

## Wiltshire Pension Fund

The Fund is administered by Wiltshire Council for local authorities within Wiltshire and other local government associated organisations. It meets the cost of pension benefits due to current and former employees of these organisations. The current membership as at 31 March 2010 included 19,866 active members, 10,737 pensioners and 16,640 deferred members.

### Responsibility for the Report

#### Wiltshire Council

The Council has to arrange for the proper administration of the Wiltshire Pension Fund. In particular, it needs to ensure an economic, efficient and effective use of resources in carrying out this administration and that the Fund's investments are safeguarded.

The Council has delegated this responsibility to the Wiltshire Pension Fund Committee. It also, however, has to ensure that one of its officers has responsibility for the financial aspects of that administration, this being the Director of Resources.

#### Wiltshire Pension Fund Committee

There are seven elected members of the Committee, comprising five Wiltshire Councillors and two Swindon Borough Council members. In addition, there are two representatives of the admitted bodies and two observers representing staff interests. Details of the membership of the Committee in 2009/10 are shown in the Wiltshire Pension Fund Annual Report.

Included amongst the powers delegated by the Council to the Committee are requirements to:

- arrange and keep under review the investment of the Fund through one or more properly authorised investment managers, and to
- appoint investment managers and external advisers as necessary to support the work of the Committee.

#### Chief Finance Officer

The Chief Finance Officer is responsible for preparing the financial statements of the Wiltshire Pension Fund, which must show the financial position of the Fund at the accounting date and its income and expenditure for the year.

In preparing the statements, suitable accounting policies must be selected and applied consistently and judgements and estimates made where necessary that are reasonable and prudent and comply with the appropriate accounting Code of Practice.

Proper accounting records must be maintained and kept up to date and all reasonable steps must be taken to prevent and detect fraud and other irregularities. An anti-fraud and corruption and whistle blowing policy have been implemented for the Fund.

#### Actuarial Position

As required by Regulation 77 of the Local Government Pension Scheme Regulations 1997, the last actuarial valuation of Wiltshire Pension Fund's assets and liabilities was carried out as at 31 March 2007.

#### Security of Prospective Rights

In the Actuary's opinion, the resources of the Fund are likely in the normal course of events to meet the liabilities of the Fund as required by the Regulations. In giving this opinion, they have assumed that the following amounts will be paid to the Fund:

- Contributions by the members in accordance with the Local Government Pension Scheme Regulations 1997 until March 2008, then in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007;

- Contributions by employers in accordance with the Rates and Adjustment Certificate dated 24 March 2005 for the year ending 31 March 2008. Thereafter for the three years commencing 1 April 2008 as specified in the Rates and Adjustments certificate dated 28 March 2008 (and updated 31 July 2009).

### Summary of Methods and Assumptions Used

Full details of the method and assumptions are described in their valuation report dated 28 March 2008 and the Rates and Adjustments certificate contained therein. Copies of these documents are available on request from the Wiltshire Pension Fund.

The Actuary's opinion on the security of the prospective rights is based on:

- the projected unit valuation method where there is an expectation that new employees will be allowed to join an employer; or
- the attained age valuation method for employers who were closed to new entrants.

These methods assess the cost of benefits accruing to existing members during:

- the year following the valuation; or
- the remaining working lifetime, respectively allowing for future salary increases. The resulting contribution rate is adjusted to allow for any difference in the value of accrued liabilities and the assessed value of assets.

### Valuation of Assets

A "market related" valuation method has been used. This is consistent with the methodology adopted at the 2007 valuation.

### Valuation Assumptions

The key financial assumptions adopted at the 2007 valuation are set out in the table below:

Assumptions	Derivation	Rate at 31 March 2007	
		Nominal	Real
Price Inflation (RPI)	Market expectation of long term future inflation as measured by the difference between yields on fixed and index-linked Government bonds as at the valuation date	3.2%	-
Pay Increases	Assumed to be 1.5%pa in excess of price inflation	4.7%	1.5%
Git-based discount rate	The yield on fixed interest (nominal) and index-linked (real) Government bonds	4.5%	1.3%
Funding basis discount rate	Assumed to be 1.6%pa above the yield on fixed interest Government bonds	6.1%	2.9%

The 2007 valuation revealed that the Fund's assets, which at 31 March 2007 were valued at £1,131 million, were sufficient to meet approximately 85% of the liabilities accrued up to that date.

