

PENSION FUND ACCOUNTS 2010/11

Statement of Accounts

Introduction

- 1.1 The following comprises the Statement of Accounts for the Avon Pension Fund (The Fund). The accounts cover the financial year from 1 April 2010 to 31 March 2011.
- 1.2 These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting ('Code of Practice') in the United Kingdom 2010 based on International Financial Reporting Standards as published by the Chartered Institute of Public Finance and Accountancy. The accounts have been prepared on an accruals basis, except for certain transfer values as described at 'Statement of Accounting Policies' – item 2.5. They do not take account of liabilities to pay pensions and other benefits in the future.
- 1.3 This is the first year in which the accounts have been prepared following International Financial Reporting Standards as required by the Code of Practice. There is no material difference in the Net Assets as at 1 April 2009 that would effect the 2009/10 accounts shown for comparison with the 2010/11 accounts.
- 1.4 The accounts are set out in the following order:

Statement of Accounting Policies which explains the basis of the figures in the accounts.

Fund Account which discloses the size and nature of financial additions to and withdrawals from the Fund during the accounting period and reconciles the movements in the net assets to the Fund Account.

Net Assets Statement which discloses the size and disposition of the net assets of the Fund at the end of the accounting period.

Notes to the Accounts which give supporting details and analysis concerning the contents of the accounts, together with information on the establishment of the Fund, its membership and actuarial position.

Actuarial Valuation

- 1.5 As required by the Local Government Pension Scheme Regulations 2008 an actuarial valuation of the Fund was carried out as at 31 March 2010. The market value of the Fund's assets at the valuation date was £2,459 million. The Actuary estimated that the value of the Fund was sufficient to meet 82% of its expected future liabilities (of £3,011m) in respect of service completed to 31 March 2010.
- 1.6 The deficit recovery period for the Fund overall is 23 years.
- 1.7 The 2010 actuarial valuation was carried out using the projected unit actuarial method. The main assumptions, on the basis of which employers' contributions are set, are as set out below:

	Past Service	Future Service
Rate of Discount	6.85% per annum (pre retirement) 5.6% per annum (post retirement)	6.5% per annum
Rate of pensionable pay inflation	4.5% per annum	4.5% per annum
Rate of price inflation	3.0% per annum	3.0% per annum

1.7 The 2010 valuation set the employer contribution rates effective from 1 April 2011.

In previous years the employer contribution rate has been expressed as a percentage of pay. For the 2010 valuation, due to declining payrolls, the deficit recovery payment has been expressed as a monetary amount payable annually, whereas the future service rate is still expressed as a percentage of pay.

1.8 The Actuary has estimated that the funding level as at 31 March 2011 has marginally increased to 83% from 82% at 31 March 2010. The increase in the asset value exceeded the rise in liabilities, which was caused by the unwinding of the discount rate by one year.

1.9 The Fund's Funding Strategy Statement can be found on the Fund's website www.avonpensionfund.org.uk or supplied on request from Liz Feinstein, Investments Manager.

Statement of Investment Principles

1.10 The Fund's Statement of Investment Principles as required by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 can be found on the Fund's website www.avonpensionfund.org.uk or supplied on request from Liz Feinstein, Investments Manager.

Statement of Accounting Policies

Basis of Preparation

2.1 Except where otherwise stated, the accounts have been prepared on an accruals basis, i.e. income and expenditure is recognised as it is earned or incurred, not as it is received or paid. The accounts have been prepared on a going concern basis.

Investments

2.2 Investments are shown in the accounts at market value, which has been determined as follows:

- i. Quoted Securities have been valued at 31 March 2011 by the Fund's custodian using internationally recognized pricing sources (bid-price or 'last trade') where a quotation was available on a recognised stock exchange or the unlisted securities market. Unquoted securities are included at fair value.
- ii. Fixed interest securities exclude interest earned but not paid over at the year end, which is included separately within investment debtors.
- iii. Pooled investments are stated at their bid price or at the Net Asset Value quoted by their respective managers at 31 March 2011.
- iv. Investments held in foreign currencies are shown at market value translated into sterling at the exchange rates ruling as at 31 March 2011.
- v. Open futures contracts are included in the net asset statement at their fair market value, which is the unrealised profit or loss at the current bid or offer market quoted price of the contract. The amounts included in the change in market value are the

