



ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 March 2011



SAUL Trustee Company

Registration No: 2868875

Superannuation Arrangements
of the University of London

Registration No: 101252158



INTRODUCTION

SAUL Trustee Company (STC) is Trustee and administrator of the Superannuation Arrangements of the University of London (SAUL). The Scheme started in 1976 and was set up to provide retirement benefits for non-academic employees of the University although all staff are eligible to join. It now covers 50 colleges and institutions that have links with higher education in the south-east of England, including most of the Colleges of the University of London, Imperial College and the University of Kent. A full list of employers participating in SAUL is shown in the Membership Analysis on pages 7 and 8.

SAUL is a multi-employer final salary scheme set up under trust. The benefits paid from SAUL are based on the members' pensionable salaries when they retire or leave SAUL, and on the number of years of pensionable service built up in SAUL. Members' and employers' contributions are pooled and invested to provide a fund out of which benefits are paid. SAUL had over 30,000 members and assets of over £1.5 billion as at 31 March 2011.

The Annual Report and Financial Statements describe the management of SAUL and its financial development during the year to 31 March 2011. The report includes the annual Financial Statements for the Scheme that have been prepared and audited in accordance with regulations made under Sections 41(1) and (6) of the Pensions Act 1995 and comply with the Statement of Recommended Practice "Financial Reports of Pension Schemes (revised May 2007)". It also includes reports by the Trustee's professional advisers and the annual Financial Statements for STC.

If you have any queries about this Report or about any entitlement to benefits from SAUL, or if you would like any further general information about SAUL, please contact the Chief Executive at:

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The Superannuation Arrangements of the University of London is registered with the Pension Schemes Registry, Registration Number: 101252158. Its HMRC Registration Number is 000328818RG.

SAUL Trustee Company is a Company limited by guarantee. It is registered in England and Wales, Number 02868875, and its registered office is at the above address.

**SUPERANNUATION ARRANGEMENTS OF THE
UNIVERSITY OF LONDON
AND SAUL TRUSTEE COMPANY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011**

CONTENTS

REPORT	PAGE
Vision and Mission Statements	2
Chairman's Report	3
Chief Executive's Report	5
Membership Analysis	7
Directors of the Trustee	9
Report of the Directors of the Trustee	10
Summary of Valuation Results	15
STC Management and Professional Advisers	17
Membership of the Investment Committee	20
Investment Report	21
Membership of the Negotiating Committee	30
Negotiating Committee Report	31
Membership of Ad Hoc Committees	32
Compliance Statement	34
Actuarial Statement and Certificate	36
Membership of the Audit Committee	38
Statement on Internal Control	39
Independent Auditors' Report on SAUL Financial Statements	40
SAUL Financial Statements for the year ended 31 March 2011	42
Independent Auditors' Statement about Contributions	55
Trustee's Summary of Contributions	56
Appendix 1: STC – Directors' Report for the year ended 31 March 2011	57

SAUL'S VISION STATEMENT

To be the university pension scheme which provides members and dependants with the most attractive long-term benefits in a cost-effective manner.

SAUL TRUSTEE COMPANY'S MISSION STATEMENT

STC is committed to providing professional, best practice and caring pension scheme management to members, beneficiaries and sponsors.

CHAIRMAN'S REPORT

This Annual Report is a significant element of the way in which we report to our stakeholders as to how we have stewarded the Scheme over the past twelve months. From many aspects I am happy that I can report a good performance over the year. Service delivery remains at exceptionally high levels and the investment performance of the assets has met, and in some instances, exceeded our expectations – although as we have not yet received the results of the 2011 Actuarial Valuation (nor will have until some time after this report is published). It will only be then that we can see whether the actual performance has exceeded what the Scheme Actuary assumed.

The 2011 Valuation will be highly significant, coming at a time when very low investment returns and increased longevity mean that the cost of providing a pension gets ever higher, whilst at the same time the participating employers are under increasing financial pressure. As Trustee the Board will be under pressure if the Valuation reveals (as we expect) a deficit, because the Pensions Regulator will expect us to take some action. We have been working with the SAUL Negotiating Committee as the Board itself has no power to make changes to the Scheme. Unlike some defined benefit pension schemes we are fortunate that our Negotiating Committee works very well. Clearly they are anxious not to take precipitate action but have responded positively and, once the results of the Valuation are known, we look forward to further constructive conversations. This year we will have much more accurate information about our members as we have commissioned our Scheme Actuary to undertake a detailed post-code analysis of our membership to understand better our own mortality experience. This will enable more accurate assumptions about how long our members will live, which, in turn, will mean that we can be more confident in the valuation results. This is also the approach the Pensions Regulator expects us to take.

The Pensions Regulator also expects us to understand and evaluate what in the jargon is called the "employer covenant" by which we mean both the ability and the willingness of each participating employer to pay the contributions due to SAUL. Our employers are clearly willing because they have all been very helpful as we undertake this work through our Covenant Review Committee. To keep information confidential this is serviced by the Chief Executive and comprises only the three Independent Directors. Whilst a full analysis of all the employers is yet to be completed early indications are that, in the view of the Trustee, the covenant is strong across all the employers. This work will be ongoing as the cost pressures facing the university sector are realised and played out.

For the past few years the sector has been considering how it might be possible to make savings in the cost of pension provision, and scheme mergers are recognised as one of the routes of obtaining economies of scale. We have had no more new employers seeking to join SAUL, but existing employers are starting to rationalise their arrangements and we are pleased to be able to play a role in that process when asked. Scheme mergers bring home how complex pension legislation and regulation have become, which also emphasises the savings that can be achieved by merging smaller schemes into SAUL. SAUL takes great care to ensure that, in accepting these smaller schemes, the security of existing member benefits is maintained, and the STC office ensures that the costs of these mergers do not fall on the existing members of SAUL.

The Board approved a radical new Corporate Strategy Plan that is designed to make SAUL and STC more cost-efficient, and yet at the same time maintain and improve the quality of service to members. A key part of this, which is covered in greater depth in the Chief Executive's Report on pages 5 to 6, is the introduction of significantly more automation including, in time, the ability of members to access their own data remotely via the web. In implementing the Plan we will work closely with members and employers to make sure that their views are taken into consideration at all stages. A copy of the full Corporate Strategy Plan can be obtained from our web-site.

CHAIRMAN'S REPORT (CONTINUED)

As I mentioned earlier, 31 March 2011, the last day of this financial year, is the date of the formal triennial Actuarial Valuation. The member data and assumptions, to which I have already referred, form one aspect of the Valuation. The other aspect is the investment performance. This is covered in much more detail in the Investment Report on pages 21 to 29, but, given its importance to the process, it is important that I mention it here. This year we have recognised the Trustee's need for more detail and customised-reporting on what each investment manager is doing and, in consequence, we approved, as an explicit investment expense, the introduction of the post of Head of Investments. We are pleased that Kevin Wade joined us in August from Aon Investment Consultants, and we are already seeing the benefit of more tailored and detailed information. He also is working more closely with the investment managers and Investment Consultant, which means that we have a more profound understanding of the drivers of our investment performance.

We have spent much of the past three years making sure that the portfolio is appropriately diversified, properly reflects the increasing number of pensioner and deferred members we have, and also does not depend purely on equity returns. Two significant changes we have made reflect this thinking. First, we have made two new appointments and allocated some ten per cent of the assets to absolute-return funds. These two funds (one managed by Newton, the other by Ruffer) invest in global equity markets but also in different asset classes (Newton more widely than Ruffer) to seek to deliver positive returns in all market conditions. This does mean that in periods of strongly rising equity markets these two funds will not deliver similarly strong returns, but in times of crisis our capital should have some protection from falling asset prices, which is very important in protecting the Scheme's funding position. The second change we have made (that will not be implemented until after the year-end) is to ensure that we have exposure to all Emerging Markets (including Latin America, for example) rather than just those in Asia. This does not mean that we no longer think that Asia is a rapidly growing economic region, simply that there were other, strongly growing, markets in the world to which we had no exposure. Clearly, as these have only been implemented recently it is too soon to know whether or not those have been the right decisions, but the rationale behind them is strong.

Looking ahead, the Board is consulting with employers to ascertain how they may wish to deal with NEST (the Government's new retirement savings plan) and its auto-enrolment requirements.

The last year has seen a period of change, but change that is incremental and is designed to build on strong foundations to create a pension scheme fit for the challenging decades that face us, our members and our employers.

In conclusion, I would like to thank the Chief Executive and her dedicated team at SAUL Trustee Company and the Directors and all those serving on its Committees for all their hard work during this last year of change.

CHIEF EXECUTIVE'S REPORT

As I reflect on the quality of the work that the team in the STC office delivers, and how things have changed over the years it would be all too easy to become complacent. One of the joys of working with the team at STC is that I am never allowed that luxury. There are always things we can be doing to improve what we do, either in terms of quality of delivery or cost control. The Corporate Strategy Plan is clear evidence of exactly that. Much of the past six months has been spent in careful and detailed planning of the many projects that comprise the Plan (which we collectively refer to as Programme Aster - Automated Systems To Ensure Results). It may be a trite saying, but it is very true that if one fails to plan one is planning to fail. That is not our way, and the complexity and ambition of Programme Aster makes both proper planning and project management vital. The value of incorporating these disciplines into all that we do, as well as during Programme Aster, will endure long beyond the end of the Programme.

Data is a serious issue for the Trustee. Without accurate and complete data it is not possible for the right benefits to be paid to the right person at the right time. This is why, along with many other aspects, a full cleanse of all SAUL's data was part of the Corporate Strategy Plan approved by the Board in February. The plan, however, is much wider than simple data cleansing. The Plan sets out a five-year plan of radical change that has four strands. The first element is to ensure compliance with the regulatory requirements of NEST, auto-enrolment and data cleansing. The second is to introduce significant improvements to automation to ensure more streamlined processing and enable the introduction of web-delivery to members. Third is the aim to increase the number of clients served by our commercial arm, STC PML, and the final element is a continuation of the work to seek more merger partners, both within the existing employers and from new participating employers.

The most radical element of the Plan is the move to full automation and web enablement. We have not invested significantly in the technology platform underpinning our service delivery for 13 years, and, if there were no change, there would be a real risk that the costs of running SAUL would increase to a level that neither employers nor members could sustain. Thus we are now investing in technology to take best advantage of new developments to make STC the most efficient pension administrator it can be. The vision includes straight-through processing from employer to STC's records and through to web delivery to the member, for those who want to interact in that way. It also will include fully automating our Finance and HR functions. The cost efficiencies that this automation will deliver will put us in the best position to manage our costs. Alongside this, we will implement formal quality control mechanisms and procedures to make sure that our internal processes are as efficient as possible with no duplication of effort. In time we may even obtain external accreditations such as ISO 9001.

We see all these changes as improving the quality of how we administer SAUL, whilst at the same time allowing us to become more efficient and better able to respond to the cost pressures that face all those working in the higher education sector.

We may have a large pension fund behind us, but we are always conscious that it represents members' money and also that it is funded by both members and employers. Those members and employers are facing tough financial pressures and it is appropriate that STC does what it can to reflect the same issues. The aim of Programme Aster is to enable STC to become significantly more cost-effective.

CHIEF EXECUTIVE'S REPORT (CONTINUED)

The past year has seen some changes to the STC team. We had two retirements in the year: David Hurst, our System Manager; and David Groves our Accounts Technician. Also, Anila Patel who had been Head of Finance returned to a job with a more pure accounting focus. Whilst with us, Anila had not only been Head of Finance, but had also established the Covenant Review process, to which the Chairman has made reference. As well as Kevin Wade, our new Head of Investments, we also welcomed Colin Letford in our Administration Support and Data Team, Rob Orr as Deputy Technical Manager and Maya Maros as Head of Finance. Helen Rutherford joined us in a job share with our existing HR Manager, Suzie St Clair.

Two other staff changes are notable and should be mentioned here. One is the promotion of Kim Brooks to the position of Deputy Chief Executive. Kim has been with us since 2007 as our Head of Benefits. Second is the promotion and job change for Zena Muhsin to the new post of Quality & Risk Manager in which role she will be responsible for ensuring that we have robust, efficient processes and procedures and that these map across to our internal controls, thus ensuring ever more effective risk management. All the new team members are already making very positive contributions to the work of STC, and we look forward to working with them over many years to come.