### The Next Actuarial Valuation

The next valuation of the Fund will be carried out as at 31 March 2010 and the results known later that year. This valuation will allow for the experience of the Fund from 31 March 2007 and up to date financial assumptions at that time.

The Actuary is aware that some employers may pay contributions in excess of the minimum contributions shown in the Rates and Adjustments certificate. These extra payments will be taken into account in the 2010 valuation and will act to reduce the contributions that would otherwise have been payable.

### Audit

The Audit Commission has appointed KPMG to act as the external auditor of the Council, and therefore the pension fund.

**Investment Management Policy**

Overall responsibility for investment policy lies with the Wiltshire Pension Fund Committee, which reports directly to Wiltshire Council.

The current mandates are the result of the revised investment strategy agreed by the Wiltshire Pension Fund Committee in July 2006 with a further review in September 2008.

The current strategy has the dual aim of increasing returns and reducing risk by increasing diversification and alternative approaches. Details of the strategy are provided in the Fund's Statement of Investment Principles (SIP) – the Wiltshire Fund's SIP can be supplied upon request or viewed at [www.wiltshirepensionfund.org.uk/investment-principles](http://www.wiltshirepensionfund.org.uk/investment-principles).

The full list of managers as at 31 March 2010 were:

Company	Mandate	Share of Fund
Baillie Gifford	UK Equity	12.5%
Baillie Gifford	Global Equity	12.5%
Capital International	Global Equity	14.0%
Capital International	Absolute Income Grower (Equities / Bonds)	10.0%
Western Asset Management	Bonds	10.5%
ING Real Estate	Property	13.0%
Edinburgh Partners	Global Equities	7.5%
Fauchier Partners	Long-Short Equities	5.0%
Legal & General	Passive UK Equity	5.0%
Legal & General	Government Bonds	7.0%
Record Currency Management	Currency - Active	2.0%
Record Currency Management	Currency - Passive	1.0%

During the year, the managers transacted purchases of £814.8 million and sales of £769.8 million. The value of assets under management at 31 March 2010 was £1,161.8 million, broken down by managers as follows:

Baillie Gifford	£320.80 million
Capital International	£275.10 million
ING Real Estate	£132.50 million
Western Asset Management	£126.80 million
Edinburgh Partners	£92.60 million
Fauchier Partners	£60.00 million
Legal & General	£126.50 million
Record Currency Management	£24.20 million
Cash held at Wiltshire Council	£3.30 million
<b>Total</b>	<b>£1,161.80 million</b>

		<b>£ million</b>	<b>% of Fund total</b>
<b>Geographical analysis</b>	United Kingdom	653.7	56.3
	North America	157.6	13.5
	Europe	119.6	10.3
	Japan	20.6	1.8
	Asia, ex Japan	16.6	1.4
	Other overseas	193.7	16.7
		<b>1161.8</b>	<b>100.0</b>
<b>Sector analysis</b>	Equities	711.4	61.2
	Fixed interest bonds	174.1	15.0
	Cash & Derivatives	54.3	4.7
	Property	114.5	9.9
	Long-Short Hedge Fund	60.0	5.1
	Index linked bonds	33.9	2.9
	Currency Fund	13.6	1.2
		<b>1161.8</b>	<b>100.0</b>

Safe custody of all investments are now the responsibility of BNY Mellon and as such, are registered in the name of, and are held by, its nominee companies or, alternatively, by overseas agents. The exception at 31 March 2010 was a temporary cash deposit of £3.3 million held by the Wiltshire Pension Fund.

## The Wiltshire Pension Fund

<b>Fund Account</b>	<b>Notes</b>	<b>2009/2010</b>	<b>2008/2009</b>
<b>For the year ended 31 March 2010</b>		<b>£000</b>	<b>£000</b>
<b>Contributions and benefits</b>			
Contributions receivable	3	82,545	80,742
Individual transfers		7,281	3,692
		<u>89,826</u>	<u>84,434</u>
Benefits payable	4	(58,685)	(53,842)
Payments to and on account of leavers	5	(9,065)	(2,807)
Administrative expenses	6	(1,321)	(1,215)
		<u>(69,071)</u>	<u>(57,864)</u>
<b>Net additions from dealings with members</b>		<b><u>20,755</u></b>	<b><u>26,570</u></b>
<b>Returns on investments</b>			
Investment income	7	26,846	34,142
Change in market value of investments	9	276,140	(290,820)
Investment management expenses	10	(2,359)	(2,899)
<b>Net returns on investments</b>		<b><u>300,627</u></b>	<b><u>(259,577)</u></b>
<b>Net decrease in the fund during the year</b>		<b><u>321,382</u></b>	<b><u>(233,007)</u></b>
<b>Opening Net Assets of the Fund</b>		<b>845,166</b>	<b>1,078,173</b>
<b>Closing net assets of the Fund</b>		<b><u>1,166,548</u></b>	<b><u>845,166</u></b>