- realised gains or losses on closed futures contracts and the unrealised gains or losses on open futures contracts.
- vi. Forward foreign exchange contracts outstanding at the year end are stated at fair value which is determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.
 - vii. Acquisition costs of investments (e.g. stamp duty and commissions) are treated as part of the investment cost.
 - viii. Additional Voluntary Contributions used to acquire money purchase benefits by scheme members are not included in the Fund's financial statements.
 - ix. Investment debtors and creditors at the year end are included in investment assets in accordance with the Pensions SORP.
 - x. The Fund's surplus cash is treated as an investment asset. Prior to 1 April 2010 the Fund's surplus cash was managed together with the surplus cash of B&NES Council, consequently this balance was shown as a debtor in the Fund's accounts. Since 1 April 2010 the Fund's surplus cash has been managed separately and consequently is now treated as an investment asset.

Contributions

2.3 Contributions represent those amounts receivable from the employing bodies in respect of their own and their pensionable employees' contributions. Employers' contributions are determined by the Actuary on the basis of triennial valuations of the Fund's assets and liabilities and take into account the Funding Strategy Statement set by the administering authority. Employees' contributions have been included at the rates prescribed by the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007.

Benefits, Refunds of Contributions and Cash Transfer Values

2.4 Benefits payable and refunds of contributions have been brought into the accounts as they fall due.

2.5 Cash Transfer Values are those sums paid to or received from other pension schemes and relate to previous periods of pensionable employment. Cash Transfer Values have been included in the accounts on the basis of the cheque payment date or "Bath & North East Somerset Council cash office received" date. Accruals are only made when it is certain that a transfer is to take place.

2.6 Charges for splitting pensions on divorce are either invoiced to members or, on request, paid out of future benefits. In the case of payment from future benefits the charge against benefits and income to the Fund are both made in the current year.

Investment Income

2.7 Dividends and interest have been accounted for on an accruals basis. Income on pooled investments is accumulated and reflected in the valuation of the units.

Investment Management & Administration

2.8 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 permit Bath & North East Somerset Council to charge administration costs to the Fund. A proportion of relevant Council costs has been charged to the Fund on the basis of actual time spent on Pension Fund business.

2.9 The fees of the Fund's external investment managers reflect their differing mandates. Fees are linked to the market value of the Fund's investments and

therefore may increase or reduce as the value of the investment changes. Fees are also payable to the Fund's global custodian and other advisors.

Taxation

2.10 The Fund is an exempt approved fund under the Income and Corporation Taxes Act 1988 and is therefore not liable to certain UK income tax on investment income or to capital gains tax. As Bath & North East Somerset Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment expenses. For taxation of overseas investment income please see note 3 iv. in the Notes to the Accounts.

Fund Account

For the Year Ended 31 March 2011

	Notes	2010/11	2009/10
		£'000	£'000
<i>Contributions and Benefits</i>			
Contributions Receivable	4	139,519	134,681
Transfers In		9,571	14,934
Other Income	5	273	361
		149,363	149,976
Benefits Payable	6	121,745	115,101
Payments to and on account of Leavers	7	9,094	14,618
Administrative Expenses	8	2,245	2,340
		133,084	132,059
<i>Net Additions from dealings with members</i>		16,279	17,917
<i>Returns on Investments</i>			
Investment Income	10	22,663	16,014
Change in Market Value of Investments	11	177,861	612,435
Investment Management Expenses	9	(7,194)	(6,860)
<i>Net Returns on Investments</i>		193,330	621,589
<i>Net Increase in the Fund during the year</i>		209,609	639,506
<i>Net Assets of the Fund</i>			
<i>At 1 April</i>		2,458,588	1,819,082
<i>At 31 March</i>		2,668,197	2,458,588