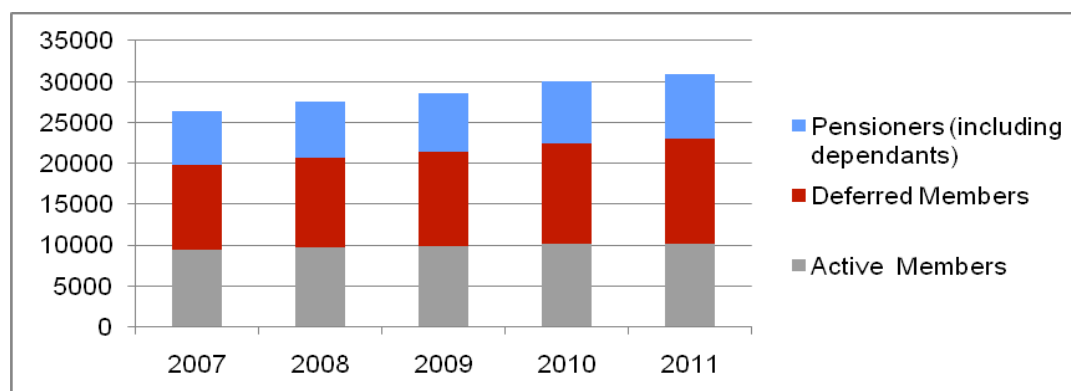
We also anticipate that these changes will make what we do more efficient, and also will put us in a position of obtaining external quality accreditation which should provide our members and employers with reassurance that we are efficient, effective and robust, very much as the publication of our accreditation against the external standard for risk management, the AAF01/06 Report, demonstrates. We were delighted that, after only one year of measuring ourselves against this standard, we were able to make public the report.

And all of this took place in our new office space in the City. One year from our move in late March 2010 we are still delighted with the open plan nature and feel of the office space, the flexibility of the meeting rooms, and the location.

This past year has been very busy internally. Our aim is to make sure that these internal changes and challenges are kept internal and our members, employers and other stakeholders receive a consistent, good quality and responsive service. I believe that we have achieved that aim, and I thank the whole team for enabling that to be the case.

MEMBERSHIP ANALYSIS

AS AT 31 MARCH 2011



5 Year Summary of SAUL Membership

	2011	2010
Active Members	10,081	10,168
Deferred Members	12,927	12,231
Pensioners (including dependants/beneficiaries)	7,863	7,594
TOTAL	30,871	29,993

Deferred pensioners are members who have left service with benefits in SAUL that are due for payment at normal retirement date. These figures include deferred benefits where transfers-out have been requested but not finalised.

Active Membership Analysis

UNIVERSITY OF LONDON	2011	2010
Birkbeck College	252	263
Courtauld Institute of Art	34	31
Heythrop College London	6	7
Institute of Education	169	174
King's College London	1,157	1,142
London School of Economics & Political Science	532	547
London School of Hygiene & Tropical Medicine	210	238
Queen Mary, University of London	672	658
Royal Holloway, University of London	368	394
Royal Veterinary College	332	344
St George's, University of London	182	211
School of Oriental & African Studies	170	169
School of Pharmacy	64	58
University College London	2,053	2,000
Central Academic & Administrative Activities	465	514
	6,666	6,750

MEMBERSHIP ANALYSIS (CONTINUED)

AS AT 31 MARCH 2011

ASSOCIATED INSTITUTIONS	2011	2010
Association of Coloproctology of Great Britain & Ireland	1	1
Association of Commonwealth Universities	6	4
Association of Surgeons of Great Britain & Ireland	14	14
British Academy	34	29
British Association of Oral and Maxillofacial Surgeons	2	2
British Association of Plastic, Reconstructive and Aesthetic Surgeons	4	3
British Association of Urological Surgeons Limited	5	5
British Orthopaedic Association	14	14
British Pharmacological Society	7	6
Drugscope	1	1
ENT UK	4	4
Edexcel Limited (transferred to Pearson Education Limited)	0	85
ExtraCalm Cleaning LLP	49	58
Gray Cancer Institute – University of Oxford	12	11
Gresham College	3	3
Higher Education Statistics Agency	32	32
History of Parliament Trust	1	1
Imperial College	1,561	1,544
International Students' House	41	37
Kent Union	68	74
London Universities Purchasing Consortium	2	1
Overseas Development Institute	38	42
Pearson Education Limited (transferred from Edexcel Limited)	78	0
Quality Assurance Agency for Higher Education	62	65
Royal College of Anaesthetists	58	49
Royal College of Art	254	254
Royal College of Ophthalmologists	19	17
Royal College of Pathologists	35	36
Royal College of Surgeons of England	46	48
SAUL Trustee Company	38	29
Thrombosis Research Institute	3	3
UCL Business plc	24	24
Universities & Colleges Employers' Association	4	4
University of Kent	863	883
Universities UK	31	34
University of Westminster – Policy Studies Institute	1	1
	3,415	3,418

DIRECTORS OF THE TRUSTEE

AS AT 31 MARCH 2011

Mr D E Bennett-Rees MA FIA	Co-opted Director
Mr D G Buckley MSC PhD Chairman	University nominee
Mr W Causon, King's College London	UNISON
Mr K Coventry	UNITE
Mr P Dasgupta BSc DLitt	Co-opted Director
Mr J Foster FCA Director – Special Projects, University College London	University nominee
Mr P G Fraser St George's, University of London	UNITE
Mr C Gosling MA	University nominee
Mr M R Hansen BA FCCA <i>(To 30 June 2010)</i>	University nominee
Mr S Large FCCA ACMA Director of Finance, King's College London <i>(from 1 July 2010)</i>	University nominee
Mr P Leishman	UNISON
Mr G A Robinson BSc FCCA Finance Director, Royal Holloway, University of London	University nominee
Mr J G Tregoning Deputy Chairman	Co-opted Director

STC is the sole corporate Trustee of SAUL. It was appointed by the University of London in 1993 under the Rules in force at that date. SAUL Rule 6.1 sets out the power to appoint new or additional directors. The Board of Directors of STC is made up of five Directors appointed by the Council of the University of London and four Directors appointed by the appropriate Trade Unions (two by UNITE and two by UNISON). The Board also may include up to three co-opted Directors who are appointed and removed by the Board with the agreement of the Negotiating Committee. The Board of Directors meets as the Trustee of SAUL at least once every quarter. The quorum is four members of the Board including at least one Union Director and one Employer Director. Directors appointed either by the University Council or by the Trade Unions may be replaced by their respective appointing bodies.

Mr S Large replaced Mr M R Hansen as a University nominee from 1 July 2010. Mr David Bennett-Rees retired on 30 April 2011, and Ms Anne Kershaw was appointed from 1 May 2011.

REPORT OF THE DIRECTORS OF THE TRUSTEE

FOR THE YEAR ENDED 31 MARCH 2011

This report covers the main topics considered by the Board during the year ended 31 March 2011, relating both to the trusteeship of SAUL and to the Company itself.

DIRECTORS' MEETINGS

The Board met four times over the year, viz. on 27 May 2010, 9 September 2010, 18 November 2010 and 24 February 2011. Members attended meetings as follows:

Mr D E Bennett-Rees	Four meetings
Dr D G Buckley	Four meetings
Mr W Causon	Four meetings
Mr K Coventry	Four meetings
Dr P Dasgupta	Four meetings
Mr J Foster	Four meetings
Mr P G Fraser	Four meetings
Mr C Gosling	Four meetings
Mr M R Hansen (retired 30 June 2010)	One meeting
Mr S Large (appointed from 1 July 2010)	Three meetings
Mr P Leishman	Three meetings
Mr G A Robinson	One meeting
Mr J G Tregoning	Four meetings

DIRECTORS APPOINTMENTS/RETIREMENTS

The Board approved appointments of members of the Board and Committees as they arose. Mr M R Hansen (a University nominee) retired on 30 June 2010. Mr S Large replaced him as a member of the Board from 1 July 2010, and as a member of the Audit Committee from 1 September 2010. The Board also noted that the University of London had appointed Mr Large as a member of the Negotiating Committee.

DIRECTORS' TRAINING

Training sessions were arranged in June 2010 and January 2011. The June session included a case study of the SAUL Rules. The Scheme Actuary also presented a paper on the actuarial valuation at this session. He presented a paper on longevity at the January 2011 session. These were viewed as timely preparation for the triennial Actuarial Valuation that will cover the period to 31 March 2011. Fund managers from Newton presented papers on the economy and investment aspects at the January session.

REPORT OF THE DIRECTORS OF THE TRUSTEE

FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

COMMITTEES

Much of the work of the Board is delegated to the Audit, Complaints, Covenant Review, Deed, Investment, Nominations and Staffing Committees. The work of these Committees is vital to the good running of STC, and the Board is most grateful to those Directors who are able to serve on them.

ACTUARIAL VALUATION AND FUNDING ISSUES

In accordance with statutory requirements, the Scheme Actuary provided a summary of the funding position at 31 March 2010. The Board also was given a paper that considered how it might best manage the issue of increasing longevity. The Board wished to be in the position that a plan could be put in place if the 2011 Actuarial Valuation confirmed a weaker funding position than the Scheme Actuary and the Board expected. For that reason, it had requested the Negotiating Committee to review all the options available, and this work is continuing.

CORPORATE STRATEGY AND BUSINESS PLAN

Each year, the Board reviews the Corporate Strategy Plan, which covers a rolling five-year period. The plan focuses on the internal operations of STC, with the current emphasis on the need to introduce more automation of processes and systems to ensure effective cost control and to increase efficiency. The Corporate Strategy Plan is available on SAUL's web-site.

THE BUDGET

The Board noted that there was a projected overspend in the budget for the financial year 2010-2011. It noted the Rules resulted in an increase of 3.1% for pensions in payment. It decided not to apply any increase to the fees paid to members of the Board and of the Committees in view of the current financial position.

DEVELOPMENTS IN THE SECTOR

The Board is kept up-to-date with legislative changes, consultation documents issued by bodies such as the Treasury, guidance issued by the Pensions Regulator, and through newsletters issued by the Legal Adviser. It also is kept informed on pension matters that are being discussed in the public and higher education sectors.

EMPLOYER COVENANT

The strength of each employer's covenant is very important from the viewpoint of SAUL's funding. In order to strengthen its approach, the Board has appointed a Covenant Review Committee. This is composed of the three co-opted directors and the Committee will have access to information provided to it on a confidential basis by the employers.

REPORT OF THE DIRECTORS OF THE TRUSTEE

FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

EMPLOYER MATTERS

The Board received regular reports on employer matters that are, in the main, related to individual employers. These include matters such as the withdrawal and admission of employers, changes in their legal identity and ownership.

INVESTMENT MATTERS

The economic environment continued to be challenging, and this is reported on in the Investment Report on pages 21 to 29.

REVIEW OF ADVISERS

The Board reviews its advisers on a regular basis. This year it carried out reviews of the Scheme Actuary and of the Legal Adviser. A review of the Investment Consultant also is underway, and will be completed by early autumn 2011.

RISK POLICY

The Board has both a Risk Policy and a Risk Register, which provide frameworks for the management of risks, and demonstrate the controls in place to mitigate them. The Audit Committee carries out an annual review of the Risk Register and the controls in place, and reports to the Board. This year saw the publication of STC's first AAF01/06 Assurance Report on Internal Controls. This work was carried out by the internal auditors, and the report provides assurance to third parties in relation to the existence and testing of internal controls as applied to key areas of work.

The Board has appointed a Quality & Risk Manager to monitor this work.

The Board has a conflicts of interest policy and a policy in relation to the acceptance of hospitality. A Business Continuity Plan has been drawn up with the purpose of providing access to alternative premises and facilities in the event of a major emergency in the City of London. An annual Health & Safety report, with quarterly updates, is provided in connection with the office premises.

STC PENSION MANAGEMENT LTD (STC PML)

The Board received regular updates from STC PML on the administration services provided to its clients, which demonstrate the same high quality service as delivered to SAUL members, that is much appreciated.

TERMS OF REFERENCE

Currently the Board is reviewing the terms of reference for each Committee.

REPORT OF THE DIRECTORS OF THE TRUSTEE

FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

TRUSTEE EFFECTIVENESS

It is standard practice for the Board to carry out an annual review of the effectiveness of the Trustee, the Investment Committee and the Investment Consultant. An annual report on this is received by the Investment Committee and the Board.

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Financial Statements, which are prepared in accordance with the UK Generally Accepted Accounting Practice, are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties, audited Financial Statements for each Scheme year which:

- 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 the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

The Trustee 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 Trustee is also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained, and from time-to-time revised, a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employers and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the employers in accordance with the Schedule of Contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.


The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it 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.

REPORT OF THE DIRECTORS OF THE TRUSTEE

FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

Further details of investment performance and further disclosures required by legislation are provided in the Investment Report and Compliance Statement respectively.

Signed on behalf of the Directors of the Trustee.