## The Wiltshire Pension Fund

<b>Net Asset Statement At 31 March 2010</b>	<b>Notes</b>	<b>2009/2010</b>	<b>2008/2009</b>
		<b>£000</b>	<b>£000</b>
<b>INVESTMENT ASSETS</b>			
Fixed interest securities	9	113,516	106,734
Index linked securities		767	26,372
Equities		520,041	347,352
Pooled investment vehicles		358,685	209,663
Property		114,506	73,294
Derivative assets		2,156	8,845
Cash held on deposit		54,301	78,355
Other investment balances		4,779	5,259
		<u>1,168,751</u>	<u>855,874</u>
<b>INVESTMENT LIABILITIES</b>			
Derivatives liabilities	9	(10,268)	(16,537)
<b>Total net investments</b>		<u>1,158,483</u>	<u>839,337</u>
Current assets	11	9,610	6,485
Current liabilities	12	(1,545)	(656)
<b>Net assets of the Fund at 31 March</b>		<u><b>1,166,548</b></u>	<u><b>845,166</b></u>

The accounts summarise the transactions of the Fund and deal with the net assets at the disposal of Wiltshire Council. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position of the Fund, which does take account of such obligations, is dealt with in the actuarial statements and these accounts should be read in conjunction with these.

**Notes****Forming part of the financial accounts****1. Basis of Preparation**

The general principles adopted in compiling the accounts of the Wiltshire Pension Fund follow the recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA). Specifically, they follow Chapter 2 of the Statement of Recommended Practice (SORP) on Financial Reports for Pension Schemes and the CIPFA Code of Practice on Local Authority Accounting, updated in 2007, and also with the guidance notes issued on the application of the Statements of Standard Accounting Practice (SSAP) and Financial Reporting Standards (FRS).

The accounts have been prepared on an accruals basis except where otherwise stated, i.e. income and expenditure is accounted for as it is earned or incurred, rather than as it is received and paid.

**2. Accounting Policies**

The principal accounting policies of the Fund are as follows:

**Contributions**

Contributions are received from employer bodies in respect of their own and their pensionable employees' contributions. Employers' contributions (for both Normal and Deficit Funding) are prescribed in the Actuary's Rates and Adjustment Certificate following the review of the Fund's assets and liabilities during the triennial valuation. The Employees' contributions are included at the rates prescribed by the Local Government Pension Scheme Regulations.

Employer augmentation contributions are accounted for in accordance with the agreement under which they are being paid.

**Benefits and Refund of Contributions**

The benefits payable and refunds of contributions have been brought into account on the basis of all valid claims approved during the year.

**Transfers to and from Other Schemes**

No account is taken of liabilities to pay pensions and other benefits after the year end. Transfer values, which are those sums paid to, or received from, other pension schemes relating to previous periods of employment, have been brought into account on a cash basis.

**Investment Income**

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

**Valuation of Investments**

Investments are shown in the accounts at market value, determined on the following basis:

- (i) **Quoted securities**  
Quoted Securities have been valued at 31 March 2010 by the Fund's custodian using the bid price where a quotation was available on a recognised stock exchange or unlisted securities market.
- (ii) **Unquoted securities**  
Unquoted securities have been valued according to the latest trades, professional valuation, asset values or other appropriate financial information.
- (iii) **Pooled investment vehicles**  
Pooled investments are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads, as provided by the investment manager.
- (iv) **Fixed Interest Stocks**  
Fixed interest stocks are valued on a clean basis. Accrued income is accounted for within investment income.
- (v) **Derivative Contracts**  
Derivatives are stated at market value. Exchange traded derivatives are stated at market values determined using quoted prices. For exchange traded derivative contracts which are assets, market value is based on quoted bid prices. For exchange traded derivative contracts which are liabilities, market value is based on quoted offer prices.

