

Buckinghamshire County Council Pension Fund



Statement of Accounts

For the year ended 31 March 2016



DRAFT - AUDITOR'S REPORT TO THE MEMBERS OF BUCKINGHAMSHIRE COUNTY COUNCIL

We have audited the pension fund financial statements of Buckinghamshire County Council (the "Authority") for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014 (the "Act"). The pension fund financial statements comprise the Pension 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 the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Assurance and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Director of Assurance is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, which give a true and fair view. Our responsibility is to audit and express an opinion on the pension fund financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the pension fund 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 pension fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Assurance; and the overall presentation of the pension fund financial statements. In addition, we read all the financial and non-financial information in the Authority's Statement of Accounts to identify material inconsistencies with the audited pension fund financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the pension fund financial statements

In our opinion the pension fund financial statements:

- present a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2016 and of the amount and disposition at that date of the fund's assets and liabilities; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited pension fund financial statements in the Authority's Statement of Accounts is consistent with the audited pension fund financial statements.

Emily Hill

for and on behalf of Grant Thornton UK LLP, Appointed Auditor

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To be dated, 2016

Pension Fund Accounts

Description of the Fund	5
Membership of the Fund	5
Statement of Investment Principles (SIP).....	5
Further Information.....	6
Pension Fund Account for the Year Ended 31 March 2016	6
Net Assets Statement	7
1. Basis of Preparation.....	7
2. Accounting Policies and Critical Judgements in Applying Accounting Policies	7
3. Contributions.....	10
4. Transfer Values.....	10
5. Benefits.....	11
6. Payments to and on Account of Leavers.....	11
7. Management Expenses	11
8. Investment Income.....	12
9. Investments.....	12
10. Investment Management Arrangements	14
11. Analysis of the Value of Investments.....	15
12. Financial Instruments	16
13. Additional Financial Risk Management Disclosures	20
14. Related Parties.....	25
15. Current Assets and Liabilities	26
16. Taxes on Income.....	27
17. Actuarial Position of the Fund.....	27
18. Actuarial Present Value of Promised Retirement Benefits.....	28
19. Contingent Liabilities and Contractual Commitments	29
20. Additional Voluntary Contributions (AVCs).....	30
21. List of Scheduled and Admitted Bodies.....	31

Description of the Fund

Buckinghamshire County Council Pension Fund (the Fund) is part of the Local Government Pension Scheme and is administered by Buckinghamshire County Council. Organisations participating in the Fund include the County Council, Milton Keynes Council, the district and parish Councils of Buckinghamshire, Thames Valley Police, Buckinghamshire Fire and Rescue Service, and other scheduled and admitted bodies. These are listed in Note 21 to these Financial Statements. Teachers, fire fighters and police officers, for whom separate pension schemes apply, are excluded from the Pension Fund.

The purpose of the Pension Fund is to provide defined benefits for employees and their widows, widowers and children, based on pay and past service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Employee contribution bands range from 5.5% to 12.5% of pensionable pay for the year ending 31 March 2016. In April 2014 a 50/50 option was introduced which means members can pay half their contribution rate and build up half the pension benefit whilst retaining full value of other scheme benefits such as death in service lump sum and ill health cover. Accrued pension is revised annually in line with the Consumer Prices Index. Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. More details of benefits provided under the scheme are available on the Council's pension website.

<http://www.bucksc.gov.uk/about-your-council/local-government-pension-fund/scheme-members/>

As part of the budget statement in July 2015, the Chancellor announced the Government's intention to work with LGPS administering authorities to develop proposals for the pooling of investments to significantly reduce costs, while maintaining overall investment performance. As a result of the announcement, the Buckinghamshire Fund submitted an initial proposal as part of the Brunel Pension Partnership with the South West Pension Funds and Oxfordshire Pension Fund in February 2016. Further work is ongoing to develop the submission. A Shadow Operations Group (SOG) has been established, the primary purpose of the SOG is to develop the final proposal for the Brunel Pension Partnership. Its role includes defining and arranging delivery of any further work required to enable the implementation of the Brunel Collective Asset Pool (the "Brunel CAP"). A Shadow Oversight Board (SOB) has been established, the primary purpose of the SOB is to support fund officers to develop the final proposal for the Brunel Pension Partnership. Its role includes in particular monitoring, scrutinising and overseeing the SOG as it seeks to develop the final proposal.

Membership of the Fund

The following summarises the membership of the Fund:

31 March 2015	Membership of the Fund	31 March 2016
25,112	Contributors	24,552
15,900	Pensioners	16,728
21,791	Deferred pensioners	24,362
62,803	Total Membership of the Fund	65,642

Statement of Investment Principles (SIP)

In order to ensure the proper management of the Fund, the Council has adopted a Statement of Investment Principles (SIP) in relation to the investment of the Pension Fund's assets. The SIP can be viewed on the Council's pension website.

[Statement of investment principles - Buckinghamshire County Council](#)

Pension Fund Accounts

Further Information

The County Council publishes a separate Annual Report on the Pension Fund, which gives more detailed information, a copy can be viewed on the Council's pension website.

<http://www.bucksc.gov.uk/bcc/pensions/investments/accounts.page>

Pension Fund Account for the Year Ended 31 March 2016

The Pension Fund Accounts contain two core statements, the Pension Fund Account and the Net Assets Statement. Each of the statements is accompanied by supplementary notes providing additional detail to the figures presented.

31 March 2015 £000	Pension Fund Account	Note	31 March 2016 £000
	Dealings with Members, Employers and Others directly Involved in the Fund		
	Income		
107,376	Contributions	3	114,867
4,238	Transfers in from other pension funds	4	5,822
107	Other income		118
111,721			120,807
	Benefits	5	
(75,543)	Pensions		(78,605)
(20,542)	Commutation of pensions and lump sums		(22,302)
	Payments to and on Account of Leavers	6	
172	Refunds of contributions		(345)
(5,708)	Transfers out to other pension funds		(3,033)
(101,621)			(104,285)
10,100	Net Additions from Dealings with Members		16,522
(15,619)	Management expenses	7	(15,807)
	Returns on Investments		
34,769	Investment income	8	43,057
236,012	Profits and losses on disposal of investments and changes in value of investments	9	(27,018)
(1,310)	Taxes on income	16	(1,259)
269,471	Net Returns on Investments		14,780
263,952	Net Increase/(Decrease) in the Net Assets Available for Benefits During the Year		15,495
1,941,806	Net Assets of the Fund Available to Fund Benefits at 1 April		2,205,758
2,205,758	Net Assets of the Fund Available to Fund Benefits at 31 March		2,221,253

Net Assets Statement

31 March 2015 £000	Net Assets Statement	Note	31 March 2016 £000
	Investments		
	Fixed interest securities		
23,432	▪ Public sector		32,425
194,261	▪ Other		187,358
683,237	Equities - quoted		647,352
87,050	Index-linked securities		88,460
983,239	Pooled investment vehicles		995,693
160,074	Unit trusts - property		186,330
50,197	Cash deposits		69,072
606	Derivative contracts		(298)
6,453	Dividend income receivable		7,157
2,188,549	Net Investments	11	2,213,549
-	- Borrowings - sterling		-
22,355	Current assets	15	12,468
(5,146)	Current liabilities	15	(4,764)
2,205,758	Net Assets of the Fund Available to Fund Benefits at 31 March		2,221,253

1. Basis of Preparation

The accounts summarise the fund's transactions for the 2015/16 financial year and its position at year end as at 31 March 2016. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting (the Code), which is based on International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits is disclosed at Note 18 of these accounts.