Dr D G Buckley
Chairman



Mr J Foster
Director

8 September 2011

SUMMARY OF ACTUARIAL VALUATION RESULTS

Currently, the triennial valuation of SAUL as at 31 March 2011 (the Actuarial Valuation date) is being performed by the Scheme Actuary. The results will not be final until early 2012. The most recent Actuarial Valuation of SAUL was completed as at 31 March 2008 (the Actuarial Valuation date). This Actuarial Valuation of SAUL was carried out under the Pensions Act 2004 and used the Projected Unit Method.

Following discussions with the employers and the Scheme Actuary, the Trustee has determined and agreed with the employers the assumptions to be used to calculate the "technical provisions". This is an estimate of the assets needed to provide for benefits already accrued in SAUL, assuming SAUL continues in its present form. It is based on Pensionable Service to the Actuarial Valuation date and assumptions about various factors that will influence SAUL in the future, such as the levels of investment returns and pay increases, when members will retire and how long members will live.

An actuarial report was carried out updating SAUL's funding position to 31 March 2010, two years after the last formal Actuarial Valuation (31 March 2008). It showed that SAUL's funding position on its technical provisions basis was 90% at 31 March 2010, compared to 100% at the 2008 actuarial valuation date and 79% at 31 March 2009.

The main assumptions used to assess the technical provisions at these dates were:

	31 March 2008	31 March 2009	31 March 2010
Discount rate – pre-retirement – post-retirement	6.9% p.a. 4.8% p.a.	7.0% p.a. 4.9% p.a.	7.2% p.a. 5.1% p.a.
Rate of salary increases	4.85% plus an allowance for promotional increases	4.75% plus an allowance for promotional increases	5.15% plus an allowance for promotional increases
Price inflation	3.35% p.a.	3.25% p.a.	3.65% p.a.
Pension increases in payment	3.35% p.a.	3.25% p.a.	3.65% p.a.
Post-retirement mortality – current pensioners	The PMA92 (males) and PFA92 (females) tables, as appropriate, applicable to each member's year of birth, rated up by 1 year, with medium cohort improvements.		
Post-retirement mortality – future pensioners	The PMA92 (males) and PFA92 (females) tables, as appropriate, applicable to each member's year of birth, rated up by 1 year, with medium cohort improvements.		

SUMMARY OF ACTUARIAL VALUATION RESULTS (CONTINUED)

A summary of the funding position at the actuarial valuation date and at 31 March 2010 is as follows:

	31 March 2008	31 March 2009	31 March 2010
Market value of assets	£1,266m	£1,039m	£1,391m
Technical provisions	£1,265m	£1,307m	£1,540m
Past service surplus/(Deficit)	£1m	(£268m)	(£149m)
Funding level	100%	79%	90%

On the discontinuance basis, the amount needed to pay all members' benefits in full (called full solvency) was £1,986 million at 31 March 2010 against assets of £1,391 million. This means that the discontinuance funding level was 70% – down from 80% at the 2008 valuation. Full solvency places a relatively high value on the Scheme's liabilities because it assumes that all members' benefits are to be completely secured by insurance policies. Insurance companies will set premiums at a high enough level to cover future claims and also to make a profit. There is no intention to wind up SAUL. This is just information to help members understand the financial security of their benefits.

A Schedule of Contributions reflecting the contributions agreed following the 31 March 2008 actuarial valuation was adopted by the Trustee and the employers. The Scheme Actuary's certification of the Schedule is shown on page 36 and the Certificate of Technical Provisions is on page 37.

STC MANAGEMENT AND PROFESSIONAL ADVISERS

1 APRIL 2010 to 31 MARCH 2011

TRUSTEE AND ADMINISTRATOR

SAUL Trustee Company
1 King's Arms Yard
London EC2R 7AF

STC MANAGEMENT	
Chief Executive	Mrs P A Green BA FPMI
Deputy Chief Executive/Head of Benefits	Mrs K Brooks FPMI MCIPD <i>(Deputy Chief Executive from 1 January 2011)</i>
Head of Finance & Facilities	Ms A Patel FCCA MIAA <i>(until 1 June 2010)</i> Mrs M Maros BSC MBA FCCA <i>started as Head of Finance on 4 April 2011</i>
Head of Investments	Mr K Wade BSc FIA <i>(from 2 August 2010)</i>
Technical Manager	Mrs C A Quinn BSc FPMI

PROFESSIONAL ADVISERS	
Actuarial Consultant Scheme Actuary	Mercer Ltd Four Brindleyplace, Birmingham B1 2JQ Mr C Hardy FIA, Mercer Ltd
Legal Advisers	Mayer Brown International LLP, 201 Bishopsgate, London EC2M 3AF <i>(until 12 September 2010)</i> Sacker & Partners LLP, 20 Gresham Street, London EC2V 7JE <i>(from 13 September 2010)</i>
Independent External Auditors	PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, 7 More London Riverside, London SE1 2RT
Internal Auditors	PKF LLP, Chartered Accountants, Farringdon Place, 20 Farringdon Road, London EC1M 3AP
Investment Advisers	Mercer Ltd, Tower Place, London EC3R 5BU
Corporate Governance Adviser	Pensions & Investment Research Consultants Ltd (PIRC), 9 Prescott Street, London E1 8AZ

**STC MANAGEMENT AND PROFESSIONAL ADVISERS
(CONTINUED)**

INVESTMENT MANAGERS	
Artemis Investment Management Ltd	Cassini House, 57 St James's Street, London SW1A 1LD
AVIVA Investors Global Services Ltd	1 Poultry, London EC2R 8EJ
Capital International Ltd	40 Grosvenor Place, London SW1X 7GG
Comgest SA	17 Square Edouard V11, 75009 Paris, France
First State Investments Fund Management S.a.r.l	Level 5, 30 Cannon Street, London EC4M 6YQ
Highbridge Principal Strategies LLC	c/o J P Morgan Hedge Fund Services (Ireland) Ltd, J P Morgan House, International Financial Services Centre, Dublin 1, Ireland (<i>from September 2010</i>)
Lansdowne Partners Ltd	15 Davies Street, London W1K 3AG
Legal & General Investment Management Ltd	One Coleman Street, London EC2R 5AA
Macquarie Capital Funds (Europe) Ltd	Level 29, City Point, One Ropemaker Street, London EC2Y 9HD
Martin Currie Investment Management Ltd	Saltire Court, 20 Castle Terrace, Edinburgh EH1 2ES
Montanaro Fund Managers Ltd	53 Threadneedle Street, London EC2R 8AR
Morgan Stanley Investment Management Ltd	25 Cabot Square, Canary Wharf, London E14 4QA
Newton Investment Management Ltd	BNY Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA
Nomura Asset Management UK Ltd	6F Nomura House, 1 St Martin's-le-Grand, London EC1A 4NT (<i>until March 2011</i>)
Partners Group Holdings AG	Zugerstrasse 57, CH6341 Baar-Zug, Switzerland
Ruffer LLP	80 Victoria Street, London SW1E 5JL (<i>from May 2010</i>)
Standard Life Investments Ltd	1 George Street, Edinburgh EH2 2LL
S W Mitchell Capital LLP	52 Jermyn Street, London SW1Y 6LX

**STC MANAGEMENT AND PROFESSIONAL ADVISERS
(CONTINUED)**

Bank	National Westminster Bank PLC, Tavistock House, Tavistock Square, London WC1H 9JA
Cash Manager	BlackRock Financial Management Inc, 40 Torphichen Street, Edinburgh EH3 8JB
Computer Consultants	Planet Computer Solutions Ltd, 3 Silver Drive, Frimley, Camberley, Surrey GU16 9QN
Custodian	The Northern Trust Co, 50 Bank Street, Canary Wharf, London E14 5NT
Investment Performance Measurer	BNY Mellon Performance & Risk Analytics Europe Ltd, 11 Albion Street, Leeds L31 5ES
Medical Adviser	Dr A Gillibrand, c/o SAUL Trustee Company
Pension System Consultants	Northgate-Arinso, The Talbot, 2 Victoria Street, Bristol BS1 6BB
Transition Manager	BNY Mellon Asset Management International Ltd, BNY Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA

SAUL INVESTMENT COMMITTEE

AS AT 31 MARCH 2011

INVESTMENT COMMITTEE	
<p>The Investment Committee reports to the Board of Directors of STC and advises the Directors on all questions relating to the investment of the Scheme's assets. The Committee consists of the Chairman of the Board of Directors, who also acts as Chairman of the Investment Committee, and not more than eight other members. At least three must be members of the Board (including at least one Union Director and one employer Director) and not more than five others may be nominated by the Board. The Committee meets at least once every quarter. The quorum is four members of the Committee.</p>	
Mr J C Axe BSc DPhil	Board nominee
Mr D G Buckley MSc PhD Chairman	Employer Director
Mr W Causon	Union Director (UNISON)
Mr P Dasgupta BSc DLitt	Co-opted Director
Mr J Foster FCA	Employer Director
Mr C J Perrin CBE MA	Board nominee
Mr H M Priestley MA	Board nominee
Mr D M F Scott MA	Board nominee
Mr J G Tregoning Deputy Chairman	Co-opted Director

INVESTMENT REPORT

FOR THE YEAR ENDED 31 MARCH 2011

Over the twelve months to 31 March 2011 equity markets continued to recover, with the UK market one of many posting high single digit returns. However, whilst the markets have risen strongly from the market lows of early 2009, the value of the Scheme's liabilities remains high owing to the persistence of low, long-term real bond yields.

Furthermore, underlying economic issues remain problematic. Short-term interest rates, especially in the developed markets, remain at historically low levels whilst GDP growth appears somewhat anaemic, unemployment is high and inflation is on the rise. Current market levels, therefore, may not be sustainable.

Considerations and changes to the investments during the year

In these more uncertain times, the Committee has continued its focus on diversifying away from equity market risk. The appointment of Newton and Ruffer as absolute return global fund managers is expected to provide protection for nominal fund values in the event that other assets fall in value, particularly in the event of high inflation. The managers were selected in March 2010, and appointed in May 2010.

The Committee also reviewed its investments in Emerging Markets. The Committee has held an overweight allocation to Asian equity markets for some seven years, in the belief that China and India would become significant powers both in the economies of the Far East but also across the world. Whilst this overweight position has benefited the Scheme, it has meant that there have been few investments in other developing markets and none in Latin America. During February 2011 the Investment Committee met possible managers after a rigorous selection process aided by the Investment Consultant. Three managers were selected since they offered complementary solutions. The appointments took place in May 2011, after the end of the period covered by this report. In order to fund these mandates it was decided to terminate the appointment of Nomura which was a benchmark-relative mandate as the Committee now generally favours an unconstrained approach to equity market investments.

The returns from the emerging market equity investments can be expected to be more volatile than those from developed markets but only a small proportion of the Scheme's fund is to be invested in them. Whilst returns may be expected to be higher, the additional risk is offset to some extent by using some lower-risk investment strategies within those markets.

As described above the investment strategy has developed further during the year with the fund reducing its conventional equity exposure further in favour of unconstrained equity and absolute-return mandates. Over the short term, the return-seeking assets may underperform a strong equity market, but, over the longer-term, this diversified investment strategy should protect against the rising cost of the liabilities, but this is a dynamic that the Committee monitors on a quarterly basis.

INVESTMENT REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

The other change to the strategy was the establishment of a Tactical Investment Group. Its aim is to consider smaller, more opportunistic investments in a risk-controlled manner (and subject to a maximum total initial investment value of £60m, less than 5% of the Scheme's total assets). Any investments are expected to produce a return of 10% a year (over rolling periods) and add to fund diversification. In July 2010 the Committee approved the investment of US\$25m in the Highbridge Senior Loans Fund II as an opportunistic investment aiming to benefit from the difficult situation seen in the global credit markets. The Group also considered a number of other opportunities over the year, but none met the risk-control requirements of the Group.

The Investment Committee reviews the Scheme's managers regularly. In order that the Investment strategy meets its objectives, it is important that all the investment managers perform at, or above, expectations. The STC team reviews the portfolio on a monthly basis, and individual managers are scrutinised by the Committee throughout the year. If there are issues that are a cause for concern, the Committee will take appropriate and timely action which may include terminating the mandate.

Personnel Changes

The Trustee approved the recruitment of a Head of Investments to provide more support, particularly for manager monitoring and corporate governance. The successful applicant, Mr Kevin Wade, started in August 2010.

The Investment Consultant, Mr Tim Gardener – in post since May 1989 – left Mercer in September to take up a new position at an asset management firm. It was agreed that a full market test would be carried out for the position of Investment Consultant as this had never before been carried out. This is currently progressing, but in the meantime Mr Crispin Lace of Mercer has been appointed Investment Consultant.