Net Assets Statement at 31 March 2011

	Note	31 March 2011 £'000	%	31 March 2010 £'000	%
INVESTMENT ASSETS					
Fixed interest securities : Public Sector		154,494	5.8	134,999	5.5
Equities		246,996	9.2	241,264	9.8
Index Linked securities : Public Sector		157,378	5.9	147,483	6.0
Pooled investment vehicles :-	12				
- Property : Unit Trusts		69,935	2.6	43,608	1.8
: Unitised Insurance Policies		49,875	1.9	33,034	1.3
: Other Managed Funds		52,242	2.0	26,071	1.1
Property Pooled Investment Vehicles		<u>172,052</u>		<u>102,713</u>	
- Non Property : Unitised Insurance Policies		844,190	31.6	873,040	35.5
: Other Managed Funds	12	1,028,962	38.5	873,533	35.5
Non Property Pooled Investment Vehicles		<u>1,873,152</u>		<u>1,746,573</u>	
Derivative Contracts: FTSE Futures		543	0.0	152	0.0
Cash deposits		50,515	1.9	63,042	2.5
Other Investment balances		4,749	0.2	4,150	0.2
INVESTMENT LIABILITIES					
Derivative contracts (Foreign Exchange hedge)		(59)	0.0	0	0.0
Other Investment balances		(1,869)	(0.1)	(738)	0.0
TOTAL INVESTMENT ASSETS	12	<u>2,657,951</u>		<u>2,439,639</u>	
Net Current Assets					
Current Assets	14	11,682	0.4	21,149	0.9
Current Liabilities	14	(1,436)	0.1	(2,200)	(0.1)
TOTAL NET ASSETS		<u>2,668,197</u>	100	<u>2,458,588</u>	100

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after 31 March 2011.

Notes to the Accounts - Year Ended 31 March 2011

1, GENERAL

The Fund is administered by Bath & North East Somerset Council under arrangements made following the abolition of the former Avon County Council on 31 March 1996.

The Fund is governed by the Local Government Pension Scheme Regulations 2008 (as amended). Membership of the Fund is open to pensionable employees of scheduled bodies in the former Avon County area, together with employees of admitted bodies. A list of employers with contributing scheme members can be found in note 22.

Employers' contributions are payable at the rate specified for each employing authority by the Fund's actuary. The employees' contribution rate is payable in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007.

2, MEMBERSHIP

Membership of the Fund at the year-end was as follows:-

	31 March 2011	31 March 2010
Employed Members	33,810	34,800
Pensioners	22,541	21,313
Members entitled to Deferred Benefits	26,868	24,544
TOTAL	83,219	80,657

3, TAXATION

i. Value Added Tax

The Fund's administering authority Bath & North East Somerset Council is reimbursed VAT by H. M. Revenue and Customs and the accounts are shown exclusive of VAT.

ii. Income Tax

The Fund is a wholly exempt fund and some UK income tax is recoverable from HM Revenue and Customs. Where tax can be reclaimed, investment income in the accounts is shown gross of UK tax.

iii. Capital Gains Tax

No capital gains tax is chargeable.

iv. Taxation of Overseas Investment Income

The Fund receives interest on its overseas government bond portfolio gross, but a variety of arrangements apply to the taxation of interest on corporate bonds and dividends on overseas equities.

4, CONTRIBUTIONS RECEIVABLE

Contributions receivable are analysed below:-

	31 March 2011	31 March 2010
	£'000	£'000
Employers' normal contributions		
Scheduled Bodies	86,680	84,394
Admitted Bodies	7,587	7,564
	<u>94,267</u>	<u>91,958</u>
Employers' contributions- Augmentation		
Scheduled Bodies	5,051	3,548
Admitted Bodies	552	814
	<u>5,603</u>	<u>4,362</u>
Employers' Deficit Funding		
Scheduled Bodies	35	
Admitted Bodies	1963	241
	<u>1,998</u>	<u>241</u>
Members' normal contributions		
Scheduled Bodies	33,352	33,582
Admitted Bodies	3,568	3,595
	<u>36,920</u>	<u>37,177</u>
Members' contributions towards additional benefits		
Scheduled Bodies	696	901
Admitted Bodies	35	42
	<u>731</u>	<u>943</u>
Total	<u>139,519</u>	<u>134,681</u>

The Members' contributions towards additional benefits above represent members' purchase of added years or additional benefits under the Scheme.

A further facility is provided whereby members can make Additional Voluntary Contributions, on a money purchase basis, which are invested in insurance policies with The Equitable Life Assurance Society or Friends Life on behalf of the individual members concerned. These contributions are not part of the Pension Fund and are not therefore reflected in the Fund's accounts. A statement of the value of these investments is given in Note 19.