Over the Counter (OTC) derivatives are stated at market value using pricing models and relevant market data as at the year end date.

Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

All gains and losses arising on derivative contracts are reported within in 'Change in Market Value'.

Reported changes in the market value of investments over the year of account include realised gains or losses arising upon the disposal of investments during the year.

**Foreign Currency Translation**

All investments held in foreign currencies are shown at market value translated into sterling using the WM 4PM rate on 31 March 2010.

Foreign currency transactions are accounted for on the basis of the equivalent sterling value of the underlying transactions, by applying the relevant exchange rate ruling at the time. Where overseas securities are acquired with currency either previously purchased directly or accruing

from the sale of securities, the sterling book cost of the new security will be based on the exchange rate ruling at the time of the purchase of that security. Any profit or loss arising on currency transactions either realised or unrealised, will be reflected in the Net Asset Statement.

**Investment Management Expenses**

Investment management expenses are based on the quarter end market value of the investments held. The fees paid are determined by the agreed fee scales for each individual manager.

**Acquisition Costs of Investments**

Costs incurred on the acquisition of investments, such as stamp duty and commission, are treated as part of the purchase cost of investments.

**Administration Expenses**

A proportion of the relevant officers' salaries, salary on-costs and general overheads, have been charged to the Fund on the basis of time spent on Fund administration.

**Taxation**

The Fund is a registered pension scheme for tax purposes and as such is not liable for UK income tax on investment income, nor capital gains tax. As Wiltshire Council is the administering authority, VAT input tax is recoverable on all expenditure.

Income earned from investments in stocks and securities in the USA is exempt from US tax and is not subject to withholding tax. Most tax deducted from income on European investments is also recoverable.

**Related Party Transactions**

Related parties to the Wiltshire Pension Fund include all the Admitted Bodies within the Fund (see Schedule of Employer bodies in note 11), members of the Wiltshire Pension Fund Committee and the Chief Finance Officer. There have been no financial transactions between any of these parties and the Fund apart from the routine contributions and benefits payable that are defined by statutory regulation and are therefore not within the direct control of any party. All these transactions are included within the accounting statements given in the following pages.

**Additional Voluntary Contributions (AVCs)**

The accounts of the Fund in accordance with regulation 5 (2) (C) of the Pension Scheme (Management and Investment of Funds) Regulations 1998 do not include transactions in respect of AVCs. These are money purchase arrangements made by individual Fund members under the umbrella of the Local Government Pension Scheme, to enhance pension benefits. Fund members over the age of fifty may elect to buy service with their AVC funds, such transactions being included within transfers into the Fund.



**3. Contributions Receivable**

	<b>2009/2010</b>	<b>2008/2009</b>
	<b>£000</b>	<b>£000</b>
<b>Employer</b>		
- Normal	45,468	43,816
- Augmentation	7,885	7,520
- Deficit Funding*	9,919	10,523
<b>Members</b>		
- Normal	18,695	18,511
- Additional Contributions	578	372
	<b>82,545</b>	<b>80,742</b>
<b>Analysis of contributions receivable</b>		
	<b>2009/2010</b>	<b>2008/2009</b>
	<b>£000</b>	<b>£000</b>
<i>Contributions from employees (Including Additional Contributions)</i>		
- Wiltshire Council**	9,256	6,909
- Other scheduled bodies**	8,329	10,285
- Admitted bodies	1,687	1,689
	<b>19,272</b>	<b>18,883</b>
<i>Contributions from employers (Including Augmentations)</i>		
- Wiltshire Council**	32,916	21,517
- Other scheduled bodies**	24,658	34,915
- Admitted bodies	5,699	5,427
	<b>63,273</b>	<b>61,859</b>
Total contributions receivable	<b>82,545</b>	<b>80,742</b>

\* Deficit funding contributions are being paid by the employer for the three years commencing from 1 April 2008 as specified in the Rates and Adjustment certificate dated 28 March 2008 in order to improve the Fund's funding position. The recovery period at the last valuation over which the deficit funding is recovered is mainly 20 years for scheduled bodies and 14 years or the length of the employer's contract (whichever is the shorter) for admitted bodies.