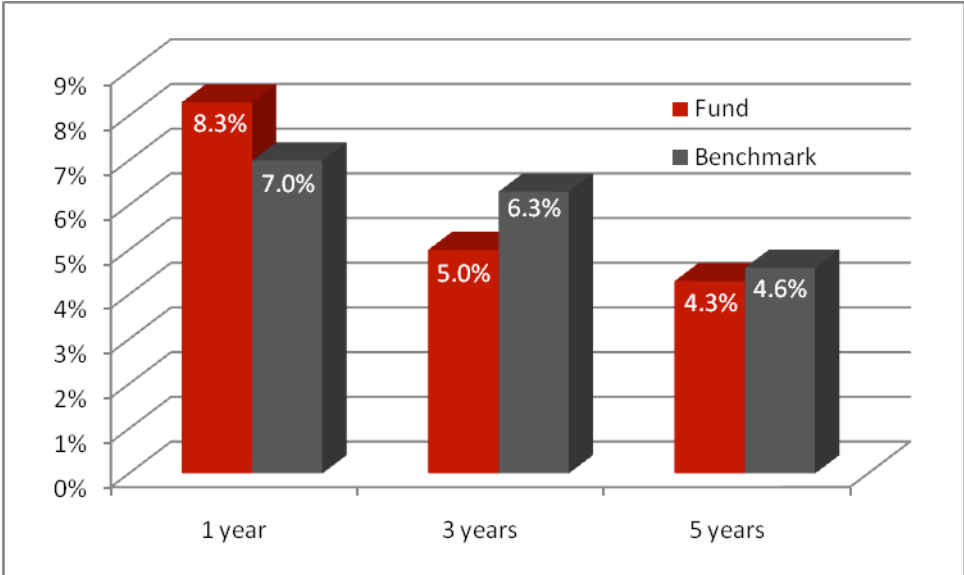
Performance

Overall, whilst investment performance has been good over the two years to 31 March 2011, the Committee believes that there are still difficult waters through which the Trustee has to navigate. The portfolio and governance structures are regularly reviewed and revised as deemed fit. There are no guarantees that any of the changes introduced will protect the assets against future downturns, or high inflation, or other unexpected challenges and difficulties. The Committee's robust approach, however, supported by high quality managers, professional investment advisers and appropriate diversification, provides a strong foundation for managing the fund.

The rest of this Investment Report contains charts and other information about the Committee's stewardship of the portfolio over the past year.

The bar chart below shows the annualised return of the portfolio versus the benchmark over the last twelve months, three years and five years. Although the three- and five-year returns look disappointing (as they were heavily impacted by the poor returns seen across markets during 2008), shorter term returns have been good relative to the benchmark that will have improved the actuarial funding position all else being equal.

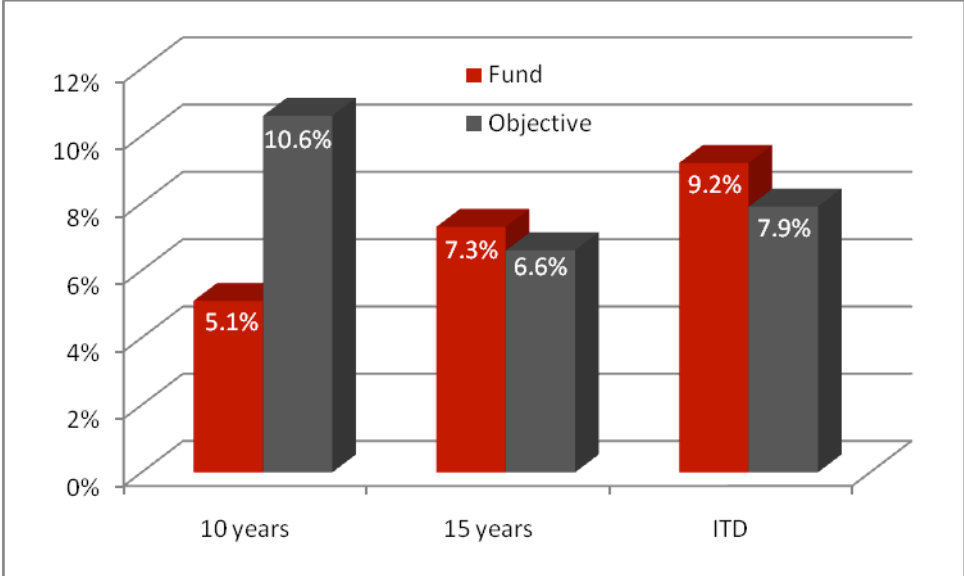
Short to medium term fund returns versus benchmark to 31 March 2011



Source: BNY Mellon Performance & Risk Analytics Europe.

The benchmark is a composite of an index-linked gilts index (35%) and a global equity index (65%). This benchmark is the closest approximation to the Trustee’s investment strategy of 35% risk-reducing assets and 65% return-seeking assets. The return-seeking assets are diversified with the aim of providing equity-like returns over the medium to long term. As such, in individual years of exceptionally high equity market performance, the performance of the overall portfolio is expected to under-perform the equity market.

Long-term fund returns versus the objective to 31 March 2011



Source: BNY Mellon Performance & Risk Analytics Europe.
 ITD: Inception Date of performance monitoring 1 April 1991

The objective over the long-term is to out-perform the FTSE A ILG (over 15 years) + 3.8% pa as this index is a reasonable proxy for the liabilities in the Trustee’s view.

INVESTMENT REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

Comparisons between the results of SAUL's combined portfolio, a price index and an earnings index for each of the past five years are shown in the following table:

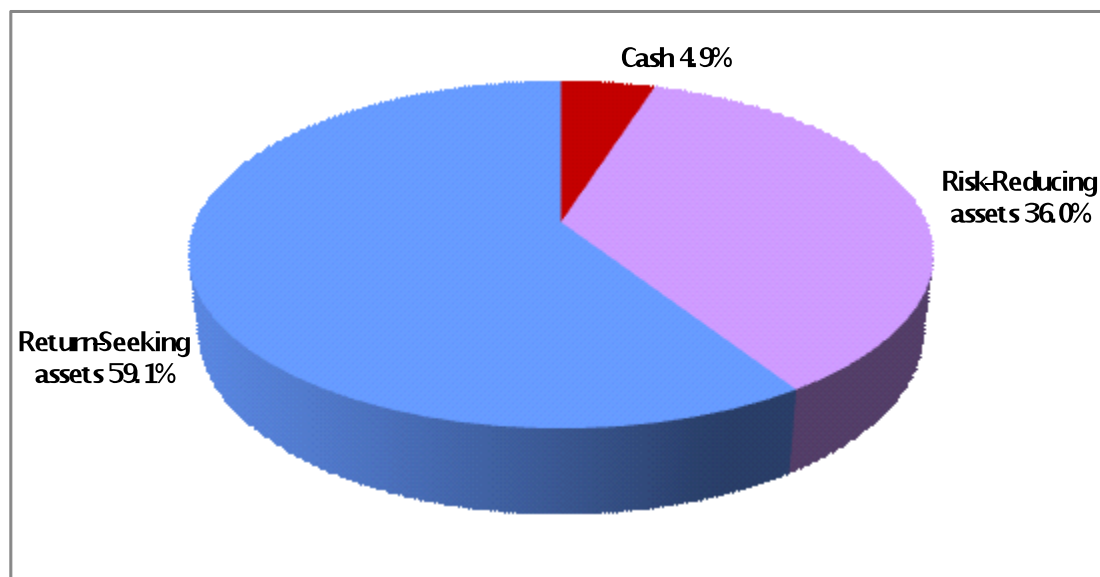
Returns	Year to 31 March				
	2007 (%)	2008 (%)	2009 (%)	2010 (%)	2011 (%)
SAUL Total Portfolio	7.5	-1.0	-17.6	30.0	8.3
Retail Prices Index	4.8	4.0	-0.4	4.4	5.3
Average Earnings Index (1)	4.5	4.3	-0.8	4.0	2.3

(1) Average Annual Earnings Index to 31/3/2010, and Average Weekly Earnings Index since that date.

Source: BNY Mellon Performance & Risk Analytics Europe and Office of National Statistics

Asset allocation of Investment Portfolio as at 31 March 2011

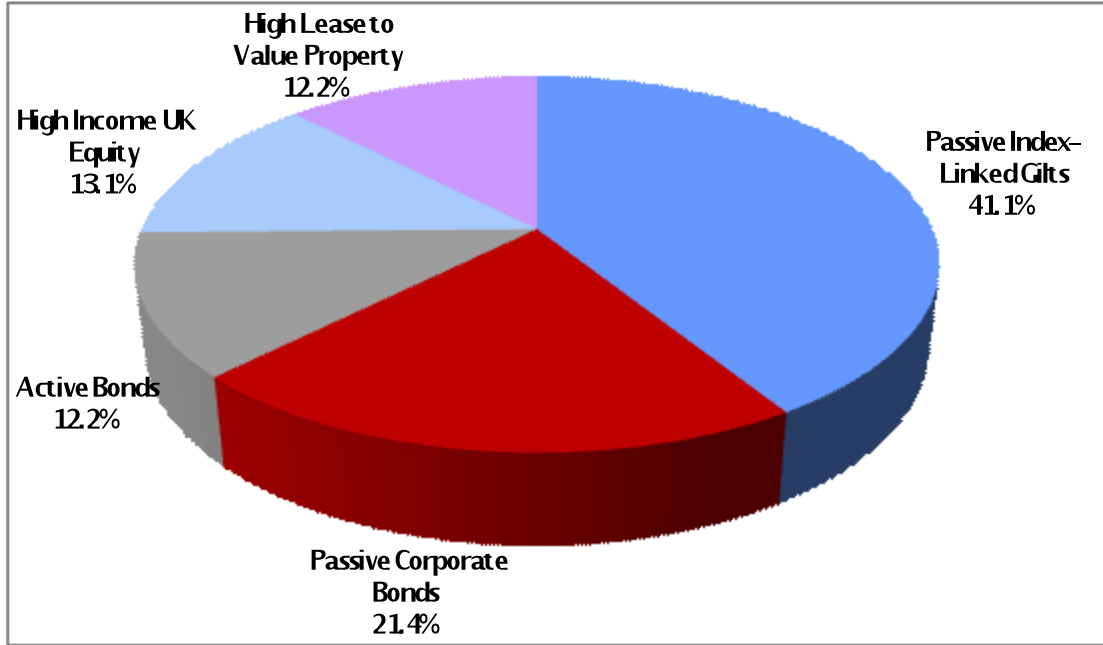
Total Value: £1.5 billion



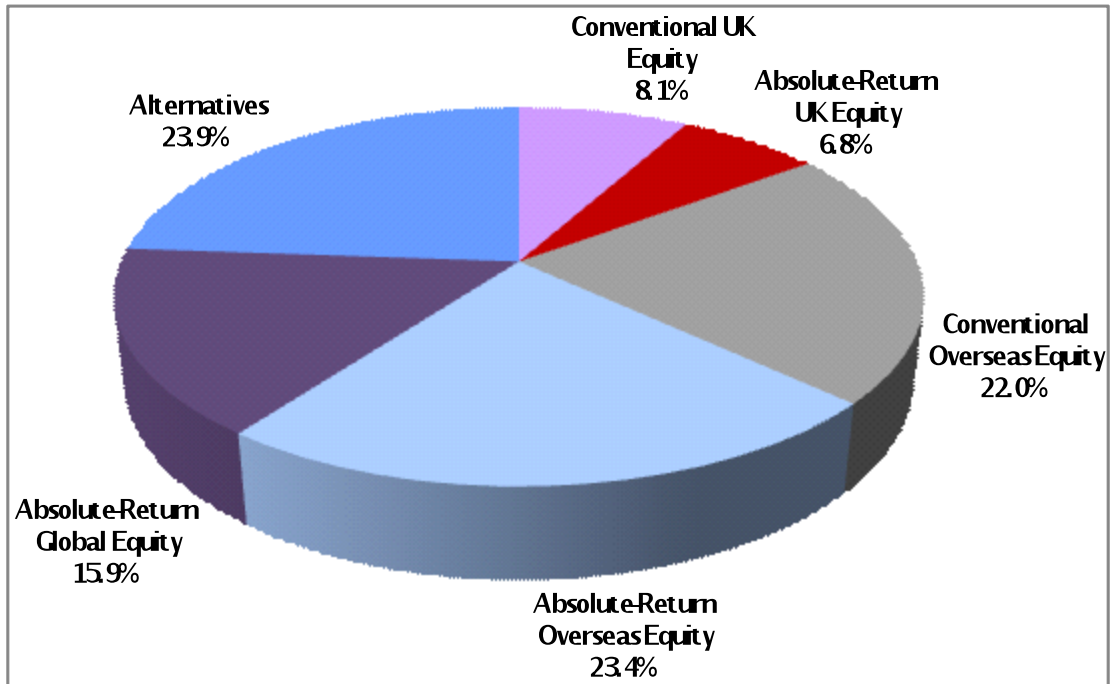
INVESTMENT REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