The Pension Fund is administered by Buckinghamshire County Council, but the Fund balances are not included in Buckinghamshire County Council's Consolidated Balance Sheet.

2. Accounting Policies and Critical Judgements in Applying Accounting Policies

Accounting Policies
Accruals of Income and Expenditure

The financial statements are prepared on an accruals basis, unless otherwise stated. That is, income and expenditure are recognised as they are earned or incurred, not as they are received or paid.

Contributions, benefits and investment income are included on an accruals basis. All settlements for buying and selling investments are accrued on the day of trading. Interest on deposits is accrued if not received by the end of the financial year. Investment management expenses are accounted for on an accruals basis. Administrative expenses are accounted for on an accruals basis, staff costs are paid by Buckinghamshire County Council then recharged to the Pension Fund at the year end. Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Net Assets Statement.

Pension Fund Accounts

Some additional payments are made to beneficiaries on behalf of certain employers. These payments are subsequently reimbursed by those employers. The figures contained in the accounts are shown exclusive of both payments and reimbursements.

Employers' augmentation contributions and pension strain contributions are accounted for in the period in which the liability arises. Individual transfers in / out are accounted for when received / paid, which is normally when the member liability is accepted or discharged.

Investment Income

Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as dividend income receivable. Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits / losses during the year.

Benefits Payable

Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

Management Expenses

All management expenses are accounted for on an accruals basis. Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. These are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

In addition, the Fund has negotiated with the following managers that an element of their fee be performance related:

- Global Thematic Partners – global equities
- Investec Asset Management – global equities
- Mirabaud – UK equities
- Royal London Asset Management – bonds
- Schroders – global equities
- Standard Life – UK equities

Financial Instruments

Financial Instruments that are “held for trading” are classified as financial assets and liabilities at fair value through profit or loss when the financial instrument is:

- Acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or
- Part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking, or
- A derivative.

Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value excluding transaction costs and carried at fair value without any deduction for transaction costs that would be incurred on sale or disposal.

Financial instruments have been classified as Loans and Receivables when they have fixed or determinable payments and are not quoted in an active market. Loans and receivables are initially recognised at Fair Value and carried at historic cost as they are all short term.

The value of market quoted investments is determined by the bid market price ruling on the final day of the accounting period. Fixed interest securities are recorded at net market value based on their current yields. Pooled investments in property funds, equity funds, fixed interest funds, private equity funds and hedge fund of funds are valued by the fund manager in accordance with industry guidelines.

Foreign Currency Transactions

Foreign currency transactions are translated into sterling at the exchange rate ruling at the date of transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

Derivatives

The Fund uses derivative financial instruments to manage its exposure to certain risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes. Currently the Fund only holds forward currency contracts. The future 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.

Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Contingent Assets and Liabilities

Contingent liabilities are disclosed by way of a note when there is a possible obligation which may require a payment or a transfer of economic benefits. The timing of the economic transfer and the level of certainty attaching to the event are such that it would be inappropriate to make a provision.

Contingent assets are disclosed by way of a note where inflow or a receipt or an economic benefit is possible and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Pension Fund.

Critical Judgements in Applying Accounting Policies

Unquoted private equity investments

It is important to recognise the highly subjective nature of determining the fair value of private equity investments. They are inherently based on forward looking estimates and judgements involving many factors. Private equities are valued by the investment managers using guidelines set out by the British Venture Capital Association.

Pension Fund Liability

The Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The last such valuation took place as at 31 March 2013. The next valuation will take place as at 31 March 2016. The methodology used is in line with accepted guidelines and in accordance with IAS19.

Events After The Reporting Date

Since 31 March 2016, there has been some volatility in the financial markets, there would be an impact on the market value of the fund's investments were they to be valued as at the date these accounts were authorised. These changes are deemed to be non-adjusting post balance sheet events. There have been no events since 31 March 2016, and up to the date when these accounts were authorised, which require any adjustments to these accounts.

Pension Fund Accounts

3. Contributions

Contributions relating to wages and salaries paid up to 31 March 2016 have been included in these accounts.

2014/15	Contributions	2015/16
£000		£000
	Employers	
24,669	Administering authority	25,997
48,931	Scheduled bodies	49,236
6,390	Admitted bodies	11,026
	Employers' Augmentation Costs	
-	Administering authority	-
-	Scheduled bodies	400
-	Admitted bodies	-
	Members	
7,004	Administering authority	7,199
18,153	Scheduled bodies	18,098
2,229	Admitted bodies	2,911
107,376	Total Contributions	114,867

4. Transfer Values

2014/15	Transfers in from other pension funds	2015/16
£000		£000
-	Group transfers	-
4,238	Individual transfers	5,822
4,238	Total Transfers in from other pension funds	5,822

The individual transfer values relate to transfers, which have been received during the financial year i.e. included on a cash basis. On 31 March 2016 there were no outstanding transfer values receivable greater than £50k (no outstanding transfer values receivable on 31 March 2015).

On 31 March 2016 there were 3 group transfers to the Fund being negotiated with other Funds (5 on the 31 March 2015), the value of the transfers to the Fund is being negotiated between the Funds' actuaries. The income due to the Fund for the 3 transfers has not been accrued since negotiations are at too early a stage for an estimate of the value to be available.

5. Benefits

Benefits include all valid benefit claims notified during the financial year.

2014/15 £000	Benefits	2015/16 £000
	Pensions	
29,791	Administering authority	30,610
40,212	Scheduled bodies	42,010
5,540	Admitted bodies	5,985
18,625	Commutations of pensions and lump sum retirement benefits	20,411
1,917	Lump sum death benefits	1,891
96,085	Total Benefits	100,907

6. Payments to and on Account of Leavers

2014/15 £000	Payments to and on Account of Leavers	2015/16 £000
87	Refunds to members leaving service	236
(259)	Payments for members joining the state scheme	109
1,900	Group transfers to other pension funds	267
3,808	Individual transfers to other pension funds	2,766
5,536	Total Payments to and on Account of Leavers	3,378

The individual transfer values relate to transfers, which have been paid during the financial year i.e. included on a cash basis. On 31 March 2016 there were 5 outstanding individual transfer values payable greater than £50k, for which £513k had not been paid. On 31 March 2015 there were 6 outstanding individual transfer values payable greater than £50k, for which £637k had not been paid.

On 31 March 2016 there were 2 group transfers from the Fund being negotiated with other Funds (2 on the 31 March 2015); the value of the transfers from the Fund is being negotiated between the Funds' actuaries. The expenditure in respect of 2 of the transfers has not been accrued since negotiations are at too early a stage for an estimate of the value to be available. There was an adjustment of £31k following final valuation for the Group Transfer of the Probation Service to the Greater Manchester Pension Fund.

7. Management Expenses

2014/15 £000	Management Expenses	2015/16 £000
1,105	Administrative costs	1,382
13,955	Investment management expenses	13,900
559	Oversight and governance costs	525
15,619	Total Management Expenses	15,807

The analysis of the cost of managing the Pension Fund during the period has been prepared in accordance with CIPFA guidance. Management expenses have been categorised as administrative costs, investment management expenses and oversight / governance costs. Management fees for pooled funds and transaction costs have been

Pension Fund Accounts

included in the investment management expenses. The administrative costs include £25k fees for the Audit Plan for the year ended 31 March 2016 (£25k for the year ended 31 March 2015).