\*\* From 1 April 2009, Wiltshire Council became an unitary authority and now includes contributions formerly paid by the four district councils.

**4. Benefits payable**

	2009/2010 £000	2008/2009 £000
Pensions	45,050	40,885
Commutation and lump sum retirement benefits	12,269	11,747
Lump sum death benefits	1,366	1,210
	<b>58,685</b>	<b>53,842</b>
<b>Analysis of benefits payable</b>	<b>2009/2010 £000</b>	<b>2008/2009 £000</b>
<i>Pensions payable</i>		
- Wiltshire Council**	24,998	13,879
- Other scheduled bodies**	17,470	24,684
- Admitted bodies	2,581	2,322
	<b>45,049</b>	<b>40,885</b>
<i>Retirement and Death grants payable</i>		
- Wiltshire Council**	8,189	3,644
- Other scheduled bodies**	4,502	8,190
- Admitted bodies	945	1,123
	<b>13,636</b>	<b>12,957</b>
Total benefits payable	<b>58,685</b>	<b>53,842</b>

**5. Payments to and on account of leavers**

	2009/2010 £000	2008/2009 £000
Individual transfer out to other schemes	8,908	2,798
Refunds to members leaving service	133	44
State Scheme Premiums	24	(35)
	<b>9,065</b>	<b>2,807</b>

**6. Administrative expenses**

	2009/2010 £000	2008/2009 £000
Administration and processing	1,018	1,000
Actuarial fees	178	110
Audit fees	61	28
Legal and other professional fees	64	77
	<b>1,321</b>	<b>1,215</b>

**7. Investment Income**

	2009/2010	2008/2009
	£000	£000
<i>Quoted securities</i>		
- UK fixed interest bonds	6,148	7,628
- Overseas fixed interest bonds	520	1,622
- UK index linked bonds	156	803
- Overseas index linked bonds	0	123
- UK equities	6,241	6,575
- Overseas equities	6,957	7,575
<i>Pooled Investment Vehicles</i>		
- UK equities	0	176
- Overseas companies	608	2,430
- UK fixed interest Corporate bonds	971	200
- UK property	4,864	4,933
<i>Cash held on deposit</i>		
- Sterling Cash	361	1,892
- Overseas Cash	20	185
	<b>26,846</b>	<b>34,142</b>

**8. Stock Lending**

The Council participates in a securities lending programme administered by BNY Mellon. Securities in the beneficial ownership of the Council to a value of £15.3 million (1.3% of the total) were on loan at 31 March 2010. Collateral for these securities is held in a pooled form, the Wiltshire Pension Fund's share (0.56%) representing a value of £16.3 million (106.2%). Income earned from this programme amounted to £0.184 million in the year.

	2009/2010	2008/2009
	£m	£m
WPF Securities on loan	15.3	22.1
<i>(percentage of total)</i>	1.30%	2.60%
WPF Collateral share of pool	0.56%	0.52%
Value of WPF pooled share	16.3	23.3
Percentage of securities on loan	106.20%	105.40%
Income earned in year	0.184	0.189

## 9. Investments

## Reconciliation of investments held at beginning and end of year

	Value at 01-Apr 2009 (as prev. stated) £0	Purchases at cost & derivative payments £0	Sales Proceeds and derivative receipts £0	Change in Market Value £0	Value at 31 March 2010 £0
Fixed interest securities	106,734	57,709	(80,594)	29,666	113,515
Index linked securities	26,372	3,628	(30,294)	1,061	767
Equities	347,352	162,540	(144,030)	154,179	520,041
Pooled funds:					
- Other	209,663	119,136	(49,103)	78,429	358,125
- Property	73,294	51,911	(14,088)	3,938	115,055
Derivative assets					
- Futures	301	2,110	(7,961)	5,405	(145)
- Options	24	1,219	(1,202)	(40)	1
- Forward FX	(8,018)	31,740	(35,088)	3,397	(7,969)
	<b>755,722</b>	<b>429,993</b>	<b>(362,360)</b>	<b>276,035</b>	<b>1,099,390</b>
Cash deposits	78,356	384,730	(408,973)	200	54,313
Other Investment Balances	5,259	0	(384)	(95)	4,780
	<b>839,337</b>	<b>814,723</b>	<b>(771,717)</b>	<b>276,140</b>	<b>1,158,483</b>

The PRAG guidance, Accounting for Derivatives in Pension Schemes, recommends that derivatives are set out separately in the investment reconciliation table for reasons of clarity and are reconciled on a 'net' basis as opposed to 'gross' as reported in the Net Assets Statement.