Breakdown of the Risk-Reducing Assets at 31 March 2011
£540m



Breakdown of the Return-Seeking Assets at 31 March 2011
£887m



Note: Totals may not add to 100% due to rounding

INVESTMENT REPORT (CONTINUED)

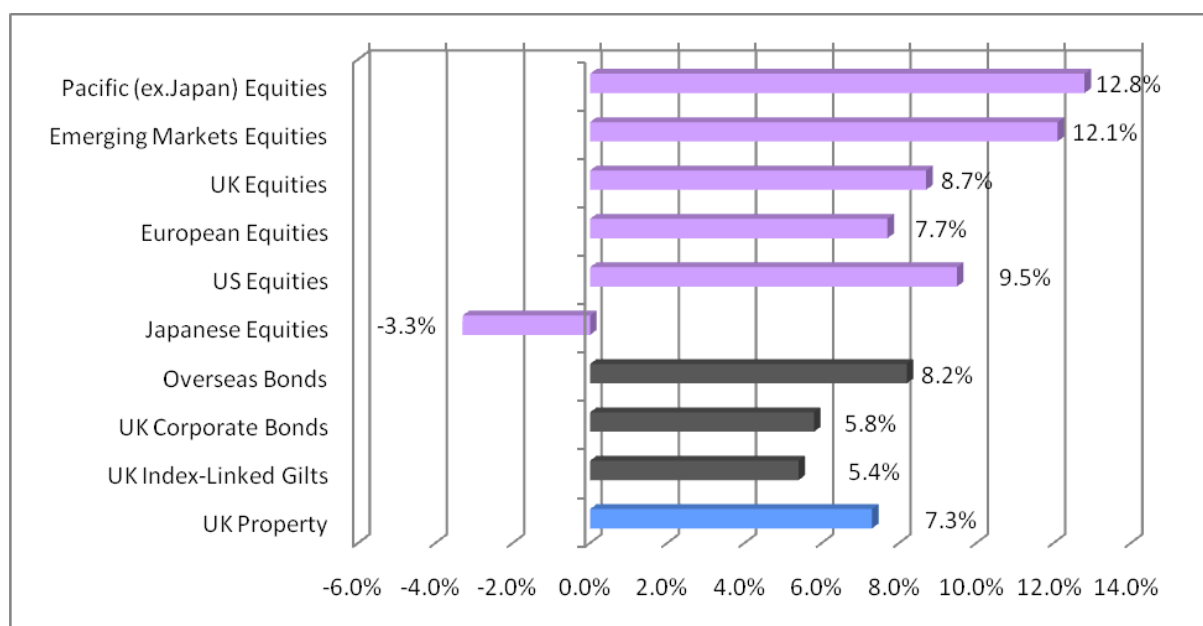
FOR THE YEAR ENDED 31 MARCH 2011

With the exception of: the limited partnership structure investments (being the private equity holdings that are a small element of the Morgan Stanley portfolio and all the holdings managed by Partners Group); the infrastructure holdings with Macquarie and First State; the Senior Loans fund investment with Highbridge; the holdings with Lansdowne; and the property portfolios with AVIVA and Standard Life, all assets held by SAUL are in readily realisable investments either quoted on stock exchanges in the major markets or in pooled funds.

Assets are valued independently of the investment managers by the Custodian, Northern Trust Company, with the exception of units in pooled funds and the limited partnership structure investments. Investment performances are measured independently by the Trustee's performance measurer, BNY Mellon Performance & Risk Analytics Europe.

Diversification is an important risk control mechanism. Diversification across asset classes protects the liabilities by providing anticipated good long-term returns from equities coupled with a significant weighting to bonds, the asset class most closely correlated to SAUL's liabilities. Diversification across countries, both in the risk-reducing assets as well as the return-seeking assets, provides exposure to different periods of the economic cycle. Diversification across managers protects against manager risk.

Below we show the returns of major asset classes, but it should be noted that these do not reflect SAUL's actual benchmarks and investments.



Source: BNY Mellon Performance & Risk Analytics Europe

INVESTMENT REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

INVESTMENT MANAGERS

The Trustee has put in place investment mandates with its managers that implement the investment strategy. All day-to-day investment decisions are delegated to the investment managers. A summary of the mandates, the managers and their targets, as at 31 March 2011 are given below:

Mandate	Investment Manager and target
Alternative mixed assets	Morgan Stanley: Out-perform LIBOR by 5% p.a. over rolling three-year periods while keeping volatility at no more than 10%.
Asian equities (excluding Japan)	Comgest: Return of LIBOR 3 month + 5% p.a. over rolling five-year periods. Martin Currie: Return of LIBOR 3 month + 5% p.a. over rolling five-year periods.
Asian equities Japan	Capital: Out-perform the TOPIX Total Return Index by 2% p.a. over rolling three-year periods.
Europe (ex UK) equities	Newton: Out-perform the FTSE All World Europe ex UK (NDR) Index by 2% p.a. over rolling three-year periods. Montanaro and S W Mitchell: Out-perform the UK-Gilt Index by 6% p.a. over rolling five-year periods.
Global equities (absolute return)	Newton and Ruffer: Out-perform one month LIBOR by 4% p.a. over rolling three-five year periods.

INVESTMENT REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

Mandate	Investment Manager and target
Infrastructure (European funds)	First State and Macquarie: To produce an IRR of at least 10% p.a. over the life of the fund.
Index-tracking funds (invested in multi assets with a small portion held in an actively-managed global bond fund)	Legal & General: To track the market indices such that tracking error is no more than +/-0.5% p.a. over rolling three year periods.
Private equity (global)	Partners Group: To produce a return of 3% p.a. in excess of the global equity market over a 10 year period.
Property (high-lease to value)	AVIVA Investors: To produce a return over the long term in excess of the return on gilts Standard Life: To produce a return over the long term in excess of the return on gilts
Senior Loans	Highbridge Principal Strategies: 10% p.a. over rolling three year periods
UK equity absolute return	Lansdowne Partners: Both the long-biased fund and UK Long-Short fund are expected to out-perform cash.
UK equities (high-income)	Artemis: To achieve a 30% yield premium over the FTSE All-Share Index with capital growth at least in line with inflation.

INVESTMENT REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

DERIVATIVE CONTRACTS' OBJECTIVES

The Trustee has authorised managers to use derivatives where appropriate for efficient portfolio management including to gain exposure to relevant asset classes such as commodities or to gain exposure to particular stocks.

REMUNERATION

All managers are paid fees quarterly with the exception of AVIVA Investors, Comgest, First State, Highbridge Principal Strategies, Lansdowne Partners, Macquarie, Partners Group and Standard Life Investments whose fees are included in the unit prices of funds.

STATEMENT OF INVESTMENT PRINCIPLES

In accordance with Section 35 of the Pensions Act 1995, a Statement of Investment Principles has been prepared by the Trustee that incorporates the investment strategy. A copy of the Statement may be obtained from the Pensions Officer at each participating employer or from SAUL Trustee Company, or from the SAUL web-site.

CUSTODY OF ASSETS

With the exception of the pooled funds (that have their own independent custodians) and the investments through limited partnership structures, assets are held on behalf of the Trustee by an independent global Custodian, Northern Trust Company. Reports on Northern Trust's procedures and internal controls are reviewed by SAUL's Audit Committee, in order to ensure their reconciliations and safe-keeping practices are robust.

SAUL carries out reviews, with the help of the Investment Consultant, of the Investment Managers and the Custodian in order to measure their operations, and to ensure the services SAUL are getting are delivered in the most efficient and cost-effective way.

CASH-FLOW

SAUL's cash-flow consists of contributions plus investment income less payment of benefits and expenses. Most investment income is re-invested.

THE MYNERS CODE OF PRACTICE

In 2001 the Government published the Myners Code of Practice on Institutional Investment Decision-making. Following a review in 2008, the Government reduced the original ten principles to six. The Trustee complies with these.

CONCLUSIONS

SAUL's portfolio has beaten its benchmarks over the short-term. Medium-term performance has been hampered by the financial crisis of 2007 – 2010, but over the long-term the Scheme remains ahead of its long term objectives. The Trustee seeks to achieve excess long-term returns by maintaining a diversified approach to investments, while controlling risk at a level appropriate to SAUL's long-term objectives.

SAUL NEGOTIATING COMMITTEE

AS AT 31 MARCH 2011

Nominated by the Council of the University of London		
Mr A Dyer BA MBA ACMA	Director of Finance, Royal Veterinary College	
Mr J Foster FCA	Director of Special Projects, University College London	
Mr C Gosling MA	Imperial College	
Mr M R Hansen BA FCCA <i>(to 30 June 2010)</i>	King's College	
Mr S Large FCCA ACMA <i>(from 1 July 2010)</i>	Director of Finance, King's College London	
Mr A Keeble BSc CPFA	Director of Finance & Planning, Queen Mary University of London	
Mr G Robinson BSc FCCA	Finance Director, Royal Holloway University of London	
Nominated by the Trade Unions (three by UNISON and three by UNITE)		
Mr G Baker <i>(from 24 May 2010)</i>	King's College	UNITE
Mr W Causon	King's College	UNISON
Mr K Coventry	Pensioner	UNITE
Mr P Fraser <i>(until 24 May 2010)</i>	St George's University of London	UNITE
Ms M Meade	Institute of Education	UNISON
Mr N Sommerville	Royal Holloway College	UNITE
One vacancy		UNISON

The Chairman of the Committee is appointed at each meeting.

The SAUL Negotiating Committee meets at least once a year. The quorum is six members of the Committee, of whom at least three shall be Trade Union nominees and three shall be University nominees. Members of the Negotiating Committee may be removed from the Committee by their respective body.

NEGOTIATING COMMITTEE REPORT

FOR THE YEAR ENDED 31 MARCH 2011

The Negotiating Committee met in May and October 2010.

The Committee discussed and understood the importance of keeping the employer covenant under review. It noted the establishment of the Covenant Review Committee, and approved the payment of fees to its members.

Given the likelihood that the 2011 Actuarial Valuation would reveal a significant shortfall, the Board had requested the Committee to review the options available to reduce the deficit, and to propose changes in principle to future benefits and/or contributions. Various proposals with regard to benefit changes and contribution rates were put forward and discussed. The Scheme Actuary also presented papers that provided assistance to the Committee. The Committee agreed to set up a sub-group where detailed discussions could be continued, and these discussions are on-going.

The recently appointed Legal Adviser attended the October meeting of the Committee to get a feel for its work. She provided an update on current legal issues. These included the merging of the offices of the Pensions Ombudsman and the Pension Protection Fund, the Equality Act 2010, the draft legislation on the move to link pension increases with the CPI, and the introduction of new tax rules for pensions of higher earners and long-serving members as introduced by the Finance Act 2010.

AD HOC COMMITTEES

AS AT 31 MARCH 2011

The following Committees meet as and when circumstances require:

COMPLAINTS COMMITTEE	
The Complaints Committee is appointed by the Board of Directors of STC to examine complaints by members, and to make recommendations for their resolution.	
Mr D E Bennett-Rees MA FIA	Co-opted Director
Mr D G Buckley MSc PhD Chairman	University nominee
Mr K Coventry	UNITE

COVENANT REVIEW COMMITTEE	
The Covenant Review Committee is appointed by the Board of Directors of STC to review the financial strength of employers and the protections for SAUL in the event of the failure of an employer.	
Mr D E Bennett-Rees MA FIA	Co-opted Director
Mr P Dasgupta BSc Dlitt Chairman	Co-opted Director
Mr J G Tregoning	Co-opted Director

DEED COMMITTEE	
The Deed Committee is appointed by the Board of Directors of STC to review proposed Deed Amendments in detail and to make recommendations on the adoption of Deeds by the Board.	
Mr D E Bennett-Rees MA FIA	Co-opted Director
Mr D G Buckley MSc PhD Chairman	University nominee
Mr K Coventry	UNITE

AD HOC COMMITTEES (CONTINUED)

AS AT 31 MARCH 2011

NOMINATIONS COMMITTEE	
<p>The Nominations Committee is appointed by the Board of Directors of STC. It advises on the appointment of the Chairman, the Deputy Chairman, co-opted director nominations and re-appointments to the Board, and nominations to the Investment Committee.</p> <p>No member can take part in the discussion of his/her own re-appointment. In such cases, an alternate from the same constituency shall attend.</p>	
Mr D G Buckley MSc PhD Chairman	University nominee
Mr W Causon, King's College	UNISON
Mr J G Tregoning	Co-opted Director

STAFFING COMMITTEE	
<p>The Staffing Committee is appointed by the Board of Directors of STC to advise on staffing and personnel issues at STC.</p>	
Mr W Causon, King's College	UNISON
Mr J Foster FCA, University College London	University nominee
Mr C Gosling MA Chairman	University nominee

STATUTORY COMPLIANCE STATEMENT

CONTRACTING OUT

In April 2002 the State Second Pension (S2P) replaced the State Earnings Related Pension Scheme (SERPS). SAUL members contracted out of S2P on the part that is equivalent to the benefit level of SERPS. This means that some members with low to moderate earnings will build up benefits in the new state scheme, as well as in SAUL.