The investment management expenses include £2.038m (£1.281m in the 2014/15 financial year) in respect of performance related fees payable to the fund's investment managers. It also includes £1.601m in respect of transaction costs (£1.554m in the 2014/15 financial year).

8. Investment Income

2014/15 £000	Investment Income	2015/16 £000
9,392	Interest from fixed interest securities	10,349
19,505	Dividends from equities	20,305
808	Income from index-linked securities	692
69	Interest on cash deposits	32
6,443	Income from property unit trusts	6,564
(1,418)	Other	5,115
34,769	Total Investment Income	43,057

9. Investments

All investments are valued on a fair value basis and where there is an active market the bid price is the appropriate quoted market price. The investment accounting information is provided by BNY Mellon, the Fund's custodian bank.

Investments (All values are shown £000)	Value at 31 March 2015 £000	Reclass- ification of Assets £000	Purchase s at Cost £000	Sales Proceeds £000	Realised Profit / (Loss) £000	Unrealised Profit / (Loss) £000	Value at 31 March 2016 £000
Fixed interest securities	217,693	-	86,476	(76,217)	2,744	(10,913)	219,783
Equities - quoted	683,237	-	527,655	(518,742)	17,421	(62,218)	647,353
Index-linked securities	87,050	-	449,030	(448,114)	1,914	(1,420)	88,460
Pooled investment vehicles	983,239	-	73,015	(72,750)	6,835	5,353	995,692
Unit Trusts - property funds	160,074	-	53,492	(40,326)	(872)	13,962	186,330
Derivative contracts	606	-	2,868	(3,287)	419	(904)	(298)
Cash deposits	50,197	-	-	18,214	-	661	69,072
	2,182,096	-	1,192,536	(1,141,222)	28,461	(55,479)	2,206,392
Investment income due	6,453						7,157
	2,188,549						2,213,549

Investments (All values are shown £000)	Value at 31 March 2014 £000	Reclassification of Assets £000	Purchases at Cost £000	Sales Proceeds £000	Realised Profit / (Loss) £000	Unrealised Profit / (Loss) £000	Value at 31 March 2015 £000
Fixed interest securities	124,547	-	147,449	(72,217)	1,164	16,750	217,693
Equities - quoted	715,872	-	438,124	(536,273)	72,446	(6,932)	683,237
Index-linked securities	48,560	-	471,987	(443,186)	7,508	2,181	87,050
Pooled investment vehicles	846,696	-	233,820	(221,620)	62,409	61,934	983,239
Unit Trusts - property funds	146,290	-	16,483	(18,871)	(3,002)	19,174	160,074
Derivative contracts	145	-	2,206	(3,659)	1,453	461	606
Cash deposits	31,956	-	-	17,775	-	466	50,197
	1,914,066	-	1,310,069	(1,278,051)	141,978	94,034	2,182,096
Investment income due	5,003						6,453
	1,919,069						2,188,549

Pooled investment vehicles are funds where the Pension Fund is not the named owner of specific investments such as shares or bonds, but owns a proportion of a pooled fund. The Code requires that pooled investments are analysed between unit trusts, unitised insurance policies and other managed funds. The pooled investment vehicles in the tables above are other managed funds. These funds include the following types of investments:

- Equities
- Fixed interest securities
- Index linked securities
- Hedge fund of funds
- Diversified Growth Funds
- Private equity fund of funds

The change in the fair value of investments during the year comprises all increases and decreases in the fair value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. The Fund's investments in derivatives are not material and therefore further disclosures are not included in the accounts. Indirect costs are incurred through the bid-offer spread on investments within pooled investments.

The Fund does not participate directly in a stock lending programme.

On 31 March 2016 assets which exceed 5% of the total value of the net assets of the Fund are a £138.7m investment in Legal & General's All Stocks Index-Linked Gilt Fund (£136.3m as at 31 March 2015) and a £134.9m investment in Legal & General's Europe (ex UK) Equity Index Fund (£140.9m as at 31 March 2015).

IFRS accounting requires that the Fund discloses information on fair value hedges, cash flow hedges and hedges of net investments in foreign operations. The Fund has exposure to hedges through its investments in a hedge fund of funds pooled investment vehicle, and so the hedge disclosure is not applicable to this type of investment.

10. Investment Management Arrangements

The value of the Fund with the fund managers as at 31 March 2016 was £2,168m (£2,169m at 31 March 2015). Fund manager fees have been calculated according to the specific mandate and the associated contract agreement as shown in the following table:

Fund Manager	Mandate	Negotiated Fee Basis	Proportion of Fund 31 March 2015	Proportion of Fund 31 March 2016
Aviva Investors	Property	Percentage of fund	8%	9%
BlackRock	Cash / inflation plus	Percentage of fund	4%	4%
Blackstone Alternative Asset Management	Hedge fund of funds	Percentage of fund	4%	4%
Global Thematic Partners	Less constrained global equities	Performance related fee	7%	6%
Investec Asset Management	Less constrained global equities	Performance related fee	8%	8%
Legal & General Investment Management	Passive index-tracker	Percentage of fund	28%	27%
Mirabaud Investment Management Limited	UK equities	Performance related fee	6%	5%
Pantheon Private Equity	Private equity	Percentage of Funds Committed & Incentive Fee	6%	6%
Partners Group	Private equity	Percentage of fund	2%	2%
Royal London Asset Management	Core plus bonds	Performance related fee	15%	15%
Schroders	Less constrained UK equities	Performance related fee	7%	7%
Standard Life Investments	Less constrained UK equities	Performance related fee	5%	5%

11. Analysis of the Value of Investments

31 March 2015 £000	Analysis of the Value of Investments	31 March 2016 £000
	Fixed Interest Securities	
21,060	UK public sector	30,092
2,372	Overseas public sector	2,333
194,261	UK other	187,358
-	Overseas other	-
217,693	Total Fixed Interest Securities	219,783
	Equities	
230,586	UK quoted	201,877
452,651	Overseas quoted	445,475
683,237	Total Equities	647,352
	Other	
87,050	Index-linked securities public sector	88,460
-	Index-linked securities other	-
983,239	Pooled Investment vehicles	995,693
160,074	Unit Trusts - property funds	186,330
6,453	Investment income due	7,157
606	Derivatives	(298)
50,197	Cash deposits - sterling and foreign cash	69,072
1,287,619	Total Other	1,346,414
2,188,549	Total Value of Investments	2,213,549

Pension Fund Accounts

12. Financial Instruments

The Net Assets of the Fund disclosed in the Net Assets Statement are made up of the following categories of financial instruments:

31 March 2015			31 March 2016		
Fair value through profit and loss £000	Loans And Receivables £000	Financial Liabilities At amortised cost £000	Fair value through profit and loss £000	Loans And Receivables £000	Financial Liabilities At amortised cost £000
Financial Assets					
217,693	-	-	219,783	-	-
683,237	-	-	647,352	-	-
87,050	-	-	88,460	-	-
983,239	-	-	995,693	-	-
160,074	-	-	186,330	-	-
606	-	-	-	-	-
6,453	-	-	7,157	-	-
-	50,197	-	-	69,072	-
-	14,271	-	-	4,158	-
2,138,352	64,468	-	2,144,775	73,230	-
Financial Liabilities					
-	-	-	(298)	-	-
-	-	-	-	-	-
-	-	(4,333)	-	-	(3,952)
-	-	(4,333)	-	-	(3,952)
2,138,352	64,468	(4,333)	2,144,477	73,230	(3,952)

The net gains and losses on financial instruments are shown in the table below.