Included within the above purchases and sales figures are transaction costs of £490,658. Costs are also borne by the scheme in relation to transactions in pooled investment vehicles. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not therefore separately identifiable

## Details of investments held at year end

	31-Mar-10 £0	31-Mar-09 £0
<b>INVESTMENT ASSETS</b>		
<b>Fixed Interest Securities</b>		
- UK fixed interest Government bonds	0	16,846
- UK fixed interest Corporate bonds	101,206	73,657
- Overseas fixed interest Government bonds	6,312	5,879
- Overseas fixed interest Corporate bonds	5,998	10,352
<b>Index Linked Securities</b>		
- UK index linked Government bonds	0	20,774
- UK index linked Corporate bonds	767	5,598
- Overseas index linked Corporate bonds	0	0
<b>Equities</b>		
- UK equities	179,291	117,895
- Overseas equities	340,750	229,457
<b>Pooled Investment Vehicles</b>		
- UK equities	69,085	44,480
- Overseas equities	122,280	72,432
- UK fixed interest Government bonds	31,753	0
- UK fixed interest Corporate bonds	17,931	15,889
- Overseas fixed interest Government bonds	7,684	2,314
- Overseas Fixed interest Corporate bonds	3,261	7,752
- UK index linked Government bonds	33,206	0
- Property	114,506	73,294
- Long-Short Hedge Fund	59,866	51,841
- Currency Fund	13,619	14,955
<b>Cash held on deposit</b>		
- Sterling Cash	52,616	74,367
- Overseas Cash	1,685	3,988
<b>Other Investment Balances</b>		
- Derivatives Assets	2,156	8,845
- Outstanding dividend entitlements	4,309	4,806
- Recoverable tax	470	453
<b>INVESTMENT LIABILITIES</b>		
- Derivatives Liabilities	(10,268)	(16,537)
<b>Total of investments held</b>	<b>1,158,483</b>	<b>839,337</b>
<b>NET CURRENT ASSETS &amp; LIABILITIES</b>		
Sundry debtors	9,610	6,485
Less Sundry creditors	(1,545)	(656)
<b>Total net current assets</b>	<b>8,065</b>	<b>5,829</b>

**Derivative Contracts****Objectives and Policies**

The Wiltshire Pension Fund committee have authorised the use of derivatives by their investment managers as part of the investment strategy for the Fund.

The main objective for the use of key classes of derivatives and the policies followed during the year are summarised as follows:

**Options** – The Fund allows two of its managers to invest in options as part of their portfolio construction to assist them in achieving performance targets. These options are limited to ‘Over-the-Counter’ contracts purchased on major exchanges and must not exceed specified limits. Option exposures are limited and hedged through the use of futures.

**Futures** – The Fund allows a number of its managers to invest in futures, within specified exposure limits, as part of their overall portfolio construction to assist them in achieving performance targets.

**Forward foreign exchange** – In order to maintain an appropriate diversification of investments within the Fund and take advantage of overseas investment returns a proportion of the investment portfolio is invested overseas. To balance the risk of investing in foreign currencies a passive currency hedging programme, using forward foreign contracts, is in place to reduce the currency exposure of the overseas investments. Currently 50% of the overseas equity investments are hedged this way.

The Fund had the following derivative contracts outstanding at the year end relating to its fixed interest investment and passive currency mandate. The details are:

<b>Future Contracts</b>					
<b>Nature</b>	<b>Nominal Amount</b>	<b>Duration</b>	<b>Economic Exposure</b>	<b>Asset value at</b>	<b>Liability value at year end</b>
			£	£0	£0
<b>Equity Futures</b>					
FTSE 100 Index Future	237	Expires Jun 10	16,102,135	139	0
<b>Fixed Income Security</b>					
UK Long Gilt	(188)	Expires Jun 10	(21,573,000)	0	(175)
Euro Bond	(76)	Expires Jun 10	(8,362,299)	0	(45)
US Treasury Bond	26	Expires Jun 10	1,990,408	20	0
US 10 Year Treasury	190	Expires Jun 10	14,530,947	0	(78)
US 2 Year Treasury	(99)	Expires Jun 10	(14,159,377)	0	(5)
				<u>159</u>	<u>(303)</u>