Members of SAUL have been contracted out of SERPS since 1978. This arrangement operates on the basis that SAUL will pay a Guaranteed Minimum Pension (GMP) to members who were in contracted out employment from April 1978 to April 1997, on reaching State Pension Age.

GMPs were abolished for future service in April 1997 and a new Reference Scheme Test was adopted. This means that, to remain contracted out, SAUL has to meet an overall test on the quality of the benefits offered by the Scheme. Benefit rights earned by members from 6 April 1997 are known as Section 9(2B) or post-97 contracted out rights.

STC has a holding Company certificate covering all employers paying into SAUL.

TRANSFERS BETWEEN SCHEMES

Members leaving SAUL are entitled to have the cash equivalent transfer value of their benefits transferred from SAUL to other approved pension arrangements. The Trustee reviewed the cash equivalent transfer basis in 2008, and, having taken actuarial advice, adopted a new basis from 1 October 2008. The Scheme Actuary confirmed that the methods adopted and the assumptions made to calculate transfer values were in accordance with the appropriate regulations. There was a practice of granting increases to deferred pensions fully in line with inflation, which is underpinned by the minimum required by legislation. Those discretionary increases have been allowed for in the calculation of transfer values. All cash equivalents calculated and/or paid during the year were at the full actuarially calculated values.

SAUL is a member of the Public Sector Transfer Arrangements (the Club). Transfers between Club schemes use special calculation factors supplied by the Government Actuary. These give a broadly equivalent service credit in the receiving scheme.

The Rules of SAUL allow STC to consider transfer payments from other schemes to buy benefits in SAUL, but they do not require STC to accept such transfers.

PENSION AND PENSION INCREASES

In accordance with the Rules, SAUL pensions in payment did not receive an increase in April 2010 because the Retail Prices Index (RPI) had fallen over the period to the previous September. The government announced a change to the inflation measure during the year from the change in the RPI to the change in the Consumer Prices Index and the pension increase due for 2011 was 3.1% in line with the Pension Increase (Review) Order 2011.

Former members of the Royal College of Art Retirement Benefit Scheme have fixed rate increases of 5% a year and RPI-linked increases on certain elements of their pensions in payment built up before they joined SAUL on 1 January 2010. The RPI-linked increase was 5.1% in 2010. Such pensions were increased accordingly.

STATUTORY COMPLIANCE STATEMENT (CONTINUED)

Members who left service before 1 April 1976 receive increases only during deferment, not once the pension is in payment.

The minimum increase to pensions in payment during the Scheme year was nil, the maximum was 5.1% and the average was 0.2%.

For deferred pensioners, the pension payable at retirement is the basic pension at date of leaving increased by the higher of the discretionary increases awarded by the Board, or the statutory and GMP revaluation.

Former members of the Royal College of Art Retirement Benefit Scheme have fixed rate increases of 5% a year and RPI-linked increases on certain elements of their pensions during deferment. Such pensions were increased accordingly.

The Board reviewed all other deferred pensions and related benefits of former members who had not retired, and approved that those should not be increased.

RECEIPT OF CONTRIBUTIONS

The Pensions Act 1995 requires that employers pay employee contributions to the Trustee no later than the 19th day of the month following deduction.

STC has agreed a Schedule of Contributions with all the participating employers. The Schedule requires that employers aim to make payment of employer, employee and additional voluntary contributions by the 5th working day of the month following deduction and that such contributions must all be paid by the 19th day of the month following deduction.

Where employers miss the deadline of the 5th working day of the month following deduction STC has a procedure that escalates and demands payment with the aim of ensuring payment by the 19th day of the month following deduction at the latest.

During the year all employers materially complied with this requirement.

ACTUARIAL CERTIFICATE

CERTIFICATION OF SCHEDULE OF CONTRIBUTIONS

Name of Scheme: Superannuation Arrangements of the University of London

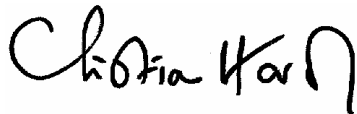
Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of the contributions shown in this Schedule of Contributions are such that the statutory funding objective could have been expected on 31 March 2008 to continue to be met for the period for which the schedule is to be in force.

Adherence to Statement of Funding Principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 20 May 2009.

The certification of the adequacy of the rates of contribution for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing SAUL's liabilities by the purchase of annuities, if SAUL were to be wound-up.



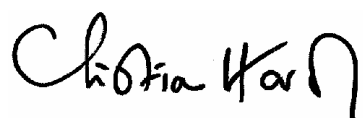
Scheme Actuary	Christian Hardy
Date of signing	17 June 2009
Address	Mercer Ltd Four Brindleyplace Birmingham B1 2JQ
Qualification	Fellow of the Institute of Actuaries

CERTIFICATE OF TECHNICAL PROVISIONS

Name of Scheme: Superannuation Arrangements of the University of London

Calculation of technical provisions

I certify that, in my opinion, the calculation of the scheme's technical provisions as at 31 March 2008 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the trustees of the Scheme and set out in the Statement of Funding Principles dated 20 May 2009.



Name	Christian Hardy
Date of signing	17 June 2009
Address	Four Brindleyplace Birmingham B1 2JQ
Qualification	Fellow of the Institute of Actuaries

AUDIT COMMITTEE

AS AT 31 MARCH 2011

<p>The Audit Committee is appointed by the Board of Directors of STC and reports to it on all questions relating to the internal control and audit of the financial statements of both the Scheme and STC. The external and internal auditors report regularly to the Audit Committee.</p>	
Mr D Bennett-Rees MA FIA	Co-opted Director
Mr K Coventry	UNITE
Mr J Foster FCA, University College London Chairman (from 1 July 2010)	University nominee
Mr P Fraser, St George's, University of London	UNITE
Mr M R Hansen BA FCCA (to 30 June 2010)	University nominee
Mr S Large FCCA ACMA , King's College London (from 1 July 2010)	University nominee
Mr G Robinson BSc FCCA, Royal Holloway, University of London	University nominee

STATEMENT ON INTERNAL CONTROL

The Board takes internal control of risk very seriously, as is appropriate for its role as guardian (trustee) of other people's money. Control of risk is about identifying potential risks and having systems and procedures in place to mitigate them. It, however, is important to note that controls do not eliminate risk.

STC has developed both a Risk Policy and a Risk Register which have been prepared to categorise potential adverse events, rated by probabilities and potential impacts. This is used to prioritise management actions to mitigate such risks. The Board has delegated the oversight of this part of its work to the Audit Committee other than investment risks which are considered by the Investment Committee. The Audit Committee formally reviews the Register annually both as to change in risk profile but also as to the effectiveness of management actions to address the key risks. This work is undertaken in collaboration with the internal and external auditors. At each meeting both the Audit Committee and the Board review the top risks and any changes in the risk environment, to ensure that risk management is an integral part of the day-to-day management of the Company.

The internal auditor has prepared an Audit Plan that recognises the issues identified in the Risk Register. Areas of significant net risk are assessed more frequently than those risks with lower impact, but controls on all identified risks are reviewed no less frequently than once every three years.

The Audit Committee also reviews the work of the Compliance Officer to ensure that SAUL remains compliant with the legal obligations placed on it by the Pensions Act 1995, the Pensions Act 2004 and other relevant legislation.

In addition to receiving the minutes of each Audit Committee meeting, the Board receives a report on the effectiveness of the internal risk control systems once a year from the Audit Committee.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF THE SUPERANNUATION ARRANGEMENTS OF THE UNIVERSITY OF LONDON

We have audited the Financial Statements of the Superannuation Arrangements of the University of London ("the Scheme") for the year ended 31 March 2011 which comprise the Fund Account, the Net Assets Statement and the related notes. 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).

RESPECTIVE RESPONSIBILITIES OF TRUSTEE AND AUDITORS

As explained more fully in the Statement of Trustee's responsibilities, the Trustee is responsible for the preparation of the Financial Statements and being satisfied that they 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.

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Annual Report to identify material inconsistencies with the audited Financial Statements. 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 2011, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF THE SUPERANNUATION ARRANGEMENTS OF THE UNIVERSITY OF LONDON (CONTINUED)

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London

Date: 8 September 2011

FUND ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £000	2010 £000
Contributions and Benefits			
Contributions receivable	3	49,373	49,235
Transfers in	4	1,900	62,087
Other income	5	1,407	1,425
		52,680	112,747
Benefits payable			
Benefits payable	6	47,892	43,005
Leavers	7	6,975	7,812
Other payments	8	1,020	1,110
Administrative expenses	9	4,516	3,786
		60,403	55,713
Net(withdrawals)/additions from dealings with members		(7,723)	57,034
Returns on investments			
Investment income	10	16,922	12,855
Change in market value of investments	11	95,821	297,228
Investment management expenses	12	(3,870)	(2,202)
Net returns on investments		108,873	307,881
Net increase in the Fund during the year		101,150	364,915
Net assets of the Scheme as at 1 April		1,404,085	1,039,170
Net assets of the Scheme as at 31 March		1,505,235	1,404,085

The accompanying notes on pages 44 to 54 form an integral part of these Financial Statements.

STATEMENT OF NET ASSETS


AS AT 31 MARCH 2011

	Notes	2011 £000	2010 £000
Investments			
Investment assets	11	1,505,040	1,404,570
Investment liabilities	11	(2,704)	(2,770)
Net investment assets		1,502,336	1,401,800
Current assets	14	4,071	3,944
Current liabilities	15	(1,172)	(1,659)
Net assets of the Scheme as at 31 March		1,505,235	1,404,085

The accompanying notes on pages 44 to 54 form an integral part of these Financial Statements.

The Financial Statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not deal with the obligations to pay pensions and benefits. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the statement by the Scheme Actuary on pages 36 to 37 of the Annual Report, and these Financial Statements should be read in conjunction with it. These Financial Statements were approved by the Trustee on 8 September 2011.

Signed on behalf of the Trustee



Dr D G Buckley

Chairman



Mr J Foster

Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

1 BASIS OF PREPARATION

These Financial Statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, and with the guidelines set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised May 2007).

The Financial Statements have been prepared on an accruals basis, that is, income and expenditure is recognised as it is earned or incurred unless otherwise specified.

2 ACCOUNTING POLICIES

The following principal accounting policies which have been applied consistently have been adopted in the preparation of the Financial Statements.

Investments

Equities traded through the Stock Exchange Electronic Trading Service (SETS) are valued on the basis of the latest traded price. Other quoted investments are valued on the basis of the latest traded price, or, if unavailable, the most recent transaction on the relevant stock market.

Pooled investment vehicles are valued at the closing bid price if both bid and offer are published or, if single priced, at closing single price.

Unquoted securities are valued by the fund managers at the year-end in accordance with fair value accounting principles.

Accrued interest is excluded from the market value of fixed-interest securities and index-linked securities but is included in investment income receivable.

Investment management fees are accounted for on an accruals basis. Acquisition costs are included in the purchase cost of investments.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as commissions, stamp duty and other fees.

Where stock lending has been carried out the securities "lent" have been included in the net assets statement to reflect the Scheme's continuing economic interest of a proprietorial nature in those securities.

Insurance policies are included at nil value where the Trustee has discharged its liabilities to provide benefits for members for whom the policies have been acquired.

Investment income

Income from equities and any pooled investment vehicles which distribute income, is accounted for on the date stocks are quoted ex-dividend/interest.

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 profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, change in market value also includes income, net of withholding tax, which is reinvested in the fund.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

Income from fixed-interest, index-linked securities, cash and short-term deposits is accounted for on an accruals basis.

Derivatives

Derivative contracts are valued at fair value. Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices.

Derivative contracts' changes in fair value are included in change in market value where the economic purpose of the contracts relates to assets. Where the economic purpose relates to income the change in fair value is included in investment income.

Futures contracts' fair value is determined using exchange prices at the reporting date. The fair value is the unrealised profit or loss at the current bid or offer market quoted price of the contract. Amounts due from the broker represent the amounts outstanding in respect of the initial margin (representing collateral on the contracts) and any variation margin which is due to or from the broker.

The fair value of the forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year end with an equal and opposite contract.

The amounts included in change in market value are the realised gains and losses on closed futures contracts and the unrealised gains and losses on open futures contracts.