31 March 2015 £000		31 March 2016 £000
Financial Assets		
266,037	Fair value through profit and loss	13,525
1,881	Loans and receivables	1,255
-	Financial liabilities measured at amortised cost	-
Financial Liabilities		
-	Fair value through profit and loss	-
(682)	Loans and receivables	381
-	Financial liabilities measured at amortised cost	-
267,236	Total	15,161

The code requires that for each class of financial assets and financial liabilities an authority shall disclose the fair

value of that class of assets and liabilities in a way that permits it to be compared with its carrying amount. As all investments are disclosed at fair value, carrying value and fair value are therefore the same.

Valuation of Financial Instruments Carried at Fair Value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1: Financial instruments where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities, quoted equities are classified as level 1. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2: Financial instruments where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data, e.g. fixed interest securities.

Level 3: Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments and hedge fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions. The values of the investment in private equity are based on valuations provided by the general partners to the private equity fund of funds in which the Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS. Valuations are audited annually as at 31 December, and the valuations as at 31 March reflect cash flow transactions since 31 December.

The values of the hedge fund of funds are based on the net asset value provided by the fund manager. Assurances over the valuation are gained from the independent audit of the value.

The following table analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Value at 31 March 2016	Quoted	Using	With	Total
	Market Price	Observable Inputs	Significant Unobservable Outputs	
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Fixed interest securities	-	219,783	-	219,783
UK equities - quoted	201,877	-	-	201,877
Overseas equities - quoted	445,475	-	-	445,475
Index-linked securities	-	88,460	-	88,460
Pooled investment vehicles	612,221	-	383,472	995,693
Property – unit trusts	-	186,330	-	186,330
Derivatives	-	(298)	-	(298)
Dividend income receivable	-	7,157	-	7,157
Cash deposits	-	69,072	-	69,072
Borrowings	-	-	-	-
Current assets	-	12,468	-	12,468
Current liabilities	-	(4,764)	-	(4,764)
Total	1,259,573	578,208	383,472	2,221,253

Pension Fund Accounts

Restated Value at 31 March 2015	Quoted	Using	With	Total
	Market Price	Observable Inputs	Significant Unobservable Outputs	
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Fixed interest securities	-	217,693	-	217,693
UK equities - quoted	230,586	-	-	230,586
Overseas equities - quoted	452,651	-	-	452,651
Index-linked securities	-	87,050	-	87,050
Pooled investment vehicles	627,373	-	355,866	983,239
Property – unit trusts	-	160,074	-	160,074
Derivatives	-	606	-	606
Dividend income receivable	-	6,453	-	6,453
Cash deposits	-	50,197	-	50,197
Borrowings	-	-	-	-
Current assets	-	14,271	-	14,271
Current liabilities	-	(4,333)	-	(4,333)
Total	1,310,610	532,011	355,866	2,198,487

The analysis of the fair value hierarchy disclosures have been restated in accordance with the introduction of IFRS 13 for 2015/16 which adds greater clarity around how the fair value disclosures should be presented.

Pooled investment vehicle investments relating to the Legal & General indexed equity and bond funds and Royal London Asset Management Sterling EX Y BD-Z fund have been reclassified from Level 3 to Level 1. The basis for this is that the LGIM investment and RLAM holding both have quoted prices so should be Level 1 even though the underlying assets that they invest in are Level 3.

Property unit trust investments relating to the Aviva investment portfolio have been reclassified from Level 3 to Level 2 since there is available market data.

Dividend income receivable, cash deposits, current assets and current liabilities have been reclassified from Level 1 to Level 2.

Original Value at 31 March 2015	Quoted	Using	With	Total
	Market Price	Observable Inputs	Significant Unobservable Outputs	
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Fixed interest securities	-	217,693	-	217,693
UK equities - quoted	230,586	-	-	230,586
Overseas equities - quoted	452,651	-	-	452,651
Index-linked securities	-	87,050	-	87,050
Pooled investment vehicles	-	-	983,239	983,239
Property – unit trusts	-	-	160,074	160,074
Derivatives	-	606	-	606
Dividend income receivable	6,453	-	-	6,453
Cash deposits	50,197	-	-	50,197
Borrowings	-	-	-	-
Current assets	14,271	-	-	14,271
Current liabilities	(4,333)	-	-	(4,333)
Total	749,825	305,349	1,143,313	2,198,487

The Fund's fund managers provided the following commentary on the valuation methods they use:

Blackstone – Fund of Hedge Funds

Blackstone's direct securities and derivative investments made through Blackstone's fund of hedge fund vehicles, such as Securities, Options, Futures are valued using prices quoted on the relevant exchanges. Forward currency contracts are valued at the current forward market prices obtained from brokers. Total return swaps are valued using the last reported public closing price of the underlying index.

Partners Group – Private Equity

Partners Group performs independent valuations of its underlying investments through a fair market valuation process, which is in accordance with International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounting Principles (US GAAP).

Partners Group gathers the valuation-relevant information by systematically screening a broad set of sources for valuation-relevant information about portfolio companies which are held directly or indirectly by Partners Group's programs and mandates. This includes information supplied by the firm's due diligence and monitoring professionals, underlying fund managers and information published in industry journals and/or other publications.

LGIM – Passive Tracker Fund

The method used to value units is the same at every valuation date throughout the year. All holdings of the appropriate Pooled Fund Sections are valued at the close of business valuation point using a recognised pricing service. These values are then adjusted to allow for outstanding dividends, tax payable or recoverable and any relevant expenses (this creates the "Mid Value").

Aviva – Property Fund

Aviva rely on the NAV provided by each fund manager, computed in accordance with appropriate local standards, incorporating independent valuations conducted from suitably qualified external providers. These external NAVs are subject to review by Aviva Investors Real Estate Multi Manager (REMM) team.

Pension Fund Accounts

They also employ an independent external accountant, Langham Hall, to undertake analysis of each fund's NAV when reported, in addition to that undertaken by the REMM team.

Wherever possible, and through the use of side letters if necessary, we seek to ensure consistency of reporting to an IFRS INREV NAV standard basis. Where this is not possible, managers are asked to provide the building blocks to create this analysis. They then work with Langham Hall, to reconcile back to the NAV provided in the fund's normal accounting standards.

Pantheon – Private Equity

Investments are valued using the most relevant of methods listed below:

- Cost/recent round of financing/price of recent investment where recent transactions may be the most reflective of fair value.
- Comparable Private Company Transactions used for companies with low enterprise value or low EBITDA which means it is not appropriate to use earnings multiples of similar publicly listed companies.
- Earnings/Earnings Multiples /Performance Multiples valuations involve applying a multiple, appropriate to the company being valued, to the earnings of a company. The valuation is described as a function of two variables, price and earnings (The most widely used of the valuation methodologies, especially for buyout or other businesses that have comparable characteristics to companies in the public markets).
- Underlying value of Net Assets.
- Discounted Cash flows (DCF) where there are predictable cash flows visible over a given time horizon.
- Industry Benchmarks are normally based on the assumption that investors are willing to pay for market share, and that profitability of the business in the does not vary greatly.
- Unrestricted Publicly traded securities are valued at the closing public market price on the valuation date.

These methods are consistently applied across all investment types.