5, OTHER INCOME

	31 March 2011	31 March 2010
	£'000	£'000
Recoveries for services provided	262	356
Cost recoveries	11	5
	<u>273</u>	<u>361</u>

'Recoveries for services provided' refers to administrative and accounting services provided to employing bodies. Cost recoveries are the recovery of the cost of calculating Pension Sharing on divorce

6, BENEFITS PAYABLE

Analysis of Benefits Payable by Type:-

	31 March 2011	31 March 2010
	£'000	£'000
Retirement Pensions	90,317	86,016
Commutation of pensions and Lump Sum Retirement Benefits	28,734	26,536
Lump Sum Death Benefits	2,694	2,549
	<u>121,745</u>	<u>115,101</u>

Analysis of Benefits Payable by Employing Body:-

	31 March 2011	31 March 2010
	£'000	£'000
Scheduled & Resolution Bodies	114,117	107,100
Admitted Bodies	7,628	8,001
	<u>121,745</u>	<u>115,101</u>

7, PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	31 March 2011	31 March 2010
Leavers	£'000	£'000
Refunds to members leaving service	22	77
Individual Cash Transfer Values to other schemes	9,072	14,541
Bulk Cash Transfers	-	-
	<u>9,094</u>	<u>14,618</u>

There have been no bulk transfers during the year.

8, ADMINISTRATION EXPENSES

Costs incurred in the management and administration of the Fund are set out below.

	31 March 2011	31 March 2010
	£'000	£'000
Administration and processing	1,638	1,680
Actuarial fees	137	178
Audit fees	47	71
Legal and professional fees	-	1
Central recharges from Administering Authority	423	410
	<u>2,245</u>	<u>2,340</u>

9, INVESTMENT EXPENSES

Expenses incurred in the management of the Fund are set out below.

	31 March 2011	31 March 2010
	£'000	£'000
Portfolio management	6,840	6,469
Global custody	78	74
Investment advisors	174	171
Performance measurement	32	33
Investment accounting	15	22
Investment Administration	55	91
	<u>7,194</u>	<u>6,860</u>

10, INVESTMENT INCOME

	31 March 2011	31 March 2010
	£'000	£'000
Interest from fixed interest securities	6,350	4,135
Dividends from equities	7,051	6,275
Income from Index Linked securities	6,187	3,840
Income from pooled investment vehicles	2,917	1,574
Interest on cash deposits	146	172
Other - Stock lending	12	18
	<u>22,663</u>	<u>16,014</u>

The Fund has an arrangement with its custodian (BNY Mellon) to lend eligible securities from its portfolio to third parties in return for which the third parties pay fees to the fund. The third parties provide collateral to the Fund which is held during the period of the loan. This stock lending programme was introduced with effect from July 2004. The Fund may terminate any loan of securities by giving notice of not less than the standard settlement time for those securities.

The value of the stock on loan as at 31 March 2011 was £43.67 million (31 March 2010 £9.42m). This was secured by collateral worth £45.21 million comprising OECD sovereign and supra national debt and equity index baskets from the FTSE 350 index.

11, CHANGE IN TOTAL NET ASSETS

Change in Market Value of Investments	Value at	Purchases	Sales	Change	Value at
	31/03/10	at Cost	Proceeds	In Market	31/03/11
	£'000	£'000	£'000	£'000	£'000
Fixed Interest Securities	134,999	36,541	(20,446)	3,400	154,494
Equities	241,265	117,633	(128,049)	16,147	246,996
Index linked Securities	147,483	30,450	(24,322)	3,767	157,378
Pooled Investments -					
- Property	102,713	85,169	(27,383)	11,553	172,052
- Non Property	1,746,573	97,871	(108,188)	136,896	1,873,152
Derivatives	152	1,922	(3,415)	1,824	483
	2,373,185	369,586	(311,803)	173,587	2,604,555
Cash Deposits	63,042	232,606	(244,154)	(979)	50,515
Net Purchases & Sales		602,192	(555,957)	46,235	
Change in Creditors, Debtors and Revenue.					
Investment Debtors and Creditors	3,412			(531)	2,881
Total Investment Assets	2,439,639				2,657,951
Adjustment for Revenue, Debtors & Creditors	18,949			(8,703)	10,246
Less Net Revenue of Fund				(31,748)	
Total Net Assets	2,458,588			177,861	2,668,197

The **Change in Market Value** of investments comprises all gains and losses on Fund investments during the year, whether realised or unrealised.

The **Change in Market Value** for cash deposits represents net losses on foreign currency deposits and foreign exchange transactions during the year.