Foreign currencies

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year-end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

Contributions

Normal contributions, both from members and employers, are accounted for on an accruals basis in the month employee contributions are deducted from the payroll. Employers' augmentation contributions are accounted for in accordance with the agreement under which they are paid, or, in the absence of such an agreement, when received.

Additional voluntary contributions from the members are accounted for, on an accruals basis, in the month deducted from the payroll.

Employers' deficit funding contributions are accounted for in accordance with the agreement under which they are being paid, or in the absence of an agreement, on a receipt basis.

Employers' contributions in respect of Section 75 debts are accounted for in accordance with the agreement. The debt is recognised in full with provisions for the recoverability and time value of money.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

Benefits

Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.

Other benefits are accounted for on an accruals basis on the date of retirement, death or leaving the Scheme as appropriate.

Transfers to and from other schemes

Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers or payable to the pension schemes of new employers for members who have left the Scheme.

They are accounted for on a cash basis or where the Trustee has agreed to accept the liability in advance of receipt of funds on an accruals basis from the date of the agreement.

Group transfers, where the Trustee has agreed to accept the liability prior to the receipt, are accounted for in accordance with the agreements.

Other expenses

Administrative expenses, premiums on term insurance policies and investment management expenses are accounted for on an accruals basis.

Term insurance policies

Death-in-service benefits are insured. Receipts from the insurer and payments to beneficiaries are accounted for when payment is received or paid.

3 CONTRIBUTIONS RECEIVABLE

	2011 £000	2010 £000
Employers		
Normal	31,157	31,305
Salary Sacrifice	11,338	6,338
Premature retirement: added years	393	518
Premature retirement: actuarial strain	1,168	1,817
Section 75 debt	–	2
	44,056	39,980
Members		
Normal	4,445	8,422
Additional voluntary contributions	872	833
	5,317	9,255
Total contribution income	49,373	49,235

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

Income relating to premature retirement includes the purchase of added years of service by employers under the Plan for Premature Retirement Compensation and also income from employers to cover the strain on the fund caused by bringing the ordinary benefits into payment before normal retirement date.

Additional voluntary contributions are used to purchase additional years' pensionable service and are invested in the main SAUL fund.

4 TRANSFERS IN

	2011 £000	2010 £000
Group transfers in from other schemes		
Cash	–	11,700
In specie	–	48,131
Individual transfers in from other schemes	1,900	2,256
Total transfers in	1,900	62,087

5 OTHER INCOME

	2011 £000	2010 £000
VAT reclaim	228	182
Claims on term insurance policies	1,049	1,175
Re-instatement of former leavers	–	42
Annuity income	130	26
Total other income	1,407	1,425

6 BENEFITS PAYABLE

	2011 £000	2010 £000
Pensions	35,685	32,365
Lump sum retirement payments	10,555	9,378
Lump sum death benefits	1,652	1,262
Total benefits payable	47,892	43,005

Lump sum death-in-service benefits were insured with Legal & General during the year.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 MARCH 2011 (CONTINUED)**

7 LEAVERS

	2011	2010
	£000	£000
Transfers out	6,625	7,326
Contributions refunded	241	333
State scheme premiums	109	153
	6,975	7,812

8 OTHER PAYMENTS

	2011	2010
	£000	£000
Premiums on term insurance policies	1,019	1,060
Pension sharing	–	50
HMRC – other tax payment	1	–
	1,020	1,110

9 ADMINISTRATIVE EXPENSES

	2011	2010
	£000	£000
Personnel costs	1,826	1,543
Information systems	320	266
Premises costs	821	600
Office expenses	88	80
Office projects	63	75
Trustee costs	302	306
Member communications	23	19
Professional fees	459	532
Statutory charges	550	300
Other	64	65
Total	4,516	3,786

10 INVESTMENT INCOME

	2011	2010
	£000	£000
Income from fixed-interest securities	732	784
Income from index-linked securities	187	43
Dividends from equities	10,547	8,843
Stock lending commission	175	9
Interest on cash deposits	353	313
Income from pooled investment vehicles	4,928	2,863
	16,922	12,855

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 MARCH 2011 (CONTINUED)**

11 INVESTMENTS

	Value at 1 April 2010	Transfer in specie	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market value	Value at 31 Mar 2011
	£000	£000	£000	£000	£000	£000
Fixed-interest securities	7,593		3,813	(2,029)	(378)	8,999
Derivatives	583		1,276	(2,874)	379	(636)
Index-linked securities	10,780		32,496	(16,761)	(98)	26,417
Equities	393,084		308,187	(294,567)	41,335	448,039
Pooled investment vehicles	943,517		232,107	(310,563)	52,279	917,340
Total	1,355,557		577,879	(626,794)	93,517	1,400,159
Cash deposits	34,609				2,304	100,429
Other investment balances	11,634					1,748
	1,401,800				95,821	1,502,336

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 profits and losses realised on the sales of investments during the year. This figure also includes an amount of £2,304,000 (2010: £896,000) relating to changes due to currency transactions.

Investment assets	2011	2010
	£000	£000
Fixed-interest securities	8,999	7,593
Index-linked securities	26,417	10,780
Equities	448,039	393,084
Pooled investment vehicles	917,340	943,517
Derivatives	315	708
Cash deposits and other investment assets	103,930	48,888
Total investment assets	1,505,040	1,404,570
Investment liabilities		
Derivatives	(951)	(125)
Cash deposits and other investment liabilities	(1,753)	(2,645)
Total investment liabilities	(2,704)	(2,770)
Net investment assets	1,502,336	1,401,800

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

11 INVESTMENTS (continued)

	2011 Market Value £000	2010 Market Value £000
Fixed-Interest Securities		
UK quoted	4,840	4,880
Overseas Public Sector Quoted	2,090	–
Overseas Quoted	2,069	2,713
Total fixed-interest securities	8,999	7,593
Index-Linked Securities		
UK Public Sector Quoted	12,608	10,780
Overseas Public Sector Quoted	13,809	–
Total index-linked securities	26,417	10,780
Equities		
UK Quoted	72,649	52,106
UK Unquoted	50	50
Overseas Quoted (see note 1)	311,265	298,947
Overseas Private Equity (see note 1)	64,075	41,981
Total equities	448,039	393,084
Pooled investment vehicles		
UK managed funds other	474,915	572,620
Overseas managed funds other	52,452	78,315
UK unit trusts other	134,527	56,544
Overseas Unit Trusts property	65,740	60,420
Overseas Unit Trusts other	91,228	105,268
Overseas Unit Trusts property	1,764	–
Overseas Unit Trusts infrastructure	79,387	70,350
Overseas Unit Trusts hedge funds	12,402	–
Overseas Unit Trusts senior loans	4,925	–
Total pooled investment vehicles	917,340	943,517
The managed and unitised funds are managed by companies registered in the UK.		
Cash deposits	100,429	34,609
Other investment balances		
Amount due to brokers	(1,753)	(2,645)
Amount due from brokers	1,179	12,376
Accrued interest, outstanding dividend entitlement and recoverable withholding tax	2,322	1,903
Total other investment balances	1,748	11,634

Note 1: All of the overseas private equity investments are managed by Partners Group and Morgan Stanley (2010: all) and are held through units in pooled vehicles. Overseas equities also include investments amounting to £11,510,000 (2010: £2,190,000) that are held in pooled investment vehicles.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

11 INVESTMENTS (continued)

Transaction costs incurred through the year amounted to £1,039,000 (2010: £934,000). In addition to these transaction costs, indirect costs are incurred through the bid-offer spread on investments in pooled investment vehicles.

	2011 £000	2010 £000
Derivatives		
Futures contracts	(4)	(60)
Forward currency contracts	(754)	643
Options	122	–
Net derivatives	(636)	583

Type of Contract	2011 Nominal value £000	2011 Assets £000	2011 Liabilities £000	2010 Assets £000	2010 Liabilities £000
Futures contracts					
Commodity & fixed income futures	9,238	–	(4)	–	(60)
Forward foreign currency contracts					
Settle- ment Date	2011 Currency Bought '000	2011 Currency Sold '000			
1-3 months					
GBP 11,007	EUR 12,876	–	(391)	141	(1)
GBP 33,616	USD 54,750	–	(543)	555	–
USD	GBP	–	–	–	(56)
EUR 1,061	GBP 926	14	–	3	–
GBP 1,605	CHF 2,360	–	(5)	9	(7)
GBP	DKK	–	–	–	(1)
GBP 10,842	JPY				
	1,417,872	166	–		
GBP 2,179	JPY				
	290,135	13	(8)		
Total		193	(947)	708	65
Options	Expiry date				
DJ Euro	17/6/2011	122	–	–	–
STX 50					
Net Derivatives		315	(951)	708	(125)

The objectives for holding derivative contracts are outlined in the investment report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

Employer-related investments

The Scheme did not hold any employer-related investments during the year or at the year-end (2010: none).

12 INVESTMENT MANAGEMENT EXPENSES

	2011 £000	2010 £000
Investment management and custody	3,564	1,880
Consultancy and performance measurement	306	322
	3,870	2,202

13 RELATED PARTY TRANSACTIONS

Transactions with SAUL Trustee Company (STC) and Trustee costs disclosed in note 9 are classified as related party transactions under FRS8.

Administrative expenses (see note 9) and Investment Management expenses (see note 12) are paid by STC, which recovers all its costs from SAUL. The Cashflow Statement in the Financial Statements of STC fully discloses cash movements between SAUL and STC. Three Trustee Directors are members of SAUL. Their contributions and benefits are paid in accordance with the Scheme Rules.

14 CURRENT ASSETS

	2011 £000	2010 £000
Debtors – amounts due from employer institutions	3,844	3,736
Debtors – other	227	208
	4,071	3,944

15 CURRENT LIABILITIES

	2011 £000	2010 £000
Creditor – Income tax payable	(360)	(342)
– SAUL Trustee Company	(699)	(179)
– Deferred contributions	(20)	(244)
– Bank overdraft	(13)	(824)
– Other	(80)	(70)
	(1,172)	(1,659)

Contributions due from employer institutions as at 31 March 2011 were in all material respects paid during April 2011 by the due date as set out in the Schedule of Contributions dated 17 June 2009.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

16 CONCENTRATION OF INVESTMENT

The following investment holdings each represent more than 5% of the Scheme's net assets:

	Net Assets %		Market value (£000)	
	2011	2010	2011	2010
L & G UK Equity (5% capped) index	–	9.6	–	135,980
L & G AAA-AA-A Bonds over 15 years index	7.6	14.1	114,677	198,735
L & G over 15 years Index-linked Gilts	14.7	7.4	221,952	104,501

No other single investment represented more than 5% of the Scheme's net assets.

17 SELF-INVESTMENTS

There was no self-investment held at any time during the year.

18 CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

There are commitments to invest in funds as follows:

Manager	Period	Commitment at 31 March 2011	Commitment at 31 March 2010
First State	Up to 10 years	£0	£1.2m
Highbridge	Up to 3 years	£9.1m (\$14.6m)	£0
Macquarie	Up to 10 years	£0	£4.5m
Morgan Stanley	Up to 3 years	£5.4m (\$8.6m)	£7.3m (\$11.0m)
Partners Group	Up to 3 years	£68.4m (€77.4m)	£89.2m (€100m)

In the opinion of the Trustee the Scheme had no other commitments or contingent liabilities at 31 March 2011 (2010: £nil).

19 REALISIBILITY OF INVESTMENTS

The liquidity of the underlying investments of the Scheme varies across asset classes and according to market conditions. Where the investments are held in pooled vehicles, contract terms can also restrict realisation. The main restrictions on the realisability of investments are investments held in the alternative assets portfolio, where some specialist investment managers require an initial period where new funds invested cannot be withdrawn, with liquidity thereafter being available only on specific monthly, quarterly or annual dates. Finally, private equity commitments normally are made at the outset for a ten- or fifteen-year period. A secondary market does exist for private equity commitments but cannot be relied upon to provide liquidity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

20 STOCK LENDING

The stock lending programme lends certain equity investments. At the year end the value of the assets on loan was £34.9m (2010: £17.2m), in exchange for which the custodian held collateral worth £38.9m (2010: £18.6m). The collateral consists of fixed-interest securities.

INDEPENDENT AUDITORS' STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE SUPERANNUATION ARRANGEMENTS OF THE UNIVERSITY OF LONDON

We have examined the Summary of Contributions to the Superannuation Arrangements of the University of London for the Scheme year ended 31 March 2011 which is set out on the following page.

RESPECTIVE RESPONSIBILITIES OF TRUSTEE AND AUDITORS

As explained more fully in the statement of Trustee's responsibilities, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions and for monitoring whether contributions are made to the Scheme by the employer in accordance with relevant requirements.

It is our responsibility to provide a statement about contributions and to report our opinion to you.