BlackRock Institutional Jersey Dynamic Diversified Growth Fund

The above Fund is a sub-fund of the BlackRock Institutional Jersey Funds umbrella which reports under UK SORP and is not exchange-traded. The price is determined daily by the Funds Administrator and will be representative of the Fund's net asset value ("NAV") at each dealing point subject to any spreads applied, where appropriate. The Fund is not subject to any redemption notice periods and can be redeemed at each dealing point, currently on a daily basis.

13. Additional Financial Risk Management Disclosures

The Fund's primary long term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure that there is sufficient liquidity to meet the Fund's forecast cash flows. The Pension Fund Committee manages these investment risks as part of its overall Fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pension Fund Committee. The Pension Fund Risk Assessment analyses the risks faced by the Council's pensions operations, it is reviewed regularly by the Pension Fund Committee to reflect changes in activity and in market conditions. The analysis below is designed to meet the disclosure requirements of IFRS 7.

Market Risk

Market risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in market prices of equities, commodities, interest rates, foreign exchange rates and credit spreads. This could be as a result of changes in market price, interest rates or currencies. The objective of the Fund's Investment strategy is to manage and control market risk exposure within acceptable parameters, while optimising the return.

In general excessive volatility in market risk is managed through diversification across asset class, investment manager, country, industry sector and individual securities. Each manager is expected to maintain a diversified portfolio within their allocation.

Market Price Risk

Market price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting the market in general.

By diversifying investments across asset classes and managers, the Fund aims to reduce the exposure to price risk. Diversification of asset classes seeks to reduce correlation of price movements, whilst the appointment of specialist managers enables the Fund to gain from their investment expertise.

Market Price - Sensitivity Analysis

Whilst the value of the Fund's assets is sensitive to changes in market conditions and the Fund's assets are diversified across fund managers and asset classes to mitigate the risks. The Fund's liability to pay future benefits is equally sensitive, particularly to interest rate changes. The Fund's investment consultant undertakes triennial strategy reviews following the triennial actuarial valuation to ensure that the asset allocation of the Fund remains appropriate to expectations for its liabilities both in the short term and in the long term. The latest review, carried out in May 2014, showed that the overall risk factor (standard deviation) for the Fund could be reduced from 15.2% to 13.5% by decreasing the Fund's allocation to equities and increasing the allocation to bonds. In June 2014, the allocation to equities was decreased from 58% to 49% of the Fund and the allocation to bonds was increased from 15% to 25%. The next review is due in early 2017 following the triennial valuation, interim strategy reviews can be undertaken if required. Following analysis of historical data and expected investment return movement during the financial year, State Street GS Performance Services have determined that the following movements in market price risk are reasonably possible for the 2015/16 reporting period and if the market price of the Fund's investments does increase/decrease in line with the table below, the change in the market price of net assets available to pay benefits would be as follows.

Asset Type	31 March 2016 £000	Percentage Change %	Value on increase £000	Value on decrease £000
Fixed interest securities	219,783	6.01	232,992	206,574
UK equities – quoted	201,877	10.69	223,458	180,296
Overseas equities – quoted	445,475	10.51	492,294	398,656
Index-linked securities	88,460	7.45	95,050	81,870
Pooled investment vehicles	620,506	11.46	691,616	549,396
Property - unit trusts	186,330	2.67	191,305	181,355
Alternatives	375,187	2.61	384,979	365,395
Derivative contracts	(298)	2.61	(290)	(306)
Cash deposits	69,072	0.01	69,079	69,065
Investment income due	7,157	11.46	7,977	6,337
Total	2,213,549		2,388,460	2,038,638

Following analysis of historical data and expected investment return movement during the financial year, State Street GS Performance Services has determined that the following movements in market price risk are reasonably possible for the 2014/15 reporting period and if the market price of the Fund's investments had increased/decreased in line with the table below, the change in the market price of net assets available to pay benefits would have been as follows.

Pension Fund Accounts

Asset Type	31 March 2015 £000	Percentage Change %	Value on increase £000	Value on decrease £000
Fixed interest securities	217,693	5.79	230,297	205,089
UK equities – quoted	230,586	10.12	253,921	207,251
Overseas equities – quoted	452,651	9.80	497,011	408,291
Index-linked securities	87,050	8.45	94,406	79,694
Pooled investment vehicles	627,859	11.11	697,614	558,104
Property - unit trusts	160,074	3.02	164,908	155,240
Alternatives	355,380	2.64	364,762	345,998
Derivative contracts	606	2.64	622	590
Cash deposits	50,197	0.01	50,202	50,192
Investment income due	6,453	11.11	7,170	5,736
Total	2,188,549		2,360,913	2,016,185

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest Rate – Sensitivity Analysis

The Pension Fund recognises that interest rates vary and can impact income to the fund and the fair value of the assets. The sensitivity of the Fund's investments to changes in interest rates has been analysed by showing the impact of a 1% change in interest rates. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Asset Type	Value £000	Change for the year in net assets available to pay benefits	
		1% £000	-1% £000
As at 31 March 2016			
Cash deposits	69,072	-	-
Cash balances (not forming part of the investment assets)	2,732	-	-
Fixed interest securities	219,783	2,198	(2,198)
Total	291,587	2,198	(2,198)

Asset Type	Value £000	Change for the year in net assets available to pay benefits	
		1% £000	-1% £000
As at 31 March 2015			
Cash deposits	50,197	-	-
Cash balances (not forming part of the investment assets)	13,466	-	-
Fixed interest securities	217,693	2,177	(2,177)
Total	281,356	2,177	(2,177)

A 1% increase in interest rates will reduce the fair value of the relevant net assets and vice versa.

Income Source	Value	Change for the year on income values	
		1%	-1%
As at 31 March 2016	£000	£000	£000
Cash deposits / cash and cash equivalents	32	3	(3)
Fixed interest securities	10,349	-	-
Total	10,381	3	(3)

Income Source	Value	Change for the year on income values	
		1%	-1%
As at 31 March 2015	£000	£000	£000
Cash deposits / cash and cash equivalents	69	7	(7)
Fixed interest securities	9,392	-	-
Total	9,461	7	(7)

Changes in interest rates do not impact on the value of cash / cash equivalent balances but they will affect the interest income received on those balances. Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits.

Currency Risk

Currency risk represents the risk that the fair value of financial instruments will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than sterling. When sterling depreciates the sterling value of foreign currency denominated investments will rise and when sterling appreciates the sterling value of foreign currency denominated investments will fall. Over the long term the differences in currencies are likely to balance out and the Fund has chosen not to hedge its currencies, with the exception of the European element of the Aviva property mandate.

Currency Risk – Sensitivity Analysis

The sensitivity of the Fund's investments to changes in foreign currency rates have been analysed using a 6.39% movement in exchange rates in either direction for 31 March 2016. This analysis assumes that all variables, in particular interest rates, remain constant. State Street GS Performance Services provided data on currency risk for various currencies, based on the composition of the Fund's currency exposure a 6.39% fluctuation in the currency is considered reasonable. A 6.39% strengthening or weakening of Sterling against the various currencies at 31 March 2016 would have increased or decreased the net assets by the amount shown below.