Investment Transaction Costs

The following transactions costs are included in the above:

£'000	Purchases £'000	Sales £'000	Other £'000	Total £'000
Fees and Taxes	606	1	-	607
Commission	159	152	3	314
TOTAL	765	153	3	921

12, INVESTMENT ASSETS

Further analysis of the market value of investments as set out in the Net Assets Statement is given below:-

	31 March 2011		31 March 2010	
	£'000		£'000	
UK Equities				
Quoted	209,686		191,718	
Pooled Investments	415,651		456,708	
FTSE Futures	543	<u>625,880</u>	152	<u>648,578</u>
Overseas Equities				
Quoted	37,310		49,546	
Pooled Investments	987,796	<u>1,025,106</u>	830,704	<u>880,250</u>
UK Fixed Interest Gilts				
Quoted	154,494		134,999	
Pooled Investments	35,247	<u>189,741</u>	49,413	<u>184,412</u>
UK Index Linked Gilts				
Quoted	157,378	<u>157,378</u>	147,483	<u>147,483</u>
Sterling Bonds (excluding Gilts)				
Pooled Investments	138,079	<u>138,079</u>	124,427	<u>124,427</u>
Non-Sterling Bonds				
Pooled Investments	74,000	<u>74,000</u>	72,348	<u>72,348</u>
Hedge Funds				
Pooled Investments	222,379	<u>222,379</u>	212,973	<u>212,973</u>
Property				
Pooled Investments	172,052	<u>172,052</u>	102,713	<u>102,713</u>
Cash Deposits				
Sterling	49,672		52,627	
Foreign Currencies	843	<u>50,515</u>	10,415	<u>63,042</u>
Investment Debtors/Creditors				
Investment Income	3,264		3,231	
Sales of Investments	1,485		919	
Foreign Exchange Hedge	(59)		-	
Purchases of Investments	(1,869)	<u>2,821</u>	(737)	<u>3,413</u>
TOTAL INVESTMENT ASSETS		<u>2,657,951</u>		<u>2,439,639</u>

DERIVATIVES ANALYSIS**31 March 2011**“Over The Counter”**£'000**

Forward Exchange Hedge :	Receivable in Sterling	3,774
Forward Exchange Hedge :	Payable in Euros	(3,786)
Forward Exchange Hedge :	Payable in Sterling	(132)
Forward Exchange Hedge :	Receivable in Euros	133
		(11)
Forward Exchange Hedge :	Receivable in Sterling	9,523
Forward Exchange Hedge :	Payable in U.S. Dollars	(9,571)
		(48)
		(59)

There were no “Over The Counter” derivatives held as at 31 March 2010

Exchange Traded Derivatives held at 31 March 2011:-

<u>Contract Type</u>	<u>Expiration</u>	<u>Book Cost</u>	<u>Unrealised Gain</u>
		£'000	£'000
FTSE	June 2011	15,228	543

As at March 2010 the following Exchange Traded derivative was held:-

FTSE	June 2010	20,887	152
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A derivative is a financial contract between two parties, the value of which is determined by the underlying asset. Investment in derivatives may only be made if they contribute to a reduction of risks and facilitate efficient portfolio management.

The UK Equity futures contracts are held to facilitate efficient portfolio management for a short term passively managed investment where the costs of investing directly in UK equities would be significant.

Forward “over the counter” foreign exchange contracts are held by two of the investment managers to eliminate the impact of the currency on the sterling investment return.

The proportion of the market value of investment assets managed by each external manager and in house Treasury Management at the end of the financial year was:-

	31 March 2011		31 March 2010	
	£'000	%	£'000	%
Barclays Global Investors	1,469,327	55.3	1,402,836	57.5
Capital International	20	0	57	0
Threadneedle Pensions Wellington Management International	0 4	0 0	4 18	0 0
Jupiter Asset Management	109,295	4.1	94,451	3.9
Genesis	147,200	5.5	130,211	5.3
Invesco	169,742	6.4	158,223	6.5
State Street	91,176	3.4	85,675	3.5
Partners	53,129	2.0	26,100	1.1
Royal London Asset Management	131,992	5.0	122,185	5.0
TT International	132,073	5.0	124,756	5.1
Man Investments	100,418	3.8	95,047	3.9
Gottex Asset Management	53,490	2.0	51,280	2.1
Stenham Asset Management	11,665	0.4	11,544	0.5
Signet Capital Management	47,225	1.8	45,279	1.9
Lyster Watson Management	10,228	0.4	9,823	0.4
Schroder Investment Management	120,511	4.5	76,798	3.1
Bank of New York Mellon	1,882	0.1	5,352	0.2
Treasury Management	8,574	0.3		
TOTAL INVESTMENT ASSETS	2,657,951	100.0	2,439,639	100.0

Residual values held by former Managers Capital International, Threadneedle Pensions and Wellington Management International relate to reclaimable tax.