<b>Options</b>					
<b>Type of options</b>	<b>Expiration</b>	<b>Underlying investment</b>	<b>Nominal amount of outstanding contracts</b>	<b>Asset value at year end</b>	<b>Liability value at year end</b>
			£000	£0	£0
Purchased Put	Jun-10	EUROBOBL Future	164	1	0
				<u>1</u>	<u>0</u>

Contract	Settlement date	Currency bought	Currency sold	Asset value at	Liability value
				£0	£0
Forward OTC	0 to 6 months	Sterling	Australian Dollar	39	(308)
Forward OTC	0 to 6 months	Australian Dollar	Sterling	0	(38)
Forward OTC	0 to 6 months	Euro	Sterling	318	(22)
Forward OTC	0 to 6 months	Sterling	Euro	796	(384)
Forward OTC	6 to 12 months	Sterling	Euro	22	0
Forward OTC	0 to 6 months	Japanese Yen	Sterling	0	(115)
Forward OTC	0 to 6 months	Sterling	Japanese Yen	0	(287)
Forward OTC	6 to 12 months	Sterling	Japanese Yen	112	0
Forward OTC	0 to 6 months	Swedish Krona	Sterling	17	0
Forward OTC	0 to 6 months	Sterling	Swedish Krona	0	(477)
Forward OTC	0 to 6 months	Swiss Franc	Sterling	99	0
Forward OTC	0 to 6 months	Sterling	Swiss Franc	0	(417)
Forward OTC	0 to 6 months	US Dollar	Sterling	477	(126)
Forward OTC	0 to 6 months	Sterling	US Dollar	11	(7,791)
Forward OTC	6 to 12 months	Sterling	US Dollar	105	0
				<b>1,996</b>	<b>(9,965)</b>

**10 Investment management expenses**

	2009/2010 £000	2008/2009 £000
Administration, management and custody	2,322	2,861
Performance measurement services	37	38
	<b>2,359</b>	<b>2,899</b>

**11 Current assets**

	31-Mar-10 £000	31-Mar-09 £000
Contributions due from other authorities and bodies		
- Employees	1,428	1,105
- Employers	3,815	2,779
Income due from external managers and custodians	164	171
Other	872	2,430
Cash Balances	3,331	0
	<b>9,610</b>	<b>6,485</b>

Contributions due at the year end have been paid to the Fund subsequent to the year end in accordance with the Rates & Adjustment certificate.

**12 Current Liabilities**

	<b>31-Mar-10</b> <b>£000</b>	<b>31-Mar-09</b> <b>£000</b>
Managers / Custody fees	728	576
HMRC	2	1
Other	815	79
	<b>1,545</b>	<b>656</b>

**13. Additional Voluntary Contributions (AVCs)**

Fund members paid contributions totalling £0.130 million (£0.146 million in 2008/09) into their AVC funds during the year. At the year end, the value of funds invested on behalf of Fund members totalled £2.847 million (£2.763 million in 2008/09), made up as follows:

	<b>£ million</b>
<i>Equitable Life Assurance Society</i>	
- With Profits Fund	1.082
- Unit Linked Managed Fund	0.303
- Building Society Fund	0.055
<i>Clerical Medical Funds</i>	
- With Profits Fund	0.116
- Unit Linked Managed Fund	0.903
<i>NPI Funds</i>	
- Managed Fund	0.024
- With Profits Fund	0.237
- Global Care Unit Linked Fund	0.071
- Cash Deposit Fund	0.056
	<b>2.847</b>

As mentioned earlier, AVC investments are not included in the Fund's financial statements.

**14. Employer Related Assets**

There are no employer related assets within the fund.

**15. Guaranteed Minimum Pension**

Nationally, over a number of years, pension funds have made small (but cumulatively potentially material) overpayments because of miscalculations in the minimum pension guarantee. The Government have confirmed that these amounts will not be reclaimed from pensioners. Although these overpayments are costs to the Fund they have been included as expenditure in previous pension fund accounts, therefore no restatement is necessary.

The Fund is currently analysing the Guaranteed Minimum Pension (GMP) information for Fund Members. Once this information has been finalised and confirmed with the Department for Work & Pensions calculations will be made to convert future payments. There is no information currently available on the materiality of any overpayments.