Currency Exposure by Asset Type	31 March 2016	Value on	Value on
		increase	decrease
	£000	£000	£000
		+6.39%	-6.39%
Fixed interest securities	-	-	-
Equities – quoted	416,302	442,904	389,700
Index-linked securities	-	-	-
Pooled investment vehicles	191,321	203,546	179,096
Property - unit trusts	7,927	8,434	7,420
Cash deposits	14,599	15,532	13,666
Total	630,149	670,416	589,882

Pension Fund Accounts

The sensitivity of the Fund's investments to changes in foreign currency rates have been analysed using a 6.11% movement in exchange rates in either direction for 31 March 2015. This analysis assumes that all variables, in particular interest rates, remain constant. State Street GS Performance Services provided data on currency risk for various currencies, based on the composition of the Fund's currency exposure a 6.11% fluctuation is considered reasonable. A 6.11% strengthening or weakening of Sterling against the various currencies at 31 March 2015 would have increased or decreased the net assets by the amount shown in the following table.

Currency Exposure by Asset Type	31 March 2015 £000	Value on increase £000 +6.11%	Value on decrease £000 -6.11%
Fixed interest securities	-	-	-
Equities – quoted	435,060	461,642	408,478
Index-linked securities	5,749	6,100	5,398
Pooled investment vehicles	183,348	194,551	172,145
Property - unit trusts	7,802	8,279	7,325
Cash deposits	8,692	9,223	8,161
Total	640,651	679,795	601,507

One important point to note is that currency movements are not independent of each other. If sterling strengthened generally it may rise against all the above currencies producing losses across all the currencies.

Currency Exposure by Significant Currency

The Fund's most significant currency exposures are to US Dollars and EUROS, data on currency risk of 7.78% for the US Dollar and 6.77% for the EURO was provided by State Street GS Performance Services. Strengthening or weakening of Sterling against US Dollars and EUROS at 31 March 2016 would have increased or decreased the net assets by the amounts shown in the following table.

Asset Type	31 March 2016 £000	Percentage Change %	Value on increase £000	Value on decrease £000
US Dollars	391,472	7.78	421,929	361,015
EUROS	138,385	6.77	147,754	129,016
Total	529,857		569,683	490,031

Data on currency risk of 7.78% for the US Dollar and 6.15% for the EURO was provided by State Street GS Performance Services. Strengthening or weakening of Sterling against US Dollars and EUROS at 31 March 2015 would have increased or decreased the net assets by the amounts shown in the following table.

Asset Type	31 March 2015 £000	Percentage Change %	Value on increase £000	Value on decrease £000
US Dollars	385,577	7.78	415,575	355,579
EUROS	134,565	6.15	142,841	126,289
Total	520,142		558,416	481,868

Credit Risk

Credit risk represents the risk that the counterparty to a transaction or financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market value of investments generally reflects an

assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. In essence the Fund's entire investment portfolio is exposed to some sort of credit risk. The Fund is exposed to credit risk through its investment managers, custodian and its daily treasury management activities. Credit risk is minimised through the careful selection and monitoring of financial institutions and counterparties. Contractual credit risk is represented by the net payment or receipt that remains outstanding.

A source of credit risk is the cash balances held internally or by managers. The Pension Fund's bank account is held at Lloyds TSB, which holds an "A" long term credit rating. The management of the cash held in this account is managed by the Council's Treasury Management Team in line with the Council's Treasury Management Strategy which sets out the permitted counterparties and limits. The value of the Fund invested by the Treasury Management Team at 31 March 2016 was £2.709m in an instant access Lloyds TSB account. (On 31 March 2015 £9.067m was invested in an instant access Lloyds TSB account and £4.507m in an instant access Federated Short-Term Sterling Prime Fund, a AAA rated money market fund.) Cash held by investment managers is invested with the global custodian, BNY Mellon, in a diversified money market fund rated AAAm.

Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The main liabilities of the Fund relate to the benefits payable which fall due over a long period of time. The investment strategy reflects this and sets out the strategic asset allocation of the Fund. Liquidity risk is mitigated by investing a proportion of the Fund in actively traded instruments in particular equities and fixed income investments. The Fund maintains a cash balance to meet operational requirements.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer to convert in to cash. The following table summarises the Fund's illiquid assets by fund manager.

31 March 2015		31 March 2016
£000		£000
169,885	Aviva	188,298
79,693	Blackstone	88,852
140,206	Pantheon Private Equity	145,916
46,203	Partners Group	44,650
487	Hg Capital	522
436,474		468,238

14. Related Parties

The Buckinghamshire County Council Pension Fund is administered by Buckinghamshire County Council and therefore there is a strong relationship between the Council and the Pension Fund.

The County Council was reimbursed £1.5m (£1.3m in the 2014/15 year) for administration costs incurred by the County Council on behalf of the Pension Fund. The County Council is also the single largest employer of members of the Pension Fund and contributed £33.2m to the Fund in 2015/16 (£31.7m in the 2014/15 year).

The Pension Fund's surplus cash held for day to day cash flow purposes is invested on the money markets by the treasury management function of Buckinghamshire County Council, through a service level agreement. During the year to 31 March 2016, the Fund had an average investment balance of £7.4m (£11.4m in the 2014/15 year), earning interest of £43k (£75k in the 2014/15 year).

Pension Fund Accounts

There are no members (31 March 2015 two members) of the Pension Fund Committee who are active members of the Fund, one is a pensioner member (31 March 2015 no pensioner members) and there are no deferred members (31 March 2015 one deferred member). There are three employees who hold key positions in the financial management of the Fund who are active members. A proportion of their role is in respect of the Fund, the cost of that proportion of their work is lower than £50,000, the value required for further detailed disclosure. No exit package has been agreed during the year in respect of these officers.

Paragraph 3.9.4.3 of the Code exempts local authorities from the key management personnel disclosure requirements of IAS 24, on the basis that the disclosure requirements for officer remuneration and members' allowances detailed in section 3.4 of the Code (which are derived from the requirements of Regulation 7(2) – (4) of the Accounts and Audit (England) Regulations 2011) satisfy the key management personnel disclosure requirements of paragraph 16 of IAS 24. This applies in equal measure to the Buckinghamshire County Council Pension Fund.

15. Current Assets and Liabilities

31 March 2015 £000	Current Assets and Liabilities	31 March 2016 £000
	Current Assets	
8,084	Contributions due from employers 31 March	8,310
13,466	Cash balances (not forming part of the investment assets)	2,732
805	Other current assets	1,426
22,355	Total Current Assets	12,468
	Current Liabilities	
(640)	Management charges	(1,009)
(813)	HM Revenue and Customs	(812)
(485)	Unpaid benefits	(1,261)
(3,208)	Other current liabilities	(1,682)
(5,146)	Total Current Liabilities	(4,764)
17,209	Net Current Assets	7,704

31 March 2015 £000	Current Assets and Liabilities	31 March 2016 £000
	Current Assets	
2,365	Central government bodies	2,444
4,910	Other local authorities	4,954
6	NHS bodies	5
13,527	Public corporations and trading funds	2,842
1,547	All other bodies	2,223
22,355	Total Current Assets	12,468
	Current Liabilities	
(813)	Central government bodies	(814)
(1,907)	Other local authorities	(14)
-	NHS bodies	-
(1,774)	Public corporations and trading funds	(2,459)
(652)	All other bodies	(1,477)
(5,146)	Total Current Liabilities	(4,764)
17,209	Net Current Assets	7,704

16. Taxes on Income

2014/15 £000	Taxes on Income	2015/16 £000
-	Withholding tax - fixed interest securities	-
1,310	Withholding tax - equities	1,259
1,310	Total Taxes on Income	1,259

The Fund retains the following taxation status:

- VAT input tax is recoverable on all fund activities by virtue of Buckinghamshire County Council being the administering authority.
- The fund is an exempt approved fund under the Finance Act 2004 and is therefore not liable to UK income tax or capital gains tax.
- Income earned from investments overseas in the United States and certain other countries is exempt from national taxation and therefore not subject to withholding tax.