13, SINGLE INVESTMENTS OVER 5% OF ASSET CLASS

The following investment holdings amounted to 5% or more of their asset class excluding pooled funds. If pooled funds were included the only holding to exceed 5% of its asset class would be the Index linked 2.5% July 2016 which would be 5.01% of its class.

Fixed Interest Securities	Value	% of Asset Class
UK Government 4.250% 07-JUN-2032	13,819,909	8.9%
UK Government 4.750% 07-DEC-2038	13,801,303	8.9%
UK Government 4.250% 07-DEC-2027	13,788,096	8.9%
UK Government 4.750% 07-DEC-2030	13,288,963	8.6%
UK Government 4.250% 07-DEC-2055	12,279,623	7.9%
UK Government 4.250% 07-MAR-2036	12,048,891	7.8%
UK Government 6.000% 07-DEC-2028	11,851,040	7.7%
UK Government 4.250% 07-DEC-2046	10,883,067	7.0%
UK Government 4.500% 07-DEC-2042	10,637,834	6.9%
UK Government 4.250% 07-DEC-2049	9,992,587	6.5%
UK Government 4.500% 09/07/2034	9,434,179	6.1%
UK Government 4.250% 09/09/2039	8,736,240	5.7%
UK Government 4.250% 12/07/2040	8,048,473	5.2%

Index Linked Securities	Value	% of Asset Class
UK Government 2.500% 26-JUL-2016	17,391,647	11.1%
UK Government 2.500% 16-APR-2020	14,602,053	9.3%
UK Government VAR RT 17-JUL-2024	13,276,979	8.4%
UK Government 1.250% 22-NOV-2027	12,612,039	8.0%
UK Government 1.875% 22-NOV-2022	11,698,426	7.4%
UK Government 2.000% 26-JAN-2035	11,103,557	7.1%
UK Government 1.250% 22-NOV-2055	10,751,199	6.8%
UK Government 1.250% 22-NOV-2017	10,534,918	6.7%
UK Government 1.250% 22-NOV-2032	10,288,052	6.5%
UK Government 4.125% 22-JUL-2030	9,633,243	6.1%
UK Government 1.125% 22-NOV-2037	9,242,996	5.9%

UK Equities	Value	% of Asset Class
VODAFONE GROUP	13,799,031	6.6%
HSBC HLDGS ORD USD0.50 (UK)	10,854,552	5.2%
Overseas Equities		
ROYAL DUTCH SHELL 'A'	5,734,441	15.4%
XSTRATA COM STK	5,532,311	14.8%
BAYER AG ORD NPV	3,071,731	8.2%
WPP PLC ORD	2,082,094	5.6%

14, DEBTORS AND CREDITORS

Provision has been made in the accounts for debtors and creditors known to be outstanding at 31 March 2011. Debtors and creditors included in the accounts are analysed below:-

	31 March 2011		31 March 2010
	£'000		£'000
DEBTORS			
Bath & North East Somerset Council	-		10,027
Contributions Receivable :-			
- Employers	7,466		7,267
- Members	2,963		2,985
Discretionary Early Retirement Costs	409		498
Other Debtors	710	<u>11,548</u>	<u>372</u>
			<u>21,149</u>
CREDITORS			
Management Fees	(728)		(393)
Lump Sum Retirement Benefits	(380)		(1,712)
Other Creditors	(328)	<u>(1,436)</u>	<u>(95)</u>
		<u>10,112</u>	<u>18,949</u>
DEFERRED CHARGES			
Cost of Triennial Valuation		<u>134</u>	<u>-</u>
NET CURRENT ASSETS		<u>10,246</u>	<u>18,949</u>

The 31 March 2010 debtor with Bath & North East Somerset Council represents monies held by the Administering Authority on which a commercial rate of interest was paid. From 1 April 2010 the Fund has managed its surplus cash separately from the Council, consequently this debtor no longer occurs. Surplus cash is now included within the Total Investment Assets.