**Schedule of Employer Bodies****Scheduled Bodies**

Wiltshire Council  
 Swindon Borough Council  
 Kennet District Council  
 North Wilts District Council  
 Salisbury District Council  
 West Wilts District Council  
 Wiltshire Police Authority  
 Wiltshire & Swindon Fire Authority  
 Wiltshire Magistrates Court Service  
 Wiltshire Probation Service  
 Swindon Academy  
 Thamesdown Passenger Transport  
 Amesbury Parish Council  
 Blunsdon St Andrews Parish Council  
 Bradford-on-Avon Town Council  
 Calne Town Council  
 Chippenham Town Council  
 Corsham Town Council  
 Cricklade Town Council  
 Devizes Town Council  
 Haydon Wick Parish Council  
 Highworth Town Council  
 Malmesbury Town Council  
 Marlborough Town Council  
 Melksham Town Council  
 Melksham Without Parish Council  
 Mere Parish Council  
 Purton Parish Council  
 Stratton St Margaret Parish Council  
 Trowbridge Town Council  
 Wanborough Town Council  
 Warminster Town Council  
 Westbury Town Council  
 Wilton Town Council  
 Wootton Bassett Town Council  
 Wroughton Parish Council  
 New College  
 Salisbury College  
 Swindon College  
 Wiltshire College  
 Wellington Academy

**Admitted Bodies**

ABM Catering Ltd  
 Action for Blind People  
 Avon & Wiltshire Partnership  
 Capita Business Services Ltd  
 CIPFA  
 Community First  
 Compass Disability Services  
 Corsham Area Development Trust  
 Cricklade District & Community  
 Direct Cleaning  
 DC Leisure  
 English Landscapes  
 Focsa Services  
 Norwest Hoist (Vinci)  
 Rethink  
 Salisbury and South Wilts Museum  
 Sarsen Housing Association  
 Aster Group  
 Aster Property Management  
 Ridgeway Community  
 Ridgeway Partnership  
 Selwood Housing  
 Swindon Dance  
 The Order Of St John Care Trust  
 United Response  
 Westlea Housing Association  
 Wiltshire Community Foundation  
 Devizes Museum

These accounts form a summary from the Wiltshire Pension Fund Annual Report and Financial Statements publication. This provides information on its activities and a full detailed statement of its accounts. Requests for this report, or any other queries arising from the Wiltshire Pension Fund Accounts, should be addressed to the Chief Financial Officer, County Hall, Bythesea Road, Trowbridge, BA14 8JN.

## Opinion on the pension fund accounts

We have audited the pension fund accounts for the year ended 31 March 2010 under the Audit Commission Act 1998. The pension fund accounts comprise the Fund Account, the Net Assets Statement and the related notes. The pension fund accounts have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to Wiltshire Council, as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to Wiltshire Council, as a body, those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Wiltshire Council, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Chief Financial Officer and auditors**

The Chief Financial Officer's responsibilities for preparing the pension fund accounts in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009 are set out in the Statement of Responsibilities for the Statement of Accounts.

Our responsibility is to audit the pension fund accounts and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the pension fund accounts give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009, of the financial transactions of the pension fund during the year and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year. We also report to you whether, in our opinion, the information which comprises the commentary on the financial performance included within the Pension Fund Annual Report, is consistent with the pension fund accounts.

We review whether the governance compliance statement published in the Pension Fund Annual Report reflects compliance with the requirements of Regulation 34(1)(e) of the Local Government Pension Scheme (Administration) Regulations 2008 and related guidance. We report if it does not meet the requirements specified by the Department of Communities and Local Government or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the governance statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

We read other information published with the pension fund accounts and related notes and consider whether it is consistent with the audited pension fund accounts. This other information comprises the Explanatory Foreword published in the financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the pension fund accounts and related notes. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the pension fund accounts and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the pension fund accounts and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the pension fund accounts and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the pension fund accounts and related notes.

**Opinion**

In our opinion the pension fund accounts and related notes give a true and fair view, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009, of the financial transactions of the Pension Fund during the year ended 31 March 2010, and the amount and disposition of the fund's assets and liabilities as at 31 March 2010, other than liabilities to pay pensions and other benefits after the end of the scheme year.

**Certificate**

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

**Chris Wilson (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

100 Temple Street

Bristol

BS1 6AG

30 September 2010