17. Actuarial Position of the Fund

In accordance with the Local Government Pension Scheme (Administration) Regulations 2008 as amended, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2013. The next valuation will take place as at 31 March 2016.

The key elements of the funding policy are:

- Set employer contribution rates that will build up a fund of assets that will be sufficient to meet all future benefit payments from the Fund
- Build up the required assets in such a way that employer contribution rates are kept as low and stable as possible.

The Fund's Actuary, Barnett Waddingham LLP, undertook a valuation of the Fund as at 31 March 2013 in accordance with Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008 as amended. On that date the market value of the assets held were £1,784m, sufficient to cover 82% of the accrued liabilities assessed on an ongoing basis. The funding policy is set to recover the deficit over seventeen years and the common rate of contribution for the period 1 April 2014 to 31 March 2017 is 19.5% of pensionable pay.

The results of the valuation are that the past service funding level of the Fund as a whole has increased from 79% to 82% between 31 March 2010 and 31 March 2013. The improvement of the funding position since the previous valuation is mainly due to good investment returns over the period but has been offset by a poorer outlook for the future based on market conditions compared to the valuation in 2010. At the same time, the contribution rate for the average employer, including payments to target full funding, has increased from 19% to 19.5% of pensionable salaries mainly due to an increase in the required deficit contributions as total pensionable payroll has reduced.

The main assumptions used in the valuation were:

Future assumed returns

- Investment return - equities 6.9% per annum
- Investment return - gilts 3.3% per annum
- Investment return - bonds 3.9% per annum
- Investment return - property 6.0% per annum
- Investment return – expense allowance 0.1% per annum

Pension Fund Accounts

Financial assumptions

- Discount rate 6.1% per annum
- Retail price index (RPI) 3.5% per annum
- Consumer price index (CPI) 2.7% per annum
- Pension and deferred pension increases 2.7% per annum
- Short term pay increases in line with CPI assumption for the two years to 31 March 2015
- Long term pay increases 4.5% per annum (RPI plus 1% per annum)

The most recent interim valuation took place as at 31 March 2016 which showed that the funding level had increased to 85% (31 March 2015 82%) and the average required employer contribution would be 20.4% of payroll (31 March 2015 25.2%) assuming the deficit is to be paid by 2030. The estimated funding position is based on market movements since 31 March 2013 rather than being a full valuation with updated member data.

18. Actuarial Present Value of Promised Retirement Benefits

International Financial Reporting Standards (IFRS) requires the disclosure of the actuarial present value of promised retirement benefits. The Fund's Actuary has prepared a report which rolls forward the value of the Employers' liabilities calculated for the Triennial valuation as at 31 March 2013. On an IAS 19 basis the Actuary estimates that the net liability as at 31 March 2016 is £1,440m (31 March 2015 £1,581m), but figures calculated on an IAS 19 basis are not relevant for calculations undertaken for funding purposes or for other statutory purposes undertaken under UK pensions legislation. The Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

For the Triennial Valuation the actuary asks the question – what is the value of the assets required based on existing investment strategy to be sufficient to meet future liabilities? For IAS 19 valuations, however, the actuary asks the question – how much would need to be borrowed on the corporate bond market to meet future liabilities?

The expected returns on the assets actually held will be different from borrowing costs, and so different amounts are required. This manifests itself in different discount rates being used in each type of valuation, and so different values are placed on the same liabilities.

31 March 2015		31 March 2016
£000		£000
3,750,269	Present value of funded obligation	3,653,503
(2,169,097)	Fair value of scheme assets	(2,213,549)
1,581,172	Net Liability	1,439,954

The Present Value of Funded Obligation consists of £3,508m (£3,581m at 31 March 2015) in respect of Vested Obligation and £145m (£169m at 31 March 2015) in respect of Non-Vested Obligation. Vested benefits are the benefits that employees have a right to receive even if they do not render services to the employer. In other words, the employees will receive their vested benefits even if they stop working for the employer. Thus, non-vested benefits are the benefits an employee can receive in the future if he or she continues providing services to the employer. The liabilities above are calculated on an IAS19 basis and therefore differ from the results of the triennial funding valuation (see Note 17) because IAS19 stipulates a discount rate rather than a rate that reflects market rates. The main assumptions used were:

31 March 2015	31 March 2016
3.2% RPI increases	3.3%
2.4% CPI increases	2.4%
4.2% Salary increases	4.2%
2.4% Pension increases	2.4%
3.3% Discount rate	3.7%

These assumptions are set with reference to market conditions at 31 March. The Actuary's estimate of the duration of the Fund's liabilities is 19 years. The discount rate is the annualised yield at the 19 year point on the Merrill Lynch AA rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Fund's liabilities. This is consistent with the approach used at the last accounting date.

The RPI increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England, specifically the 19 year point on the Bank of England market implied inflation curve. The RPI assumption is therefore 3.3% per annum. This is consistent with the approach used at the last accounting date.

As future pension increases are expected to be based on CPI rather than RPI, the Actuary has made a further assumption about CPI which is that it will be 0.9% below RPI i.e. 2.4%.

Salaries are then assumed to increase at 1.8% above CPI in addition to a promotional scale.

19. Contingent Liabilities and Contractual Commitments

Contractual commitments that the Fund has entered into by 31 March 2016 are:

Contractual Commitments	Amount Paid as at 31 March 2015 \$000	Amount Paid as at 31 March 2016 \$000	Total Contractual Commitment \$000
Pantheon Asia Fund V LP	21,425	22,688	25,000
Pantheon Asia Fund VI LP	19,035	25,521	47,000
Pantheon USA Fund VII Limited	18,318	19,274	21,250
Pantheon USA Fund VIII Feeder LP	55,575	61,200	75,000
Pantheon Global Secondary Fund IV Feeder LP	9,975	9,975	15,000
Partners Group Global Resources 2009, LP	27,237	27,527	35,000
	151,565	166,185	218,250
	€000	€000	€000
Pantheon Europe Fund V "A" LP	15,497	16,548	18,125
Pantheon Europe Fund VI LP	49,010	53,560	65,000
Partners Group Global Real Estate 2008 SICAR	22,996	22,989	25,000
Partners Group Global Infrastructure 2009 SICAR	20,087	21,520	25,000
	107,590	114,617	133,125

These contractual commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity, resources, global real estate and infrastructure parts of the portfolio. The amounts "called" by

Pension Fund Accounts

the funds are irregular in both size and timing over several years from the date of each original commitment. The total contractual commitment at 31 March 2016 is the same as the total contractual commitment at 31 March 2015.

On 31 March 2016 there were 3 group transfers to the Fund being negotiated with other Funds (5 on the 31 March 2015), the value of the transfers to the Fund is being negotiated between the Funds' actuaries. The income due to the Fund for the 3 transfers has not been accrued since negotiations are at too early a stage for an estimate of the value to be available. On 31 March 2016 there were 2 group transfers from the Fund being negotiated with other Funds (2 on the 31 March 2015), the value of the transfers from the Fund is being negotiated between the Funds' actuaries. The expenditure in respect of 2 of the transfers has not been accrued since negotiations are at too early a stage for an estimate of the value to be available. There is an adjustment of £31k following final valuation for the Group Transfer of the Probation Service to the Greater Manchester Pension Fund.