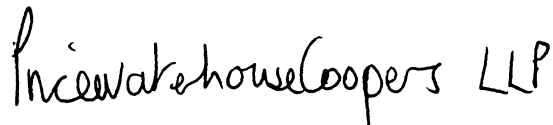
This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

SCOPE OF WORK ON THE STATEMENT ABOUT CONTRIBUTIONS

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme under the schedule of contributions and the timing of those payments.

STATEMENT ABOUT CONTRIBUTIONS

In our opinion, the contributions required by the schedule of contributions for the Scheme year ended 31 March 2011 as reported in the summary of contributions have in all material respects been paid in accordance with the schedule of contributions certified by the Scheme Actuary on 17 June 2009.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory auditors
London

Date: 8 September 2011

TRUSTEE'S SUMMARY OF CONTRIBUTIONS

The following summary shows contributions receivable as specified in the Schedule of Contributions as certified by the Scheme Actuary on 17 June 2009, as well as those received in addition to those contributions set out in the Schedule.

CONTRIBUTIONS RECEIVABLE PER SCHEDULE OF CONTRIBUTIONS

	Note	2011 £000
Employers		
Normal	3	31,157
Salary sacrifice	3	11,338
Members		
Normal	3	4,445
Additional voluntary contributions	3	872
Amounts receivable per Schedule of Contributions		47,812

ADDITIONAL CONTRIBUTIONS RECEIVABLE

	Note	2011
Employers		
Premature retirement	3	393
Added years	3	1,168
Actuarial strain	3	1,168
Additional amounts receivable		1,561
TOTAL CONTRIBUTIONS RECEIVED		49,373

Signed on behalf of the Trustee by:



Dr D G Buckley

Chairman



Mr J Foster

Director

Date: 8 September 2011

APPENDIX 1

SAUL TRUSTEE COMPANY

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011

The Directors submit their Report and audited Financial Statements of SAUL Trustee Company ("the Company", registration number 02868875) for the year ended 31 March 2011. The Directors' Report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Directors

Dr D G Buckley (Chairman)	Mr P G Fraser
Mr J G Tregoning (Deputy Chairman)	Mr C Gosling
Mr D Bennett-Rees	Mr M R Hansen (to 30 June 2010)
Mr W Causon	Mr S Large (from 1 July 2010)
Mr K Coventry	Mr P Leishman
Mr P Dasgupta	Mr G Robinson
Mr J Foster	

Mr K Coventry received a pension from SAUL for the whole year. None of the other Directors had any interests relating to the business of the Company during the year.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply the consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They also are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SAUL TRUSTEE COMPANY

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

Statement of Directors' Responsibilities (continued)

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Principal Activities and Future Outlook

The Company, which is limited by guarantee and does not have any share capital, was established to undertake the office of Trustee of the Superannuation Arrangements of the University of London (SAUL). The Directors do not anticipate any change in the nature of this activity. The annual report of SAUL as at 31 March 2011 includes a statement by the Scheme Actuary that confirms that, in his opinion, the resources of SAUL are likely in the normal course of events to meet in full its liabilities as they fall due.

Review of Costs

Costs for the year, which include both operating costs and investment management fees, totalled £8,386,000 (2010: £5,988,000). All operating costs are recoverable from SAUL.

Statement of Disclosure to Auditors

Each of the persons who are Directors at the date of approval of this report confirms that so far as he or she is aware, there is no relevant audit information of which the Company's auditors are unaware.

The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information, and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Directors' Indemnities

The Company maintains liability insurance for its directors and officers.

By order of the Board



Dr D G Buckley

Chairman



Mr J Foster

Director

8 September 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAUL TRUSTEE COMPANY

We have audited the Financial Statements of SAUL Trustee Company for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cashflow Statement and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 57 and 58 the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give 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.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2011 and of its profit and cashflows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAUL TRUSTEE COMPANY (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Andrew Evans (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

8 September 2011

SAUL TRUSTEE COMPANY

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011	31 March 2010
		£000	£000
Turnover	3	8,386	5,988
Administrative costs	4	(8,386)	(5,988)
Operating profit		-	-
Profit on ordinary activities before taxation		-	-
Tax on profit on ordinary activities		-	-
Profit for the financial year		-	-
Retained profit for the year		-	-

The accompanying notes on pages 64 to 69 form an integral part of these Financial Statements.

The Company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

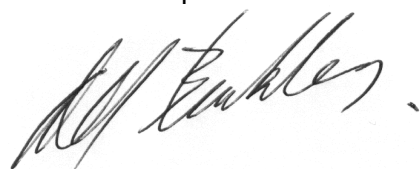
SAUL TRUSTEE COMPANY

BALANCE SHEET AS AT 31 MARCH 2011

	Note	31 March 2011		31 March 2010	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	8		422		521
Current assets					
Debtors	9		1,154		540
Cash at bank	12		34		–
Creditors: amounts falling due within one year			1,188		540
Overdrafts	12	–		(34)	
Other creditors	10	(1,610)		(1,027)	
			(1,610)		(1,061)
Net current liabilities			(422)		(521)
Total assets less current liabilities			–		–

The accompanying notes on pages 64 to 69 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors and authorised for issue on 8 September 2011. They were signed on its behalf by:



Dr D G Buckley

Chairman



Mr J Foster

Director

8 September 2011

Company number 02868875

SAUL TRUSTEE COMPANY

CASH-FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	Note	For the year ended 31 March 2011 £000	For the year ended 31 March 2010 £000
Operating activities			
Cash received from SAUL		7,868	7,908
Operating costs paid	11	(7,747)	(7,299)
<hr/>			
Net cash inflow from operating activities		121	609
<hr/>			
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	8	53	641
<hr/>			
Increase/(Decrease) in cash		68	(32)
<hr/>			

SAUL TRUSTEE COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

1 Incorporation of Company

The Company, which is limited by guarantee and does not have any share capital, was incorporated on 3 November 1993. It was established to undertake the office of Trustee of the Superannuation Arrangements of the University of London (SAUL). In the event of the Company being wound up, the members' liability would be limited to the amount originally subscribed, being £2 (£1 for each original member).

2 Accounting policies

The principal accounting policies are summarised below. They have all be applied consistently throughout the year and the preceding year, and on a going concern basis.

a) Accounting Convention

These financial statements are prepared under the historical cost convention and have been prepared in accordance with applicable United Kingdom law and accounting standards and the requirements of the Companies Act 2006.

b) Tangible Fixed Assets

Items of furniture, office equipment and computer equipment are capitalised. They are stated at cost, net of depreciation and any provision for impairment. Depreciation rates are as follows:

- i) Computer hardware and software – straight line over three years
- ii) Office equipment – straight line over four years.
- iii) Fixtures and fittings – straight line over five years.

c) Group Accounts

Under Section 398 of the Companies Act 2006, the Company is exempt from the requirement to prepare consolidated accounts on the grounds that the group is not large.

d) Actuarial valuation

The costs incurred in the preparation of the triennial Actuarial valuation of SAUL are charged to operating costs as incurred.

e) Pensions

Pension costs are charged to operating costs based on the amounts actually paid. Pension disclosures are provided in note 13.

f) Turnover

Turnover represents total actual operating costs and investment management fees (detailed in note 4) which are recoverable from SAUL.

SAUL TRUSTEE COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

3 Turnover

	2011 £000	2010 £000
SAUL recharge	8,386	5,988
	8,386	5,988

4 Administrative costs

	2011 £000	2010 £000
Personnel costs	1,826	1,543
Information systems	320	266
Premises	821	600
Office expenses	88	80
Office projects	63	75
Trustee directors' costs	302	306
Members' communications	23	19
Professional fees	459	532
Miscellaneous expenses	64	65
Investment related costs	3,870	2,202
Statutory costs	550	300
	8,386	5,988

5 Employee information

The average weekly number of persons employed by the Company was 31 (2010: 31). They are employed in a number of administrative and accounting roles.

	2011 £000	2010 £000
Staff costs:		
Wages and salaries	1,397	1,219
Social security costs	163	123
Other pension costs	172	150
	1,732	1,492

SAUL TRUSTEE COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

6 Committee members' fees and Directors' emoluments

	2011 £000	2010 £000
Committee membership	43	34
Directors' emoluments	243	231
Directors' emoluments – Employers' costs – VAT	6	8
	292	273

The Directors and other Committee members who are employed by organisations participating in SAUL do not receive any emoluments. Instead, fees are paid directly to the employer as compensation for time spent away from their normal place of work and this is shown in the table above as Committee membership.

Directors and other Committee members who are not employed by organisations participating in SAUL receive direct payment for their services and these are classified as Directors' Emoluments in the table above. Emoluments paid to each director in respect of each of the last two years were as follows:

	2011	2010
Between £0 and £5,000	1	1
Between £5,001 and £10,000	5	6
Between £10,001 and £15,000	1	4
Between £15,001 and £20,000	6	3
Between £20,001 and £25,000	1	2
Between £25,001 and £30,000	1	0
Between £30,001 and £35,000	0	0
Between £35,001 and £40,000	1	0
Between £40,001 and £45,000	0	1
Between £45,001 and £50,000*	1	1

*The Chairman received emoluments between £45,000 and £50,000.

No pension contributions were made in respect of any of the emoluments received by Directors in the year (2010: £nil).

7 Auditors' remuneration

	2011 £000	2010 £000
Audit fees (SAUL and SAUL Trustee Company)	64	60

SAUL TRUSTEE COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

8 Tangible fixed assets

	Computer Hardware £000	Fixtures and Fittings £000	Total £000
Cost			
At 1 April 2010	85	641	726
Additions during the year	40	13	53
At 31 March 2011	125	654	779
Accumulated depreciation			
At 1 April 2010	77	128	205
Charge for year	21	131	152
At 31 March 2011	98	259	357
Net book value At 31 March 2011	27	395	422
At 31 March 2010	8	513	521

9 Debtors

	2011 £000	2010 £000
Amounts owed by SAUL	699	179
Other debtors	298	126
Prepayments	157	235
	1,154	540

10 Other creditors – amounts falling due within one year

	2011 £000	2010 £000
Taxation and social security	55	41
Accrued expenditure	1,555	986
	1,610	1,027

SAUL TRUSTEE COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

11 Reconciliation of operating costs recoverable from SAUL to operating costs paid

	2011 £000	2010 £000
Operating costs – recoverable from SAUL	8,386	5,988
Depreciation	(152)	(135)
Costs paid directly by SAUL	2	124
Increase in debtors (excluding SAUL)	94	211
(Increase)/decrease in creditors	(583)	1,111
Operating costs paid	7,747	7,299

12 Reconciliation of net debt

	2011 £000	2010 £000
Overdrafts – at the start of the year	(34)	(2)
Cash at bank	34	(34)
Increase/(decrease) in the year	68	(32)

13 Pensions

The Company participates in the Superannuation Arrangements of the University of London (SAUL), a centralised defined benefit scheme for all eligible employees with the assets held in separate trustee-administered funds. The Company has adopted FRS17 for accounting for pension costs. It is not possible to identify the Company's share of the underlying assets and liabilities of SAUL. Therefore contributions are accounted for as if SAUL were a defined contribution scheme and pension costs are based on the amounts actually payable in accordance with paragraphs 8-12 of FRS17.

The Scheme is subject to triennial valuations by a professionally qualified independent actuary. The last available valuation was carried out as at 31 March 2008 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings. The following assumptions were used to assess the past service funding position and future service liabilities.

Valuation method	Projected unit	
	Past service	Future service
Investment return on liabilities		
Before retirement	6.9% p.a.	7.0% p.a.
After retirement	4.8% p.a.	5.0% p.a.
Salary growth*	4.85% p.a.	4.85% p.a.
Pension increases	3.35% p.a.	3.35% p.a.
*excluding an allowance for promotional increases		

SAUL TRUSTEE COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

The Actuarial valuation applies to the Scheme as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of the Scheme's assets at 31 March 2008 was £1,266 million representing 100% of the liability for benefits after allowing for expected future increases in salaries.

Based on the strength of the employer covenant and the Trustee's long-term investment strategy, the Trustee and the employers agreed to maintain employer and member contributions at 13% of salaries and 6% of salaries respectively following the valuation.

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS17 revealed the Scheme to be broadly balanced at the last formal Actuarial valuation date (31 March 2008)

14 Related party transactions

Throughout the year ended 31 March 2011, the Company held 100% of the issued ordinary and preference shares in STC Pension Management Ltd.

The Company's staff are jointly employed by the Company and STC Pension Management. The Company deals with all administrative matters relating to employment including payment of salaries and pension contributions. As at 31 March 2011 £89,799 (2010: £88,466) was due to the Company for staff costs incurred by STC Pension Management (included in Note 9 As "Other Debtors").



Superannuation Arrangements of the University of London

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