The cost of the 2010 Triennial Valuation has been deferred to be charged to the years 2011/12 to 2013/14 in which the resulting contribution rates will apply.

Analysis of Debtors and Creditors by public sector bodies:-

	31 March 2011		31 March 2010
	£'000		£'000
DEBTORS			
Local Authorities	9,068		18,981
NHS Bodies	11		10
Other Public Bodies	1,580		1,674
Non Public Sector	889	<u>11,548</u>	<u>504</u>
			<u>21,149</u>
CREDITORS			
Non Public Sector	(1,436)	<u>(1,436)</u>	<u>(2,200)</u>
NET CURRENT ASSETS		<u>10,112</u>	<u>18,949</u>

There were no debtors or creditors of Central Government or public corporations and traded funds.

15, CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 March 2011. (March 2010 = NIL).

16, ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS FOR THE PURPOSES OF IAS 26

In compliance with IAS 26 the following statement has been prepared by the Fund's actuary.

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

In order to assess the value of the benefits on this basis, we have used the same actuarial assumptions as those used for funding purposes, other than the discount rate where we have used a rate of 5.6% p.a. both before and after retirement, rather than the rates as outlined above. We have also used valuation methodology in connection with ill-health and death benefits which is consistent with IAS 19. On this basis, the value of the promised retirement benefits as at 31 March 2010 is £3,318 million.

We have also carried out similar calculations as at the previous actuarial valuation date of 31 March 2007, using the same actuarial assumptions as those used for funding purposes at that date, other than the discount rate where we have used a rate of 5.4% p.a. both before and after retirement. On this basis, the value for IAS 26 purposes of the Fund's promised retirement benefits at that date was £2,962 million.

17, TRANSFERS IN

Transfers In during the year were all in relation to individuals. There were no group transfers in to the Fund during the year ending 31 March 2011.

18, BENEFITS RECHARGED TO EMPLOYERS

The Fund makes payments with regard to added year benefits awarded by the Employer to LGPS members, including related pension increases, and pension increases in respect of certain bodies with no pensionable employees in the Fund. The Fund also pays a small number of other pension supplements. These are not funded by the Fund and are recharged in full. They are not included in the Fund Account or related notes.

	31 March 2011	31 March 2010
	£'000	£'000
Benefits Paid and Recharged	6,025	6,131

19, ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs)

Scheme members may make Additional Voluntary Contributions that are invested in insurance policies with The Equitable Life Assurance Society or Friends Life, the Fund's nominated AVC providers. Additional Voluntary Contributions received from employees and paid to The Equitable Life Assurance Society during 2010/11 were £4,128 (2009/10 - £7,319). Additional Voluntary Contributions received from employees and paid to Friends Life during 2010/11 were £516,160 (2009/10 - £527,655).

The total value of the assets invested, on a money purchase basis, with these AVC providers was:-

	31 March 2011	31 March 2010
	£'000	£'000
<u>Equitable Life</u>		
With Profits Retirement Benefits	784	917
Unit Linked Retirement Benefits	443	449
Building Society Benefits	319	327
	1,546	1,693
Death in Service Benefit	199	296
<u>Friends Provident</u>		
With Profits Retirement Benefits	173	263
Unit Linked Retirement Benefits	2,307	3,227
Cash Fund	277	482
	2,757	3,972

AVC investments are not included in the Fund's financial statements.

20, RELATED PARTIES

Committee Member Related:-

In 2010/11 £39,245 was charged to the Fund in respect of Allowances paid to the voting Members of the Avon Pension Fund Committee (£36,893 in 2009/10). Four voting members and three non voting members of the Avon Pension Fund Committee (including three B&NES Councillor Members) were members of the Local Government Pension Scheme during the financial year 2010/2011. *(Five voting members and three non voting members in 2009/2010, including three B&NES Councillor Members)*

Independent Trustee Related:-

Two Independent Trustees were paid allowances of £6,380 and £12,379 respectively during the year for their work in relation to the Pension Fund Committee and the Investment Panel. They are also entitled to claim reasonable expenses. The Independent Trustees are not eligible to join the Local Government Pension Scheme.

