendments to the Scheme and Rules

The power to amend the Scheme and Rules lies with the Guarantor, subject to prior consultation with the Committee.

No Rule amendments were made during the year.

Pension Increases

The Rules provide that guaranteed pensions (in excess of the Guaranteed Minimum Pension (GMP)) should be increased annually in line with the percentage rise in the Retail Prices Index (RPI). The rise in the RPI over the twelve months to November 2015 was 1.1%; guaranteed pensions in payment and deferment were increased by this amount from 1 January 2016. However, standstill was triggered due to the outcome of the 2012 Actuarial Valuation and any previously awarded bonuses were, therefore, reduced by the same amount.

Funds released by the 2012 Valuation were allocated to provide three separate level bonuses, equivalent to 2% of Guaranteed Pension, in 2014, 2015 and 2016. The final of these level bonuses was effective on 1 January 2016.

In future members' pensions will increase as follows:

- Guaranteed pensions will continue to be increased annually in line with the percentage rise in RPI.
- Bonuses awarded up to and including 2013, all of which are now reducing bonuses, will continue to reduce in the same way up to and including 2019.
- The bonuses awarded in 2014, 2015 and 2016 will remain level throughout the future.
- Three new bonuses of 2% of Guaranteed Pensions will be awarded in 2017, 2018 and 2019.
- No new bonuses will be awarded after 2019.
- From 2020 onwards, all the bonuses in payment at that time will be consolidated into one total bonus: this total bonus will neither increase nor be reduced thereafter.

The Government Guarantee ensures that the Trustee will always be able to pay the promised benefits; these benefits will also include the consolidated bonuses from 2020.

The Trustee paid £500 million to the Guarantor on 1 April 2015, being a part payment of the Adjusted Reserve. The remaining balance of approximately £1.7 billion, adjusted for increases in CPI between March 2015 and March 2033, is due to be paid to the Guarantor within twelve months of 31 March 2033.

Actuarial Valuations are performed on a three-yearly basis by the Government Actuary in order to assess the future returns required on the Scheme's assets in order to pay the benefits and Investment Reserve repayment. The Government Actuary's Report on the latest valuation as at 31 March 2015 can be found on page 35.

The Scheme's administration office will be able to provide information and answer questions about Scheme benefits. Questions about the general operation of the Scheme and the policy of the Committee of Management should be addressed to the Scheme Secretary. Mail addressed to a member of the Committee will normally be dealt with by the Secretary.

The Scheme website gives members access to information about the Scheme, online copies of Scheme publications, and forms which can be printed off to notify the Scheme of changes in circumstances. The address is: **www.bcsss-pension.org.uk.**

The administration office address is:

BCSSS
PO Box 196
Huddersfield
HD8 1EG

The address for the Secretary is:

The Secretary
BCSSS
Ventana House
2 Concourse Way
Sheaf Street
Sheffield
S1 2BJ

This is also the registered office of Coal Staff Superannuation Scheme Trustees Limited.

Copies of the Scheme and Rules, the Annual Report and Accounts, Actuarial Valuation Reports and other Scheme publications are available from the Secretary.

Resolving Difficulties

It is expected that most queries about benefits can be resolved by the Scheme's administration office. In the event that a complaint cannot be resolved by the administration office, Scheme members can lodge a formal complaint using the Scheme's Internal Dispute Resolution Procedure. Information about the procedure can be obtained from the Secretary at the address shown on the previous page.

Complainants have recourse to The Pensions Advisory Service (TPAS) to assist them in taking their complaint through the dispute procedure. TPAS is an independent voluntary organisation which gives free and independent advice to members of the public to help them deal with pension problems. If the complaint is not satisfactorily resolved, the Government appointed Pensions Ombudsman can investigate complaints of injustice caused by bad administration, either by the trustee or scheme administrators, or disputes of fact or law. Although separate organisations, both TPAS and the Pensions Ombudsman can be contacted at:

11 Belgrave Road
London
SW1V 1RB

www.pensionsadvisoryservice.org.uk
www.pensions-ombudsman.org.uk

The Pensions Regulator (TPR) can intervene if it considers that a scheme's trustees, advisers or the employer are not carrying out their duties correctly. The address for TPR is:

Napier House
Trafalgar Place
Brighton
BN1 4DW

www.thepensionsregulator.gov.uk

BCSSS is registered with the Pension Tracing Service which maintains a list of the up-to-date addresses of pension schemes to assist ex-members trace their rights if they have lost contact with a previous employer's scheme. The address for the Pension Tracing Service is:

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

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