20. Additional Voluntary Contributions (AVCs)

AVC providers secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. The AVC providers to the Fund are Prudential and Clerical Medical. Prudential invests in several funds including with profits accumulation, deposit and discretionary funds. Clerical Medical invests in with profits and unit-linked funds, the financial year for this fund is 1 November to 31 October and the financial information included is for this period. These amounts are not included in the Pension Fund Net Assets Statement in accordance with regulation 5(2)c of the Pension Scheme (Management and Investment of Funds) Regulations 1998 (SI 1998 No 1831).

2014/15	Prudential	2015/16
£000		£000
5,207	Value of AVC fund at beginning of year	5,441
-	Correction opening value	(1,299)
755	Employees' contributions and transfers in	634
308	Investment income	151
(829)	Benefits paid and transfers out	(842)
5,441	Value of AVC fund at year end	4,085

1.11.2013 - 31.10.2014	Clerical Medical	1.11.2014 - 31.10.2015
£000		£000
3,913	Value of AVC fund at beginning of year	3,788
198	Employees' contributions	149
197	Investment income	235
(520)	Benefits paid and transfers out	(591)
3,788	Value of AVC fund at year end	3,581

21. List of Scheduled and Admitted Bodies

Scheduled Bodies

Buckinghamshire County Council	Wendover Parish Council
Buckinghamshire Fire and Rescue Service	West Bletchley Town Council
Thames Valley Police	West Wycombe Parish Council
Aylesbury Vale District Council	Winslow Town Council
Chiltern District Council	Woburn Sands Town Council
Milton Keynes Council	Wolverton & Greenleys Town Council
South Bucks District Council	Wooburn & Bourne End Parish Council
Wycombe District Council	Woughton Community Council
	Alfriston School
Amersham Town Council	Amersham School
Aston Clinton Parish Council	Amersham & Wycombe College
Aylesbury Town Council	Aylesbury College
Bletchley & Fenny Stratford Town Council	Aylesbury Grammar School
Broughton & Milton Keynes Parish Council	Aylesbury High School
Buckingham Town Council	Aylesbury Vale Academy
Buckinghamshire Care	Beaconsfield High School
Buckinghamshire Support	Beechview Middle School
Burnham Parish Council	Bedgrove Infant School
Campbell Park Parish Council	Bedgrove Junior School
Chalfont St Giles Parish Council	Bourne End Academy
Chalfont St Peter Parish Council	Brill CofE School
Chepping Wycombe Parish Council	Bourton Meadow Academy
Chesham Bois Parish Council	Bridge Academy
Chesham Town Council	Brookmead School
Chiltern Crematorium	Brookward School
Chilterns Conservation Board	Brushwood Middle School
Coldharbour Parish Council	Buckinghamshire New University
Gerrards Cross Parish Council	Buckinghamshire University Technical College
Great Missenden Parish Council	Burnham Grammar School
Hambleden Parish Council	Bushfield School
Hazlemere Parish Council	Burnham Park E-Act Academy
Iver Parish Council	Castlefield School
Lane End Parish Council	Chalfonts Community College
Little Marlow Parish Council	Chalfont St Peter CE Academy
Longwick-cum-Ilmer Parish Council	Chalfont Valley E-Act Academy
Loughton Parish Council	Charles Warren Academy
Marlow Town Council	Chepping View Primary Academy
Newport Pagnell Town Council	Chesham Grammar School
Newton Longville Parish Council	Chiltern Hills Academy
Olney Town Council	Cottesloe School
Piddington & Wheeler End Parish Council	Danesfield School
Princes Risborough Town Council	Denbigh School
Shenley Brook End and Tattenhoe Parish Council	Denham Green E-Act Academy
Shenley Church End Parish Council	Dr Challoner's Grammar School
Stantonbury Parish Council	Dr Challoner's High School
Stony Stratford Town Council	George Grenville Academy
Waddesdon Parish Council	Germander Park School

Pension Fund Accounts

Gerrards Cross C E School	Royal Grammar School
Glastonbury Thorn First School	Royal Latin School
Great Marlow School	St Nicolas' CE Combined School Taplow
Great Missenden CoE Combined School	St Paul's RC School
Green Park School	Seer Green CofE School
Hamilton Academy	Shenley Brook End School
Hazeley Academy	Shepherdswell School
Heronsgate School	Sir Henry Floyd Grammar School
Highcrest Academy	Sir Herbert Leon Academy
Holmer Green Senior School	Sir Thomas Fremantle Academy
Ivingswood Academy	Sir William Borlase's Grammar School
John Colet School	Sir William Ramsay School
John Hampden Grammar School	Southwood Middle School
Kents Hill School	Stanton School
Khalsa Secondary Academy	Stantonbury Campus
Lace Hill Academy	Stephenson Academy
Lent Rise Academy	The Beaconsfield School
Lord Grey School	The Premier Academy
Loudwater Combined School	The Radcliffe School
Loughton School	Tickford Park School
Middleton Primary	Two Mile Ash School
Milton Keynes Academy	Waddesdon C E School
Milton Keynes College	Walton High
Milton Keynes Development Partnership	Wycombe High School
Milton Keynes Service Partnership	Wyvern School
NET Academies Trust	
New Bradwell Combined School	Election Fees:
New Chapter Primary School	Aylesbury Vale Local
Oakgrove School	Aylesbury Vale Parliamentary
Olney Infant School	Chiltern Local
Orchard Academy	Chiltern Parliamentary
Ousedale School	Milton Keynes Local
Overstone Combined School	Milton Keynes Parliamentary
Oxley Park Academy	Wycombe Local
PCC for Thames Valley	Wycombe Parliamentary
Portfields Combined School	South Bucks Local
Princes Risborough School	South Bucks Parliamentary
Rickley Park Primary School	

Admitted Bodies

Acorn Childcare
Action for Children
Action for Children (Children's Centres)
Adventure Learning Foundation (BCC)
Adventure Learning Foundation (WDC)
Alliance in Partnership
Ambassadors Theatre Group
AMEY plc
Archgate Cleaning
Ashridge Security Management
Aylesbury Vale Dial-a-Ride
Beacon Housing Association
Birkin Cleaning (John Colet)
Birkin Cleaning (Oakgrove School)
Braybourne Cleaning Services
Bucks Association of Local Councils
Bucks County Museum Trust
Bucks Learning Trust
Capita (WDC)
Chiltern Rangers CIC
Cleantec Services Limited
Connection FS (BCC)
Connexions Buckinghamshire
Enterprise Support Services UK
Excelcare
Frosts (MKC)
Heritage Care
Hertsmere Leisure Trust
Hightown Praetorian & Churches Housing Association
Innovate Ltd
Kids Play Ltd
MK Dons
Mouchel Business Services Ltd
NSL Services Group
Oxfordshire Health NHS Foundation Trust
Oxon PCT (SALT)
Paradigm Housing Association
Places for People Leisure
Police Superintendents Association
Red Kite Community Housing Ltd
Ringway Infrastructure Services Limited
Ringway Jacobs
Risk Management Security Services
SCS Wothorpe Ltd
Serco (MKC)
Serco (MKSP)
Servest Group Limited
Sports Leisure Management
Spurgeons
Stantonbury Arts & Leisure
The Fremantle Trust
Vale of Aylesbury Housing Trust
Wolverton & Watling Way Pools Trust
Wycombe Dial-A-Ride