Employer Related:-

During the year 2010/11 the Fund paid B&NES Council £246,209 for administrative services (£239,878 in 2009/10) and B&NES Council paid the Fund £6,091 for administrative services (£1,528 in 2009/10). Various Employers requiring IAS 19 disclosures and other actuarial work paid the fund a total of £3,266 (£1,665 in 2009/10) for their services in compiling data for submission to the actuary.

Officer and Manager Related:-

The officers and managers administering the Avon Pension Fund are all eligible to be members of the Avon Pension Fund.

There are no other related party transactions except as already disclosed elsewhere.

21, OUTSTANDING COMMITMENTS

As at the 31 March 2011 the Fund had outstanding commitments relating to investments in property that will be drawn down in tranches by the Investment Managers totalling £86,867,061.

22, EMPLOYING BODIES

As at 31 March 2011 the following employing bodies had contributing scheme members in the Avon Pension Fund:

Scheduled Bodies

Principal Councils and Service Providers

Avon Fire Brigade
Bath & North East Somerset Council
Bristol City Council
North Somerset Council
South Gloucestershire Council

Education Establishments

Academy of Trinity C of E
Bath Spa University College
Bristol Cathedral Choir School
Cabot Learning Federation
City Academy Bristol
City of Bath College
City of Bristol College
Colston Girl's School Academy
Filton College
Merchant's Academy
Oasis Academy Brightstowe
Oasis Academy Bristol
Oldfield School Academy Trust
Midsomer Norton School Partnership
Norton Radstock College
St. Brendan's College
The Ridings Federation Winterbourne
The Ridings Federation Yate
University of the West of England
Weston College

Designating Bodies

Bath Tourism Plus
Backwell Parish Council
Bradley Stoke Town Council
Charter Trustees of the City of Bath
Clevedon Town Council
Destination Bristol
Dodington Parish Council
Downend & Bromley Heath Parish Council
Easton in Gordano Parish Council
Filton Town Council
Frampton Cotterell Parish Council
Hanham Parish Council
Hanham Abbots Parish Council
Keynsham Town Council
Long Ashton Parish Council

Mangotsfield Parish Council
Nailsea Town Council
Norton Radstock Town Council
Oldland Parish Council
Patchway Town Council
Paulton Parish Council
Peasedown St John Parish Council
Portishead & North Weston Town Council
Saltford Parish Council
Stoke Gifford Parish Council
Thornbury Town Council
Westerleigh Parish Council
Weston Super Mare Town Council
Whitchurch Parish Council
Winterbourne Parish Council
Yatton Parish Council
Yate Town Council

Admitted Bodies

Active Community Engagement Ltd
Agilisys
Agincare Ltd. *
Aquaterra Leisure
Aramark Ltd *
Ashley House Hostel
BAM Construct UK Ltd (Henbury School) *
Bath & NE Somerset Racial Equality Council
Bespoke Cleaning Services Ltd *
The Care Quality Commission
Centre For Deaf People
Churchill Contract Services
Churchill Team Clean
Clifton Suspension Bridge Trust
Eden Food Services *
English Landscapes*
Holburne Museum of Art
ISS Mediclean (Bristol)*
ISS Mediclean Cabot Learning Federation*
Keir Facilities Services
Liberata UK Limited
Learning Partnership West Ltd
Merlin Housing Society Ltd
Merlin Housing Society (SG)
Mouchel *
Mouchel Business Services *

Mouchel Business Svices Ltd (Nailsea IT)*
Northgate Information Solutions *
Northgate Colston Girls School IT
North Somerset Housing
Off The Record Bath & Nrth East Somerset
Prospect Services Ltd *
Quadron Services*
RM Data Solutions
Shaw Healthcare (North Somerset) Ltd*
SITA Holdings UK Ltd. *
Skanska (Cabot Learning Federation)*
Skanska Rashleigh Westerfoil *
SLM Community Leisure *
SLM Fitness and Health *
Sodexo Ltd
Somerset Community Housing Trust
Somerset Housing Group Ltd.
South Gloucestershire Leisure Trust *
Southern Brooks Community partnership
Southwest Grid for Learning Trust
The Brandon Trust *
Tone Leisure Trust *
University of Bath
West of England Sports Trust
Woodspring Association for Blind People
Yes Dining Ltd *

*Scope bodies: A body that provides, by means of contract, a service in a connection with the exercise of a function of a scheme employer.